



## Town Council Agenda - Final-Amended

Mayor Jason Gray  
Mayor Pro Tem Laura Cavey  
Councilmember Ryan Hollingshead  
Councilmember Kevin Bracken  
Councilmember Mark Davis  
Councilmember Max Brooks  
Councilmember Tim Dietz

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Tuesday, June 17, 2025

6:00 PM

Town Hall Council Chambers  
100 North Wilcox Street  
Castle Rock, CO 80104  
[www.CRgov.com/CouncilMeeting](http://www.CRgov.com/CouncilMeeting)

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*This meeting is open to the public. All times indicated on the agenda are approximate. Town Council Meetings are also streamed online in real time at [www.CRgov.com/WatchCouncil](http://www.CRgov.com/WatchCouncil), and are broadcast for Comcast Cable subscribers on Channel 22 (please note there is a delay to the broadcast). Public Comments may also be submitted in writing online at [www.CRgov.com/CouncilComments](http://www.CRgov.com/CouncilComments) by 1:00 p.m. June 17, 2025, to be included in the public record. If you are unable to access any portion of these materials due to a disability as defined under Colorado House Bill 21-1110, please call us at 303-663-4440, email the Town's accessibility team at [accessibility@CRgov.com](mailto:accessibility@CRgov.com) or submit an accommodation request form at [www.CRgov.com/A11yRequest](http://www.CRgov.com/A11yRequest)*

### 5:00 pm COUNCIL DINNER & INFORMAL DISCUSSION

### 6:00 pm INVOCATION

### 6:05 pm CALL TO ORDER / ROLL CALL

#### - PLEDGE OF ALLEGIANCE

#### - COUNCIL COMMENTS

1. [APPT 2025-004](#) Appointments: Public Art Commission, Design Review Board and Downtown Development Authority Board

#### - UNSCHEDULED PUBLIC APPEARANCES

*Reserved for members of the public to make a presentation to Council on items or issues that are not scheduled on the agenda. As a general practice, the Council will not discuss/debate these items, nor will Council make any decisions on items presented during this time, rather will refer the items to staff for follow up.*

*Comments are limited to three (3) minutes per speaker. Time will be limited to 30 minutes. Residents will be given priority (in the order they signed up) to address Council, followed by non-residents representing Castle Rock businesses, then non-residents and businesses outside the Town of Castle Rock, as time permits.*

#### - TOWN MANAGER'S REPORT

2. [ID 2025-071](#) Update: Calendar Reminders
3. [ID 2025-072](#) Update: Monthly Department Reports
4. [ID 2025-073](#) Update: Legislative Update
5. [ID 2025-074](#) Presentation of the 2024 Annual Comprehensive Financial Report (ACFR) and 2024 Popular Annual Financial Report (PAFR)

6. [ID 2025-075](#) Presentation: Chief Jack Cauley Special Events Presentation
7. [ID 2025-076](#) Update: Quasi-Judicial Projects
8. [ID 2025-077](#) Development Services Project Updates

- **TOWN ATTORNEY'S REPORT**

- **ACCEPTANCE OF AGENDA**

*If there are no changes, additions or deletions to the agenda, a motion to accept the agenda as presented will be accepted.*

- **CONSENT CALENDAR**

*These items are generally routine in nature or have been previously reviewed by Town Council and will be voted on in a single motion without discussion. Any member of Town Council may remove an item from the Consent Calendar.*

9. [ORD 2025-021](#) Ordinance Concerning the Financing of the Acquisition and Construction of a Recreation Center with Associated Amenities and Supporting Public Improvements, and in Connection Therewith Authorizing the Execution and Delivery by the Town of a Site Lease Agreement, a Lease Purchase Agreement, and Other Documents Related Thereto; and Providing Other Matters Related Thereto (Second Reading - Approved on First Reading on June 3, 2025 by a vote 7-0)
10. [RES 2025-072](#) Resolution Approving the Second Amended and Restated Development Agreement for Cornerstone Presbyterian Church [located at 2607 5th St.]
11. [MIN 2025-012](#) Minutes: June 3, 2025 Town Council Meeting

- **ADVERTISED PUBLIC HEARINGS & DISCUSSION ACTION ITEMS**

*Public comment will be taken on items and limited to four (4) minutes per speaker.*

12. [DIR 2025-022](#) Discussion/Direction of Applications for the 2025 2nd Quarter Council Community Grant Program, Nine Applications
13. [ORD 2025-022](#) Ordinance Amending Section 9.06.010 of the Castle Rock Municipal Code by Adding Adult Performances to the Charge of Public Indecency and Related Definitions (First Reading)
14. [ORD 2025-023](#) Ordinance Amending Various Provisions of Chapter 17.61 of the Castle Rock Municipal Code Regarding Accessory Dwelling Units (First Reading)



15. [ORD](#)                      Ordinance Vacating Certain Right-of-Way Located Within Block  
[2025-024](#)                      11, Craig and Gould's Addition to the Town of Castle Rock, in the  
NE 1/4 of Section 11, Township 8 South, Range 67 West of the 6th  
P.M., County of Douglas, State of Colorado (First Reading) *[Cantril  
School, 312 Cantril St.]*
16. [RES](#)                      Resolution Approving a Services Agreement with Dewberry  
[2025-073](#)                      Engineers, Inc. for the Plum Creek Diversion Upgrades Project  
*[Located along plum Creek west of Sedalia, CO]*
17. [RES](#)                      Resolution Approving a Services Agreement with W. W. Wheeler  
[2025-074](#)                      & Associates, Inc. for the Platte Valley Water Partnership Water  
Court Case

-                      **ADDITIONAL UNSCHEDULED PUBLIC APPEARANCES**

*The Council has reserved this time only if the original 30 minutes allocated for Unscheduled Public Appearances as an earlier part of this agenda has been fully exhausted and speakers who signed up to speak were unable to be heard during the original 30 minutes allocated this topic. Residents will be given priority (in the order they signed up) to address Council, followed by non-residents representing Castle Rock businesses, then non-residents and businesses outside the Town of Castle Rock, as time permits.*

-                      **RECESS TO EXECUTIVE SESSION**

18. [EXEC](#)                      Executive Session: Town Manager and Town Attorney Annual  
[2025-003](#)                      Performance Evaluations (Continued from June 3, 2025 Town  
Council Meeting)

-                      **COUNCIL COMMENTS**

19. [EXEC](#)                      Executive Session Report: June 17, 2025 - Town Manager and  
[2025-004](#)                      Town Attorney Annual Performance Evaluations

-                      **ADJOURN**



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #: 1. File #:** APPT 2025-004

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**To:** Honorable Mayor and Members of Town Council

**Thru:** David L. Corliss, Town Manager

**From:** Shannon Eklund, Executive Assistant

**Appointments: Public Art Commission, Design Review Board and Downtown Development Authority Board**

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### Executive Summary

Interviews with residents who applied to serve on Town Boards and Commissions were held during the Special Town Council Meeting on May 13, 2025, and recommended appointments were ratified on May 20. The Design Review Board is comprised of two representatives each from the Downtown Development Authority and Historic Preservation Board, and one representative from the Planning Commission, as well as two downtown property owners.

The Downtown Development Authority Board has two vacancies which have been publicly noticed, posted on the DDA website and announced at the DDA Board meetings. During the meeting on June 12, 2025, the DDA board voted unanimously to recommend the reappointment of David Miles and John Manka, for terms ending June 30, 2029.

Based on unanimous vote by the Historic Preservation Board, the following appointments to the Design Review Board are recommended as Historic Preservation Board Representatives:

- Mike Borgelt (reappointment)
- Robert Lange (reappointment)

Based on unanimous vote by the Downtown Development Authority Board, the following appointments to the Design Review Board are recommended as DDA Representatives:

- David Miles
- Josie Adler (reappointment)

And, based on recommendation by the Planning Commission, the following appointment to the Design Review Board is recommended as Planning Commission Representative:

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**Item #: 1. File #: APPT 2025-004**

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- Kevin McHugh

Following the annual recruitment in May 2025, the Public Art Commission retained one vacancy. Based unanimous vote by the Commission Chair, Council Liaison and staff liaison, the panel recommends the appointment of KC Neel to the Public Art Commission, for partial term ending May 31, 2026.

**Proposed Motion**

*"I move to approve the appointments to the Town Boards and Commissions as outlined in the staff's memo."*



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 2. **File #:** ID 2025-071

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**To:** Honorable Mayor and Members of Town Council

**From:** David L. Corliss, Town Manager

**Update:** Calendar Reminders

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### Executive Summary

Attached is an outline of upcoming items of general interest.

TOWN COUNCIL MEETING

# TOWN MANAGER'S REPORT

DAVID L. CORLISS, TOWN MANAGER  
JUNE 17, 2025



# UPCOMING CALENDAR ITEMS

**18**  
JUN

**Town Employee Appreciation Breakfast, 7-9:30 a.m.**  
Picnic Pavilion at Philip S. Miller Park

**18**  
JUN

**Wellspring Open House Community Celebration, 2-4 p.m.**  
Unity on Park, 884 Park St.

**18**  
JUN

**South Metro Water Festival, 2-6 p.m.**  
Amphitheater at Philip S. Miller Park

**19**  
JUN

**Juneteenth Holiday – Town Offices Closed**  
MAC, Recreation Center and Cantril School normal hours

**24-27**  
JUN

**Colorado Municipal League (CML) Annual Conference**  
Beaver Run Resort, Breckenridge

**1**  
JUL

**Town Council Meeting, 6 p.m. (dinner at 5 p.m.)**  
Town Hall Council Chambers

**4**  
JUL

**Independence Day Holiday – Town Offices Closed**  
Including MAC, Recreation Center and Cantril School

**15**  
JUL

**Town Council Meeting, 6 p.m. (dinner at 5 p.m.)**  
Town Hall Council Chambers

**21**  
JUL

**Open House: 2026 Town Budget, 4-6 p.m.**  
Cantril School, 312 Cantril St.

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# COMMUNITY ENGAGEMENT EVENTS

**26**  
**AUG** **Open House: District 4 – Councilmember Davis, 4-6 p.m.**  
Cantril School, 312 Cantril St.

**8**  
**SEP** **Open House: District 2 – Councilmember Cavey, 4-6 p.m.**  
Fire Station 155, 3833 Crowfoot Valley Road

**18**  
**SEPT** **Open House: District 6 – Councilmember Dietz, 4-6 p.m.**  
(tentative - location TBD)

**23**  
**SEP** **Open House: Districts 1 and 3 – Councilmembers Hollingshead and Bracken, 4-6 p.m.**  
The Grange, 3692 Meadows Blvd.

**30**  
**SEP** **State of the Town Event – Mayor Gray, 4-6 p.m.**  
Cantril School, 312 Cantril St.

**2**  
**OCT** **Open House: District 5 – Councilmember Brooks, 4-6 p.m.**  
Fire Station 153, 5463 W Sovereign St.

# NEIGHBORHOOD MEETINGS

**7  
JULY**

## **\*810 N Wilcox St Rezoning, 5 p.m., Virtual, 2<sup>nd</sup> Meeting**

A proposed rezoning from a PD to the straight zone Business/Commercial B zoning district and to expand the existing 7-Eleven. The proposed project is located at the north east corner of N. Wilcox St. and Eighth St.

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\*Tentative

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# HIGHLIGHTS from [CRgov.com/Events](http://CRgov.com/Events)

18  
JUNE

South Metro Water Festival, 2 to 6 p.m.  
Amphitheater at Philip S. Miller Park, 1375 W. Plum Creek Parkway

19  
JUNE

Tunes for Trails/Perks for Parks: Heavy Diamond Ring, 6:30 to 9 p.m.  
Amphitheater at Philip S. Miller Park, 1375 W. Plum Creek Parkway

21  
JUNE

Summer Concert Series, Sugar Ray with Dylan Cotrone, 6 to 10 p.m.  
Amphitheater at Philip S. Miller Park, 1375 W. Plum Creek Parkway

25  
JUNE

Bike to Work Day, 7 to 9 a.m.  
Festival Park, 300 Second St.

28  
JUNE

Sip & Savor, Wine and Bourbon Tasting, 5 to 8 p.m.  
Amphitheater at Philip S. Miller Park, 1375 W. Plum Creek Parkway

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# HIGHLIGHTS from CRgov.com/Events

4  
JULY

First Fridays – Ryan Chryst & the Rough Cuts, 3 to 9 p.m.  
Festival Park, 300 Second St.

4  
JULY

July Fourth Fireworks, 9:30 to 9:45 p.m.  
Where to watch: [CRgov.com/Fireworks](http://CRgov.com/Fireworks)

8  
JULY

Animals Around the Rock – Raptors Over the Rock, 6 to 7:30 p.m.  
Amphitheater at Philip S. Miller Park, 1375 W. Plum Creek Parkway

12  
JULY

Pedal the Moon, 6:30 to 10 p.m.  
Two routes: [CRgov.com/Pedal](http://CRgov.com/Pedal)

17  
JULY

Tunes for Trails/Perks for Parks: That Eighties Band, 6:30 to 9 p.m.  
Amphitheater at Philip S. Miller Park, 1375 W. Plum Creek Parkway

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# HIGHLIGHTS from CRgov.com/Events

19  
JULY

Summer Concert Series, Philadelphia Freedom: A Tribute to Elton John, special guest The Who Generation, 6 to 10 p.m.  
Amphitheater at Philip S. Miller Park, 1375 W. Plum Creek Parkway

WEDS  
JUNE-AUG

Jazz in the Park, every Wednesday in June, July and Aug., 6:30 to 8 p.m.  
Festival Park, 300 Second St.

JUNE-  
AUG

Free Outdoor Summer Fitness, take your workout outside  
[CRgov.com/SummerFitness](http://CRgov.com/SummerFitness)

SUN  
JUNE-OCT

Festival Park Farmers Market, Sundays through mid-October, 9 a.m. to 2 p.m.  
Festival Park, 300 Second St.

MULTIPLE  
DATES

Walking Tour of Downtown Castle Rock, June 28, July 19, Aug. 23, Sept. 27  
10:30 to 11:30 a.m.  
Courtyard on Perry, 333 Perry St.

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# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 3. **File #:** ID 2025-072

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**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Shannon Eklund, Executive Assistant

**Update: Monthly Department Reports**

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### **Executive Summary**

Attached are the Monthly Department Reports for activity in May 2025.



# Development Services

May 2025 Monthly Report



## Inside this issue:

Page 2: Employee Recognition

Page 4: New Land Use  
Submittals

Page 6: Actions and Updates

Page 8: Development Snapshot

Find more information on our  
[Development Activity](#) page.



Photo of the newly constructed Slice Works building and the existing Old Stone Church.



## News from the Director

Longer days and warmer weather may have you motivated to expand your outdoor living space. Before you start a big project, there are a few things to know about the permitting process:

- Decks, patios and balconies attached to your home, regardless of size, require a building permit
- Decks, patios, balconies, pergolas, gazebos or sunshades that are not attached to your home, are less than 200 square-feet, and less than 30 inches above grade do not require a building permit (Some restrictions apply – contact the Building Division for details)
- Residential flatwork (concrete) does not require a building permit, regardless of depth
- Detached sheds and hot tubs require permits



Tara Vargish, PE  
Director  
Development  
Services



100 N. Wilcox Street  
Castle Rock, CO 80104  
720-733-2200



Subscribe now to get [Monthly Development Highlights](#) in your inbox!



View [past issues](#) of the Development Highlights Newsletter.



We'd like to hear from you! You could win a **\$25 gift card** for completing our [Customer Service Survey](#).

For more information, or to check if a permit is needed for your outdoor project, visit [CRgov.com/Building](https://www.crgov.com/Building). Or contact the Town of Castle Rock Building Division at 720-733-3527 or [BuildingCounter@CRGov.com](mailto:BuildingCounter@CRGov.com).



## Customer Service Survey



Fill out our Customer Feedback Survey to let us know how we are doing! Your participation will automatically enter you into a drawing for a **\$25 gift card** to a local Castle Rock business. Feedback Surveys can be found [online](#) and at the bottom of staff email signatures.

You may also receive an email requesting feedback after we complete your services. Your feedback is valuable to us! All responses are anonymous unless you request to be contacted. [Fill out a survey today!](#)

**506** surveys distributed  
**29** May responses

Here are some comments from our customers in May:

- “Castle Rock personnel were friendly and responsive while working through the issues and questions with me.”
- “The last review was great, highlighting items and making comments to specific objects was excellent. Thank you.”
- “**Tammy King** has always been very helpful.”
- “Thanks for your assistance.”
- “I want to extend my sincere appreciation to **Tammy King** for the way she handled my recent request regarding neighborhood code concerns. From the start, Tammy approached the issue with professionalism, empathy, and a clear understanding of the bigger picture. My goal was to improve the appearance and upkeep of our neighborhood by encouraging compliance with town codes, particularly in cases where properties were becoming unsightly due to trash, overgrown weeds, and general neglect. What I hoped to avoid was creating conflict or tension between neighbors. Tammy not only understood that balance but navigated it with exceptional care. She listened thoughtfully, responded quickly, and took thoughtful action that prioritized community well-being without singling anyone out. Her approach allowed the issue to be addressed constructively and respectfully, which is no small feat. Thanks to her support, we’re making progress in keeping our neighborhood a place we can all be proud of.”
- “Thank you, **Tammy King**, for your dedication and professionalism. You truly made a difference.”
- Very timely and professional.
- “**Tracy Shipley** and **Colby Riggins** were absolutely wonderful to work with they were thorough prompt and extremely helpful.”
- “I appreciate that you sent the relevant documents to further explain your answers.”
- “**Jay Jensma** was very helpful in answering questions and assisting us in ultimately submitting the right information so that the TCV could be approved.”
- “**Tammy King** was super helpful and incredibly fast helping us with this permit!”
- “**Colby Riggins** did our rear deck final inspection. I was extremely pleased with his professionalism, courtesy and demeanor . . . allowing the entire process to flow smoothly and without complication. Thank you, Colby.”
- “I called in and emailed with questions I had and received helpful responses the same day. I think Castle Rock goes above and beyond and everyone is very friendly and helpful.”
- “**Tracy Shipley** and **Colby Riggins** were absolutely wonderful to work with they were thorough prompt and extremely helpful”



## Staff Anniversaries



**Congratulations to Julie Kirkpatrick, Plan Review Project Coordinator,** on 14 years with the Town!



**Congratulations to TJ Kucewesky, Assistant Director,** on 9 years with the Town!



**Congratulations to Kevin Wrede, Planning Manager,** on 9 years with the Town!



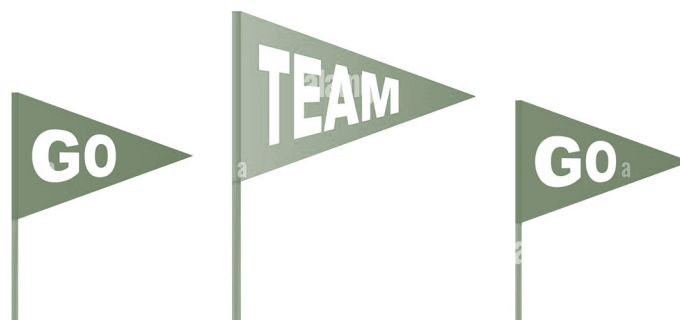
**Congratulations to Cara Reed, Neighborhood Liaison,** on 8 years with the Town!



**Congratulations to Kevin Arencibia** on his move from **Combination Building Inspector** to **Plans Examiner I**, and on 3 years with the Town!



**Congratulations to Adam Kindle, Combination Building Inspector,** on 1 year with the Town!





## Administrative Projects

Administrative land use submittals are reviewed and processed by staff, according to Municipal Town Code, and do not require public hearings. All land use submittals go through a rigorous review by Development Services, Castle Rock Water, Public Works, Fire, and Parks and Recreation.

### **107 Wolfensberger Road**

Site development plan for proposed QuikTrip convenience store with fueling stations, located at the intersection of Caprice Drive and Wolfensberger Road.

### **110 N. Lewis Street**

Landmark Alteration Certificate to add a covered outdoor kitchen that attaches to the rear of the locally landmarked 110 Lewis Street, also known as the Jacob Kroll House.

### **210 Third Street**

Construction documents to demolish existing patio at the Old Stone Church, and build a new patio within the same location. See a photo of this project on [Page 1](#).

### **Dawson Trails**

Off-site water line design revision, in support of future development, located along Crystal Valley Parkway, south of fire station.

### **282 Malibu Street**

Landscape and irrigation design revisions for small commercial project.

### **Castle Meadows, Filing 1**

Plat, construction documents and erosion control documents for future mixed-use project, located at the south west corner of I-25 and Plum Creek Parkway.

### **Dawson Trails, Filing No. 3**

Plat, subdivision improvements agreement, flood plain modification, construction documents and erosion control plans for roadway and infrastructure network connecting Dawson Trails Filing No. 2 to the north and extending future development throughout the southern portion of Dawson Trails. This project is located south of Territorial Road and west of I-25.

### **Dawson Trails South**

Design revision for early grading-sediment, located west of I-25 and BNSF railroad, and south of Territorial Road.

### **Dawson Trails Minor Planned Development Amendment No. 2**

Revisions to the acreage of Planning Areas F-2, F-3 and G-1, to Public Land areas PL-1.02 and PL-1.03 and permitted uses, located west of I-25 and BNSF railroad, and south of Territorial Road.

### **Kiddie Academy**

Design revision for parking lot shift, located at 4477 Lombard Street.

### **Liberty Village, Planning Areas 9 and 10**

Drop structure design revision, located along Pleasant View Drive, Solano Court and Hidalgo Court.

### **Liberty Village, Planning Areas 9 and 10**

Design revision to change sculpted concrete drop structures to grouted stepped boulder drop structures located within the McMurdo Tributary.

### **O'Reilly Auto Parts**

Construction drawings and erosion control plans for new construction located at 730 N. Ridge Road.

### **The Brickyard**

Construction documents and drainage design revisions for proposed two-lane road improvements of Praxis Street from The Brickyard project to Plum Creek Parkway.

### **T-Mobile**

Construction documents for seven small cell site projects, located in various locations around Castle Rock.

### **Unity on Wolfensberger (Wellspring)**

Replat to reconfigure two lots, taking a portion of one lot and adding it to another, located at 200 Wolfensberger Road.



## Required Public Hearings

Submittals requiring public hearings can include a variety of topics such as, zoning, residential and larger commercial site development plans and buffering of properties.

### St. Francis of Assisi Church Annexation



Vicinity map of St. Francis of Assisi Church proposed annexation.

### Project Highlights

- Proposing an annexation of the two lots the existing church is located on, along with the adjacent right-of-way.
- The general location is southeast of the intersection of N. Valley Drive and Fifth Street.
- The Annexation will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision.
- This project is located adjacent to Councilmember Davis' and Councilmember Brooks' districts.

## Boards and Commissions

Development Services manages five boards and commissions for building appeals, variance hearings, and land use cases. Comprised of local residents and business owners appointed by the Town Council, they make community-driven decisions aligned with local interests, contributing to balanced local development initiatives.



### Board of Adjustment

**May 1, 2025**

Meeting canceled.



### Design Review Board

**May 14, 2025**

Meeting canceled.

**May 28, 2025**

Meeting canceled.



### Historic Preservation Board

**May 7, 2025**

The Historic Preservation Board held its regularly scheduled meeting and reviewed the activities occurring during Historic Preservation Month.



### Planning Commission

**May 8, 2025**

The Planning Commission held its regularly scheduled meeting and reviewed an application from ACM Dawson Trails VIII JV, LLC for a Site Development Plan proposing 256 single-family units on approximately 53 acres located south of the Crystal Valley Interchange and east of Dawson Trail Boulevard, both currently under construction. The site plan also proposes 11 acres of private open space to include a neighborhood park, themed to recognize the former Continental Divide Raceway. Planning Commission voted 5 to 0 to recommend approval to Town Council.

**May 22, 2025**

The Planning Commission held its regularly scheduled meeting and recommended approval of the Founders Vista Site Development Plan to Town Council with a vote of 4 to 0. During the hearing, one member of the public voiced opposition to the project.

Planning Commission also approved a recommendation for approval to Town Council for the proposed changes to the Accessory Dwelling Unit Code with a vote of 4 to 0.

## Development Services Items at Town Council

### May 6, 2025

Town Council held its regularly scheduled meeting and approved the first reading of a rezoning proposal for the Unity on Wolfensberger mixed-use facility. This project, proposed by the nonprofits Wellspring Community and Castle Oaks Evangelical Covenant Church, is located at 200 Wolfensberger Road. It aims to house Wellspring's new headquarters and provide affordable, multifamily housing for adults with and without intellectual and developmental disabilities. The plan proposes a mixed-use development that will feature an existing place of worship, a converted hotel with up to 24 for-sale residential condominium units, 16,165 square-feet of office space, classrooms, work opportunity spaces, and recreational amenities like a pool and exercise area.

Town Council also approved a request to continue the Pine Canyon property annexation and zoning public hearing to May 20, allowing additional time for the development agreement's finalization.

They also presented a proclamation recognizing May as Historic Preservation Month.

### May 20, 2025

Town Council held its regularly scheduled meeting and approval of several key projects with a vote of 7 to 0. The Brickyard Urban Renewal Plan was approved, which aims to revitalize the area by enhancing economic vitality and infrastructure. Council also approved Dawson Trails Filing No. 2 Site Development Plan for 256 residential lots for detached single family homes in Planning Area D, including park areas and pedestrian trails.

Additionally, the Pine Canyon Planned Development was approved for annexation and zoning, incorporating 533.5 acres of land into the Town for a mixed-use development including 800 single-family attached and detached homes, 1,000 multifamily units, 600,000 square-feet of nonresidential space and more than 30% of open space.



Photo of the Brickyard site grading.



# TOWN OF CASTLE ROCK DEVELOPMENT SNAPSHOT: May 2025



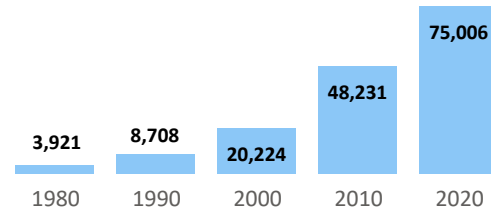
## Population

87,579

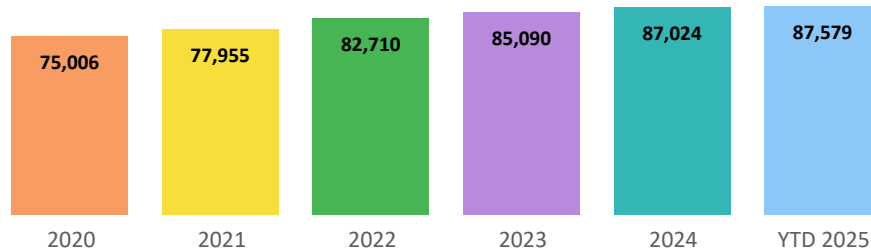
Estimated Population based on the total number of occupiable residential units



### Historic Population



### Recent Population



## Zoning Division

Zoning staff process numerous code enforcement actions each month, from rubbish, abandoned vehicles and setback encroachments to illegal uses. They respond to complaints from the community, visit sites to determine compliance and issue Notices of Violation as necessary. Our inspection team removes hundreds of illegal signs encroaching into Town rights-of-way. Staff reviews all business licenses, temporary use permits and sign permits for zoning compliance.

**15** Sign Permits Issued  
**3** Temporary Use Permits Issued  
**58** Code Compliance Cases Opened



● Sign Compliance Responses 0  
 ● Signs Removed from the Right of Way 205  
 ● Site visits 109  
 ● Notices of Violation Sent 30  
 ● Business Licenses Reviewed 24

## Planning/Development Review

The Planning and Development Review teams process numerous submittals each month. These core service levels are reported for all land use projects, including projects that go through public hearings and projects that are under administrative review.

### Pre-Applications

**13**

New Pre-Applications This Month

**50**

Year-to-Date Pre-Applications

**25%**

Pre-Applications that advanced as new projects over the previous 12 months

A pre-application meeting is required prior to any land-use submittal. Meeting may review conceptual ideas that never lead to a formal submittal.

Pre-applications expire and must be resubmitted after 12 months.

### New Development Applications

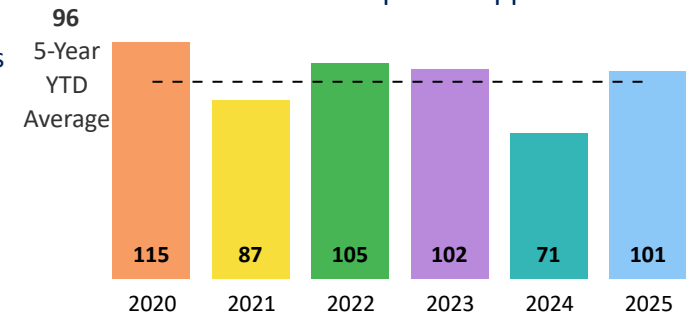
**24**

New Development Project Applications this Month

**6**

Other Project Applications this Month

### Year-to-Date Development Applications



### Development Reviews

#### Monthly Reviews Completed

**11**

First Reviews

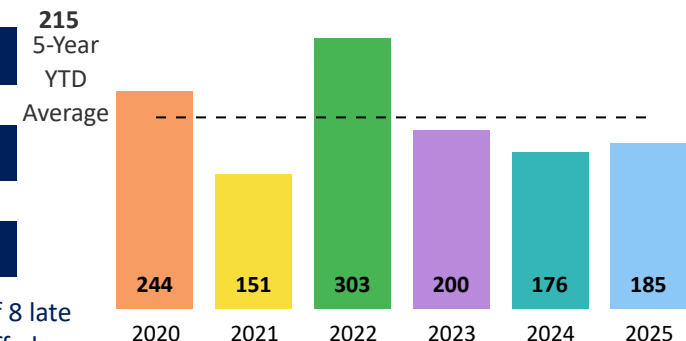
**6**

Second Reviews

**12**

Third Reviews or More

#### Year-to-Date Planning/Development Reviews



\*on time with the exception of 8 late reviews due to being short staffed.

# TOWN OF CASTLE ROCK DEVELOPMENT SNAPSHOT: May 2025



## Building Division

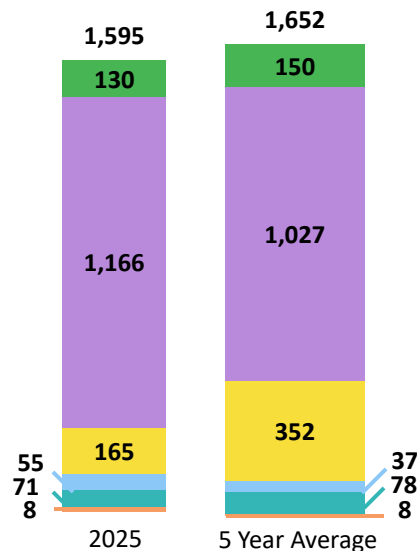
Building Division staff process hundreds of building permits a month, ranging from simple permits like a new hot water heater or deck, to constructing an entire new home or commercial building. Our inspection team conducts thousands of inspections each month to determine code compliance. We report on the following levels of service monthly, although they are just a snapshot of some of the work we do.

Development Services staff process permits, conduct inspections, respond to code violations and review plan submittals each month. This snapshot highlights staff activity during the previous month for the Zoning Division, Building Division and Planning/Development Review. Information on previous months can be found in the [Development Services' Monthly Report Archive](#).

### Building Permit Applications Received

#### Year-To-Date Building Permit Applications Received

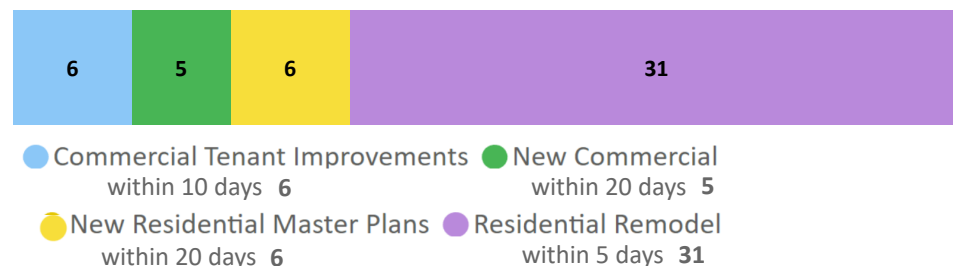
	2025
COMMERCIAL NEW	8
COMMERCIAL OTHER	71
COMMERCIAL REMODEL	55
RESIDENTIAL NEW	165
RESIDENTIAL OTHER	1,166
RESIDENTIAL REMODEL	130
<b>Total</b>	<b>1,595</b>



	5 Year Average
COMMERCIAL NEW	8
COMMERCIAL OTHER	78
COMMERCIAL REMODEL	37
RESIDENTIAL NEW	352
RESIDENTIAL OTHER	1,027
RESIDENTIAL REMODEL	150
<b>Total</b>	<b>1,652</b>

### Building Permits Reviewed

#### Monthly Building Permit Reviews by Type



**1**  
**348**  
**1,594**

**Building Fees Calculated: 1 Within 3 days**

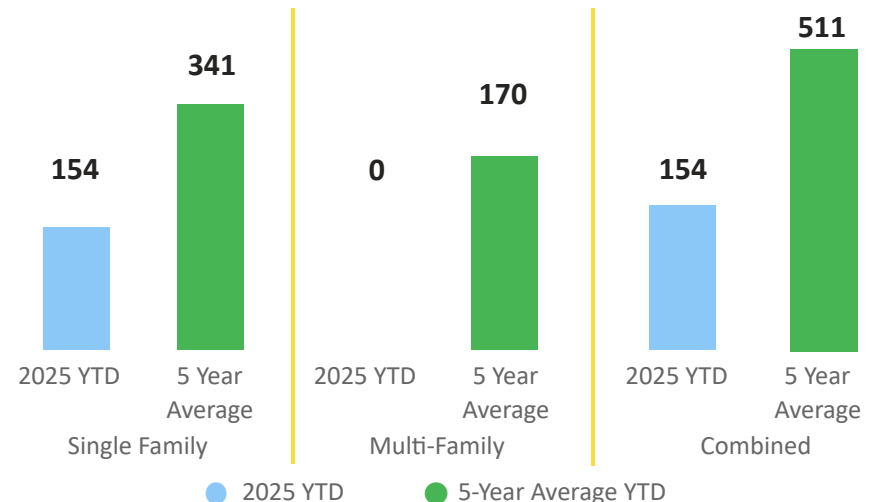
**Building Permits Issued**

**Inspections Completed: 1,586 Within 24**

### Building Permits Issued



**↓46%** Commercial Space Permitted Compared to the 5 Year Year-To-Date Average



# MONTHLY REPORT

## MAY

Monthly Updates of the Finance Department for the Town of Castle Rock.







# How Does it Work?

## Finance Department



### Accounting

The Accounting Team offers financial services, including accounts payable and receivable, investments, and capital asset reporting, ensuring transactions comply with the Town's Municipal Code, Governmental Accounting Standards, and relevant laws and regulations.



### Payroll

The Payroll Team handles employee compensation, processing benefits, deductions, and all aspects of pay, while staying current with complex federal and state payroll and tax regulations. They uphold strict confidentiality and deliver excellent customer service.



### Revenue

The Revenue Team offers exceptional customer service and education while licensing businesses and collecting sales tax, fostering a "hometown" atmosphere. They collaborate with economic development, the Downtown Development Authority, and the Urban Renewal Authority to align with the Town's vision.



### Budget

The Budget Team assists departments with budgeting and financial planning to achieve short- and long-term strategic priorities, while actively monitoring, analyzing, and reporting on the Town's financial activity year-round.

### Our Mission

Through exceptional customer service and effective partnerships, we deliver accurate and timely financial services.

### Our Vision

The Finance Department will provide financial solutions and services in support of the Town's vision and community objectives through: proactive education, purposeful planning, excellent communication and fiscal accountability.



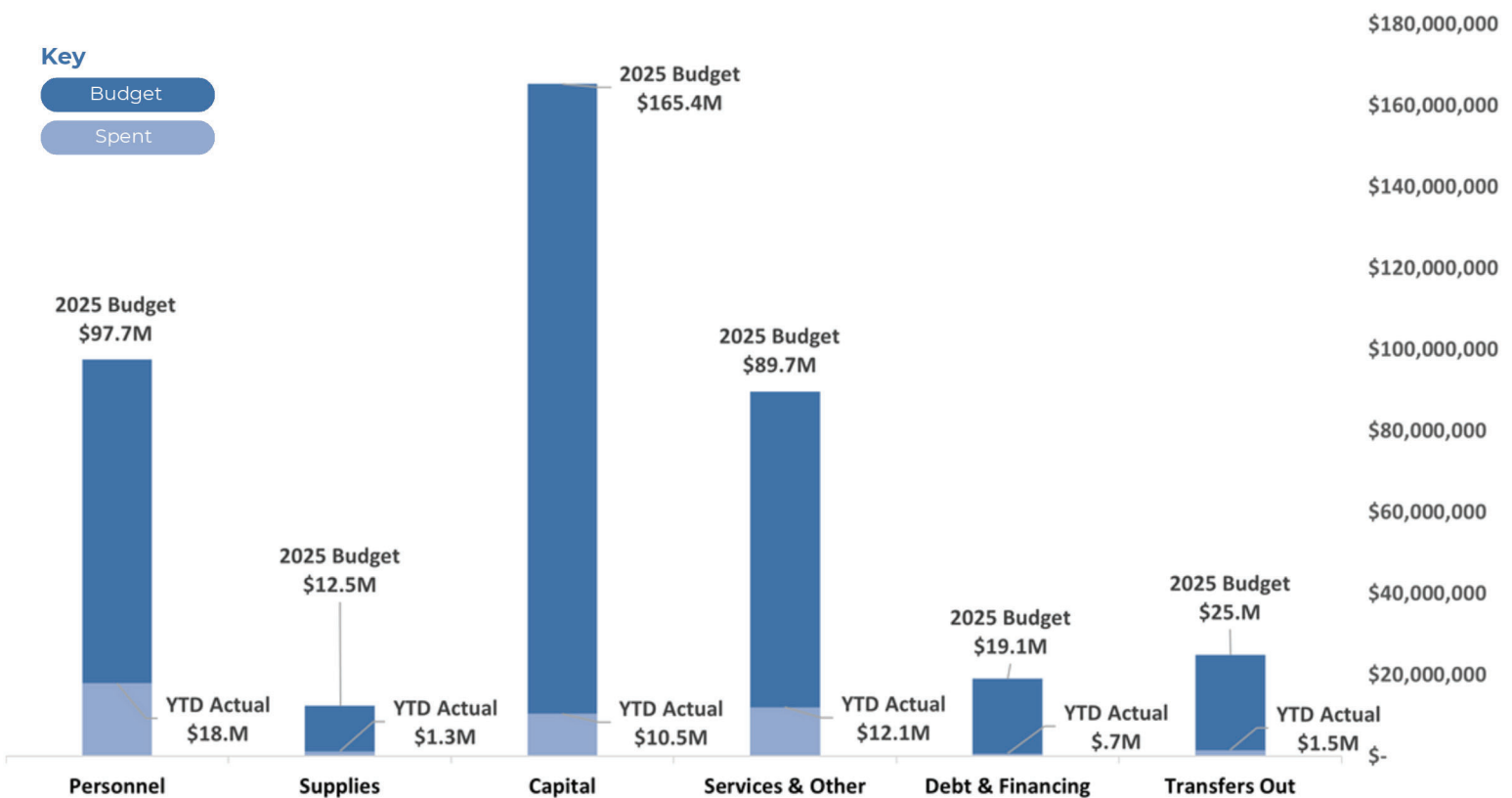


# Budget Updates

## Finance Department

### Preliminary Town Wide Expenditures by Category

Through March 2025



### Did You Know?

Castle Rock's sales tax revenue is notably bolstered by non-residents, thanks to major shopping centers like the Outlets at Castle Rock. **Approximately 90% of sales at the Outlets are attributed to visitors from outside the town, contributing significantly to the town's finances.** In fact, Castle Rock residents pay only a small portion of the sales tax collected, making the town's budget more resilient and less reliant on local taxes.

This unique revenue structure allows Castle Rock to **maintain one of the lowest municipal property tax rates in Colorado**—just \$40.66 annually per homeowner—while still funding essential services like public safety, parks, and infrastructure. It's a testament to how strategic development and regional partnerships can create a sustainable and thriving community.





## New in Town

### Finance Department



**160**

Total Businesses Licensed in May



**24**

Businesses licensed in Castle Rock



**107**

Businesses licensed out-of state



**29**

Businesses licensed in CO but outside of Castle Rock

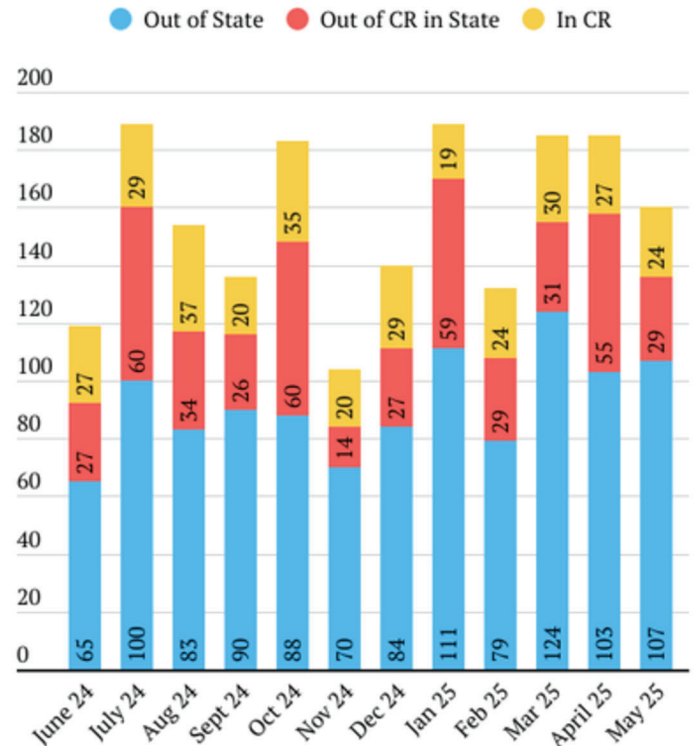
## New in Castle Rock!



Big style news, Castle Rock! **Tommy Bahama** is opening soon at the outlets! This brand brings relaxed island vibes with a polished twist—offering **men's and women's apparel, accessories, and home décor**. Whether you're dressing for a getaway or upgrading your everyday, it's the perfect spot to unwind in style.

Located: 5050 Factory Shops Blvd Ste 475

## Business Licenses Issued Per Month, By Area



Visit [www.CRgov.com](http://www.CRgov.com) for more information on new Castle Rock businesses.

# Businesses Licensed in Castle Rock

May 2025

Alberto's BadAss Tacos and Burritos	Food Truck
Amber Davis Portraits	Photo Albums, Prints, Wall Art
Art Beat	Art Classes and Camps
A Sprinkle Here	Baked Goods
Castle Concierge Services, LLC	Home Concierge Services
Castle View Cafe	Restaurant
Castle Wigs	Wigs
Dearly Beloved Co	Wedding Planning and Coordinating
Del Taco LLC	Fast Food
Ember Edge Esthetics	Skin Care Products and Beauty Services
Entomanagement IPM	Pest Management/ IPM Consultations
LCB Paint & Supply	E-commerce Sales of Architectural Paint, Stains & Related Supplies
Little Bird Cottage Bakery	Baked Goods
Milligan Motorsports	Auto Parts
Nicko's Delights	Cottage Foods
Oo-De-Lally Coffee	Coffee
Overland Diving Services	Commerical Diving Services
Rocky Mountain Auto Protection LLC	Auto Protection
Squeezing Cents LLC	Fruit Cart
Summit Classic Cars	Auto Sales
Sunset Appraisal Service	Estate Sales
Tacos Acos Las Tres Catrinas	Food Truck
The Cove Concierge Medicine	Primary Care Medical Services and Supplements
Tommy Bahama	Clothing





**\$100,112**  
Collected from delinquent accounts in May for the month of March



**\$333,266**  
Year-to-date delinquent account collections.



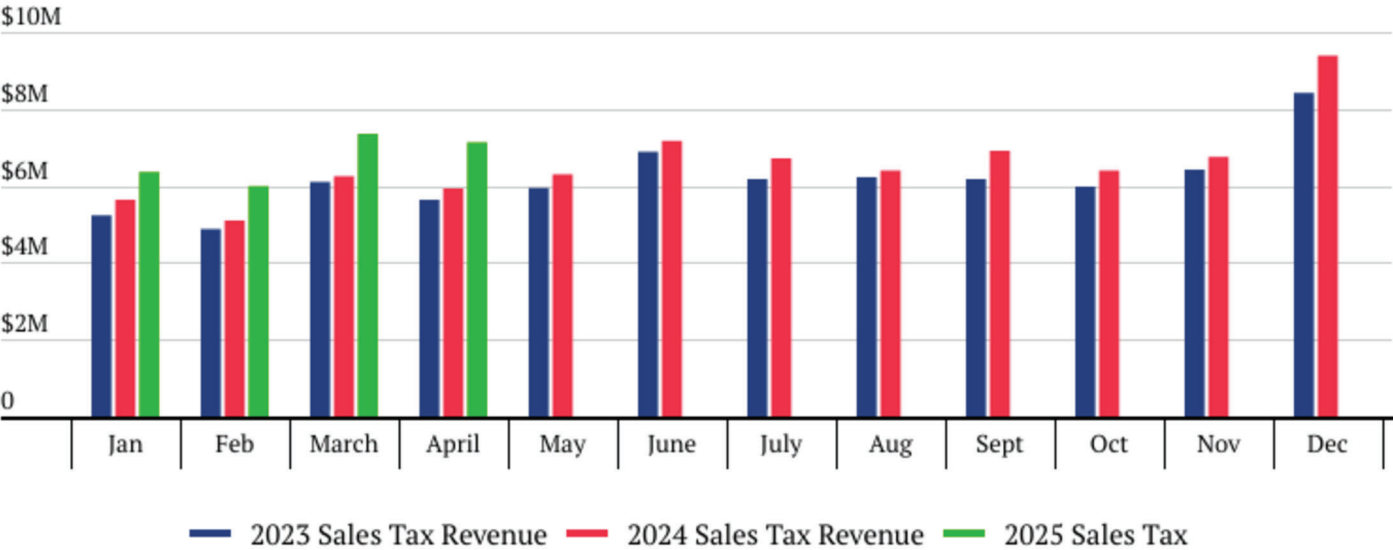
**125**  
Audits in process



**\$261,575**  
Audit revenue collected for the month of April.

# Revenue Updates

## Finance Department



April	Gross Sales Tax Collections	Town Audit Revenue and Amounts Collected	Net Collections	YTD	Gross Sales Tax Collections	Town Audit Revenue and Amounts Collected on Behalf of Others	Net Collections
2024	\$5,976,628	\$443,276	\$5,533,352	2024 YTD	\$23,134,747	\$1,842,041	\$21,292,706
2025	\$7,129,407	\$633,136	\$6,496,271	2025 YTD	\$27,046,021	\$2,362,016	\$24,684,005
Dollar +/-	\$1,152,779	\$189,860	\$962,919	Dollar +/-	\$3,911,274	\$519,975	\$3,391,299
Percent Change	19.3%	42.8%	17.4%	Percent Change	16.9%	28.2%	15.9%

Sales tax collections for April were up **19.3 percent** from the previous year’s month, or up **\$1,152,779** compared to April 2024. Year-to-date (YTD) collections are up **\$3,911,274** or **16.9 percent** compared to the same time frame in 2024. Staff will continue to monitor this very important revenue stream for the Town and inform as needed.



# How Can My Voice Be Heard?

## Finance Department

### Finance Tentative Town Council Schedule.

This schedule is not finalized and is subject to change.

#### JUNE

- ACFR / PAFR
- 2025 Council Community Grant Program
- Monthly Department Reports

#### JULY

- Budget Amendment 2
- Financial Review, Period Ending June 30, 2025
- Monthly Department Reports

#### AUG

- Introduction of 2026 Town of Castle Rock proposed Budget
- Monthly Department Report

#### SEPT

- 2026 Proposed Budget
- 2026 Capital Improvement Program
- 2026 Balance Financial Plan
- 2026 Proposed Budget - Urban Renewal Authority

#### OCT

- Budget Amendment 3



### Questions or Concerns?

Citizens are always encouraged to attend upcoming Town Council Meetings! See calendar below for upcoming events.

2025

June

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3 TOWN COUNCIL	4	5	6	7
8	9	10	11	12	13	14
15	16	17 TOWN COUNCIL	18	19	20	21
22	23	24	25	26	27	28
29	30					

2025

July

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 TOWN COUNCIL	2	3	4	5
6	7	8	9	10	11	12
13	14	15 TOWN COUNCIL	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

### Your Voice. Your Town. Your Future.

Speak up at the next Town Council meeting and be the change you want to see!





## Team Updates

### Finance Department



1

New Hires For Month of May



1

Interviews Conducted in the Month of May



1

Job Openings Currently



48

Candidates Hired to Date

May was a month of **steady progress and growing anticipation!**

While things were a bit quieter, our team stayed grounded and focused, **continuing to build on the momentum from earlier this spring.**

With summer on the horizon, we're feeling energized and ready for what's next. **The groundwork we've laid in recent months has us well-positioned for a strong season ahead**—and we can't wait to keep moving forward together.

Here's to a great summer! ☀️



Thank you for reading the Finance Department's monthly report!  
To see previous issues check out [CRgov.com](http://CRgov.com) or email [Finance@crgov.com](mailto:Finance@crgov.com).



**Trish Muller, CPA**  
Finance Director



# Castle Rock Fire and Rescue Department



*An Internationally Accredited Fire Rescue Agency Since 2012*

## May 2025 Monthly Report

**Department News:** Sparky in the community!



**Vision - To Be The Best - at providing emergency and prevention services**  
**Mission - High Customer Satisfaction - through quality preparation and excellent service**  
**Values - Strength, Honor, Integrity, Excellence, Leadership, Dedication, Service**



## **Operations Division:**

**Deputy Chief Oren Bersagel-Briese**

### **Deputy Chief Commentary:**

We are excited to congratulate Steve Coffin on his promotion to the new position of Assistant Chief of EMS and Special Operations! This is the first new administrative support position that the Operations Division has seen in nearly 20 years, and it has oversight of both our EMS and Special Operations programs. With a new position comes a lot of learning and development, and Steve has already shown that we will realize great value in having someone with his passion lead these important pieces for our department. The Lieutenant opening that was created with his move has been filled by Kevin Travis, and we are looking forward to working with him in his new role.

As this new position unfolds, we would also like to acknowledge the work and leadership that Capt. Mike Moore has poured into our EMS program for the last decade. Mike has led all aspects of our EMS program, devoted his time to mastering this role, and has kept this department on the leading edge. He has worked countless extra hours to ensure that our members have what they need, and we wouldn't be where we are today without Mike.

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EMS: This month saw the first meeting of our new EMS Working Group, which is charged with looking at ways to improve and modernize the culture surrounding EMS in our department. This group is built with a balanced group including members at all ranks and with different EMS certifications. A sub-group has been created to work on the infrastructure to build out a more robust EMT transport program. The discussions in that first meeting were vulnerable and trusting, and we look forward to more conversations during the monthly meetings. We have also renamed the PI team to the EMS Leadership Team, who will also help with the changes recommended by the Working Group.

In other areas of EMS, the automatic medication dispensing system went live this month and has made it an easier, more secure process for our members. We also met with the leadership team at Banyan to better understand how they operate and to share steps that will make the incident experience better for the patients. Lastly, we independently met with the senior leadership from both Sky Ridge Medical Center and Advent Castle Rock, as we continue to build those relationships to support our operations.

Special Operations: This year's 12-day technical rescue school concluded with four CRFD members completing the training. It was a collaborative effort between CRFD, South Metro, and West Metro, and the feedback we've received from the school's instructors has been that CRFD had a strong group of people who showed great attitude and skill. We are also working on some upcoming Active Threat training, as well as improving our operations on big-rig extrication scenes (trash and dump trucks, etc.). In other news, our Water 152 vehicle has some major engine damage and will be out of service for an unknown extended period of time.

Pipes and Drums: May was a busy month for the band, with performances at the Colorado Law Enforcement Memorial, at the Colorado Fallen Firefighters Memorial, and at the Douglas County Commissioner's meeting in honor of Dale Erickson – a 94-year-old Korean War veteran.

We are currently working on the following projects:

- Station 156 design
- SOG/Admin Directive updates
- Updating the administrative area of FHQ
- Station 155 updates for M155
- Researching new traffic preemption systems

We also:

- Completed the annual retreat with the Battalion Chiefs
- Attended the Command Staff meeting
- Conducted a BC ride with B-Shift
- Participated in an R&D meeting
- Taught at Leadership Douglas County and Aurora's Fire Officer 2 class

### **Customer Service:**

Measurable Outcomes - Rating of 4 or better on customer survey cards 100% of the time  
**May 2025...100%**

Of the 20 customer survey cards we received in May, all had the highest overall rating of 5. Some of the comments we received were; *"Thank you so very much for taking such great care of me! I was so scared & your whole team was amazing!"* Another read; *Thanks for the caring & professional service. Paramedics very well trained & functioned as a team."* Another read; *"The EMT who helped me was outstanding. Sorry I don't remember his name but hopefully you have it in your records. He's a role model for CR Fire & Rescue."*

### **Call Statistics:**

For May, we responded to 622 calls for service. For the year, we have now responded to 2,932 calls, which is 72 more than at the same point in 2024. We averaged 20 calls per day for the month.

Of the 622 calls this month, 3 were fire-related, 40 were motor vehicle crashes, 62 were service in nature, 362 were EMS calls, 69 were good intent calls, 52 were alarms, and the remaining were miscellaneous. In May, we transported 278 patients to area hospitals, with 213 transported to Castle Rock, 50 to Sky Ridge, and 15 to other facilities.

Busiest Fire Station	Busiest Engine/Quint	Busiest Medic Unit
Sta154 with 438 responses	E154 with 228 calls	M154 with 210 calls

For a more detailed breakdown of our operational data, [\[click here\]](#)



Report Key:	
BC = Battalion Chief	CH = Chief Officer
Q = Quint	SQ = Squad (rope and water rescue)
E = Engine	Sta = Station
M = Medic	SMFR = South Metro Fire and Rescue
SAFE = Safety and Training Officer	HR = Heavy Rescue

**Significant Incidents:**  
 In May, CRFD responded to 11 cardiac arrests and no other significant reportable incidents.



Automated medication dispensing system



BC retreat



Dog rescue from under porch



Clinical Save Award presentation (1/8/2025)

## **Administration Division:**

### **Fire Chief Norris Croom**

#### **Key Admin Issues:**

As General Patton said, "You can't adjust the circumstances to meet the plan. You have to adjust the plan to meet the circumstances." And that is where we are with CAD to CAD. While we were hoping to go live with South Metro's CAD in early May, additional issues arose that have now delayed this effort at least into June. Once we are able to make it work, this will allow us to automatically dispatch their units (and vice versa) to calls thereby speeding up the dispatch and response times and eliminating the need to physically call their comm center to ask if the unit is available. Generally, it will also assign the closest unit regardless of jurisdiction, again, in an attempt to improve overall response times. We do expect some challenges once we go live, but we're hoping we have most of these resolved with the additional delay.

With the resignation of Logistics Chief Gile in May, Deputy Chief Bersagel-Briese and I have been working with Ben, Landon, and Max to ensure they have what they need to keep everything moving forward. Generally, I'm helping with Facilities and DoIT issues, and DPC Bersagel-Briese is assisting with Fleet and Equipment. The Logistics Team is doing a great job, and we would ask for continued patience as we work through different fleet and facilities issues. We hope to advertise for a new Logistics Chief, in conjunction with the vacant Fire Marshal position, in June or July.

As part of our Emergency Management responsibilities, we attended the kick-off meeting for the Douglas County Hazard Mitigation Plan. The Town has participated in this plan in the past, and this is the required update that will be adopted in 2026. The intent behind the plan is it "will make Douglas County and its jurisdictions more resistant to damages from natural disasters. The plan update is essential in ensuring eligibility for future FEMA Hazard Mitigation Assistance (HMA) funding and will be updated with the support of our contract consultant throughout the year. The planning process will culminate with a full draft submitted to the Division of Homeland Security and Emergency Management (DHSEM) by May 2026."

#### **Fire Chief Commentary:**

As we are currently limited on available bay space and with new apparatus arriving, we have begun looking into leasing a "garage condo" to be able to store new apparatus and equipment indoors until upfit and in servicing can occur. We recently had a new staff vehicle suffer approx. \$2700 worth of rodent damage after it got into the engine compartment and ate wiring and insulation. In addition, we don't want any new apparatus damaged by our typical summer hail storms, so having a storage unit to put them in should resolve both of these issues. The current goal is to have a space leased by the end of June.

We continue to work with Facilities to begin the needed improvements at Station 155 to accommodate the addition of Medic 155. This will involve an additional bunkroom and modified bathroom facilities, and it now looks like this won't be completed until August. However, this will not

5

delay the inservice of Medic 155 as we are looking at options to accommodate it at 155 or relocate it to 152 to start.

Finally, I attended the Colorado Fallen Firefighter Memorial in Lakewood on May 17<sup>th</sup> on behalf of the Department and as part of the Colorado Emerald Society. For the first time in recent memory, NO names were added to the memorial this year. While that is the ultimate goal, we know that this is difficult to achieve, and we are grateful to have met that goal at least for one year.



**Fire and Life Safety Division:**  
**Acting Fire Marshal Kevin Sullivan**



**Fire and Life Safety Division Summary:**

**Programs and Operations:**

- The Car Seat Pilot Program has launched and is active. Twelve appointment-based car seat check requests were received in the first month. Area hospitals and partner agencies were notified of the new scheduling process. This pilot program will be reviewed in four months.
- The Open Burning and Recreational Burning Guidelines were completed and distributed. A one-page summary guide is in development.
- FLSD flew the drone to document lateral academy training.
- The Division met with the lateral recruits to provide an introduction to the Fire and Life Safety Division and to explain the critical role that fire prevention and public education play throughout the department's operations.
- In May, the Fire and Life Safety Division hosted a contractor luncheon to strengthen relationships with local fire protection system contractors. The event provided updates on code requirements, inspection expectations, and submittal processes. Contractors responded positively, and the open dialogue helped clarify common issues and improve communication. As a result, the Division has already seen improved compliance and fewer repeat deficiencies. Continued outreach efforts like this will support higher quality installations and stronger collaboration moving forward.



**Plan Review Activity:**

- FLSD processed and reviewed over 158 fire protection-related projects in May, including tenant finishes, fire alarm and sprinkler systems, access control, CO2 systems, and new construction across various occupancies such as healthcare, education, commercial retail, restaurants, and worship facilities.



### Community Risk Reduction and Public Education:

- 15,104 digital contacts were also recorded.
- The May safety focus was lithium-ion battery safety.
- Car seat technicians conducted 26 checks (21 rear-facing, 4 forward-facing, 1 booster), correcting four installation errors.

### Life Safety Educators:

For the month of May, CRFD contacts:

- 1,761 people through 12 different public education and community events totaling 13.25 hours of education. This broke down to 1,175 citizens with Sparky and 586 citizens with line and/or educators only. Sparky attended three schools during the month of May. Of the citizens we made contact with in May- 1,285 were children (18 years of age or younger) and 476 were adults.

### May Public Education Highlights:

- May's educational message was lithium-ion battery safety.
- As a sendoff into summer, Sparky visited students at Academy Charter, Meadowview and Castle Rock Christian School during the month of May.

### PulsePoint Monthly Active Users (MAUs):

During April 2025 (reporting is one month in arrears), 1821 users following CRFD on the PulsePoint app enabled CPR alerts and there were 6415 Monthly Active Users. MAUs represent individuals actively following CRFD on the app during the reported month.

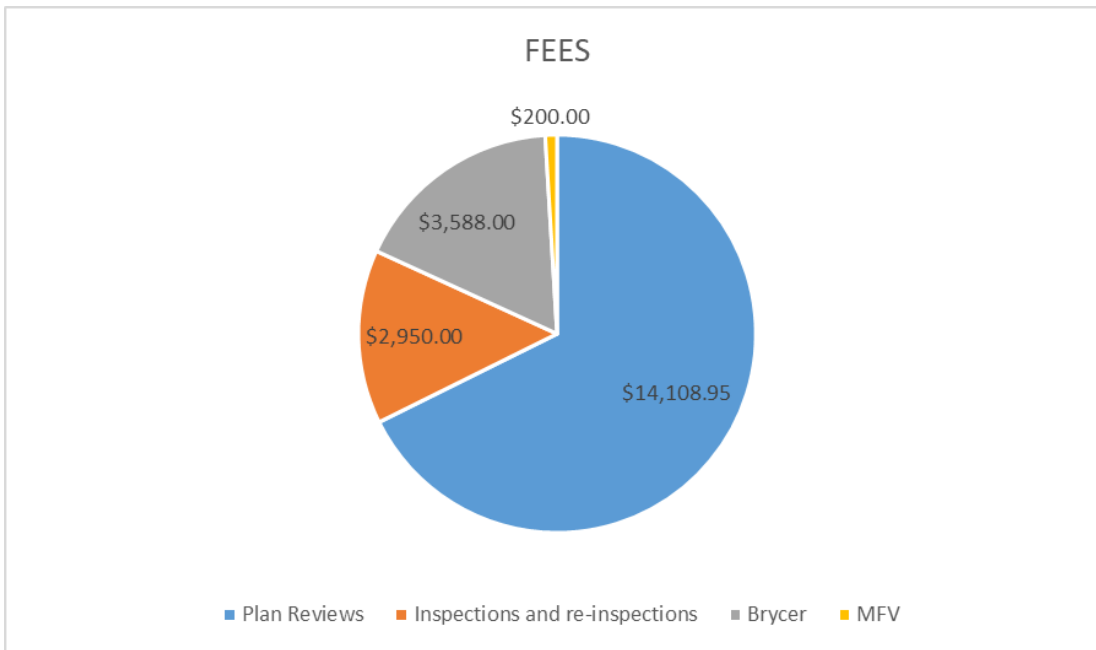
### Social Media:

During the month of April (reporting is one month in arrears), the CRFD Facebook page reached 42,795 people. Posts were shared 201 times during the month and post engagements came in at 5,704. Our next three highest reaching posts were about a dumpster fire, Clinical Save Award, and our 130<sup>th</sup> birthday.

Complaints: **0** Citations: **0** CWPP contact hours: **0** CORA requests: **2**  
Fire Prevention Customer Inquiries: **108** Stop Work Orders: **2** Fire Watch: **2**  
Fire/Investigation Responses: **4** Permits Issued: **27** Permits Closed: **46**  
Unmanned Aerial Vehicle flights: **4** Development Services Meetings: **27**

### Fees brought in from the Division:

FEES RECEIVED	
Inspections and re-inspections:	\$2,950.00
MFV	\$200.00
Brycer	\$3,588.00
Plan Reviews	\$14,108.95
<b>Totals</b>	<b>\$20,846.95</b>



Fire pump testing



Teaching at the lateral academy



## **Training Division:**

**Division Chief Jeff Hood**

### **Division Chief Commentary:**

May was a busy and productive month for the Training Division, with 4,050 training hours logged—our highest total of the year so far.



**STO Promotional Process and Transition:** To facilitate internal moves before the early June shift bid, the Training Division developed and executed a promotional process for the B-shift STO position. We're pleased to welcome Steve Patik into the role and want to extend our deepest gratitude to outgoing STO Adam Gallegos. Adam has contributed to the division in multiple capacities for the past 5 years. His role in helping to stand up the STO program was instrumental, and the division would not be where it is today without his efforts.

**Lateral Academy Update:** The Lateral Academy continued through May and remains on track to conclude in June. Though we had one candidate step away, the remaining nine recruits are progressing well through a demanding curriculum. These long days of training are the result of combined efforts by Training Division staff and instructor cadre personnel, and we're grateful for everyone's contributions. Recruits are working hard to absorb CRFD-specific operational expectations while refining foundational firefighting skills. Graduation is scheduled for Friday, June 13, at 1800 in the classroom facility, with a goal of all nine recruits starting shift work on June 16.

**New Hire Process:** The department received approximately 680 applications for our upcoming Firefighter hiring process, an encouraging increase during a time when many departments are experiencing a decline in applicants. After narrowing the pool to roughly 90 candidates, interviews are scheduled for early June. We're optimistic not only about the number of applicants but also the caliber of candidates CRFD continues to attract. This recruitment success is due in part to recent pay adjustments made to ensure our compensation remains competitive across the metro area. Special thanks to Fire Chief Croom, Town Manager Corliss, and others who supported this initiative.

### **Other Division Happenings:**

- Department-wide wildland training was conducted. Crews focused on sharpening their skills of deploying hose to simulate catching and controlling a wildland fire, to prevent open area fires from escalating into urban interface incidents that could threaten homes in Castle Rock.
- We coordinated with Cooperative Personnel Services (CPS) to oversee the upcoming Lieutenant promotional process and began initial planning for two Division Chief vacancies.
- Work continued with the Special Investigations Unit (SIU) to develop a fire behavior class scheduled for July 10 that will utilize realistic burn cells.
- A pressure-reducing valve (PRV), matching those found in town, was installed on the standpipe at the training tower to better simulate real-world conditions.

10



- The Tee Lane Fire After Action Review continued to gain national recognition and positive feedback from fire departments across the country.
- The Training Division supported the Leadership Douglas County Fire Day.
- RQI in-service training continued across all shifts.
- We hosted a CMCB Engineer Practical for aerial and pumper certifications. Acting Engineers Venafo, Kormen, Voit, Morey, and Derington successfully completed their certifications.
- The training division completed a field audit of CMCB practical tests.

#### Lateral academy training



Classroom

Extrication



Ventilation





## **Continuous Quality Improvement:** **Accreditation Manager Katt Walsh**



The 2024 updates to the Standards of Cover (SOC) and Annual Compliance Report (ACR) are nearing completion, with a final draft of the SOC to be presented to Town Council by Chief Croom in July.

Year over year, a 4.2% increase is anticipated based on data collected from 2020 to 2024. While call volume in 2023 was lower than expected, it rebounded in 2024, with a total of 7,068 calls for service. This represents a 5.7% increase over 2023.

From January to May 2025, CRFD has maintained a similar call volume compared to the same period in 2024.

Please follow the below link to see all of the May 2025 stats, and please don't hesitate with any questions.

Link to the draft monthly status report

[ImageTrend monthly data](#)



"Saving Baby" by illustrator Paul Combs





Castle Rock  
**PARKS &  
RECREATION**  
May 2025  
Monthly Report





# UPCOMING

## Events

View up-to-date information at [CRgov.com/Events](https://CRgov.com/Events).

JUNE  
19

**Tunes for Trails free concert feat. Heavy Diamond Ring**

5:30 to 9 p.m.  
Amphitheater at Philip S. Miller Park

JUNE  
21

**Summer Concert Series feat. Sugar Ray**

6 to 10 p.m.  
Amphitheater at Philip S. Miller Park

JULY  
4

**First Fridays feat. Ryan Chrys & the Rough Cuts and the free 5K**

3 to 10 p.m.  
Festival Park

JULY  
8

**Animals Around the Rock feat. Raptors Over the Rock**

6 to 7:30 p.m.  
Amphitheater at Philip S. Miller Park

JULY  
11

**Summer Concert Series feat. Gavin DeGraw**

6 to 10 p.m.  
Amphitheater at Philip S. Miller Park

JULY  
12

**Pedal the Moon**

6:30 to 10 p.m.  
East Plum Creek Trail

JULY  
17

**Tunes for Trails free concert feat. That Eighties Band**

5:30 to 9 p.m.  
Amphitheater at Philip S. Miller Park

JULY  
19

**Summer Concert Series feat. Philadelphia Freedom**

6 to 10 p.m.  
Amphitheater at Philip S. Miller Park



# UPCOMING *Events*

## Recurring Summer Events

Join us for the following events, recurring throughout the summer. View up-to-date information at [CRgov.com/Events](https://CRgov.com/Events).



Yoga in the Park

A woman in a purple shirt is performing a yoga pose (Upward Dog) on a mat in a grassy area. Other people are visible in the background, also practicing yoga.



Sundays 8:30 - 9:30 a.m. | The Amphitheater at Philip S. Miller Park

Mondays 6:30 - 7:30 p.m. | Festival Park

# CAPITAL PROJECT UPDATES

## *Parks, Open Space & Trails*

The following updates summarize general progress that occurred throughout the month on capital projects managed through the Parks and Recreation department; for background information and additional details visit [CRgov.com/ProjectUpdates](https://CRgov.com/ProjectUpdates).

### **New recreation center financing and land dedication agreements**

Town Council approved the first reading of an ordinance authorizing up to \$75.5 million in Certificates of Participation to fund the acquisition, construction and equipping of a new recreation center, along with related public improvements within the Brickyard master-planned community. COPs are a lease-revenue financing tool that allows investors to fund public projects in exchange for a share of lease payments.

Council also approved a Rec Center Agreement with CD-Acme LLC to establish a public-private partnership. Under the agreement, CD-Acme will donate land adjacent to the Brickyard community for the proposed sports center, and the Town will own the facility while covering 100% of its construction costs using the proposed COPs.

If the financing is approved on second reading, construction of the 145,177-square-foot recreation center, located north of Plum Creek Parkway and south of Topeka Way, is expected to begin in August, with completion targeted for 2027.

### **East Plum Creek Trail at Crystal Valley Parkway reopened**

Beginning May 30, the full length of the East Plum Creek Trail was reopened to trail users. Users will find a new trail alignment and updated connection at Douglas Lane near Crystal Valley Parkway. A 2-mile portion of the trail has been closed for approximately a year to accommodate early construction activities for the [Crystal Valley interchange project](#) — the Town's top transportation priority. The East Plum Creek Trail is a multiuse paved trail that spans approximately 8.6 miles between Castle View High School and the Montaine neighborhood in Crystal Valley. This portion of the trail is also part of the regional Colorado Front Range Trail system.

The southern portion of East Plum Creek Trail can now be accessed via the newly constructed roundabout at the intersection of Crystal Valley Parkway and East Frontage Road. The trail connection on Douglas Lane, located below the Crystal Valley Parkway Bridge, has been updated. Visit [CRgov.com/EPCT](https://CRgov.com/EPCT) to view maps and additional information.





# NEW AND NOTABLE

## *Updates in Parks and Recreation*



### Upcoming Events

#### First Fridays are back for a summer filled with music, food and family fun

The Town of Castle Rock's First Fridays series is the best way to kick back and relax after a long week. Festival Park will be packed with music, food and activities for you and your family.

From June through August, First Fridays is your ticket to an evening of free live music and entertainment in Downtown Castle Rock. In August, the festivities kick off at 5:30 p.m., with delicious fare from an assortment of local food trucks, refreshing cocktails and exciting activities. In celebration of Independence Day, the July event will begin at 3 p.m. and feature expanded family-friendly activities including face painting, mini golf, a photo booth and much more.

For the two remaining events, the highlight of the evening is the live music performance from 6 to 9 p.m., featuring:

- July 4: Ryan Chrys & the Rough Cuts
- Aug. 1: Disco Revue

Before the music starts, lace up your sneakers and join us for a free, unofficially timed 5K run/walk at 5:30 p.m. — dress in red, white and blue for the July 4 run. It's a fantastic way to jumpstart your evening and soak in the beauty of our community as you wind through the trails of Castle Rock. Don't forget to register to secure your spot!

Mark your calendars, pack your chairs and picnic blankets, and gather your loved ones for an unforgettable night under the stars. For more details about the First Fridays event series and registration for the 5K runs, visit [CRgov.com/FirstFridays](https://CRgov.com/FirstFridays).



### Discover Lost Canyon Ranch Open Space event series launches

In May, the Castle Rock Parks and Trails Foundation, a nonprofit partner of the Town of Castle Rock, officially launched its Discover Lost Canyon Ranch Open Space event series—an exclusive sneak peek at the Town's newly acquired 681-acre open space before it opens to the public. The series includes a variety of small-group, ticketed experiences designed to offer residents a first look at the open space while raising funds for its future. Events range from guided hikes and full moon treks to sunrise yoga and stargazing nights—all thoughtfully curated to highlight the site's scenic beauty and ecological value, including its towering pines, rugged terrain and panoramic views.

Each event is intentionally limited in size to minimize impact on the land and uphold conservation goals. Proceeds from the series support trail development within the open space, including plans for an accessible trail route that will ensure everyone can enjoy this natural gem. The Discover Lost Canyon Ranch series has been met with strong community interest, with several events quickly selling out. The Foundation's partnership with the Town continues to play a vital role in enhancing open space stewardship, community engagement and the future connectivity of Castle Rock's park and trail system. Learn more and register at [GetOutdoorsCastleRock.org](https://GetOutdoorsCastleRock.org).



# NEW AND NOTABLE

## *Updates in Parks and Recreation*



### Art and Enrichment Updates

#### Douglas County Art Encounters annual installations underway

Throughout May, the Town of Castle Rock successfully installed six new sculptures as part of the Douglas County Art Encounters program. This regional, year-long outdoor sculpture exhibit is a collaborative effort among Douglas County, Castle Rock, Parker, Roxborough, Highlands Ranch, Lone Tree and Douglas County Libraries to bring rotating artwork to civic spaces.

The installations mark Castle Rock's active participation in the 2025 launch of the county-wide initiative, which showcases over thirty sculptures across participating communities. Each piece was strategically placed at high-visibility parks and facilities to foster community engagement, enhance the cultural landscape and promote public art appreciation.

Castle Rock's installations were completed on schedule throughout the month in preparation for the official summer launch. The selected sculptures reflect a variety of artistic styles and mediums, contributing to the Town's growing reputation as a regional arts destination.

Community engagement efforts, including social media promotion and guided audio tours, are planned to encourage residents and visitors to explore the full Art Encounters collection throughout the County.

#### Art and culture grants available to enrich community culture and foster local creativity

Nonprofit organizations, government agencies, educators, artists and businesses are invited to apply for grant funding to help enhance Castle Rock's cultural landscape, foster community engagement and encourage artistic expression. In 2025, up to \$85,000 will be available for up to 20 projects through the Town of Castle Rock's newly approved Art and Culture Grant Program, funded through the Town's Public Art Fund. This annual grant program aims to fund a wide range of innovative initiatives — from live performances and public murals to classroom art projects and cultural exhibitions — designed to celebrate and enrich Castle Rock's heritage and community.

To be eligible, projects must take place within the Town's boundaries, align with community goals for inclusion, creativity and community enhancement, and fall into one of the following categories:

- Art and culture program grants may support workshops, performances, classes, community events and educational programs that align with Castle Rock's cultural goals. Up to five grants of up to \$10,000 each will be awarded.
- Art and culture project grants may provide funding for public-facing creative installations, visual art displays, and cultural or historical exhibits that create meaningful experiences in shared spaces. Up to five grants of up to \$5,000 each will be awarded.
- Art and culture educator grants may support enhanced learning experiences in schools through materials, supplies, hands-on workshops and student-led projects. Up to 10 grants of up to \$1,000 each will be awarded.

Help shape the cultural identity of Castle Rock — apply today! Applications for the 2025 to 2026 grant cycle must be submitted online by 5 p.m. July 18. A panel made up of Public Art Commission members, Town staff and a Councilmember will review applications in August, with awards recommended to Town Council for approval in September. Find more details on the application process, eligibility and grant guidelines, and apply at [CRgov.com/ArtGrants](https://CRgov.com/ArtGrants).

# NEW AND NOTABLE

## *Updates in Parks and Recreation*

### Education Program Spotlight

#### Adventure Club Preschool celebrates another successful school year

In May, the Town's Adventure Club Preschool held its year-end graduation celebration at the Amphitheater at Philip S. Miller Park. Dozens of families gathered to celebrate students completing their preschool and pre-kindergarten programs. The event marked the culmination of a successful school year and recognized the growth, confidence and academic readiness of Castle Rock's youngest learners.

Adventure Club Preschool is a state-licensed, school-year program operated at the Castle Rock Recreation Center. Designed for children ages 2½ to 5, the program provides a secure, enriching and nurturing environment that supports early learning and social development. Adventure Club is also a proud Colorado Universal Preschool (UPK) provider, offering state-funded, part-day preschool for four-year-olds the year before they enter kindergarten.

The program is rated Level 3 through Colorado Shines, the state's quality rating and improvement system for early learning programs. This rating reflects a high-quality environment that promotes children's health, safety and school readiness. This past school year the program served 164 students, with additional families placed on waitlists due to strong demand.

Adventure Club Preschool encompasses the following programs:

- Junior Preschool (ages 2½–3): Introduces foundational skills through crafts, stories and early motor development.
- Preschool (ages 3–4): Encourages independence and creativity through structured play, art, and daily routines.
- Pre-K (ages 4–5): Builds kindergarten readiness through science, pre-reading and math skills, storytelling and movement.
- Five-day Half-Day Pre-K (ages 4–5): Offers an enhanced experience with daily programming to reinforce academic and social development.

This year, the Parks and Recreation Department received \$30,046 in grant funding through the state's UPK Capacity Building Grant, which allowed for expanded enrollment by converting the pottery studio into a licensed classroom space. Adventure Club also received overwhelmingly positive feedback from parents, with a Net Promoter Score (NPS) of 90 — a national benchmark of customer satisfaction.

One parent shared, *"We came in just shy of mid-year (November) from a different school. Our child went from refusing to participate and/or talk to peers to making friends and actively participating with everyone in the classroom. We fully credit that to the culture the teachers have created. Our entire family enjoyed the Adventure Club program and will miss it as we move on to kindergarten."*

Adventure Club Preschool continues to play a vital role in early childhood education in Castle Rock. To learn more or register, visit [CRgov.com/AdventureClub](https://CRgov.com/AdventureClub).



# PROGRAM PARTICIPATION

## Summary



**88**  
participants enrolled in  
Rock Rec Athletics and  
Adventure camps



**87**  
participants enrolled in  
Middle School  
Madness



**253**  
adults enrolled in  
Arts and Enrichment  
programs



**147**  
youth enrolled in pottery,  
music, art or mountain  
biking programs



**3,268**  
group fitness  
program  
attendees

**90**  
personal  
training  
sessions



**159**  
children enrolled in  
Adventure Club  
Preschool



**48**  
children enrolled in  
Toddler  
Time

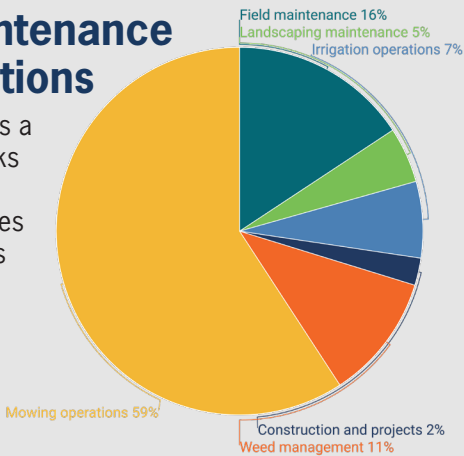


# MAY OPERATIONS

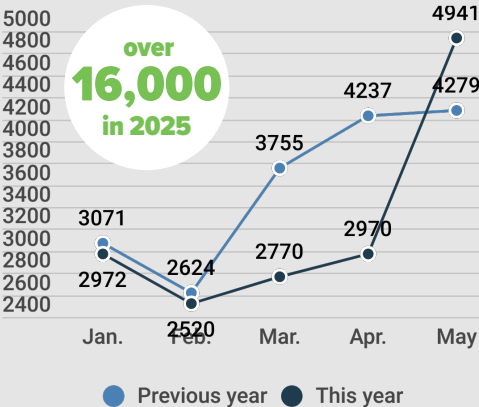
## By the Numbers

### Parks Maintenance and Operations

This chart provides a breakdown of Parks Maintenance and Operations activities and areas of focus for the month.



### RockREC Registrations



This data represents the number of online program registrations completed via the RockREC app or the desktop version of the site, Recreation.CRgov.com

### Facility Admissions

Daily admissions at the Recreation Center reached their highest May total since 2018, reflecting an 11% increase over May 2024 and a 9% increase compared to May 2023. This sustained growth highlights strong community engagement and consistent demand for recreational services.



Highest May admissions since 2018

### POST Partners Volunteer Program



188 volunteers

▲ 29% increase over May 2024



401 volunteer hours

▲ 26% increase over May 2024

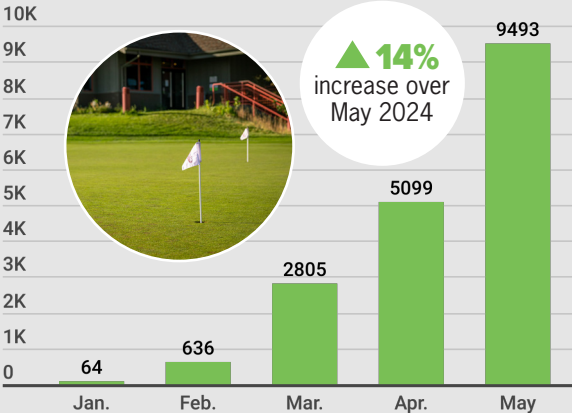


15 events



81 trash bags collected

### Red Hawk Ridge Golf Course



### Park Pavilion and Trolley Rentals

The Town Trolley is available for rent for a variety of events, including field trips, historic landmark tours, weddings, nights on the town, and special event parking transportation.

2 trolley rentals



Pavilions at Town parks are also available for rent throughout the year, with the rest being available on a first-come, first-served basis.

125 pavilion rentals, a 5% increase over May 2024



# SOCIAL MEDIA

## Summary

### Social Media Overview

The Parks and Recreation Department continues to utilize social media as a key tool for public outreach, community engagement and program and event promotion. Department efforts are primarily coordinated across three main platforms: the Town's official Facebook page ([facebook.com/CRgov](https://facebook.com/CRgov)), the Town's Instagram account ([instagram.com/CRgov](https://instagram.com/CRgov)) and the Parks and Recreation Department's dedicated Instagram account ([instagram.com/crparksrec](https://instagram.com/crparksrec)). Other platforms, such as X (formerly Twitter) and Nextdoor, are also used to supplement messaging, though the greatest reach and engagement is consistently achieved through the three primary channels. Parks and Recreation's social media efforts serve four primary purposes:

- Informing the public about services, updates and initiatives
- Promoting community events and programs
- Showcasing organizational and community achievements
- Supporting participation in Parks and Recreation programs, facilities, events and volunteer opportunities

Each platform plays a distinct role and is strategically utilized based on its audience and strengths. The Parks and Recreation Department collaborates closely with the Town's Communications Division to plan and develop content that aligns with broader Town messaging priorities. Given that the Town's primary channels are shared among all departments, coordination helps ensure appropriate timing and placement of content related to Parks and Recreation.

#### Facebook (Town of Castle Rock)

This platform serves as a comprehensive communication tool, reaching local residents, families, businesses and community organizations. Content includes Townwide announcements, public service updates, event promotions and community highlights. Parks and Recreation messaging is integrated into this channel on a scheduled basis based on Townwide priorities.

#### Instagram (Town of Castle Rock)

As a visual storytelling platform, the Town's Instagram account emphasizes event promotion, photo- and video-based updates and behind-the-scenes content. Its audience tends to include younger residents and families. Parks and Recreation content shared here typically highlights events, short-form news and programs.

#### Instagram (Parks and Recreation Department)

This department-specific channel serves as a dedicated space to promote recreation programs, volunteer opportunities, community events and park or facility updates. The primary audience includes active program participants, event attendees and community members seeking recreation-focused updates. As a relatively new account, increasing audience engagement and follower growth remains a focus for the department.

Overall, social media remains an effective communication strategy for the Parks and Recreation Department, enabling reach to a wide and diverse audience while collaborating across departments to ensure consistent messaging and maximize community impact.

### Monthly Metrics

The following pages include metrics on Parks and Recreation content posted on the social media channels listed above.

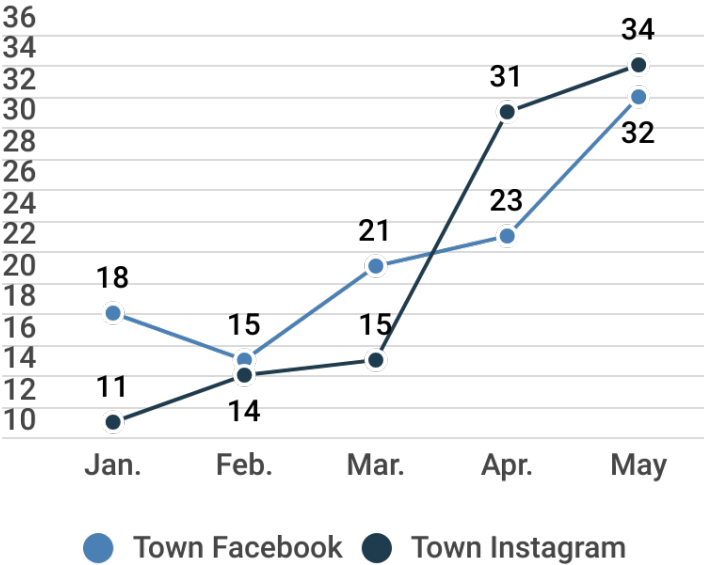
# SOCIAL MEDIA

## Summary

### Town Channels

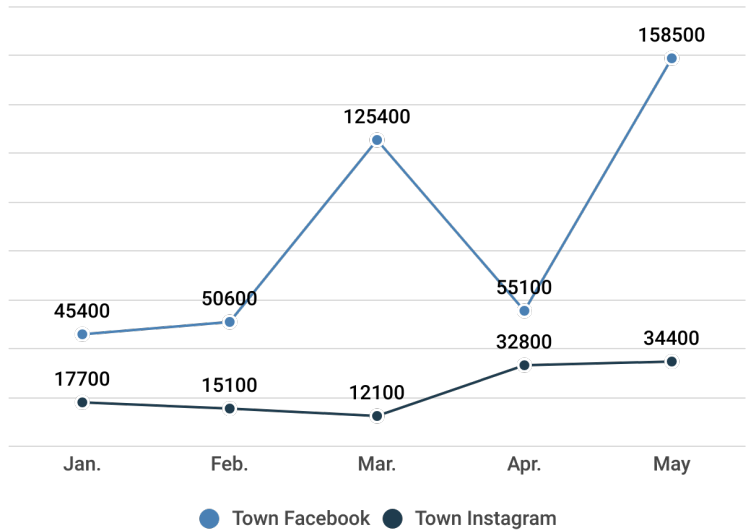
#### POSTS

Total posts on Town channels month-to-month:



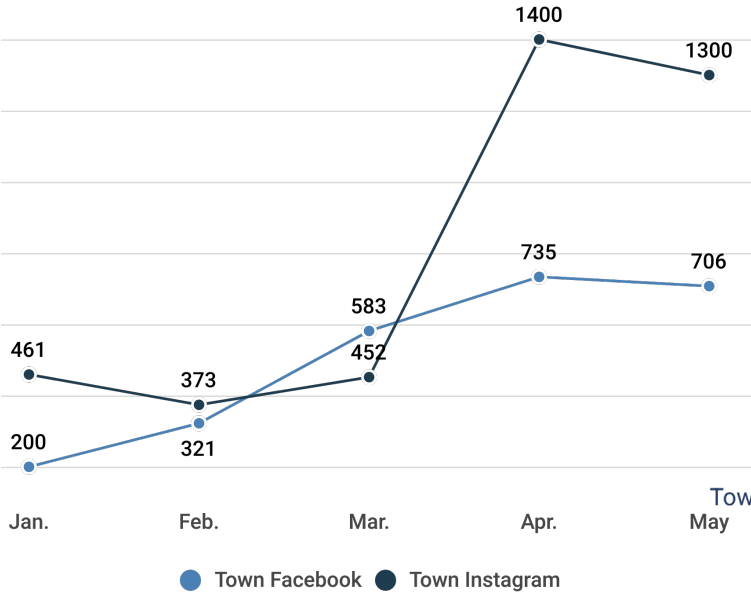
### REACH

Total reach on Town channels month-to-month:

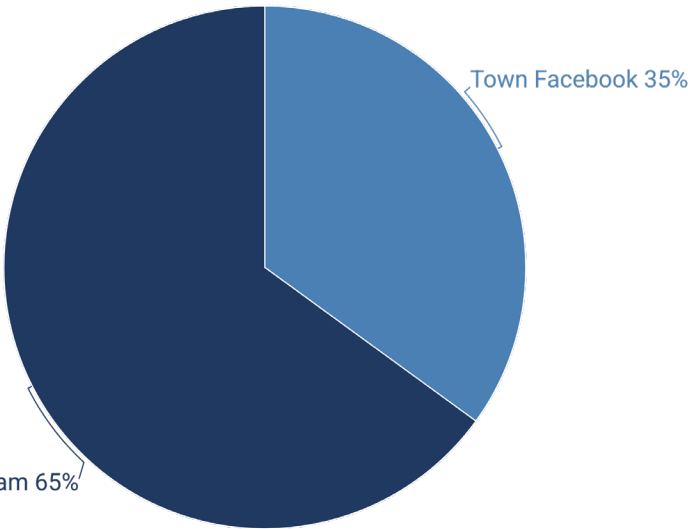


### ENGAGEMENT

Total engagements on Town channels month-to-month:



Engagements per Town channel this month:





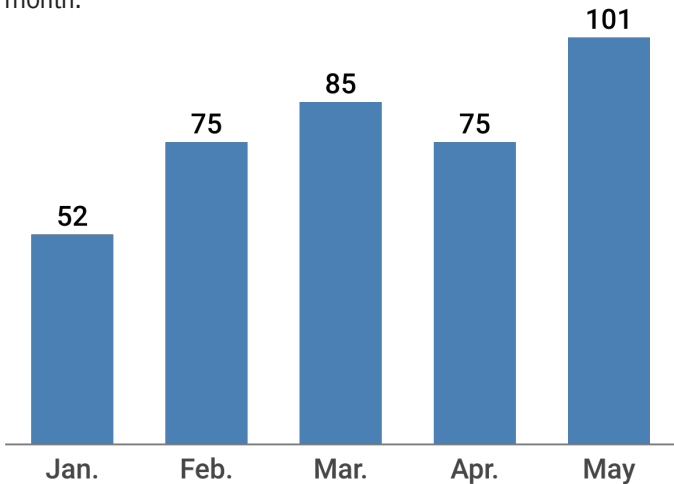
# SOCIAL MEDIA

## Summary

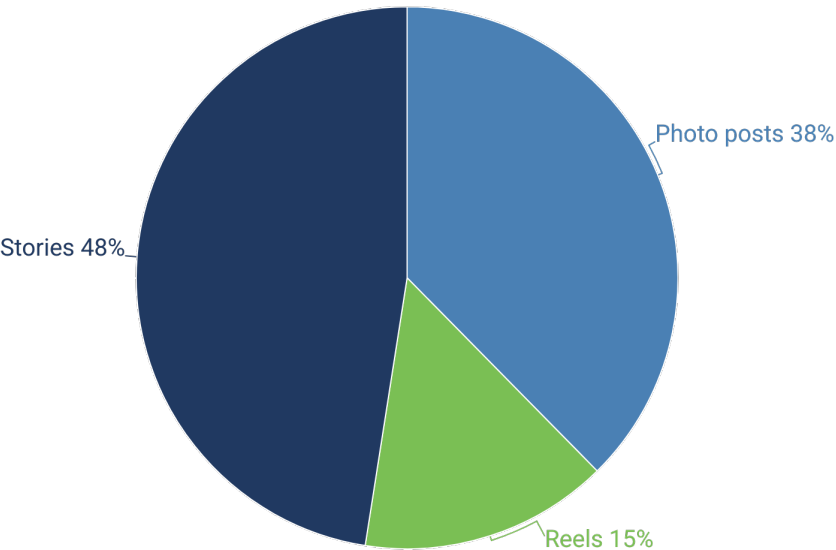
### Parks and Recreation Department Instagram

#### POSTS

Total posts on Parks and Recreation’s Instagram month-to-month:

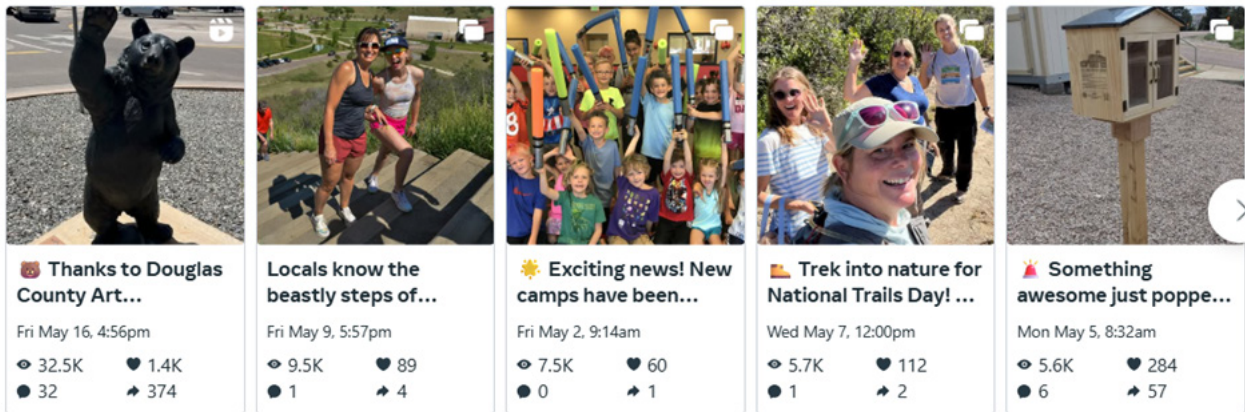


Post types on Parks and Recreation’s Instagram this month:

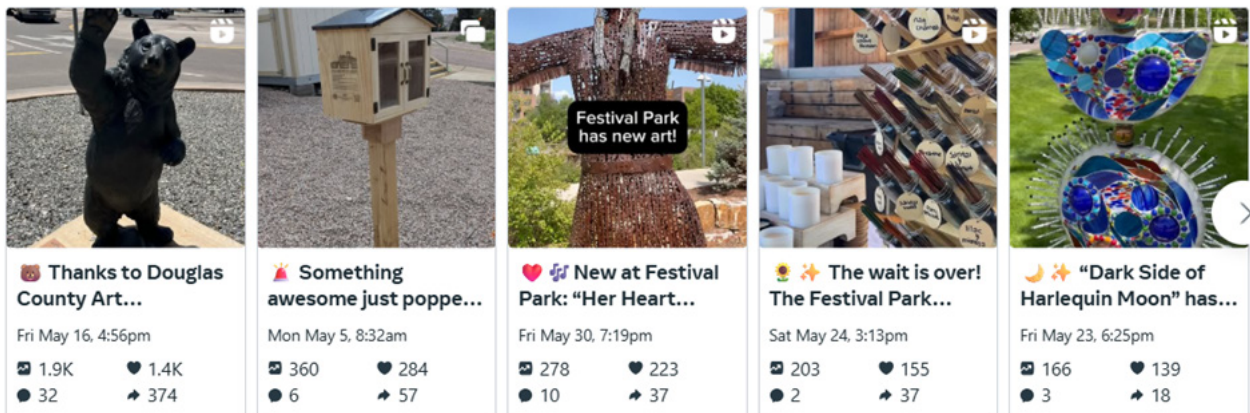


### BEST PERFORMING CONTENT

#### Top content by views:



Top content by interactions:



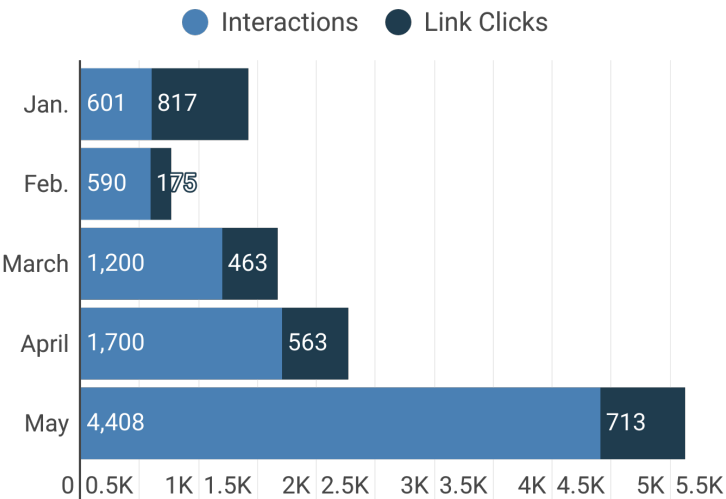
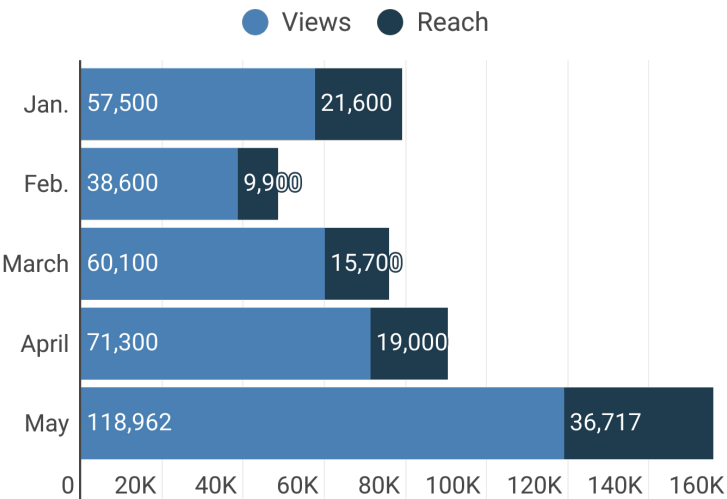
# SOCIAL MEDIA

## Summary

### ENGAGEMENT TRACKING

The following metrics track content performance on the Parks and Recreation Department's Instagram account:

- Views: includes the number of times video content was watched for at least three seconds. This metric reflects interest in videos, but doesn't indicate unique viewers.
- Reach: includes the total number of unique users who saw our posts, showing how many individual accounts were exposed to our content during the month.
- Interactions: includes the total number of engagement actions, such as likes, comments, shares, saves or replies. It's a key measure of how engaging the month's content was.
- Link clicks: includes the number of times users clicked a link in our bio, story or ad that directed them to another page, like CRgov.com or a program registration page.

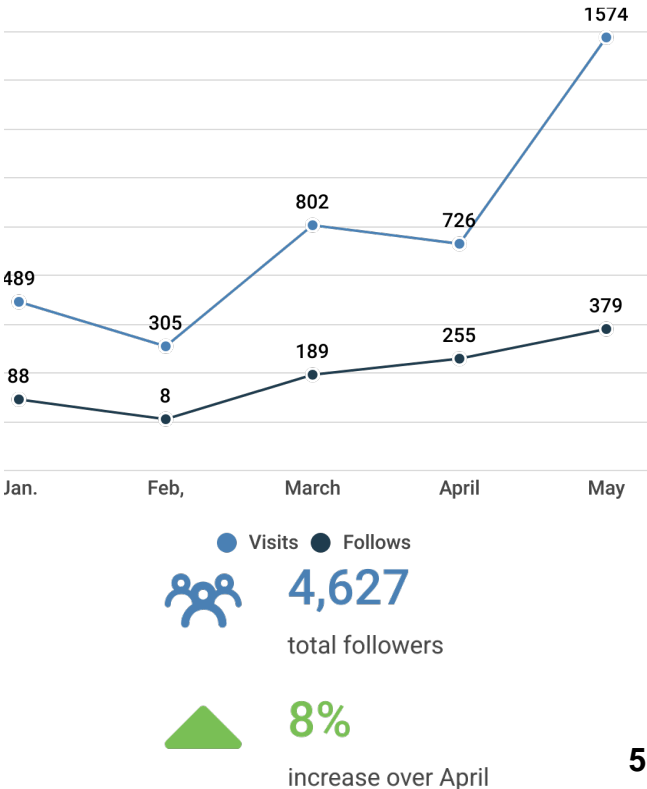


### VISITS AND FOLLOWS

“Visits” is the number of times users viewed our Instagram profile page. It shows how many people are interested enough in our content to click through and view our profile. It’s a strong signal of interest or curiosity. For example, if someone sees our post about upcoming swim lessons in their feed, taps our username and views our profile, that counts as one visit.

“Follows” is the number of new followers our account gained during a selected timeframe. It shows how many users decided to follow us after seeing our content or visiting our profile. This is a key metric for growing our social media community. For example, out of 50 people who visited our profile after seeing our summer camp reel, 10 chose to follow us; that’s counted as 10 follows.

This chart clearly shows trends over time and allows for the comparison of movement between both metrics—visits and follows. This allows us to easily see if profile visits are increasing and whether follows are keeping pace or lagging behind.



# SOCIAL MEDIA

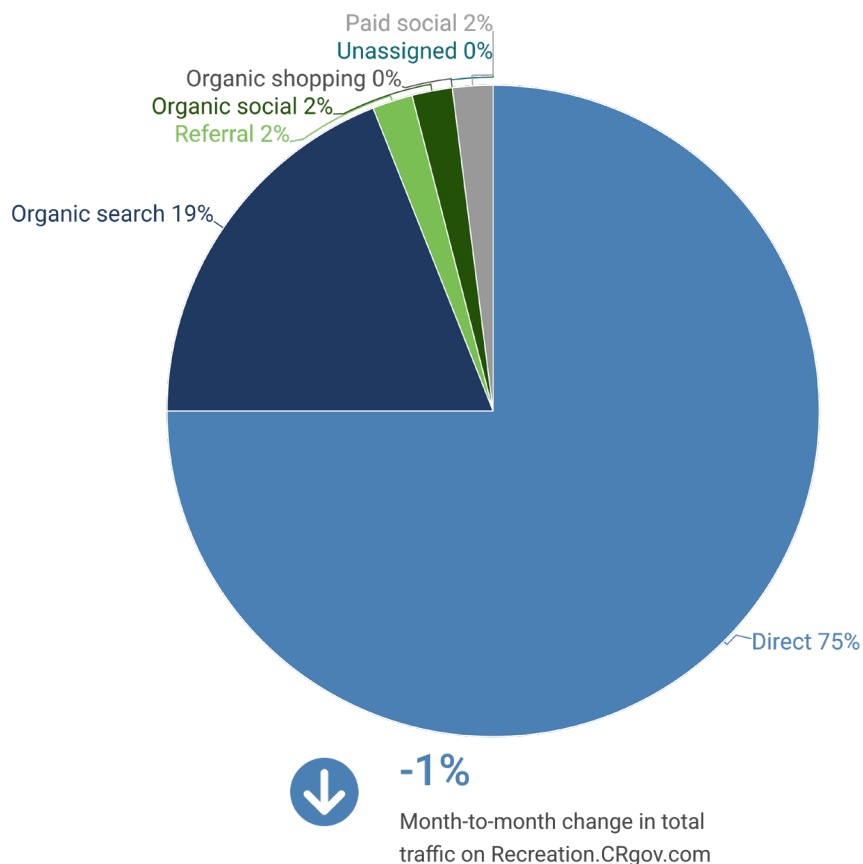
## Summary

### REGISTRATION SITE TRAFFIC

The Parks and Recreation Department use Google Analytics to monitor visitor behavior on Fusion, the online platform for program registration and facility pass purchases. Fusion is accessed via Recreation.CRgov.com. Google Analytics is a powerful tool that tracks how users interact with the registration website, allowing staff to assess engagement, identify trends and measure the effectiveness of outreach efforts. Monitoring this data is especially important as it aids in understanding how well content is connecting residents to services, events and programs. One key element tracked is traffic sources—the origin of users who visit the site. Website “traffic” refers to the number of users who visit Fusion, and analyzing traffic sources tells how they found the registration site. Specifically:

- Organic search: visitors who found us through a search engine (e.g., Googling “youth swim lessons”)
- Direct: visitors who typed our URL directly into their browser
- Referral: visitors who clicked a link to Fusion from another website
- Social: visitors who came from platforms like Facebook or Instagram
- Email: visitors who clicked through from an email campaign
- Paid social: visitors who came via sponsored ads on social media platforms
- Organic social: visitors who come from unpaid or non-promoted social media posts

By monitoring these sources, staff gains valuable insight into which channels are driving the most traffic and registrations—helping inform decisions about where to focus outreach and marketing efforts.



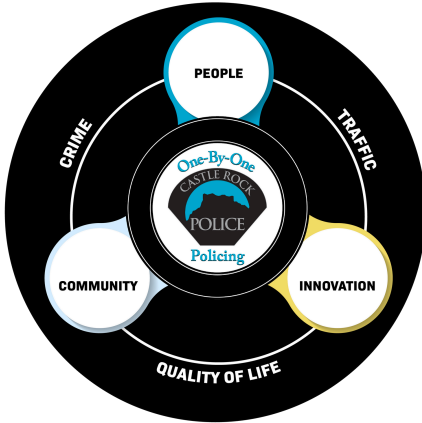




# Monthly report:

## May 2025

### ► SPOTLIGHT ◀



A message from  
Chief of Police  
Jack Cauley



Castle Rock continues to be one of the safest and fastest-growing communities in the country. To achieve this, we build upon our One-By-One Policing philosophy through our three strategic pillars:

**People:** We invest in our team members by providing quality training and the best equipment available. We are laser-focused on creating a healthy organizational culture where our members can thrive.

**Innovation:** The ability to innovate is key. We embrace the latest technology and best practices to solve problems and address crime.

**Community:** Policing is a team effort. Creating safe communities must involve trust and partnerships. We are grateful for Castle Rock's support and don't take it for granted.



"We are proud that we can honor so many of our members and thank them for their service to the community."

- Castle Rock  
Police Chief  
Jack Cauley



## Honoring Excellence at the 2025 Castle Rock Police Department Awards Ceremony

The Castle Rock Police Department celebrated more officers than ever before. CRPD held its annual awards ceremony Saturday, May 17, distributing a record number of awards to team members for their accomplishments from the past year. CRPD distributed more than 30 different awards to 65 individuals for accomplishments dating back to 2024. This included five Citizen Commendations, three One-By-One Merit Awards, four Meritorious Unit Awards, three Police Achievement Awards, six Life-Saving Awards, five S.T.A.R. Awards and three Police Merit Awards.

The awards ceremony concluded with the presentation of Chief Cauley's One-By-One Policing Award, given to a member who exemplifies CRPD's vision of serving those in the community as if they are members of one's own family. The 2024 recipient was Police Dispatcher Cheri Brungardt for her work both on and off the clock.

### Castle Rock Police Department

**VISION:** To serve people one-by-one so together, we can create environments that are safe and secure, and where people can thrive.

**MISSION:** The Castle Rock Police Department is dedicated to excellence through community safety, innovation, and public trust. Our goal is to provide for the safety and welfare of both the citizens and visitors of the Town of Castle Rock utilizing effective community-policing philosophies, including crime prevention, traffic enforcement, criminal investigation, crime analysis and community involvement.



@CRpoliceCo | Police@CRgov.com | TipLine 720.733.3517

# Leading with success



99  
sworn officers



35  
support staff

## Crime: Person\*

Crime	April 2025	2025 Total YTD	2024 Total YTD
Sex offenses	3	5	4
Aggravated assault	1	5	2

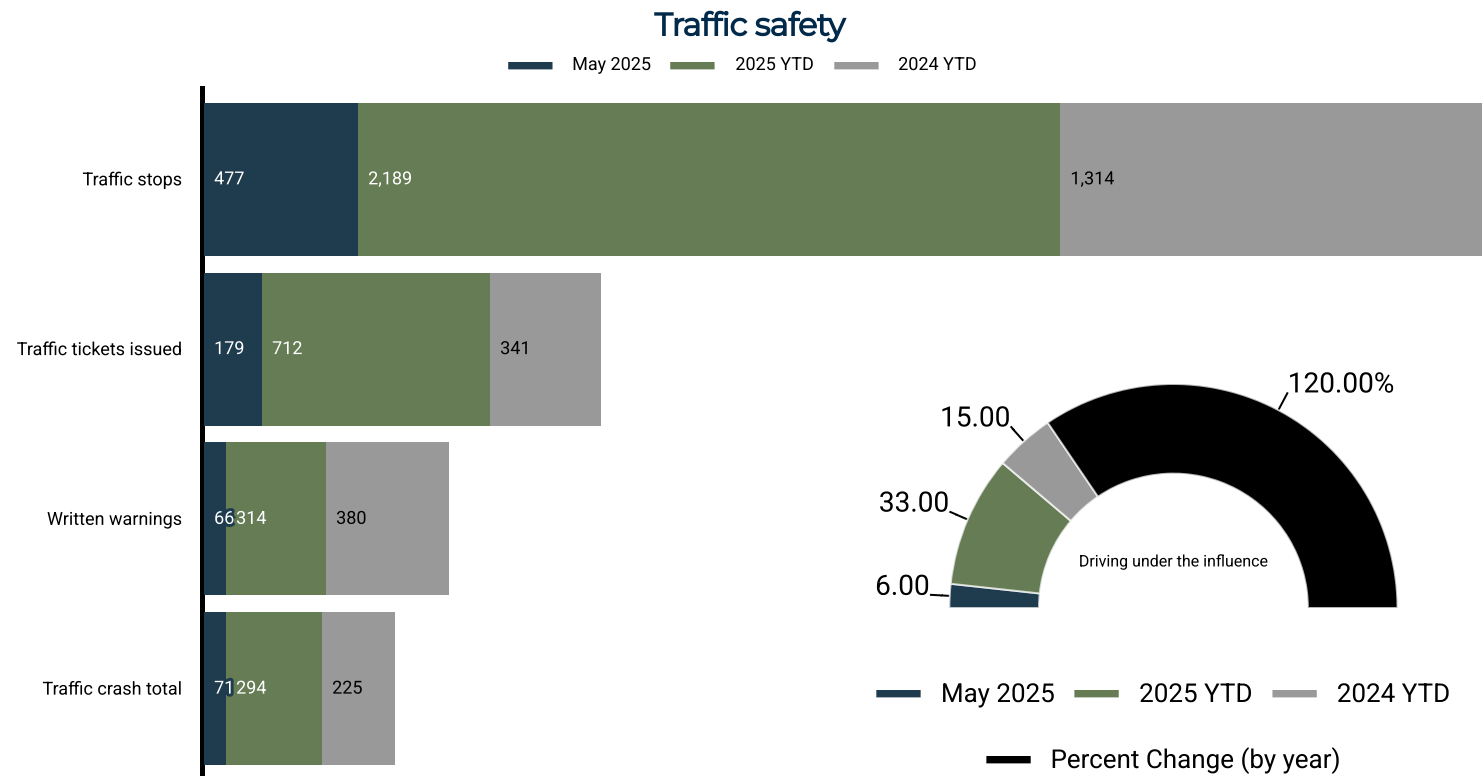
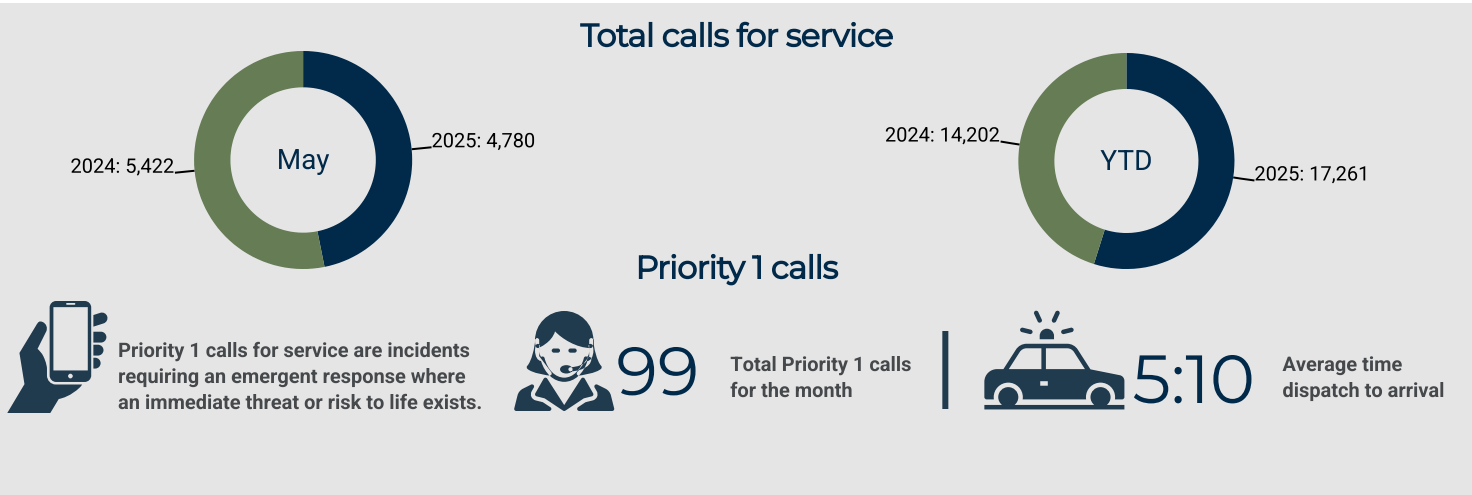
\*Persons and Property crimes are reported for the previous month due to the transition to NIBRS reporting.

## Crime: Property\*

Crime	April 2025	2025 Total YTD	2024 Total YTD
Burglary	0	12	17
Robbery	0	0	1
Motor vehicle theft	0	15	11
Theft from motor vehicle	6	22	18

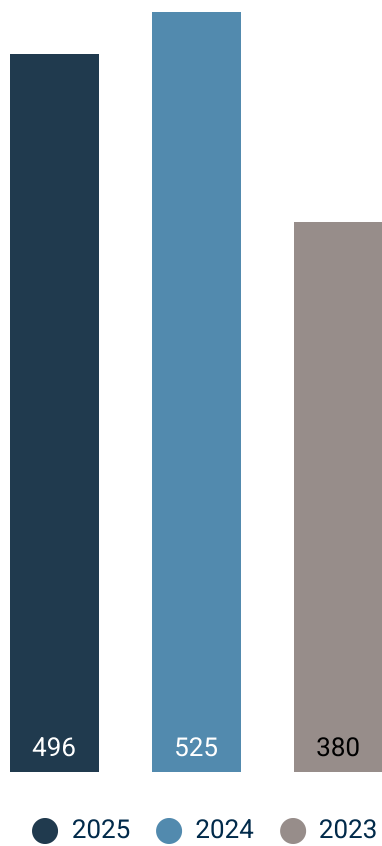
## Crime: Total offenses

Crime	April 2025	2025 Total YTD	2024 Total YTD
Persons crimes	23	80	72
Property crimes	73	315	349
Society crimes	8	57	76
Total	104	452	578

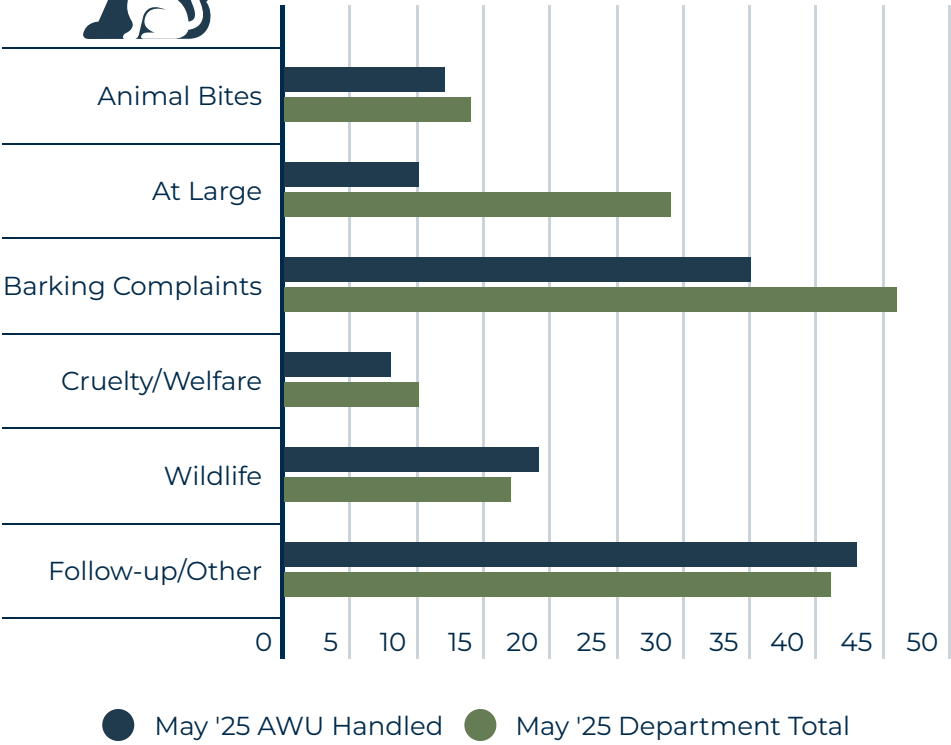


# Additional Performance Measures

Community Response Team: Calls for service

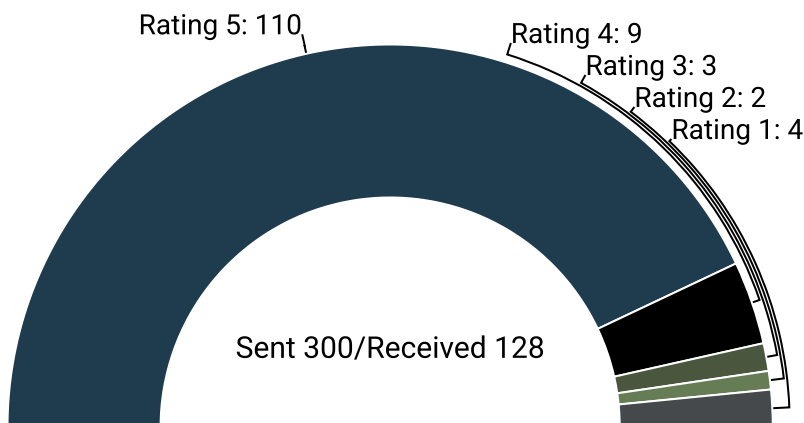


Animal Welfare Unit: Calls for service



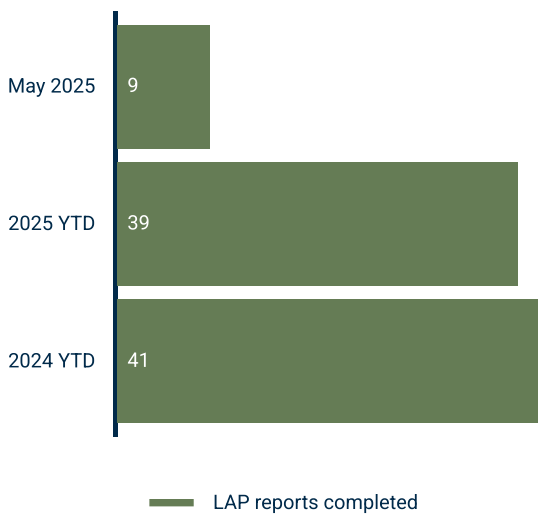
## Customer survey results

CRPD utilizes a survey tool which measures customer service on select non-violent or property crime calls for service. Citizens receive a short text survey and may also leave comments. Results are listed in the graph below.



## Domestic violence lethality assessment

The Lethality Assessment Program (LAP) tool is designed to reduce risks, save lives and involves an assessment by policing personnel to determine risks in collaboration with community-based victim service providers. More information can be found at [LethalityAssessmentProgram.org](https://LethalityAssessmentProgram.org).







# Monthly Report

## May 2025



Pavements



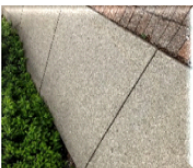
Traffic Control



Street Lights



Signals



Sidewalks



Structures



Verge



Fleet

# Capital Improvement Program Projects

## Crystal Valley Interchange

- Work continues on the retaining wall along the East Frontage Road, lane closures will be as needed only
- Bridge deck was completed. Work has begun on constructing the bridge railing
- Because the bridge deck concrete has fully cured; embankment material has begun to be hauled across the bridge to complete the embankments for the North Bound I-25 on and off ramps
- Subgrade preparation continues with anticipation of paving operations starting in late June on west side of I-25
- Installation of conduit for the electrical infrastructure began on the west side of I-25



## Fifth Street Widening

- Staff continues to seek concurrence for construction plans and bid documents from CDOT
- Anticipating approaching Public Works Commission and Town Council with Construction contract and Construction Management Services in August, 2025

## Crowfoot Valley Road Widening

- Earthwork has begun along the south side of roadway.
- Knobcone Drive improvements are tentatively scheduled to start by third week of June
- Ongoing coordination with utility companies for relocation during construction

## Relocation of Dawson Ridge Blvd and West Frontage Rd

- Paving operations continue
- Staff continues to coordinate with the Dawson Trails developer for the construction of Roundabouts along the Dawson Trails Blvd corridor

## Wolfensberger Widening Improvements Project

Right of way (ROW) acquisition continues with offers and Purchase & Sales agreements being reviewed by owners

# Pavements

Staff continues to advance pavement maintenance with current efforts on pavement replacement and rehabilitation in the Pavement Maintenance Programs (PMP) Central Region. Work this month has included asphalt pavement patching, subgrade preparation, paving operations



Executed 17 large scale asphalt repairs utilizing 43.61 tons of hot mix asphalt in response to utility cuts and roadway damage. Additionally, 1500 pounds of cold mix asphalt was used to repair approximately 100 potholes.

Completed the last portions of the annual Spring Sweep having cleaned 548 lane miles of roadways throughout Town.

# Traffic Signals

- Downtown Streetlight Installation completed
- 4 Special Events supported with Traffic Control
- Chatfield Ave. Stop Sign Relocation Completed
- RRFB buttons audible beeps activated



# Structures

## 2025 Bridge Maintenance Program

The proposed bridge contract will perform needed maintenance on the Castle Rock Parkway bridge over SH85, and Plum Creek Pkwy bridge over the UPRR. The project is expected to start after the 4th of July holiday and expected to be completed by the end of August.



# Sidewalks

## Curb, Gutter, and Sidewalk Project

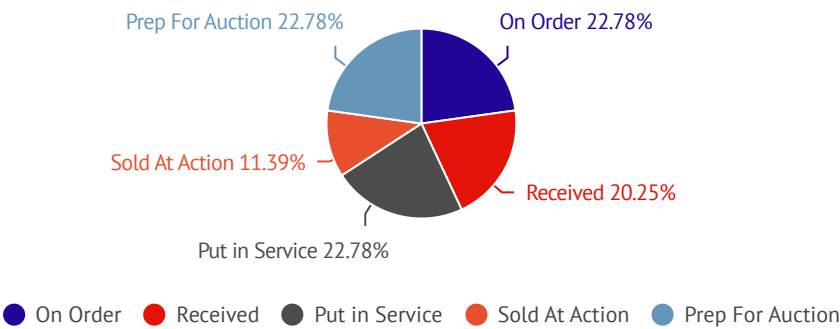
Sidewalk repairs have been completed in the Red Hawk area and the operation has moved to the Woodlands.



# Fleet

The month of May had normal levels of repairs and maintenance activities for the Fleet Services Division. We completed 136 work orders for various types of repairs. There was an emphasis put on completing periodic annual inspections for our DOT vehicles and preventative maintenance (PM) schedule. We completed 79 PM work orders during this month. Parts Storeroom activities were consistent from previous periods. Most of the \$28k in parts were received and we issued over \$50k from our inventories. Town wide fuel usage remained constant near 15k gallons for May. Vehicle acquisitions and disposals have been steady for 2025. There are currently 18 vehicles and equipment ordered, 18 have been put in service, 16 have been received, 9 sold at auction and another 18 planned for auction this year so far.

## 2025 Vehicle Acquisitions and Disposals



# Verge

Verge maintenance operations in May included mowing, trimming, and trash pickup. These operations were carried out along 94 edge line miles of Town maintained road verge. Additionally, roadside drainage was re-established along 0.75 edge line miles of Town roadway.



## Town Manager's Office Monthly Report May 2025

Under the direction and guidance of the Town Manager and Assistant Town Managers, each division within the Town Manager's Office has established performance objectives, generally linked to the Town's long-term Vision. This report highlights the divisions' performance relative to their objectives, as well as other key accomplishments.

**Facilities Maintenance** - Provides a safe, clean, positive environment at all municipal facilities, for both employees and the public.

**Division of Innovation and Technology** - Partners with departments Townwide to strategically implement technology that is secure and well-supported.

**Municipal Court** - Committed to the administration of justice with equality, fairness and integrity, in an expeditious and timely manner, for the people of Castle Rock.

**Communications** - Facilitates community outreach and involvement for departments Townwide  
**Human Resources** - Serves as an internal consulting resource, provides innovative programs in support of the Town's values and fosters positive work relationships.

**Human Resources** - Serves as an internal consulting resource, provides innovative programs in support of the Town's values and fosters positive work relationships.

**Youth Commission** - The Youth Commission provides a means for youth in the Town of Castle Rock to learn more about their local government, participate in the process, and represent and articulate the needs of our community's youth.

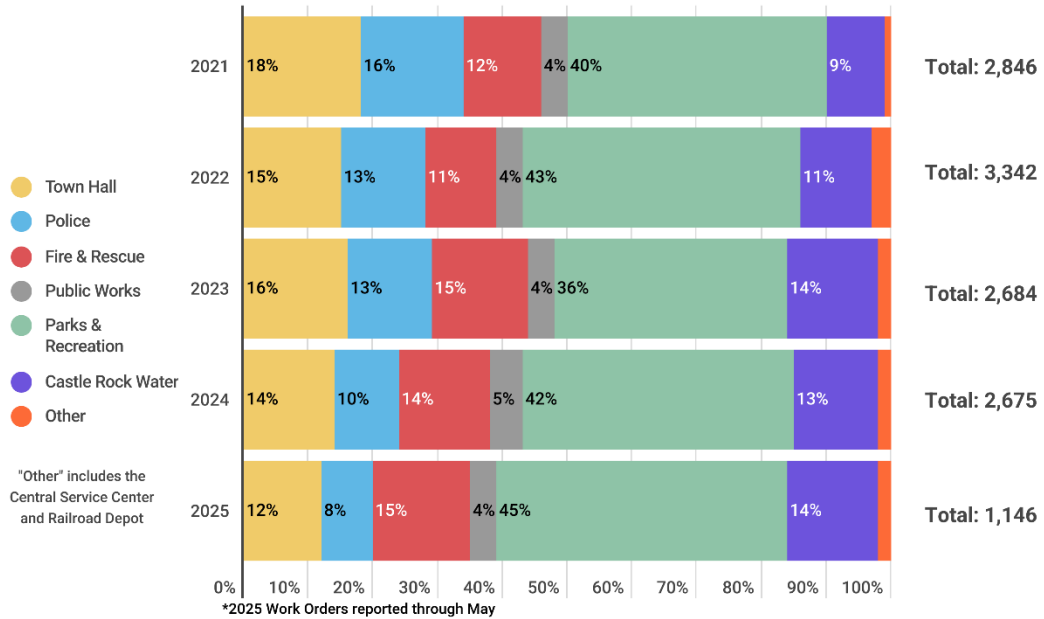
## Facilities Maintenance

### Key Accomplishments

- In May the Facilities team completed **206** work orders including **54** preventative maintenance activities and **9** custodial inspections
- There were **two** emergency work orders in May
- Completed floor refinishing projects at the Public Works Service Center locker room, the Castle Rock Water Administration lobby and a PD restroom
- Initiated a design project for entry stair replacement at the Police Department, including potential street parking changes
- Prepared outdoor pool facilities at Butterfield and Burgess parks for the summer season
- Supported the electrical service upgrade and ADA restroom renovation projects at the Cantril building. Both projects are planned to be completed by fall

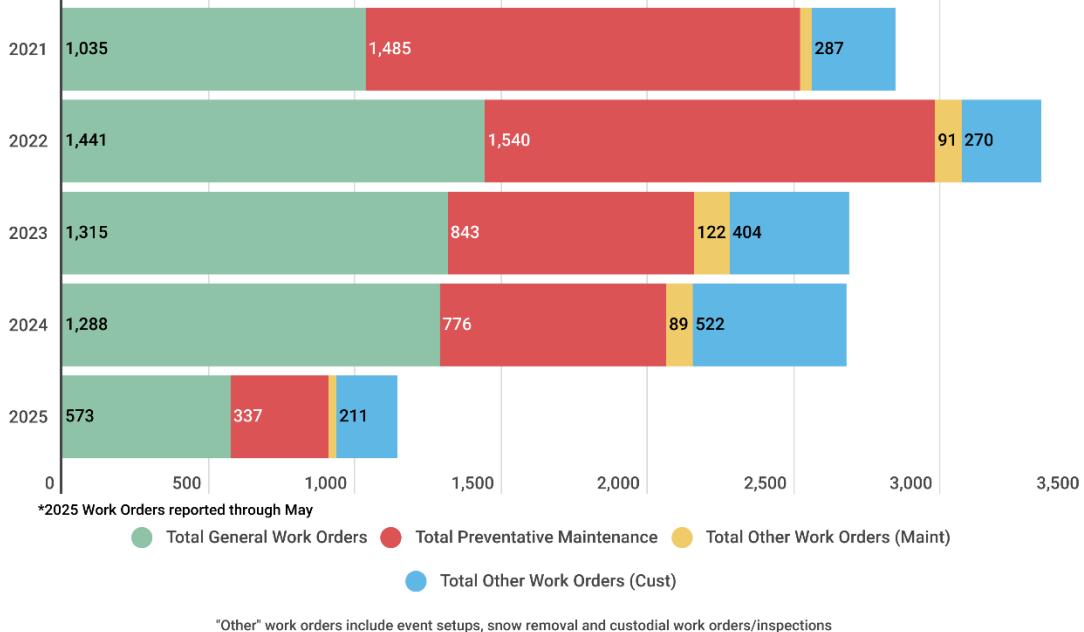
# Facilities Division

## Work Order % by Department



# Facilities Division

## Work Orders by Type





## Division of Innovation and Technology

### Key Accomplishments

- Welcomed New GIS Administrator – Everett Kirkpatrick
- Replaced end-of-life cameras at the Millhouse
- Upgraded sales tax management system
- Replaced end-of-life traffic intersection switches
- Applied critical security patches to public safety servers

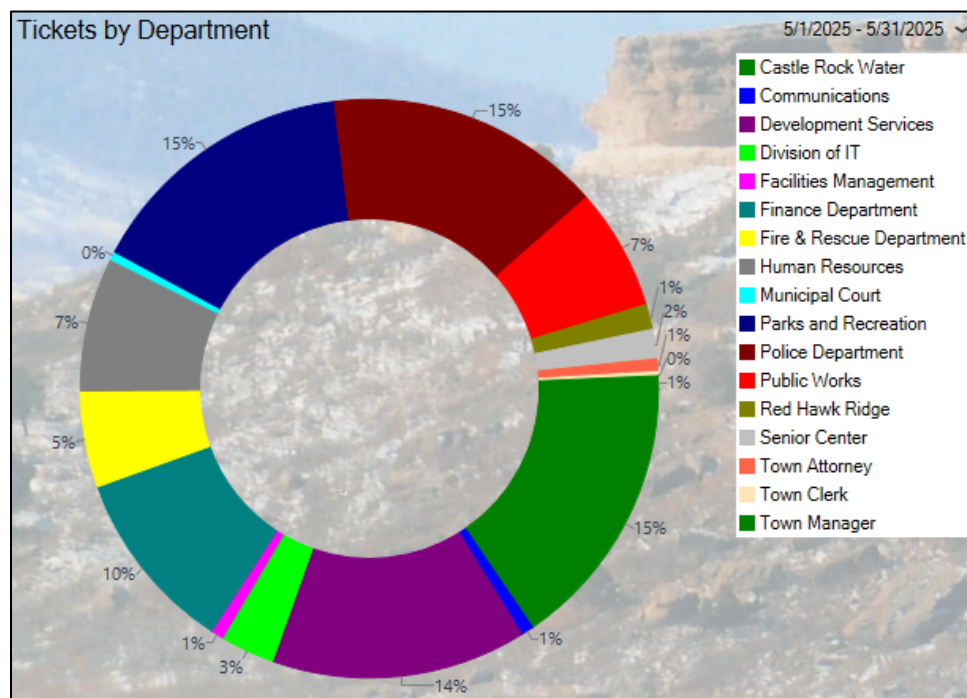
Addressed **409** total tickets, with an average time to resolve of **50** hours

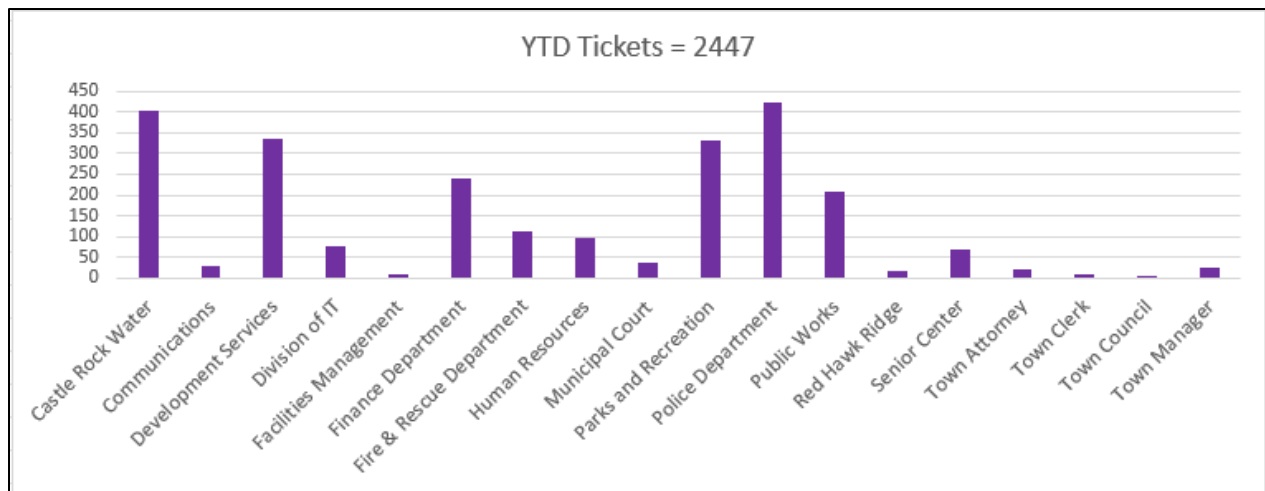
- There were **two** emergency tickets this month, 100% of which were resolved within 24 hours (100% is the goal)
- There were **22** urgent priority tickets this month, 100% of which were resolved within two calendar days (85% is the goal)
- There were **351** medium priority tickets this month, 98% of which were resolved within 10 calendar days (90% is the goal)

### Geographic Information Systems (GIS)

- Addressed **20** total tickets, with an average time to resolve of **93** hours
- There were no annexations in May
- There was **one** zoning change in May, which was reflected within the GIS database map within two weeks of receipt (100%); the goal is to have 90% of zoning changes reflected within that timeframe
- There were no parcel updates in May

### Metrics



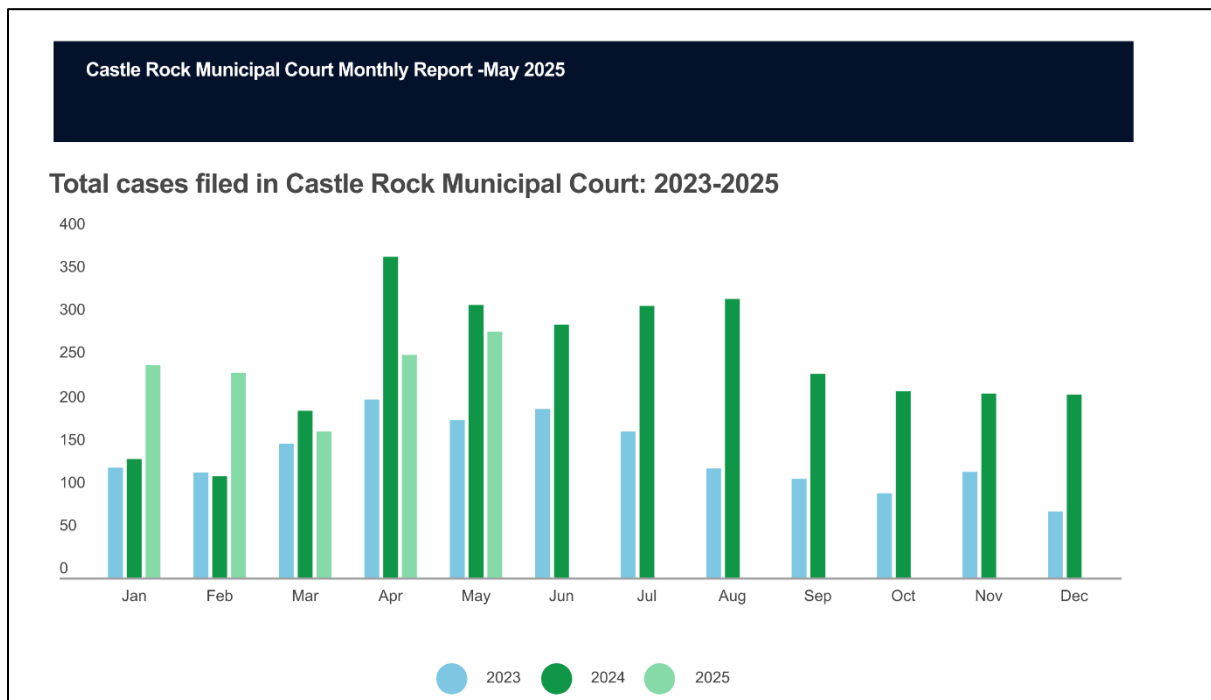


## Municipal Court

### Key Accomplishments

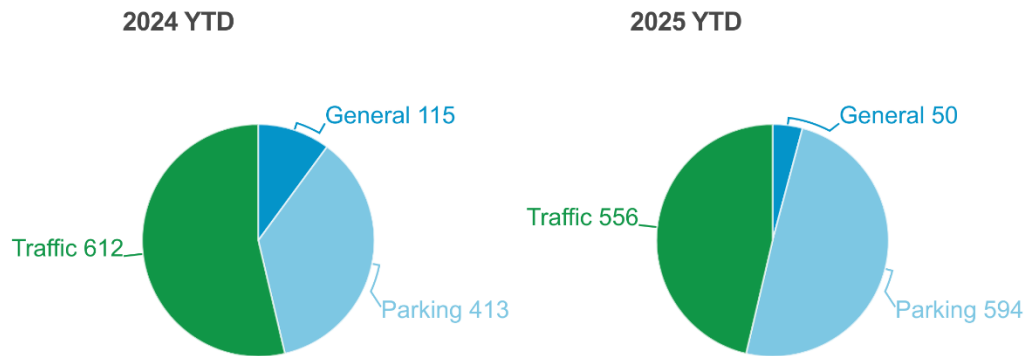
- Teen Court successfully conducted a two-day training session for **24** new volunteers, expanding the program's capacity and community engagement
- Teen Court held **one** hearing was held in May
- Municipal Court is actively developing and refining workflows to support a fully paperless traffic case process

### Metrics



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2023	128	122	156	207	183	196	170	127	115	98	123	77	1702
2024	138	118	194	373	317	294	316	324	237	217	214	213	2955
2025	247	238	170	259	286								1200

Total cases filed in CR Municipal Court by type YTD: May 2024 vs. May 2025



## Communications

### Key Accomplishments

In May, the Communications Division supported Historic Preservation Month activities, Crystal Valley interchange outreach, Castle Rock Police Department communications and events promotion. Staff also completed **two** publications: Summer Concert Series postcard and Your Town Talk newsletter.

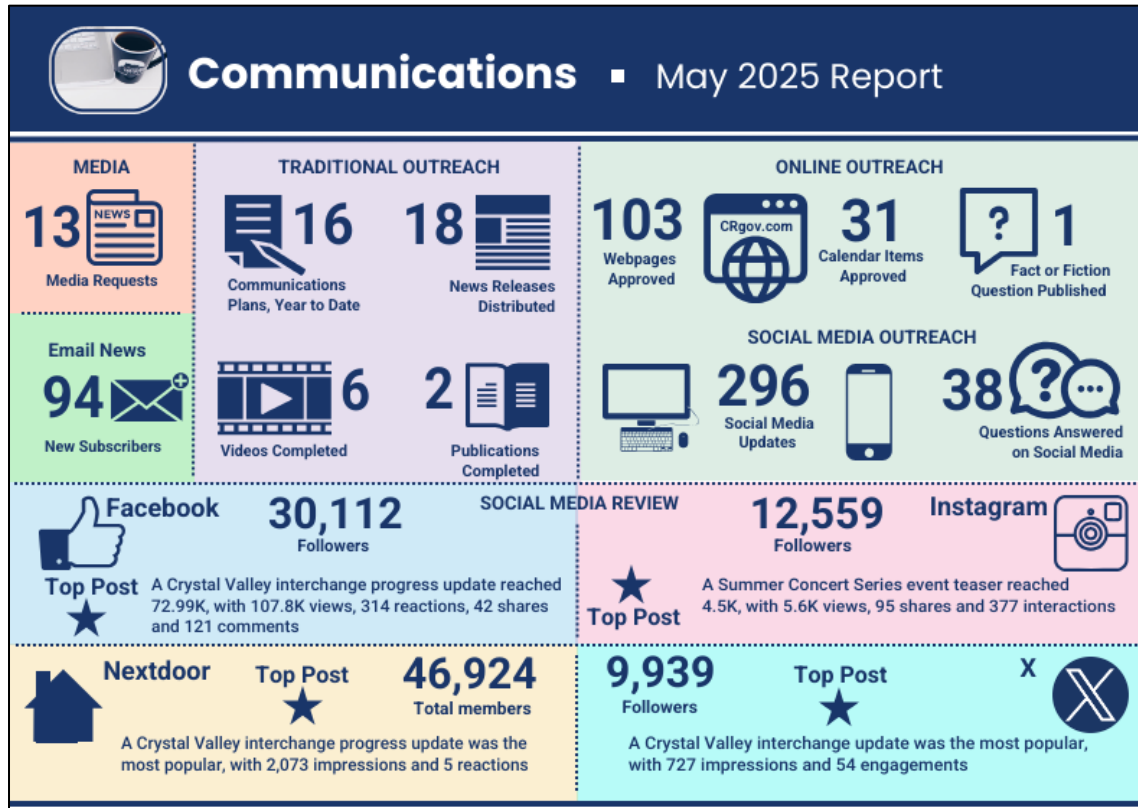
Staff during May issued news releases about:

- [Celebrate July 4 with family-friendly fun, live music and fireworks](#)
- [East Plum Creek Train at Crystal Valley Parkway to reopen May 30](#)
- [New moves, new space: Dance classes in the spotlight at Cantril School](#)
- [Get moving with Castle Rock's free Summer Fitness Series](#)
- [Fly into summer with Sugar Ray live at the Amphitheater June 21](#)
- [Provide feedback on use of funding for community development needs on May 27](#)
- [CRPD celebrates largest ever awards ceremony](#)
- [Get outside, give back: Free monthly concerts support parks and trails](#)
- [Explore Metzler Family Open Space on National Trails Day, June 7](#)
- Student volunteers needed for Castle Rock Teen Court
- [First Fridays are back for a summer with music, food and family fun](#)
- [Savor the season at Festival Park Farmers Market, starting May 25](#)
- [Art and culture grants available to enrich community culture and foster local creativity](#)
- Town to start Crowfoot Valley Road widening project May 12
- Upcoming nighttime I-25 lane and West Frontage Road closures for Crystal Valley interchange construction
- Celebrate Castle Rock's history during Historic Preservation Month
- May 6 and May 20 Council updates

*Hyperlinked items were available as of June 6*



## Metrics



## Human Resources

### Key Accomplishments

- HR attended **11** interview panels, totaling **31** interviews:
  - OT Network Engineer: 2
  - HR Tech: 2
  - SCADA IPC Engineer: 2
  - Streets Technician I-III : 1
  - Parks Supervisor: 6
  - SCADA Systems Administrator: 1
  - Raw Water Operations: 6
  - Water Plant Operator I-IV: 2
  - Senior Office Assistant CRW : 3
  - Senior Maintenance Team - Facilities: 3
- Employee Orientation:** **11** new full-time employees and **25** part-time or seasonal employees came on board in May
- Separations:** HR separated **13** full-time employees and **11** part-time or seasonal employees in May
- Performance Evaluations:** In May HR reviewed **99** performance evaluations prior to their filing to ensure comments are consistent with ratings and that the Town's performance management standards are being met

- **Employee Recognition** - There were **12** recognitions in May
- **Training and Recruitment** –HR attended one career Fair in May, Metro State Alumni Career Fair

## Youth Commission

### Key Accomplishments

- **11** students have applied for the 2025/2026 Youth Commission
- Applications come from a variety of schools, including Douglas County High School, Castle View High School, Colorado Early Colleges, homeschool, Cloverleaf Enrichment School, Elizabeth High School and Rock Canyon High School
- Youth Commission applications close July 31 [CRgov.com/YouthCommission](https://crgov.com/YouthCommission)



# CASTLE ROCK WATER

## MAY 2025 MONTHLY REPORT

301.3 <sup>MG</sup>

WATER DEMAND  
TOTAL

77.1%

RENEWABLE  
WATER SUPPLIES

2.8

WATER SUPPLY  
INDEX

SYSTEM INTEGRITY

4 leaks

WATER QUALITY SAMPLING

0 issues

CUSTOMER ACCOUNTS

27,936



[View report online](#)



# WHAT WE ARE UP TO

## One thing is CLEAR: Our creeks depend on you

The annual Spring Up the Creek trash pickup event has been a cherished community tradition for over 20 years, taking place each spring to help keep our local trails and waterways clean. While a fall cleanup was once part of the routine, it was eventually discontinued due to a lack of litter—something we aspire to achieve for spring as well. In fact, there's even been talk of shifting the event to an every-other-year schedule. For now, however, the spring event remains a highlight of the season.

This year's cleanup was no exception, drawing an impressive 240 participants—well above the



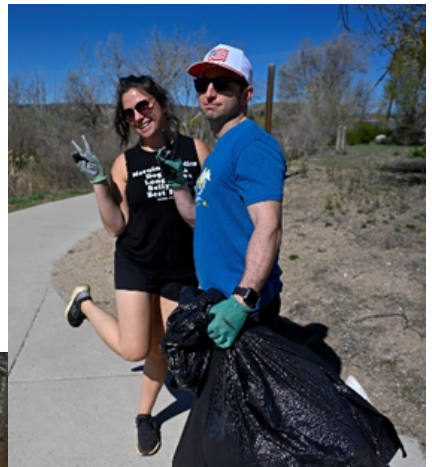
usual 200-person cap. The limit was lifted due to high interest from local organizations bringing large groups, including water contractors such as Kiewit and Burns & McDonnell, community groups like the Daughters of the American Revolution, and various school groups fulfilling service hour requirements. Students from Canyon Ridge Primary and the Castle View Football Club focused their efforts on trails near their campuses.





Held annually on the first Saturday in May, Spring Up the Creek is timed to occur before shrubs and grasses fully leaf out, making it easier to spot and collect trash. Seasonal winds also tend to scatter debris, particularly near commercial areas, which were noticeably littered this year.

To support the event, 14 staff trail leaders distributed gloves and bags, coordinated group efforts, and ensured everyone's safety. These leaders exemplified the Town's core values of public service, stewardship, and environmental responsibility.



## Staff Volunteers

Brian Lachanzky	John Grahn
Adan Rivas	Hannah Branning
William Brown	Kim Guite
Megan Bednar	Jessup Schield
Jaci Blake	Nichol Bussey
Malorie Gamble	Melinda Pastore
Jon Lutterman	Sandi Sandman



# STAFF RECOGNITION

## CERTIFICATIONS



**Adrian McAllister**  
Distribution Operator I



**Ed Sheets**  
Distribution Operator I



**David Madsen**  
Distribution Operator II



Employee  
Appreciation Time





# STAFF RECOGNITION

## PROMOTIONS



**Kevin Davis**  
Water Plant Operator I



**Mark Morgan**  
Water Plant Operator III



**Peter Gaudio**  
Water Plant Operator II

## New Hires

New Seasonals:

Nathan Fulks

Adrian Godinez

Sabina Nachtigal

Caiden Kincaid



**Mitch Horner**  
Water Plant Operator  
Supervisor



**Marcus Watkins**  
OT Network Infrastructure  
Engineer

## WATER STAR AWARD

**Zachary Deblois**  
Water Plant Operator III





# High Five

**Jackson Byrnes**  
**Brandon Brewer**  
**Zach Stubbe**

Jackson, Brandon and Zach went out to a customer's home to help with a irrigation problem the customer was having. After they finished, we received the following email: "I wanted to take a few seconds to pass along my gratitude for the exemplary work the team performed when diagnosing and fixing my irrigation problem. I live in Castle Rock at 1331 Wildwood Lane, and my sprinkler line was not on and water was not reaching my valve, even though the rest of the neighborhood had water. The gentleman who came out quickly diagnosed the problem and solved the situation. They even went above and beyond, in my opinion. I didn't get their names, but I hope this message is passed along to them. Again, thank you!" I would like to recognize Jackson, Brandon and Zach for their outstanding customer service!

**Andrew Walkup**

We received a call from a homeowner this morning with the following comments: Andrew was very respectful, friendly and did a great job. Bill said Andrew deserves "high 10's"

**Jessup Schield**

I recently purchased new umbrellas for the Engineering Building patio. While I was taking them out of the boxes Jessup asked if there was something he could help me with. I took him up on his offer, as there was some assembly required. After we installed the umbrellas, Jessup took it one step further by borrowing a drill and drilling holes into the umbrella poles so they could be securely pinned to the tables. Over the years Jessup has offered his help to me with many things, so I wanted to take this opportunity to thank him and give him a high-five!

**Emily Huth**

Emily Huth attended the Water Commission Meeting after typical work hours on 5/28 to present a contract amendment for the Front Street Downtown Connection/ RWRWTC Pump Upgrades /Ligget Road Pipe Upsize Projects. This was a project that had significant design work completed prior to Emily starting her position with CRW in March this year. Despite not personally having all of the historic experience and project involvement during design, Emily did a great job presenting and defending the need and costs for the design amendment. There were a significant amount of challenging questions received from the commission members this evening and Emily did a professional job of addressing those questions and presenting the amendment at her first Water Commission Meeting. Great job Emily!

**Erin Evans**

On May 2, Erin Evans drafted and sent a very thorough and professional email to the Escavara Masters Association regarding all of the work CRW staff has completed in the past couple months to mitigate wastewater odor issues in the neighborhood. Erin has been doing a great job coordinating CRW operational staff work as well as consultant efforts on the project. The nature of this project involves a high level of public involvement from the neighborhood residents. Erin circulated a draft of the email to CRW leadership and Town Legal for review before sending to the association. The HOA president responded to the email and also presented the information to neighborhood residents at the HOA meeting in May. Erin's detailed email effectively delivered project update information in a more efficient manner than several staff members attending the HOA meeting. Great job Erin!

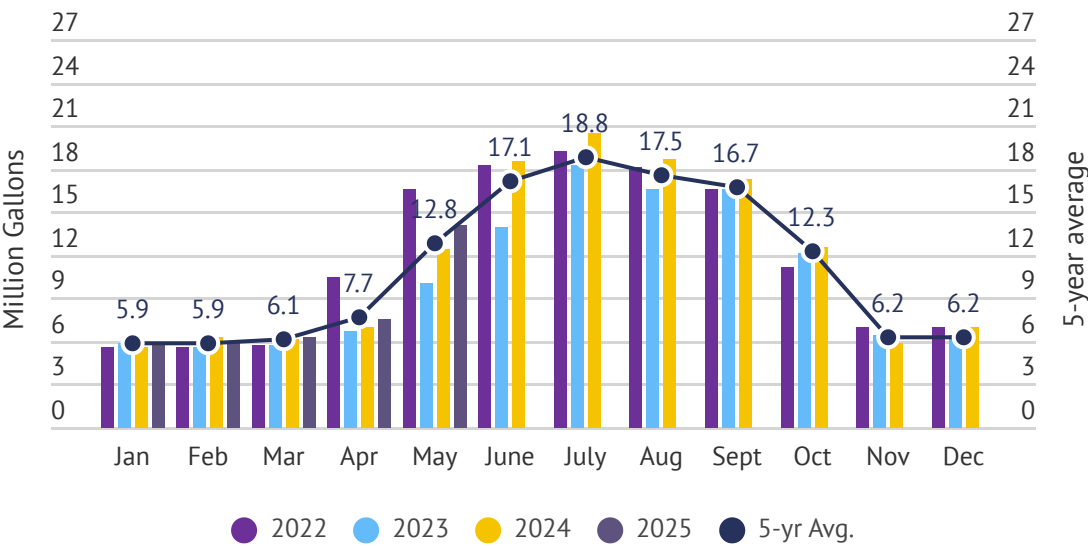
# WATER RESOURCES

## WATER DEMAND

Maximum demands inform us of the size of the infrastructure necessary to provide water service over short periods of time and help us to plan future water resources needs.

### DAILY DEMAND

- 14.1 million gallons/day (MGD)
- 5-year average: 12.8 MGD
- 10% lower than the 5-year average



### MONTHLY DEMAND

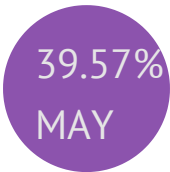
- The water demand total for May was 290.4 million gallons (MG) [891.1 acre-feet (AF)]
- 64% higher than the April 2025 total of 177.3 MG
- 11.3% increase from the previous year's May 2024 demand of 260.9 MG



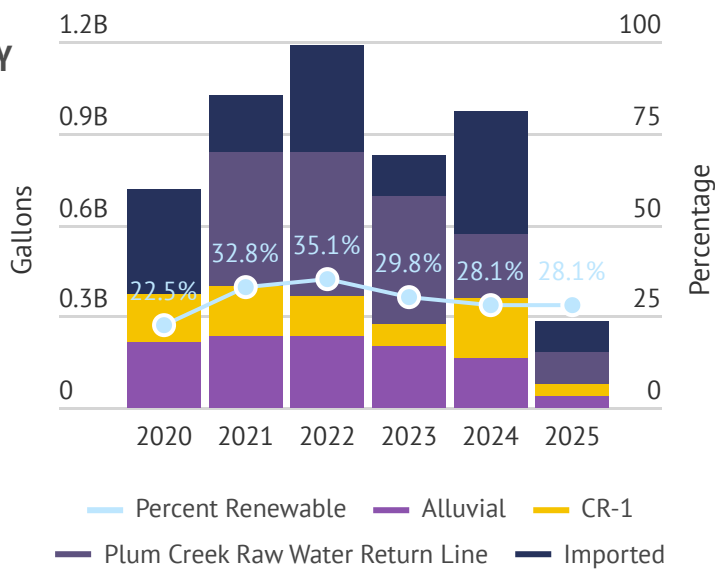
# WATER RESOURCES

## RENEWABLE WATER SUPPLY

Renewable supplies are those water sources that are replenished by precipitation.



2065 goal: 100%



In total, renewable supplies accounted for 39.57% of the total water supply for the month (138.4 MG of 349.8 MG) and 28.1% of the annual water supply (281.2 MG of 999.3 MG)

- The CR-1 diversion produced an average of 0.76 MGD
- The PC diversion produced an average of 2.72 MGD
- The 14 alluvial wells produced an average of 0.26 MGD
- The renewable water production average was 4.47 MGD

## REUSABLE SUPPLIES

Reusable supplies are waters that are either from the non-tributary Denver Basin (deep wells) or imported supplies (such as WISE) that can be used over and over, to extinction.



## STORAGE

- Chatfield Reservoir: 2,000 AF
- Rueter-Hess Reservoir: 609.5 AF
- Castle Rock Reservoir No. 1 (CRR1): 0 AF
- Castle Rock Reservoir No. 2 (CRR2): 348 AF
- Walker Reservoir: 11.71 AF

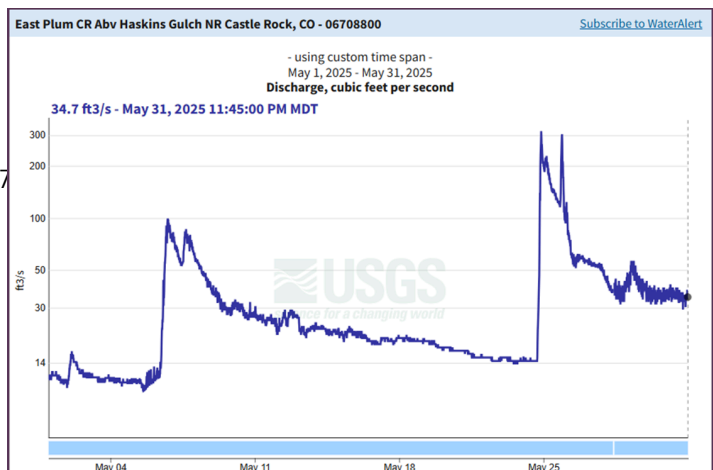
# WATER RESOURCES

## 

### EAST PLUM CREEK FLOWS

The hydrograph indicates the estimated flow in East Plum Creek basin.

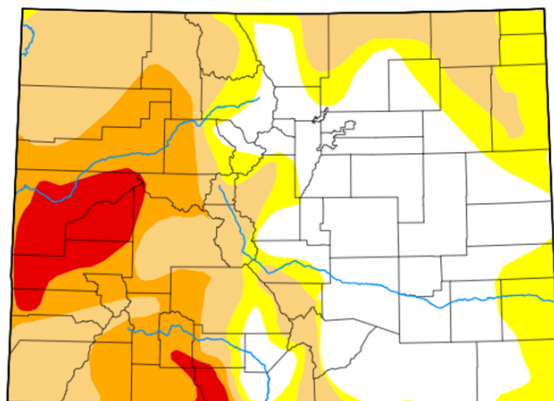
- Flows ranged from 9.33 to 317 cubic feet per second (cfs).
- The monthly average streamflow was 33.2 cfs.
- The 26-year mean is 25 cfs.



## 

**DROUGHT** According to the most recent U.S. Drought Monitor maintained by the United States Department of Agriculture (USDA), northern Douglas County is not experiencing drought conditions.

### Colorado



Map released: Thurs. June 5, 2025

Data valid: June 3, 2025 at 8 a.m. EDT

#### Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

#### Authors

United States and Puerto Rico Author(s):

[Brad Pugh](#), NOAA/CPC

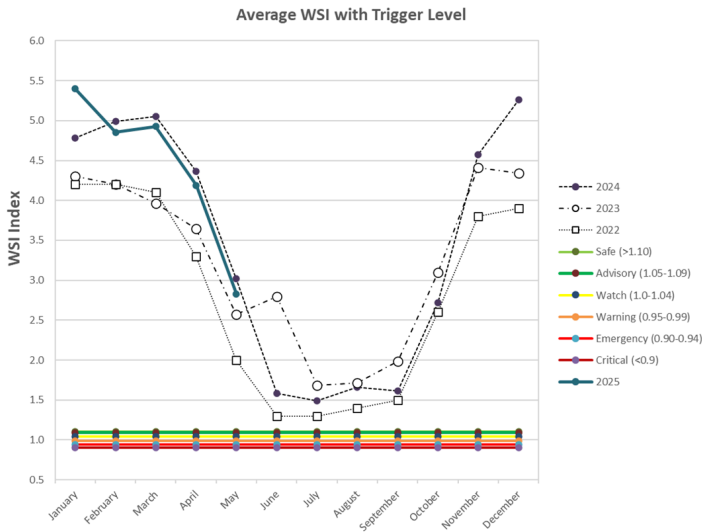
Pacific Islands and Virgin Islands Author(s):

[Curtis Riganti](#), National Drought Mitigation Center

# WATER SUPPLY INDEX

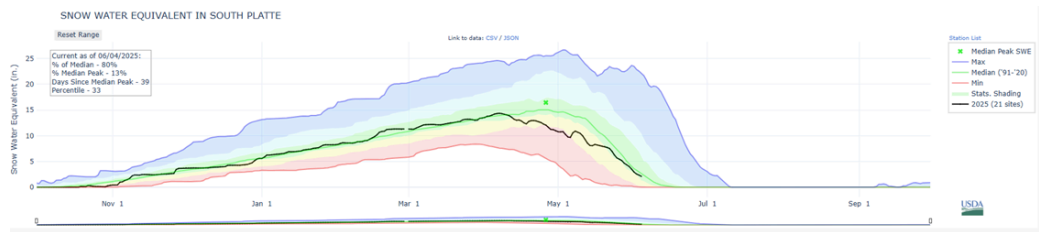
2.8  
WSI

The Town of Castle Rock's Drought Management Plan uses a Water Supply Index (WSI) for the Town that accounts for local conditions relative to the Town's capability to address our water resources and daily water demands. Anything below 1.1 will trigger a drought stage relative to its severity.



# SOUTH PLATTE RIVER BASIN SNOW PACK

- Year-to-date precipitation at 95% of median.
- Snow Water Equivalent (SWE) at 80% of median.





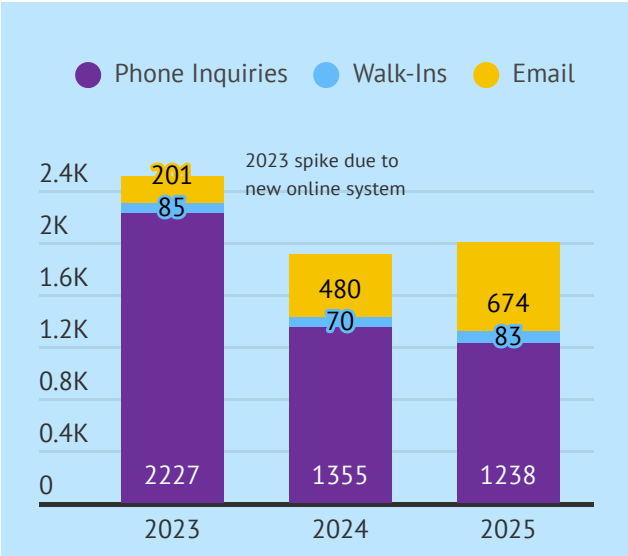
# BUSINESS SOLUTIONS

## CUSTOMER SERVICE



CUSTOMER ACCOUNTS  
27,936

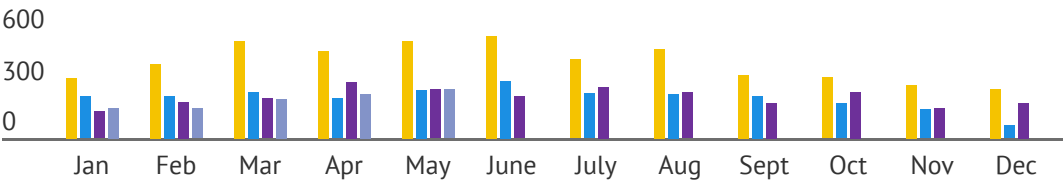
Customers with an online account:  
59%



## TRANSFER OF SERVICE

Transfers of service represents the start/stop for service for new properties and those changing ownership.

2022 2023 2024 2025



## CUSTOMER OUTREACH

OUTLET	POST	REACH		
Facebook	6 posts	16.7k reach	87 engagement	6 shares
Instagram	2 posts	1.5k reach	21 engagement	1 share
LinkedIn	2 posts	462 reach	15 engagment	1 share
Email	15,907	73% open rate		
HOA mail	129	61% open rate		

TOPICS  
Sprinkler Spruce Up  
Watering Schedules

# METER SERVICES

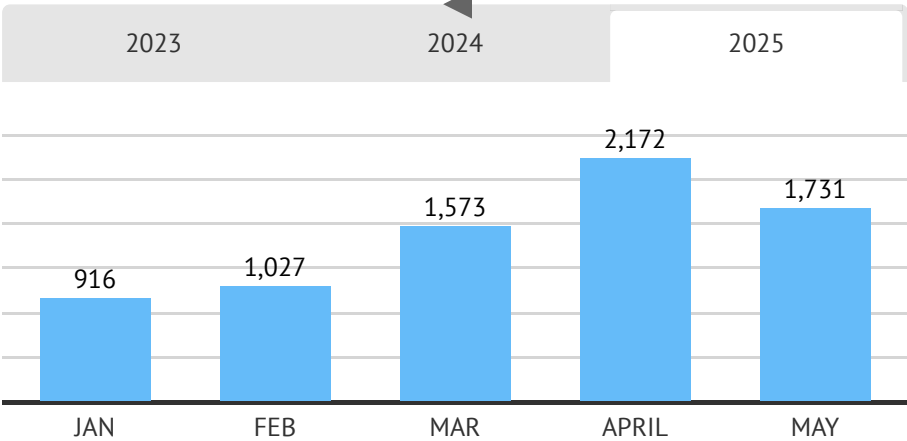
Meters are read the first two days of every month. Castle Rock Water utilizes drive-by and AMI technology.



*Measuring skipped reads is a strong indication of the level of preventative maintenance being done by our team.*

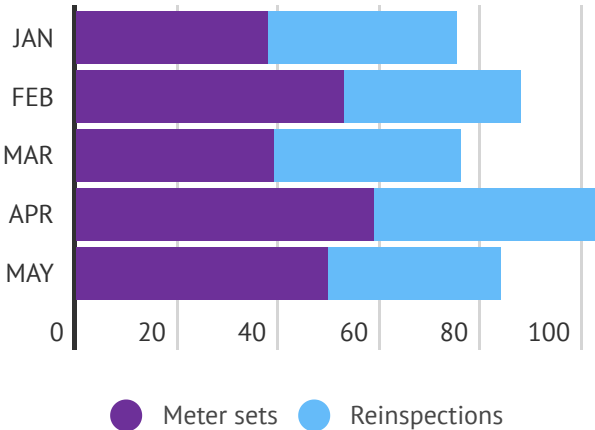
## ALL SERVICE WORK ORDERS

Standard work orders include meter replacement and AMI upgrade, bulk hydrant move-outs, curb stop maintenance, MXU installation, flow detection, and pressure checks.



## METER SET INSPECTIONS

Meter set inspections, to ensure code compliance, are required on all new meters installed. At the time of the inspection, the curb stop is tested for operability and the MXU is installed which provides reading capability for our drive by technology.



# OPERATIONS

0

## OUTAGES

GOAL: <5 % of our customers will experience water outage for one or more events totaling more than 30 hours per year.

0

## PRESSURE

GOAL: 1% of our customers will experience less than 43 pounds per square inch (psi) of pressure at the meter during normal operations.

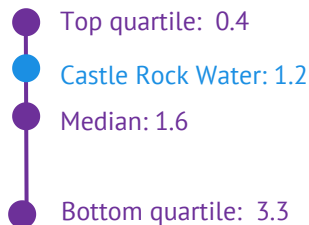
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## OVERFLOWS

GOAL: Prevent 100% of sewer system overflows with line inspections and cleaning.

### SANITARY SEWER OVERFLOWS

AWWA Index: SSO rate/100 mi



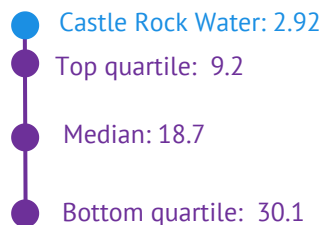
4

## LINE BREAKS

GOAL: Remain in the top quartile for AWWA benchmarking for leaks and breaks through regular maintenance and rehabilitation.

### WATER SYSTEM INTEGRITY

AWWA Index: Leaks and breaks/100 mi



1341

UTILITY LOCATES

35.20 mi

LINES INSPECTED

LINES CLEANED

4.96 mi

# OPERATIONS



The Distribution team replaced a broken valve on Saddleback Dr. and Meadows Ln. There were 25 homes without water for 4 hours.



There was a distribution leak on a 6" water main located on Park St. During the repair process, staff determined that they also needed to replace the tapping saddle, which feeds 1020 Park St. as it was severely corroded. Two customers were without water for roughly 2.5 hours.



As part of the SCADA Master Plan IV upgrades, the SCADA team, their outstanding contractors, updated the Scott Pressure Reducing Valve (PRV) control and communications panel.





# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #: 4. File #:** ID 2025-073

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**To:** Honorable Mayor and Members of Town Council

**From:** Kristin Read, Assistant Town Manager

**Through:** David L. Corliss, Town Manager

**Update:** Legislative Update

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### **Executive Summary**

This memo is intended to summarize the 2025 General Assembly session, including information on the total number of bills that were introduced and that passed, along with more specific information on the 24 items on which Council held positions.

### **Discussion**

A total of 657 bills were introduced during the 2025 General Assembly session. Of those, 478 passed, 127 were postponed indefinitely and 47 were killed by other means, according to Colorado Capital Watch, a legislative monitoring service. Of the 478 bills that passed, Gov. Jared Polis vetoed 11, meaning 467 bills became law this session.

The Town had supported eight bills, and five of those passed, for a 63% success rate. Two failed - HB 1276: Court Actions Related to Failure to Appear in Court, which would have permitted certain conditions on pre-trial release for defendants who have previously failed to appear, and SB 47: Enforcement of Federal Immigration Law, which would have reversed actions by the General Assembly related to measures intended to limit enforcement of federal immigration. Another, SB 77: Modifications to Colorado Open Records Act - which would have extended timelines for responding to open records requests - passed but was vetoed.

The five bills the Town had supported that were signed into law are:

- HB 1039: Commercial Vehicle Muffler Requirements - This law, which will take effect July 1, 2027, will require all commercial vehicles to have a muffler.
- HB 1112: Local Authorities Enforce Vehicle Registration - This law authorizes local authorities to enforce the requirement that a vehicle be registered.

- **HB 1152: Tech Accessibility Liability Contractor** - This law clarifies that a contractor is required to comply with accessibility standards adopted by the State's Office of Information Technology and requires contractors to indemnify schools related to noncompliance with the standards.
- **HB 1272: Construction Defects & Middle Market Housing** - This law establishes a multifamily construction incentive program that builders may use by providing a warranty covering defects and a third-party inspection. It also shortens the statute of limitations and raises the amount of HOA residents required to bring a construction defect claim from a simple majority to 65%.
- **SB 305: Water Quality Permitting Efficiency** - This law will make several changes to the State's wastewater permitting processes and procedures to help clear a backlog.

The Town had opposed 16 potential pieces of legislation - two which were never introduced. Ten the 14 that were introduced passed, for a 38% success rate. Of the four introduced bills that were successfully defeated, Polis vetoed one, two were postponed indefinitely and the other was killed by other means:

- **Vetoed - HB 1147: Fairness & Transparency in Municipal Court** - Would have mandated that municipal court penalties may not exceed like State sentences.
- **Postponed indefinitely:**
  - **HB 1067: Criminal Asset Forfeiture Act** - Would have limited municipal and law enforcement actions with federal agencies relative to drug-related crimes.
  - **HB 1261: Consumers Construction Defect Action** - Would have made it easier to bring construction defect claims against a construction professional.
- **Killed by other means - HB 1169: Housing Developments on Faith and Educational Land** - Would have allowed churches and schools to bypass local zoning and use an administrative approval process to build residential developments on land they own.

The 10 bills the Town had opposed that were signed into law are:

- **HB 1007: Paratransit Services** - This law requires entities that offer paratransit services to establish a plan for providing those services during emergencies beginning on Jan. 1, 2026.

- **HB 1239: Colorado Anti-Discrimination Act** - This law tips the scales in favor of plaintiffs over defendants, making litigation more appealing, contributing to a culture of litigation rather than promoting resolution of disputes and increasing liability for public entities.
- **HB 1300: Workers' Compensation Benefits Proof of Entitlement** - This law, which takes effect Jan. 1, 2028, allows injured workers to choose their primary treating physician from a list of accredited doctors provided by the Colorado Department of Labor and Employment. It is expected to raise the cost of workers' compensation coverage for local government employers and taxpayers and create confusion for injured workers.
- **SB 1: Colorado Voting Rights Act** - This law, which takes effect Jan. 1, 2026, allows an individual or organization to file a suit against a municipality alleging voter suppression, voter dilution or an unlawful voting prerequisite based on gender identity, gender expression or sexual orientation. It empowers the Attorney General's Office to investigate potential violations, file a suit to enforce the act or intervene in a private lawsuit.
- **SB 3: Semiautomatic Firearms & Rapid-Fire Devices** - This law prohibits the manufacture, distribution, transfer, sale and purchase of specified semiautomatic firearms and classifies a device that increases the rate of fire of a semiautomatic firearm as a dangerous weapon.
- **SB 30: Increase Transportation Mode Choice Reduce Emissions** - This law requires local governments to conduct one-time reporting to their metropolitan planning organization on planned transportation infrastructure projects.
- **SB 62: Failure to Appear Charges in Municipal Court** - This law prohibits municipal courts from treating failure to appear as a criminal offense.
- **SB 256: Funds for Support of Digital Trunked Radio System** - This law takes \$15 million from the State's local government severance tax fund and puts it in the public safety communications trust fund to support the digital trunked radio system.
- **SB 257: Modify General Fund Transfers to State Highway Fund** - This law modifies the schedule and amounts of annual transfers from the State's general fund to the state highway fund.

- **SB 276: Protect Civil Rights Immigration Status** - This law makes numerous changes to State law regarding immigration. Among other provisions, public employees are prohibited from disclosing or granting access to non-public personal identifying information for the purpose of federal civil immigration enforcement, except when disclosure is required by Federal or State law, when necessary to perform official duties, or as required by a court-issued document. The law extends a \$50,000 civil penalty to public employees who intentionally violate its requirements.

The two potential pieces of legislation that the Town had opposed and that never were introduced involved the 1) accessibility of public meetings and 2) a Police Officers Bill of Rights.



# LEGISLATIVE UPDATE

JUNE 17, 2025  
TOWN COUNCIL



# OVERALL SESSION UPDATE

- 657 bills introduced
  - 478 passed
    - Gov. Polis vetoed 11, so 467 became law
  - 127 were postponed indefinitely
  - 47 were killed by other means
- Town supported eight bills; five were signed into law, for 63% success rate
- Town opposed 16 potential pieces of legislation; 14 were introduced and 10 passed, for a 38% success rate



# SUPPORT BILLS NOW LAW

**HB 1039: Commercial Vehicle Muffler Requirements** — This law, which will take effect July 1, 2027, will require all commercial vehicles to have a muffler.

**HB 1112: Local Authorities Enforce Vehicle Registration** — This law authorizes local authorities to enforce the requirement that a vehicle be registered.

**HB 1152: Tech Accessibility Liability Contractor** — This law clarifies that a contractor is required to comply with accessibility standards adopted by the State's Office of Information Technology and requires contractors to indemnify schools related to noncompliance with the standards.

**HB 1272: Construction Defects & Middle Market Housing** — This law establishes a multifamily construction incentive program that builders may use by providing a warranty covering defects and a third-party inspection. It also shortens the statute of limitations and raises the amount of HOA residents required to bring a construction defect claim from a simple majority to 65%.

**SB 305: Water Quality Permitting Efficiency** — This law will make several changes to the State's wastewater permitting processes and procedures to help clear a backlog.

# OPPOSE BILLS DEFEATED

Vetoed — **HB 1147: Fairness & Transparency in Municipal Court** — Would have mandated that municipal court penalties may not exceed like State sentences.

## *Postponed indefinitely:*

- **HB 1067: Criminal Asset Forfeiture Act** — Would have limited municipal and law enforcement actions with federal agencies relative to drug-related crimes.
- **HB 1261: Consumers Construction Defect Action** — Would have made it easier to bring construction defect claims against a construction professional.

Killed by other means — **HB 1169: Housing Developments on Faith and Educational Land** — Would have allowed churches and schools to bypass local zoning and use an administrative approval process to build residential developments on land they own.



# OPPOSE BILLS NOW LAW

**HB 1007: Paratransit Services** — This law requires entities that offer paratransit services to establish a plan for providing those services during emergencies beginning on Jan. 1, 2026.

**HB 1239: Colorado Anti-Discrimination Act** — This law tips the scales in favor of plaintiffs over defendants, making litigation more appealing, contributing to a culture of litigation rather than promoting resolution of disputes and increasing liability for public entities.

**HB 1300: Workers' Compensation Benefits Proof of Entitlement** — This law, which takes effect Jan. 1, 2028, allows injured workers to choose their primary treating physician from a list of accredited doctors provided by the Colorado Department of Labor and Employment. It is expected to raise the cost of workers' compensation coverage for local government employers and taxpayers and create confusion for injured workers.

**SB 1: Colorado Voting Rights Act** — This law, which takes effect Jan. 1, 2026, allows an individual or organization to file a suit against a municipality alleging voter suppression, voter dilution or an unlawful voting prerequisite based on gender identity, gender expression or sexual orientation. It empowers the Attorney General’s Office to investigate potential violations, file a suit to enforce the act or intervene in a private lawsuit.

**SB 3: Semiautomatic Firearms & Rapid-Fire Devices** — This law prohibits the manufacture, distribution, transfer, sale and purchase of specified semiautomatic firearms and classifies a device that increases the rate of fire of a semiautomatic firearm as a dangerous weapon.

**SB 30: Increase Transportation Mode Choice Reduce Emissions** — This law requires local governments to conduct one-time reporting to their metropolitan planning organization on planned transportation infrastructure projects.

**SB 62: Failure to Appear Charges in Municipal Court** — This law prohibits municipal courts from treating failure to appear as a criminal offense.



**SB 256: Funds for Support of Digital Trunked Radio System** — This law takes \$15 million from the State's local government severance tax fund and puts it in the public safety communications trust fund to support the digital trunked radio system.

**SB 257: Modify General Fund Transfers to State Highway Fund** — This law modifies the schedule and amounts of annual transfers from the State's general fund to the state highway fund.

**SB 276: Protect Civil Rights Immigration Status** — This law makes numerous changes to State law regarding immigration. Among other provisions, public employees are prohibited from disclosing or granting access to non-public personal identifying information for the purpose of federal civil immigration enforcement, except when disclosure is required by Federal or State law, when necessary to perform official duties, or as required by a court-issued document. The law extends a \$50,000 civil penalty to public employees who intentionally violate its requirements.

The two potential pieces of legislation that the Town had opposed and that never were introduced involved the 1) accessibility of public meetings and 2) a Police Officers Bill of Rights.

# QUESTIONS?







# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 5. **File #:** ID 2025-074

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**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Trish Muller, CPA, Finance Director

### **Presentation of the 2024 Annual Comprehensive Financial Report (ACFR) and 2024 Popular Annual Financial Report (PAFR)**

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#### **Executive Summary**

Colorado state law and the Town of Castle Rock Home Rule Charter require an annual audit of the Town's financial statements. The goal of an audit is to provide reasonable assurance that the financial statements of the Town are presented in conformity with generally accepted accounting principles. An independent firm of licensed certified public accountants must perform the audit. In accordance with this requirement, staff submits, for Council's information and review, the Annual Comprehensive Financial Report (ACFR) of the Town for the year ended Dec. 31, 2024 (**Attachment B**).

#### **Annual Audit Process**

- ☐ FORVIS, LLP plans to issue a clean or unmodified opinion on the Town's financial statements for the year ended Dec. 31, 2024. In other words, the Town's financial statements appear fairly stated in all material respects, in accordance with generally accepted accounting principles (GAAP).
- ☐ 2024 was the seventh year Forvis Mazars (formerly BKD, LLP) performed the financial audit for the Town of Castle Rock. The Town commends them on their thoroughness and their high level of professionalism.
- ☐ Requirements under OMB Uniform Guidance require an audit to include reporting on major federal award programs when Federal Grant funds received exceed \$750,000 during the year. FORVIS, LLC performed the Single Audit (**Attachment C**) for the Town for the year ended Dec. 31, 2024.

#### **Annual Comprehensive Financial Report (ACFR)**

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- ☐ For the year ended Dec. 31, 2024, the Town had a positive net income for the Town as a whole.
- ☐ The Town continued to experience improvement in its major revenues during 2024.
- ☐ The Castle Rock Urban Renewal Authority and The Festival Park Commons General Improvement District are included as blended component units, and the Castle Rock Downtown Development Authority and Miller's Landing Business Improvement District are included as discretely presented component units.
- ☐ The Town passed on incorporating adjustments into the 2024 ACFR that were determined to be immaterial, both individually and in the aggregate, to the financial statements as a whole. These adjustments are noted in the Report to Governance (**Attachment A**) in the Schedule of Uncorrected Misstatements.
- ☐ Staff will submit the Annual Comprehensive Financial Report to the Government Finance Officers Association for consideration of the Certificate of Achievement for Excellence in Financial Reporting.

### **Report to Governance**

- ☐ As part of the 2024 financial statement audit, FORVIS, LLP reviewed the Town's internal control structure and various policies and procedures of the Town. Auditor's issue three levels of comments:
  - Material Weaknesses - most severe level of comment noting that the internal control is not adequate to prevent significant misstatement or fraudulent activities.
  - Significant Deficiencies - less severe, however, the internal control system is weak and the financial integrity may be compromised.
  - Advisory Comments - suggestions to enhance an existing control structure or procedure.
- ☐ FORVIS, LLP identified a finding related to year-end financial statement preparation. This Significant Deficiency is communicated in their Report to Governance (**Attachment A**). A Significant Deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a Material Weakness, yet important enough to merit attention by those charged with governance. There were no Material Weaknesses resulting from the audit.
- ☐ There were no findings reported as a result of the testing based on the requirements of the Uniform Guidance.

### **Popular Annual Financial Report (PAFR)**

- ☐ The PAFR (**Attachment D**) provides an overview of the Town's financial position as reported in the 2024 ACFR.
- ☐ Finance staff designs this report as an easily understandable version for the general public and other interested parties.

We would like to thank the Finance staff for their dedicated efforts in the preparation of the financial statements and in the audit process.

### **Attachments**

Attachment A: Report to Governance Resulting from the 2024 Financial Statement Audit

Exhibit 1: Schedule of Adjustments Passed

Attachment B: Draft 2024 Annual Comprehensive Financial Report (ACFR)

Attachment C: Draft Single Audit for the Year Ended Dec. 31, 2024

Exhibit 2: 2024 Town of Castle Rock - Draft GAGAS Opinion

Attachment D: 2024 Popular Annual Financial Report (PAFR)

The Annual Comprehensive Financial Report (ACFR) and Popular Annual Financial Report (PAFR) for the Town for the year ended Dec. 31, 2024 will be available on the Town's website at:

[<http://CRgov.com/FinancialReports>](http://CRgov.com/FinancialReports)



# **Report to the Honorable Mayor and Members of the Town Council of the Town of Castle Rock**

**Town of Castle Rock, Colorado**

**Results of the 2024 Financial Statement Audit, Including Required Communications**

December 31, 2024

## Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

### Overview & Responsibilities

Scope of Our Audit &  
Inherent Limitation to  
*Reasonable Assurance*

Your & Our  
Responsibilities

Extent of Our  
Communication &  
Distribution Restriction

Group audits

Independence Matters

Matter	Discussion
<b>Scope of Our Audit</b>	<p>This report covers audit results related to your financial statements and supplementary information:</p> <ul style="list-style-type: none"> <li>• As of and for the year ended December 31, 2024</li> <li>• Conducted in accordance with our contract dated January 31, 2025 and the amendment dated May 6, 2025</li> </ul>
<b>Our Responsibilities</b>	<p>Forvis Mazars is responsible for forming and expressing opinions about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
<b>Audit Scope &amp; Inherent Limitations to Reasonable Assurance</b>	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States (GAGAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the opinion unit being audited and did not include a detailed audit of all transactions.</p>
<b>Extent of Our Communication</b>	<p>In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.</p>
<b>Independence</b>	<p>The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.</p>

Matter	Discussion
<b>Your Responsibilities</b>	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
<b>Distribution Restriction</b>	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> <li>• Honorable Mayor and Members of the Town Council of the Town of Castle Rock</li> <li>• Others within the Town</li> <li>• Federal awarding agencies and pass-through entities</li> </ul>

### *Government Auditing Standards*

Matter	Discussion
<b>Additional GAGAS Reporting</b>	<p>We also provided reports as of December 31, 2024, on the following as required by GAGAS:</p> <ul style="list-style-type: none"> <li>• Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS</li> </ul>
<b>Reporting Limitations</b>	Our consideration of internal control over financial reporting and our tests of compliance were not designed with an objective of forming an opinion on the effectiveness of internal control or on compliance, and accordingly, we do not express such an opinion.



## Uniform Guidance Overview & Responsibilities

Matter	Discussion
<b>Scope of Our Audit</b>	We also provided reports as of December 31, 2024, on the following as required by U.S. Office of Management and Budget OMB Uniform Guidance:
	<ul style="list-style-type: none"> <li>• Opinion on compliance for the major federal award program</li> <li>• Report on internal control over compliance</li> <li>• Schedule of Expenditures of Federal Awards</li> </ul>
<b>Audit Scope &amp; Inherent Limitations to Reasonable Assurance</b>	A compliance audit performed in accordance with OMB Uniform Guidance is designed to obtain reasonable, rather than absolute, assurance about whether noncompliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on a major federal award program occurred.

## Group Audits

### *Referred-To Auditors*

Our audit strategy included the use of the work of a referred-to auditor, resulting in a division of responsibility over the group financial statements and our report thereon

We did not audit the financial statements of Plum Creek Water Reclamation Authority, the Castle Rock Downtown Development Authority and the Miller's Landing Business Improvement District, a joint venture of the Town, which statements represent 28%, respectively, of the assets and net position of the Wastewater Enterprise Fund and 4% of the assets and 5% of the net position of the Town's business-type activities as of December 31, 2024. We also did not audit the financial statements of the Castle Rock Downtown Development Authority or the Miller's Landing Business Improvement District, which together represent the aggregate discretely presented component units of the Town as of December 31, 2024.

Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for Plum Creek Water Reclamation Authority, the Castle Rock Downtown Development Authority and the Miller's Landing Business Improvement District, are based solely on the reports of the other auditors. We have had communications with the other auditors during planning and throughout the audit regarding their qualifications to perform the audit, including independence, and consideration of materiality as a basis for referring to their audit report. Professional standards require that we provide you with information about our responsibilities in accordance with GAAS, as well as certain information related to the planned scope and timing of our audit.

### Other Information Accompanying the Audited Financial Statements

The audited financial statements are presented along with management's annual comprehensive financial report and popular annual financial report. Management, or those charged with governance, is responsible for preparing the annual report.

We were not engaged to audit the information contained in the annual comprehensive financial report and popular annual financial report, and as a result, our opinions do not provide assurance as to the completeness and accuracy of the information contained therein.

As part of our procedures, we read the entire reports to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.

## Auditor Objectives Related to Other Information

Our objectives related to the other information accompanying the audited financial statements were to:

- Consider whether a material inconsistency exists between the other information and the financial statements
- Remain alert for indications that:
  - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, or
  - A material misstatement of fact exists or the other information is otherwise misleading
- Respond appropriately when we identify that such material inconsistencies appear to exist or when we otherwise become aware that other information appears to be materially misstated. Potential responsive actions would include requesting management to correct the identified inconsistency
- Include the appropriate communication in our auditor's report, disclosing the procedures performed on the Other Information, as well as the results obtained
  - No matters are reportable

## Qualitative Aspects of Significant Accounting Policies & Practices

The following matters are detailed in the following pages and included in our assessment:

**Significant Accounting  
Policies**

**Unusual Policies or  
Methods**

**Alternative Accounting  
Treatments**

**Management Judgments  
& Accounting Estimates**

**Financial Statement  
Disclosures**

**Our Judgment About the  
Quality of the Town's  
Accounting Principles**



## Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- GASB 101, *Compensated Absences*

## Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature):

- No matters are reportable

## Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows.

- No matters are reportable

## Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Valuation of investments
- Useful lives of capital assets
- Valuation of contributed capital
- Net pension liabilities (assets) and related deferred outflows of resources and deferred inflows of resources
- Incremental borrowing rate for lease receivables

## Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Adoption of accounting principles
- Related parties

## Our Judgment About the Quality of the Town's Accounting Principles

During the course of the audit, we made the following observations regarding the Town's application of accounting principles:

- Adoption of GASB 101, *Compensated Absences*

## Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

## Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- Remove duplicate entry for loss on joint venture
- Remove duplicate entry for EMS revenue
- Adjust value of long-term receivable relating to CORE Pole Credits

## Uncorrected Misstatements

Some adjustments proposed were **not recorded** because their effect is not currently considered material. We request that all identified misstatements be corrected.

Uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole are included as an attachment to this communication.

While these uncorrected misstatements were deemed to be immaterial to the current-period financial statements, it is possible that the impact of these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated.

#### ***Current Period Uncorrected Misstatements***

- See attached for summary of uncorrected misstatements

#### ***Prior-Period Uncorrected Misstatements***

- See attached for summary of uncorrected misstatements

### **Other Required Communications**

#### **Significant Issues Discussed with Management**

##### ***During the Audit Process***

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Implementation of GASB 101, *Compensated Absences*
- Various financial statements presentation items

#### **Other Material Communications**

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.



## Required Communications Regarding Internal Control (AU-C 265)

### Consideration of Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Town of Castle Rock, Colorado (the Town), as of and for the year ended December 31, 2024, in accordance with GAAS and GAGAS, we considered the Town's internal control over financial reporting (internal control).

This consideration served as a basis for designing audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statements.

However, this consideration was **not** for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Categorizing Deficiencies by Severity

### Deficiency

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.



### Significant Deficiency

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



### Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatements of the Town's financial statements will not be prevented or detected and corrected on a timely basis.



## Identified Deficiencies

We identified a certain deficiency in internal control that we consider to be a deficiency.

### ***Deficiency***

We observed other matters that we consider to be deficiencies that we communicated to management orally.

#### Journal Entry Review

During our testing we identified instances in which duplicate journal entries had been recorded or the journal entry was recorded incorrectly. We recommend the Town perform training on review of journal entries and implement a tracking mechanism during the month/year end process to ensure multiple entries are not recorded.

## Sharing Our Commitments

Our commitment to our people, clients, integrity and culture are critical to achieving quality in our practice. You can learn more in our [2025 Quality Report](#)

### 2025 Quality Report

March 03, 2025

See assurance insights and our commitment to integrity and helping make tomorrow better than today.





## Attachments

### **Management Representation Letter (Attachment A)**

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

### **Schedule of Uncorrected Misstatements (Attachment B)**

The detail of uncorrected misstatements identified as a result of our engagement are included herein.

## Attachment A

### Management Representation Letter

## Attachment B

### Schedule of Uncorrected Misstatements

**Town of Castle Rock**  
**Period Ending: December 31, 2024**  
**ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

**Governmental Activities (Government-Wide Statements)**

**QUANTITATIVE ANALYSIS**

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	815,274,641		815,274,641	
Total Liabilities & Deferred Inflows	(99,541,940)		(99,541,940)	
Total Net Position	(715,732,701)		(715,732,701)	
General Revenues & Transfers	(106,966,062)		(106,966,062)	
Net Program Revenues/ Expenses	34,776,132	(289,070)	34,487,062	-0.83%
Change in Net Position	(72,189,930)	(289,070)	(72,479,000)	0.40%



		Factual (F), Judgmental (J) or Projected (P)					net Program				Net Effect on Following Year					
Description	Financial Statement Line Item		Assets		Liabilities		General Revenues & Transfers		Revenues/ Expenses		Net Position		Change in Net Position		Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
Compensated Absences - To correct the overaccrual of benefits in the compensated absences calculation in 2023.		F		0		0		0		174,337		(174,337)		0		0
	Beginning Net Position											(174,337)				
	Compensated Absences Expense								174,337							
Compensated Absences - Due to immateriality the cumulative effect for the implementation of a new standard was not recorded.		F		0		0		0		(463,407)		463,407		0		0
	Beginning Net Position											463,407				
	Compensated Absences Expense								(463,407)							
Total passed adjustments				0		0		0		(289,070)		289,070		0		0
Impact on Change in Net Position											(289,070)					
Impact on Net Position											0					

**Town of Castle Rock**  
**Period Ending: December 31, 2024**  
ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

**Business Type Activities (Government-Wide Statements)**

**QUANTITATIVE ANALYSIS**

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	994,929,213		994,929,213	
Total Liabilities & Deferred Inflows	(90,067,912)		(90,067,912)	
Total Net Position	(904,861,301)		(904,861,301)	
General Revenues & Transfers	(11,894,090)		(11,894,090)	
Net Program Revenues/ Expenses	(23,440,001)	(531,180)	(23,971,181)	2.27%
Change in Net Position	(35,334,091)	(531,180)	(35,865,271)	1.50%

								net Program				Net Effect on Following Year				
Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets		Liabilities		General Revenues & Transfers		Revenues/ Expenses		Net Position		Change in Net Position		Net Position	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
To show effect of correcting prior year error revenue recognized that should have been deferred related to cash-in-lieu for drainage improvements		F		0		0		0		(531,180)		531,180		0		0
	Net Position											531,180				
	Revenue									(531,180)						
Total passed adjustments				0		0		0		(531,180)		531,180		0		0
Impact on Change in Net Position												(531,180)				
Impact on Net Position												0				

**Town of Castle Rock**  
**Period Ending: December 31, 2024**  
**ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

**General Fund**

**QUANTITATIVE ANALYSIS**

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	73,967,220		73,967,220	
Total Liabilities & Deferred Inflows	(11,707,741)	(152,022)	(11,859,763)	1.30%
Total Fund Balance	(62,259,479)	152,022	(62,107,457)	-0.24%
Revenues	(92,918,735)	216,500	(92,702,235)	-0.23%
Expenditures	87,375,206	152,022	87,527,228	0.17%
Change in Fund Balance	(4,797,962)	368,522	(4,429,440)	-7.68%



												Net Effect on Following Year					
Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred		Liabilities &		Revenues		Expenditures		Fund Balance		Change in Fund		Fund		
			Outflows		Deferred Inflows								Balance		Balance		
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	
To show effect on financial statements for refundable deposits that are over 10 years old.		P		0		(152,022)		0		152,022		0		(152,022)		152,022	
	Deposits					(152,022)										152,022	
	Expenditures								152,022				(152,022)				
To show effect of correction for prior year passed entry relating to revenue recognition on the Quiet Zone Escrow.		F		0		0		216,500		0		(216,500)		0		0	
	Fund balance											(216,500)					
	Revenue							216,500									
Total passed adjustments				0		(152,022)		216,500		152,022		(216,500)		(152,022)		152,022	
Impact on Change in Fund Balanc												368,522					
Impact on Fund Balance												152,022					

**Town of Castle Rock**  
**Period Ending: December 31, 2024**  
**ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

**Transportation Capital**

**QUANTITATIVE ANALYSIS**

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	73,661,869		73,661,869	
Total Liabilities & Deferred Inflows	(44,027,099)		(44,027,099)	
Total Fund Balance	(29,634,770)		(29,634,770)	
Revenues	(41,461,223)	40,289	(41,420,934)	-0.10%
Expenditures	47,873,794		47,873,794	
Change in Fund Balance	3,510,071	40,289	3,550,360	1.15%

												Net Effect on Following Year							
		Factual (F), Judgmental (J) or Projected (P)		Assets & Deferred Outflows		Liabilities & Deferred Inflows		Revenues		Expenditures		Fund Balance		Change in Fund Balance		Fund Balance			
Description		Financial Statement Line Item		DR (CR)		DR (CR)		DR (CR)		DR (CR)		DR (CR)		DR (CR)		DR (CR)			
To show effect on financial statements for deferring revenue above the contract amount in 2023 on the Crowfoot Widening project		F		0		0		40,289		0		(40,289)		0		0			
	Beginning fund balance											(40,289)							
	Revenue							40,289											
Total passed adjustments				0		0		40,289		0		(40,289)		0		0			
												Impact on Change in Fund Balanc		40,289					
												Impact on Fund Balance		0					

**Town of Castle Rock**  
**Period Ending: December 31, 2024**  
**ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

**Transportation Fund**

**QUANTITATIVE ANALYSIS**

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	20,972,916		20,972,916	
Total Liabilities & Deferred Inflows	(4,821,132)		(4,821,132)	
Total Fund Balance	(16,151,784)		(16,151,784)	
Revenues	(31,521,309)	(201,551)	(31,722,860)	0.64%
Expenditures	28,253,475		28,253,475	
Change in Fund Balance	594,995	(201,551)	393,444	-33.87%



Client: Town of Castle Rock  
Period Ending: December 31, 2024

Transportation Fund  
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

											Net Effect on Following Year					
Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred		Liabilities &		Revenues	Expenditures	Fund Balance		Change in Fund Balance	Fund Balance				
			Outflows		Deferred Inflows								DR	(CR)	DR	(CR)
			DR	(CR)	DR	(CR)										
To show effect of correction of prior year error relating to the overaccrual of sales tax receivable		F		0		0	(201,551)	0	201,551		0	0				
	Fund Balance								201,551							
	Sales Tax Revenue						(201,551)									
Total passed adjustments				0		0	(201,551)	0	201,551		0	0				
Impact on Change in Fund Balanc										(201,551)						
Impact on Fund Balance										0						

**Town of Castle Rock**  
**Period Ending: December 31, 2024**  
**ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

**Aggregate Remaining Funds**

**QUANTITATIVE ANALYSIS**

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Total Assets & Deferred Outflows	103,174,912		103,174,912	
Total Liabilities & Deferred Inflows	(16,474,528)		(16,474,528)	
Total Fund Balance	(86,700,384)		(86,700,384)	
Revenues	(63,719,052)	(43,246)	(63,762,298)	0.07%
Expenditures	58,195,979	(74,287)	58,121,692	-0.13%
Change in Fund Balance	(7,446,590)	(117,533)	(7,564,123)	1.58%

		Net Effect on Following Year									
		Change in Fund Balance					Fund Balance				
		DR		(CR)			DR		(CR)		
Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)		Assets & Deferred Outflows			Liabilities & Deferred Inflows		Revenues		
				DR		(CR)			DR		(CR)
Compensated Absences - To correct the overaccrual of benefits in the compensated absences calculation in 2023.		F		0			0		0		
	Fund Balance								(7,586)		
	Compensated Absences Expense								7,586		
Compensated Absences - Due to immateriality the cumulative effect for the implementation of a new standard was not recorded.		F		0			0		(81,873)		
	Fund Balance								81,873		
	Compensated Absences Expense								(81,873)		
To show effect of correction of prior year error for the overaccrual of sales tax receivable in the Community Center Fund.		F		0			0		(43,246)		
	Fund Balance								43,246		
	Sales Tax Revenue								(43,246)		
Total passed adjustments				0			0		(43,246)		
									(74,287)		
									117,533		
									0		
									0		
									(117,533)		
									0		

**Town of Castle Rock**  
**Period Ending: December 31, 2024**  
**ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

**Water**

**QUANTITATIVE ANALYSIS**

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	18,901,848		18,901,848	
Non-Current Assets & Deferred Outflows	255,581,043		255,581,043	
Current Liabilities	(4,927,010)		(4,927,010)	
Non-Current Liabilities & Deferred Inflows	(8,363,849)		(8,363,849)	
Current Ratio	3.836		3.836	
Total Assets & Deferred Outflows	274,482,891		274,482,891	
Total Liabilities & Deferred Inflows	(13,290,859)		(13,290,859)	
Total Net Position	(261,192,032)	676,348	(260,515,684)	-0.26%
Operating Revenues	(21,523,251)		(21,523,251)	
Operating Expenses	24,988,930	139,079	25,128,009	0.56%
Nonoperating (Revenues) Exp	(9,644,322)	338,174	(9,306,148)	-3.51%
Change in Net Position	(5,934,499)	477,253	(5,457,246)	-8.04%



Client: Town of Castle Rock  
Period Ending: December 31, 2024

Water  
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred Outflows		Liabilities & Deferred Inflows		Operating Revenues		Operating Expenses	Nonoperating (Revenues) Exp	Net Position	Net Effect on Following Year	
			Current		Noncurrent		Current		Noncurrent		Net Position	Change in Net	
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)		Position	Net Position
Compensated Absences - To correct the overaccrual of benefits in the compensated absences calculation in 2023.		F	0		0		0		0		(213,191)	0	0
	Net Position										(213,191)		
	Compensated Absences Expense								213,191				
Compensated Absences - Due to immateriality the cumulative effect for the implementation of a new standard was not recorded.		F	0		0		0		0		(74,112)	0	0
	Net Position										(74,112)		
	Compensated Absences Expense												
To show effect of correction of prior year error relating to the overstatement of accounts receivable and revenue relating to the Roll Mountain Escrow.		F	0		0		0		0		338,174	0	0
	Net Position										338,174		
	Revenue										338,174		
Total passed adjustments			0		0		0		0		139,079	338,174	199,095
											Impact on Change in Net Position		477,253
											Impact on Net Position		676,348

**Town of Castle Rock**  
**Period Ending: December 31, 2024**  
**ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

**Wastewater**

**QUANTITATIVE ANALYSIS**

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	25,451,603		25,451,603	
Non-Current Assets & Deferred Outflows	126,954,638		126,954,638	
Current Liabilities	(1,758,172)		(1,758,172)	
Non-Current Liabilities & Deferred Inflows				
Current Ratio	14.476		14.476	
Total Assets & Deferred Outflows	152,406,241		152,406,241	
Total Liabilities & Deferred Inflows	(1,758,172)		(1,758,172)	
Total Net Position	(150,648,069)		(150,648,069)	
Operating Revenues	(12,240,456)		(12,240,456)	
Operating Expenses	13,264,599		13,264,599	
Nonoperating (Revenues) Exp	(6,692,439)	275,787	(6,416,652)	-4.12%
Change in Net Position	(5,668,296)	275,787	(5,392,509)	-4.87%

Client: Town of Castle Rock  
Period Ending: December 31, 2024

Wastewater  
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

		Factual (F), Judgmental (J) or Projected (P)	Assets & Deferred Outflows		Liabilities & Deferred Inflows		Operating Revenues		Operating Expenses	Nonoperating (Revenues) Exp	Net Position	Net Effect on Following Year		
			Current		Noncurrent		Current		Noncurrent			Change in Net		
Description	Financial Statement Line Item		DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	Position	Net Position
			DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
To show effect on financial statements for revenue that should have been recognized in 2023		F	0	0	0	0		0	0	275,787	(275,787)	0	0	
	Net position										(275,787)			
	Intergovernmental Revenue									275,787				
Total passed adjustments			0	0	0	0		0	0	275,787	(275,787)	0	0	
Impact on Change in Net Position											275,787			
Impact on Net Position											0			

**Town of Castle Rock**  
**Period Ending: December 31, 2024**  
**ATTACHMENT**

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

**Storm Water**

**QUANTITATIVE ANALYSIS**

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	7,871,038		7,871,038	
Non-Current Assets & Deferred Outflows	118,837,121		118,837,121	
Current Liabilities	(2,138,047)		(2,138,047)	
Non-Current Liabilities & Deferred Inflows	(5,662,603)		(5,662,603)	
Current Ratio	3.681		3.681	
Total Assets & Deferred Outflows	126,708,159		126,708,159	
Total Liabilities & Deferred Inflows	(7,800,650)		(7,800,650)	
Total Net Position	(118,907,509)		(118,907,509)	
Operating Revenues	(4,453,432)	(531,180)	(4,984,612)	11.93%
Operating Expenses	7,888,662		7,888,662	
Nonoperating (Revenues) Exp	(6,855,649)		(6,855,649)	
Change in Net Position	(3,420,419)	(531,180)	(3,951,599)	15.53%

Client: Town of Castle Rock  
Period Ending: December 31, 2024

Storm Water  
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

		Assets & Deferred Outflows				Liabilities & Deferred Inflows								Net Effect on Following Year			
		Current		Noncurrent		Current		Noncurrent		Operating Revenues	Operating Expenses	Nonoperating (Revenues) Exp	Net Position	Change in Net Position		Net Position	
Description	Financial Statement Line Item	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)	DR	(CR)
To show effect of correcting prior year error revenue recognized that should have been deferred related to cash-in-lieu for drainage improvements																	
	F																
		0		0				0		(531,180)	0	0	531,180	0		0	
	Net Position												531,180				
	Revenue									(531,180)							
Total passed adjustments		0		0		0		0		(531,180)	0	0	531,180	0		0	
										Impact on Change in Net Position				(531,180)			
										Impact on Net Position				0			





## **2024 Annual Comprehensive Financial Report**

**For the Year Ended December 31, 2024**

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**Prepared by the Finance Department**



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## Finance Department

Trish Muller, CPA  
Pete Mangers  
Holly Darrah

Finance Director  
Assistant Finance Director  
Administrative Assistant

### ***Accounting Staff***

Amber Thompson, CPA  
Nathasiri Chanasit  
Ryan Soldanel  
Kerry Gean  
Heather Quayle  
Eric Freeman  
Amber Hulla  
Angelah Healey

Accounting Manager  
Accountant  
Accountant  
Accounting Technician  
Accounts Payable Technician  
Accounts Payable Technician  
Payroll Technician  
Payroll Technician

### ***Finance Staff***

Kathi Ingle  
Melissa Everett

Budget Manager  
Financial Analyst

### ***Sales Tax Administration***

Jamie Authier  
Steven Campbell  
Ricci Buckingham  
Bryce Wilson  
Sara Kucewesky  
Don Knuesel  
Dave Barnhart

Revenue Manager  
Sales Tax Auditor  
Sales Tax Auditor  
Sales Tax Auditor  
Building Use Tax Auditor  
Sales Tax/PIF Specialist  
Sales Tax/PIF specialist

### **For questions regarding this report, please contact:**

Town of Castle Rock, Colorado  
Finance Department  
100 North Wilcox Street  
Castle Rock, Colorado 80104  
Phone: 303-660-1015  
E-mail: [tmuller@crgov.com](mailto:tmuller@crgov.com)

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## **INTRODUCTORY SECTION**

**Letter of Transmittal Organizational**

**Chart Directory of Town Officials**

**Certificate of Achievement for Excellence in Financial Reporting**



June \_\_, 2025

To the Honorable Mayor, Members of Town Council, and Citizens of the Town of Castle Rock, Colorado:

Colorado state law and the Town of Castle Rock (the Town) Home Rule Charter require an annual audit of the Town's financial statements. The goal of an audit is to provide reasonable assurance that the financial statements of the Town are presented in conformity with generally accepted accounting principles. The audit must be performed by an independent firm of licensed certified public accountants. In accordance with this requirement, we submit for your information and review, the Annual Comprehensive Financial Report of the Town for the year ended December 31, 2024.

Management of the Town is responsible for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the Town has established a comprehensive internal control framework that is designed to protect the Town's assets from loss, theft, or misuse and to provide sufficient reliable information for the preparation of the financial statements. Because the cost of internal controls should not exceed the benefits, the internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

Forvis Mazars, LLP has issued unmodified opinions on the Town's financial statements. An "unmodified" opinion means that the financial statements meet the "in conformity with generally accepted accounting principles" requirement. The auditor's report is located at the front of the financial section of this report. The independent auditor is also required to complete the federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The results of the single audit are available in the Town's separately issued single audit report.

Management provides a narrative introduction, overview and analysis of the basic financial statements. Management's Discussion and Analysis (MD&A) provides an overview of the financial statements and is intended to complement this letter of transmittal. The MD&A can be found in the Financial Section of this Annual Comprehensive Financial Report immediately following the report of the independent auditors.

## **PROFILE OF THE TOWN**

Castle Rock is located in Douglas County along Interstate 25 approximately halfway between Denver and Colorado Springs. Castle Rock encompasses approximately 36.57 square miles and serves a population estimated at 87,102 residents. The Town's location, view of the mountains, mesas and the "small town feel" make Castle Rock a desirable location for residential development.

The Town was incorporated in 1881 and adopted its Home Rule Charter in 1987. The Town operates under the council-manager form of government. The policy-making and legislative authority are vested with the Town Council (the Council), which consists of seven members including the Mayor and Mayor Pro Tem. Each



councilmember is elected to represent an election district and the Mayor is elected to represent the Town at large. Town Councilmembers will serve four-year terms. In addition to serving on Council, individual members also represent the Town on various local, county and regional boards.

The Council is responsible for passing ordinances, adopting the budget, appointing boards and commissions, hiring the Town Manager (Manager), Town Attorney and Municipal Judge. The Manager is responsible for carrying out the policies and ordinances approved by Council, appointing the heads of the departments and for overseeing the operations of the Town.

The Town provides a full range of services including: police and fire protection, courts, emergency medical services, municipal water, water resources, storm water, wastewater, construction and maintenance of streets, public transit, parks and open spaces, golf course, recreation center, cultural events, community support, planning, development, code enforcement and general governmental services.

## **LOCAL ECONOMY**

Sales taxes provide approximately 61.6 percent of the Town's General Fund revenues. Sales taxes are used to support ongoing services such as police, fire, parks, open space, municipal court, and general governmental services. The major sources of sales taxes within the Town include a retail outlet mall, the promenade shopping and dining center, home improvement stores and grocery stores. The Town is the county seat for Douglas County and the site of the Douglas County School District Office. These two governments along with the Town are among the top three employers within the Castle Rock area. Because of its close proximity to both Denver and Colorado Springs, many of the Castle Rock residents commute to these two cities to work.

Growth, primarily in the area of single-family residential homes, continues to have a major impact on the Town's economy. The Town issued permits for 415 new residential units (single family 371 and multi-family 44) and approved 69,024 square feet of nonresidential development in 2024. The Town assesses impact fees, which are collected when a building permit is issued. Impact fees are used to pay for growth-related improvements to parks and recreation, fire, police, transportation and general municipal facilities. These fees are used solely for growth related costs and cannot be used to provide new services or amenities. In addition to impact fees, the Town collects system development fees for the development of water resources, water, and wastewater infrastructure. Like impact fees, these fees are collected when a building permit is issued. These fees are used for the construction of utility infrastructure that is necessary as a result of growth.

## **LONG-TERM FINANCIAL PLANNING**

The annual budget serves as the foundation for the Town's planning and control. The legal level of budgetary control is at the fund level. All departments of the Town are required to submit budget requests for the following year to Finance by April. These requests are used as a starting point for developing a proposed budget. Finance and the Town Manager present the proposed budget to Council for their review on or before October 31<sup>st</sup>. The Town holds public hearings on the proposed budget and the Council adopts the original budget by December 15<sup>th</sup>.

The Town also prepares and adopts a five-year capital improvement program. Each year, this five-year capital plan is reviewed and updated for projects that are intended to be either designed or constructed within the next five years.

## RELEVANT FINANCIAL POLICIES

In November, 1992, Colorado voters approved a State Constitutional Amendment, TABOR, the general purpose of which is to restrain government growth (as measured by revenues) without a vote of the local citizens. In November 2021, the voters approved a 10-year “TABOR timeout,” which allows the Town to use excess revenues from 2021 through 2030 solely for police, fire protection, emergency medical services, roads and other transportation purposes. TABOR further requires emergency reserves of at least 3 percent of fiscal year spending (excluding bonded debt service). Town’s management has implemented policies and procedures to ensure compliance with the provisions of TABOR.

## MAJOR INITIATIVES

The Town of Castle Rock has seven main strategic priorities. The Town has made significant achievement in each of these areas as noted below:

Manage Town finances conservatively - The Town continued to experience moderate growth during 2024. Total revenue collected for all Town Funds combined exceeded budgeted projections and two funds, the Philip S Miller Trust Fund and the Employee Benefits Fund, exceeded budgeted appropriations for the year. Sales tax revenue increased approximately 5.5 percent from 2023.

Ensure outstanding public safety - The Town of Castle Rock was recognized by Safewise as the 6th safest city in Colorado. Public safety departments added three police positions and three fire positions. Additionally, both Police and Fire replaced departments' radios. In November 2024, the voters approved an additional 0.2 percent sales tax which will add 40 new public safety positions over the next 5 years.

Secure our water future - Castle Rock Water (CRW) progressed on long-term water projects and partnerships including WISE, Box Elder, Cherry Creek Project Water Authority (completed Walker Reservoir), Chatfield Pump Back, and Platte Valley Water Partnership. Additionally Castle Rock Water saw a record-setting year for ColoradoScape rebates to customers and refined ColoradoScape regulations of new development for continued conservation.

Enhance our roads - The Crystal Valley interchange which got underway in 2024, will significantly improve transportation throughout Town and beyond. The construction of the new interchange at Interstate 25 and Crystal Valley Parkway is budgeted at approximately \$150 million and is expected to be completed in 2027. The project will improve safety and mobility in the surrounding community and provide a key regional transportation link from I-25 to southern Castle Rock and Douglas County.

The Public Works Department completed 47 lane-miles of treated roadway in the 2024 Pavement Maintenance Program. Also, the department completed the construction of the "Four Corners" intersection improvements at Fifth Street, Ridge Road, State Highway 86 and Founders Parkway.

Maintain strong parks and recreation - In May of 2024, the Town acquired the 681-acre Lost Canyon Ranch Open Space, the community's largest public conservation area. It's natural and cultural resources will be preserved while the community enjoys outdoor opportunities there in perpetuity.

The Town continues to transform the Cantril School from an underused historic building into a vibrant arts and cultural facility, breathing new life into the historic building. These improvements not only preserve the historical significance of the site but also contribute to the cultural enrichment of the community.

During 2024, the Town opened the new Emerald Park and renovated Mitchell Gulch Park.

Support economic development - The Town continued to support economic development in 2024 by pursuing agreements that will create future jobs, expand the tax base and maintain a high-quality business environment.

## **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Town of Castle Rock the Certificate of Achievement for Excellence in Financial Reporting for its 2023 Annual Comprehensive Financial Report. The Certificate of Achievement is a prestigious national award that is the highest form of recognition in the area of governmental accounting and financial reporting. The attainment of this award represents a significant accomplishment by the Town. In order to receive this award, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. This is the thirty-fourth consecutive year that the Town has received this award.

The Town was also an honored recipient of an award from the GFOA for its seventh submission of the 2023 PAFR (Popular Annual Financial Report). This report is specifically designed to be readily accessible and easily understandable to the general public without a background in public finance.

We would like to thank the Town Council for their support throughout the year. We would also like to thank the Finance Staff for their dedicated efforts in the preparation of this report.

Sincerely,

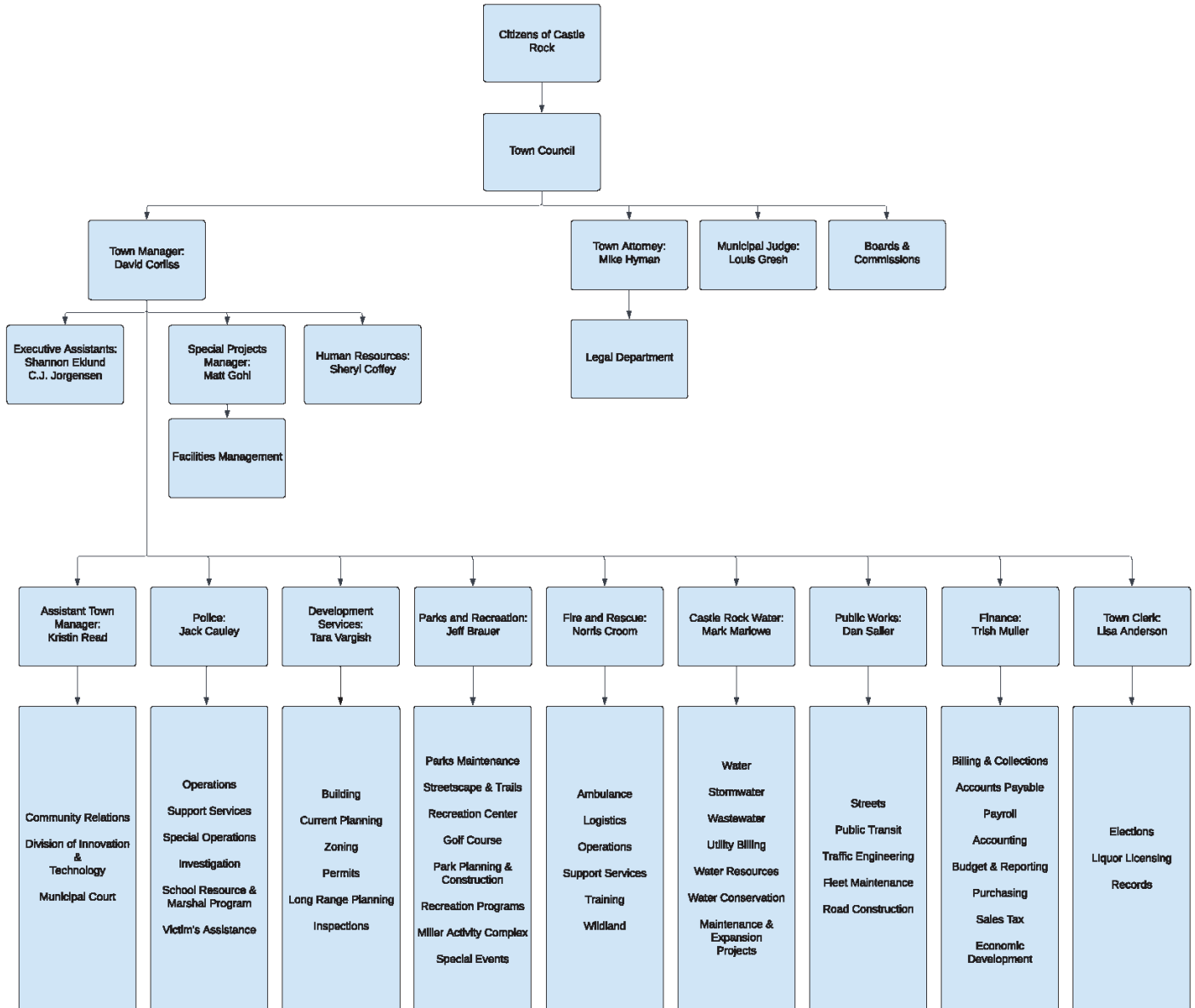


David L. Corliss  
Town Manager



Trish Muller, CPA  
Finance Director

**Organization Chart  
Town of Castle Rock, Colorado  
December 31, 2023**



**Town of Castle Rock, Colorado  
Directory of Town Officials  
As of December 31, 2024**

**Town Council**

Mayor	Jason Gray
Council Member - District 1	Ryan Hollingshead
Council Member - District 2	Laura Cavey
Council Member - District 3 (Mayor Pro Tem)	Kevin Bracken
Council Member - District 4	Mark Davis
Council Member - District 5	Caryn Johnson
Council Member - District 6	Tim Dietz

**Appointed Officials**

Town Manager	David L. Corliss
Town Attorney	Michael J. Hyman
Municipal Judge	Louis Gresh

**Executive Leadership**

Director of Development Services	Tara Vargish
Director of Finance	Trish Muller
Fire Chief	Norris Croom
Director of Parks and Recreation	Jeff Brauer
Police Chief	Jack Cauley
Director of Public Works	Dan Sailer
Director of Castle Rock Water	Mark Marlowe
Town Clerk	Lisa Anderson
Assistant Town Manager	Kristin Read
Special Projects Manager	Matt Gohl





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Castle Rock  
Colorado**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2023

*Christopher P. Morill*

Executive Director/CEO



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## **FINANCIAL SECTION**

**Independent Auditor's Report**

**Management's Discussion and Analysis**

**Basic Financial Statements**

**Required Supplementary Information**

**Combining and Individual Fund Statements and Schedules**









## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Castle Rock (Town), Colorado, we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information contained in the Notes to the Basic Financial Statements and our Letter of Transmittal, which can be found in the Introductory Section of the Town's Annual Comprehensive Financial Report.

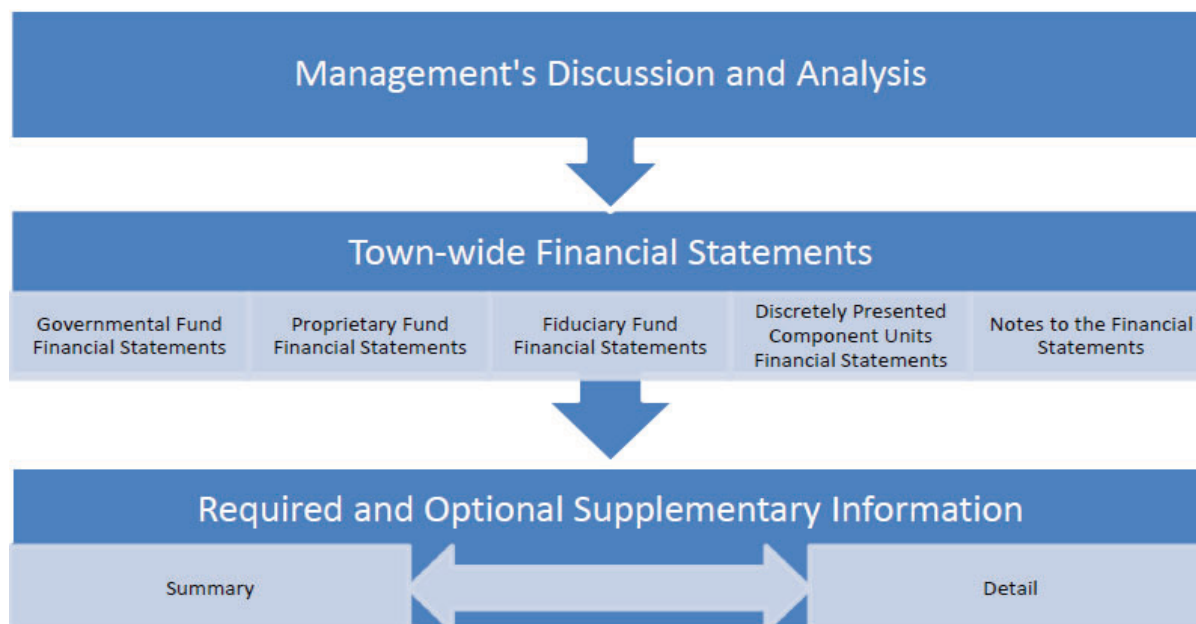
### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at December 31, 2024 by \$1.6 billion (*net position*). Of this amount, \$303.5 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$107.5 million or 7.1 percent.
- As of December 31, 2024, the Town's governmental funds reported combined ending fund balances of \$140.9 million, an increase of \$3.1 million from 2023.
- The Town's long-term liabilities totaled \$119.5 million at the end of 2024. The \$8.8 million or 6.9 percent decrease from 2023 was primarily due to payment of annual debt service.
- On December 31, 2024, the unassigned fund balance for the General Fund was \$28.3 million, which consisted of three-months cash reserves of \$17.3 million to cover cash flow requirements and unappropriated funds of \$10.9 million.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements.

The basic financial statements are comprised of three components: 1) Town-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. This report also contains Other Supplementary Information in addition to the basic financial statements and information about the Downtown Development Authority and the Business Improvement District, the two discretely presented component units of the Town.



## TOWN-WIDE FINANCIAL STATEMENTS

The *Town-wide financial statements* are designed to provide readers with a broad overview of the Town's finances presented in a manner similar to a private-sector business.

The *Statement of Net Position* reports *net position* as the difference between Town-wide assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.



The *Statement of Activities* presents information showing how the Town's net position changed during the year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future period (e.g., uncollected taxes and earned but unused compensated absences).

The Town-wide financial statements distinguish functions of the Town that are primarily supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities of the Town include: general government, public safety (police and fire), public works (streets and transportation), culture and recreation (parks, open space and recreation), and the Castle Rock Urban Renewal Authority. The business-type activities of the Town include: water, water resources, stormwater, wastewater, golf course, community (recreation) center and development services.

The Town-wide financial statements include not only the Town itself (known as the *primary government*), but also legally separate entities for which the Town is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The Castle Rock Urban Renewal Authority, although also legally separate, functions for all practical purposes as a department of the Town, and therefore, has been included as an integral part of the primary government.

## FUND FINANCIAL STATEMENTS

The Town, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Town-wide financial statements. However, unlike the Town-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Town-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Town-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances, provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains eighteen individual governmental funds. Information on the Town's major governmental funds; the General Fund, including the Economic Development, Parking Fund and the TABOR Excess Fund, the Transportation Fund and the Transportation Capital Fund are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the other thirteen governmental funds are aggregated into a single "Other Governmental Funds" column. Individual fund data for each of these non-major governmental funds is provided in the Combining and Individual Statements under the Supplemental Information tab.

The Town adopts an annual budget for all governmental funds. A schedule of revenues, expenditures and changes in funds available budget and actual (non-GAAP budgetary basis) has been provided to demonstrate compliance with the budget.

## **PROPRIETARY FUNDS**

The Town maintains two types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the Town-wide financial statements. The Town uses enterprise funds to account for its water, water resources, stormwater, wastewater, golf course, community center and development services funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's funds and departments. The Town uses internal service funds to account for its fleet of vehicles and to accumulate and pay employee benefits. The internal service funds are included within governmental activities in the Town-wide financial statements since these services predominantly benefit governmental rather than business-type functions.

Proprietary funds provide the same type of information as the Town-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Town's major enterprise funds: Water, Water Resources, Stormwater, and Wastewater. Data from the three other enterprise funds is aggregated into a single "Other Enterprise Funds" column. The internal services funds are also aggregated into a single column on the proprietary fund financial statements. Individual fund data for nonmajor enterprise funds and internal service funds are provided in the form of Combining Statements under the Supplemental Information tab.

## **FIDUCIARY FUNDS**

These funds are used to account for resources held by the Town for the benefit of parties outside of the Town government. Fiduciary activities are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. As of December 31, 2024, the Town's fiduciary activities include the following: one Pension Trust Fund and four custodial funds including the Add-on PIF Fund, Special District Fund, Use Tax Fund and Authority Development Fee Fund.

## REQUIRED SUPPLEMENTARY INFORMATION AND SUPPLEMENTAL INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the Town's progress in funding its obligation to provide pension benefits for firefighters and sworn police officers. The General Fund and Transportation Fund budgets are presented as part of Required Supplementary Information.

The combining and individual fund statements and schedules include detailed information about the non-major governmental funds (non-major special revenue funds and non-major capital projects funds), the nonmajor enterprise funds, the internal service funds and the custodial funds are presented as Supplementary Information.

## TOWN-WIDE FINANCIAL ANALYSIS

The chart below shows a summary comparison of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for 2024 and 2023. Based on that comparison, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources (net position) by \$1.6 billion at the close of 2024. Net position may serve over time as a useful indicator of the Town's financial position.

	NET POSITION					
	DECEMBER 31, 2024 and 2023					
	(In thousands)					
	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>						
Current and other assets	\$ 219,130	\$ 203,219	\$ 422,349	\$ 187,236	\$ 204,606	\$ 391,842
Capital assets	\$ 583,877	791,569	1,375,446	521,547	760,566	1,282,113
Total assets	803,007	994,788	1,797,795	708,783	965,172	1,673,955
<b>DEFERRED OUTFLOWS</b>						
Pension related amounts	11,755	-	11,755	13,001	-	13,001
Loss on refundings	513	141	654	596	200	796
Total deferred outflows	12,268	141	12,409	13,597	200	13,797
<b>LIABILITIES</b>						
Long-term liabilities	43,655	75,822	119,477	46,525	81,804	128,329
Other liabilities	49,729	12,103	61,832	25,936	11,897	37,833
Total liabilities	93,384	87,925	181,310	72,461	93,701	166,162
<b>DEFERRED INFLOWS</b>						
Pension related amounts	2,601	-	2,601	2,949	-	2,949
IREA capital credit	959	-	959	717	-	717
Property tax	1,849	-	1,849	1,926	-	1,926
Leases	749	2,142	2,891	784	2,143	2,927
Total deferred inflows	6,158	2,142	8,300	6,376	2,143	8,519
<b>Net Position</b>						
Net investment in capital assets	540,299	713,708	1,254,007	478,624	686,050	1,164,674
Restricted	63,067	-	63,067	63,904	-	63,904
Unrestricted	112,368	191,153	303,521	101,015	183,478	284,493
Total net position	\$ 715,733	\$ 904,861	\$ 1,620,594	\$ 643,543	\$ 869,528	\$ 1,513,071





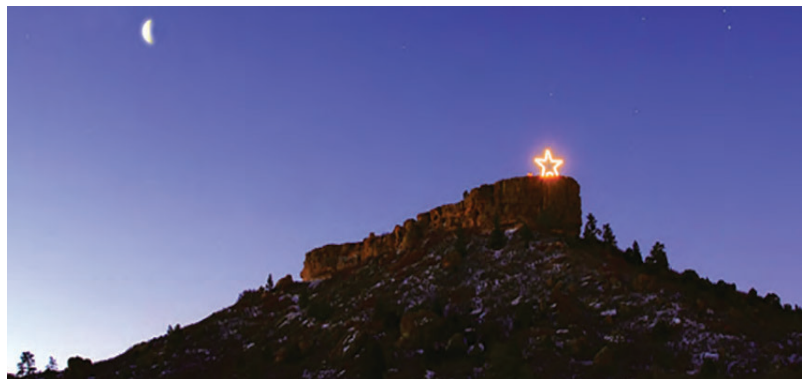
The largest portion of the net position, \$1.3 billion (77 percent), is reflected in the Town's investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure) less any related outstanding debt used to acquire those assets. The Town uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves are not liquidated to pay these liabilities.

An additional portion of the Town's net position, \$63.1 million (3.9 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$303.5 million (18.7 percent), consists primarily of accumulated development fees that will be used to fund infrastructure needs caused by growth, accumulated rates and fees that will be used to fund the long term water plan, and Town and management designated reserves for Business-Type Activities (operating, capital, revenue stabilization, and catastrophic failure).

At the end of 2024, the Town reported positive balances in all three categories of net position, both for the Town as a whole as well as for its separate governmental and business-type activities.

The Town's net position increased \$107.5 million during 2024. There was a \$72.2 million increase in the net position for governmental activities due primarily to cash and asset contributions for various capital projects. Total net position of the business-type activities increased \$35.3 million. This increase was largely the result of system development fees of \$22.9 million due to continued growth in the community and cash contributions as well as developer contribution for various capital projects that are currently in progress and contributed infrastructure from developers of \$20.0 million in the utilities enterprise funds.

*The iconic Castle Rock Star is lighted on top of the rock every year around Thanksgiving and remains lit through the end of the Stock Show in Denver. This tradition has been in place since 1936.*

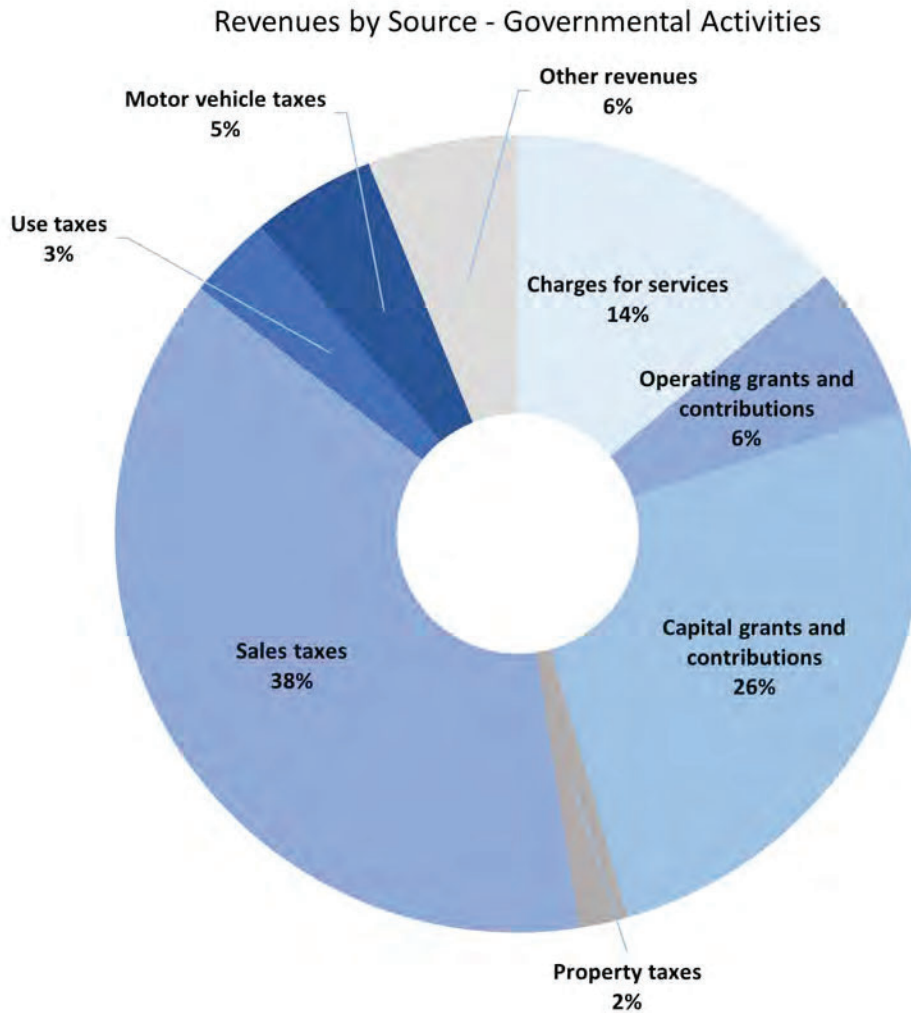


2024 AND 2023 CHANGES IN NET POSITION (in thousands)						
	2024			2023		
	Governmental activities	Business- type activities	Total	Governmental activities	Business- type activities	Total
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 27,117	\$ 69,304	\$ 96,421	\$ 23,015	\$ 62,998	\$ 86,013
Operating grants and contributions	12,252	50	12,302	11,780	-	11,780
Capital grants and contributions	50,173	44,092	94,265	31,521	36,287	67,808
General revenues						
Property taxes	3,860	-	3,860	2,492	-	2,492
Sales taxes	74,620	3,966	78,586	70,726	3,777	74,503
Use taxes	6,701	284	6,984	7,119	289	7,408
Motor vehicle taxes	9,805	619	10,424	10,064	640	10,704
Other revenues	11,836	7,171	19,006	10,352	6,455	16,807
Total revenues	196,363	125,486	321,849	167,069	110,446	277,515
<b>EXPENSES</b>						
General government	23,416	-	23,416	22,412	-	22,412
Public safety	46,086	-	46,086	42,588	-	42,588
Public works	40,871	-	40,871	45,196	-	45,196
Culture and recreation	12,891	-	12,891	11,599	-	11,599
Interest on long- term debt	1,054	-	1,054	1,103	-	1,103
Water	-	24,885	24,885	-	22,914	22,914
Water Resources	-	21,882	21,882	-	15,321	15,321
Stormwater	-	7,921	7,921	-	7,143	7,143
Wastewater	-	13,172	13,172	-	12,463	12,463
Other non-major enterprises	-	22,147	22,147	-	21,772	21,772
Total expenses	124,318	90,007	214,325	122,898	79,613	202,511
Increase in net position before transfers	72,045	35,479	107,524	44,171	30,833	75,004
Transfers	145	(145)	-	964	(964)	-
Increase in net position	72,190	35,334	107,524	45,135	29,869	75,004
Net position - January 1	643,543	869,528	1,513,071	598,408	839,659	1,438,067
Net position - December 31	\$ 715,733	\$ 904,861	\$ 1,620,594	\$ 643,543	\$ 869,528	\$ 1,513,071

*Colorado golfers selected Red Hawk Ridge Golf Course as the Best Denver Region Course - Public / Resort in the 2024 CAGGY awards. Red Hawk Ridge has previously been named the Best 5 and Best Value Course in the CAGGY Awards and is also recognized as a Certified Audubon Cooperative Sanctuary by Audubon International.*



**GOVERNMENTAL ACTIVITIES.** The following chart shows the governmental activities revenues by source. Sales taxes provide 38 percent of the total revenues of the governmental activities. Program revenues including charges for services and grants and contributions provide 46 percent of revenues in the governmental activities. Only 2 percent of the revenues of the governmental activities are provided by property taxes.

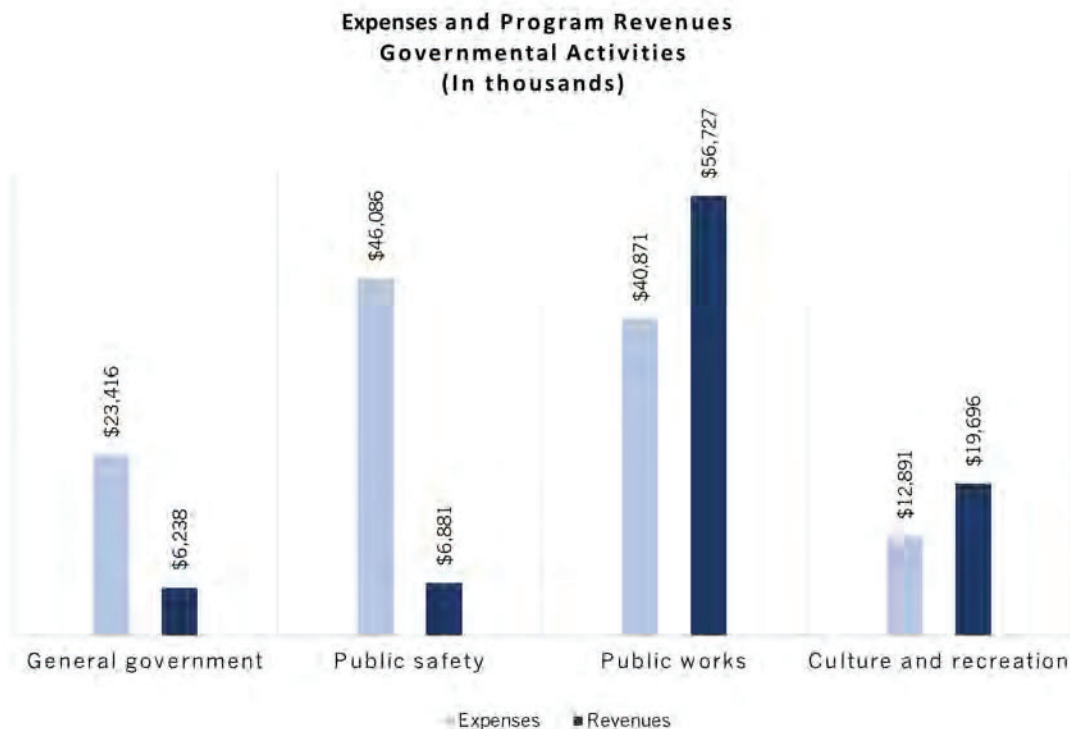


Governmental activities increased the Town's net position by \$72.2 million. Key elements of this change are as follows:

- Sales taxes increased by \$3.9 million or 5.5 percent in 2024 due to increasing consumer confidence and commercial growth within the Town
- Use taxes decreased by \$0.4 million or 5.8 percent in 2024 due to a slowdown in building throughout the community attributable to increased interest rates as well as slow growth in consumer confidence.
- Culture and Recreation charges for services increased by \$3.0 million or 50 percent. This is primarily due to the Town's receiving \$3.7 million from the Douglas County Open Space Shareback funds. No such funding was requested in the prior year.

- Public Safety operating grants and contributions increased by \$694.2 thousand or 107.4 percent due to an increase in School Resource Officer from the Douglas County School District.
- General Government capital grants and contributions increased by \$931.6 thousand or 100 percent due to developer funding for the construction of the railroad quiet zone.
- Public Works capital grants and contributions increased \$18.0 million or 82.6 percent in 2024 due to developer contributions recognized for the construction on the Crystal Valley Interchange.

The chart below shows the extent to which expenses of the various functions of governmental activities are covered by program revenues. Certain program revenues of public works are used for the construction of capital assets. These construction costs are not expensed in the year that the revenues are received but are instead capitalized and depreciated over the life of the assets.



Note: This chart does not include tax revenues, which are the primary source of funding for most governmental activities.



*Castle Rock was recognized as the 6<sup>th</sup> Safest City in Colorado by Safewise in their 2024 report and 13<sup>th</sup> in their 2023 report.*

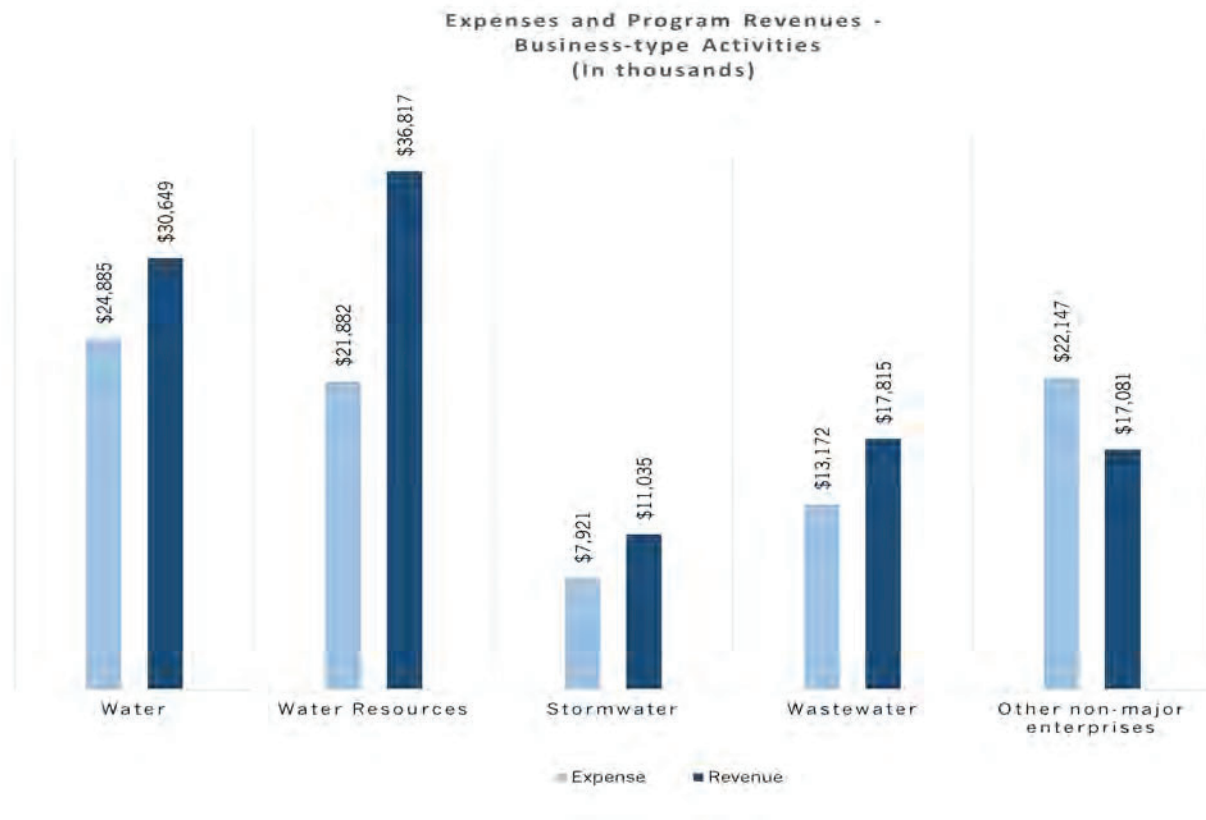


**BUSINESS-TYPE ACTIVITIES.** Business-type activities increased the Town's net position by \$35.3 million, accounting for 32.9 percent of the total growth in the Town's net position. Key elements of this increase are as follows:

The change in net position in business-type activities resulted primarily from Water, Water Resources, Stormwater and Wastewater Fund system development fees of \$22.9 million to be used for future capital projects and contributed cash and infrastructure from developers of \$20.0 million.

The chart that follows reflects all revenues of the enterprise funds including impact fees and system development fees. These impact and development fees can only be used for growth related costs, which are primarily the construction of infrastructure assets.





## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

**GOVERNMENTAL FUNDS.** The focus of the governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a Town's net resources available for spending at the end of the year.

As of December 31, 2024, the governmental funds reported combined ending fund balances of \$140.9 million, which was an increase of \$3.1 million from 2023. Of the \$140.9 million, the unassigned balance is \$27.4 million or 19.5 percent, which is available to spend at the Town's discretion. The unassigned balance includes \$17.3 million in three-month cash reserves to cover cash flow requirements for the General Fund. The remaining fund balance of \$113.5 million, consists of fund balance that otherwise has constraints. These constraints include: \$10.6 million in non-spendable funds due to the nature of prepaid and long-term receivables, \$63.1 million in restricted funds due to revenues restricted for a specific purpose of which portions are not yet designated for a specific project, \$35.3 million in committed funds for spending determined by the Town Council, and \$4.4 million in assigned funds for future planned intentions.

The General Fund is the chief operating fund of the Town, which includes three subsidiary funds; the Economic Development Fund, the Parking Fund, and the TABOR Excess Fund. At the end of 2024, fund balance of the General Fund was \$62.3 million, of which \$28.3 million was unassigned. As a measure of the General Fund's liquidity, unassigned fund balance represents 33.6 percent of the General Fund expenditures of \$87.4 million. The General Fund balance increased by \$4.8 million during 2024.

At the end of 2024, total fund balance of the Transportation Fund was \$16.2 million. Of this amount, \$98.8 thousand is non-spendable funds due to prepaids, and \$16.1 million is committed by Town Council for future projects. Fund balance for the Transportation Fund decreased \$595.0 thousand in 2024. Overall, the Transportation Fund revenues increased slightly by \$562.4 thousand or 1.8 percent in 2024.

The Transportation Capital Fund had a total fund balance of \$29.6 million at the end of 2024, \$3.5 million less than at the end of 2023 as a result of increased capital expenses related to the Crystal Valley Interchange. These funds were included in restricted fund balance in prior years as the Town was accumulating the funding for the project, which started in 2024 and is anticipated to be completed in 2027. The entirety of the Transportation Capital Fund balance is identified as restricted for a certain purpose.

Non-major governmental funds, which rely heavily on growth revenues, saw ending fund balances of \$32.8 million in 2024, \$2.4 million more than at the end of 2023.

**PROPRIETARY FUNDS.** Unrestricted net position of the combined enterprise funds at the end of 2024 were \$190.6 million. The unrestricted net position consists largely of development impact fees that will be used to fund infrastructure needs caused by growth, rates and fees that will be used to fund the long-term water plan and Town and management designated reserves for Business-Type Activities (operating, capital, revenue stabilization, and catastrophic failure). There was no restricted net position at the end of 2024. Net position for enterprise funds increased in 2024 by \$35.0 million with \$5.9 million from Water, \$19.8 million from Water



Resources, \$3.4 million from Stormwater, \$5.7 million from Wastewater. Net position in the other non-major enterprise funds (Golf, Development Services, and Community Center) increased by \$178.5 thousand in 2024.

Charges for services coupled with capital grants, and contributions exceeded expenses and transfers by \$23.3 million. In addition, leases, lease interest, investment earnings and sales taxes contributed another \$11.6 million resulting in the increase to net position of \$35.0 million.

<b>CAPITAL ASSETS</b> <b>(net of depreciation)</b> <b>(In thousands)</b>						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 100,192	\$ 85,799	\$ 24,219	\$ 22,919	\$ 124,411	\$ 108,718
Easements	7,748	7,452	19,197	18,791	26,945	26,243
Right of Ways	16,528	16,528	244	244	16,773	16,772
Artwork	273	273	-	-	273	273
Water Rights	-	-	128,094	126,185	128,094	126,185
Water Rights Definite Life	-	-	49,545	50,126	49,545	50,126
Buildings and Improvements	71,147	62,104	55,222	53,854	126,369	115,958
Machinery and Equipment	12,887	10,570	11,843	11,049	24,731	21,619
Infrastructure	242,789	242,042	339,104	340,604	581,893	582,646
Other Structures and Improvements	43,595	39,285	37,291	15,742	80,887	55,027
Construction in Progress	88,718	57,494	126,808	121,052	215,526	178,546
Total	<u>\$ 583,877</u>	<u>\$ 521,547</u>	<u>\$ 791,569</u>	<u>\$ 760,566</u>	<u>\$ 1,375,447</u>	<u>\$ 1,282,113</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$1.4 billion (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings and improvements, machinery and equipment, infrastructure (roads, highways, bridges, water and sewer systems), and construction in progress.

### MAJOR CAPITAL ASSET EVENTS DURING 2024 INCLUDED:

- Preserved the historical significance of the Cantril School, turning it into a vibrant arts and cultural facility
- Continued progress toward a future Interstate 25 interchange at Crystal Valley Parkway
- Completed construction of Emerald Park in Plum Creek and performed renovation of the Mitchell Gulch Park
- Acquired the 681-acre Lost Canyon Ranch Open Space
- Progressed on long-term water projects and partnerships including WISE, Box Elder, Walker Reservoir, Chatfield Pump Back, and Platte Valley Water Partnership.
- Completed construction of the "Four Corner" intersection improvements at Fifth Street, Ridge Road, State Highway 86, and Founders Parkway.



Additional information concerning the Town's capital assets can be found in the Notes to the Basic Financial Statements on **page(s) 71-72.**

**LONG-TERM DEBT**

	<b>OUTSTANDING DEBT</b>					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue Bond	\$ 22,229,258	\$ 23,073,934	\$ 66,875,231	\$ 71,871,726	\$ 89,104,489	\$ 94,945,660
Certificates of participation	14,776,426	15,278,316	-	-	14,776,426	15,278,316
Notes payable	-	-	6,625,000	7,625,000	6,625,000	7,625,000
Total	<u>\$ 37,005,684</u>	<u>\$ 38,352,250</u>	<u>\$ 73,500,231</u>	<u>\$ 79,496,726</u>	<u>\$ 110,505,915</u>	<u>\$ 117,848,976</u>
The town has no general obligation bonds outstanding						

At the end of 2024, the Town had total long-term debt outstanding of \$110.5 million. Of this amount, there were no general obligation bonds outstanding. There were revenue bonds of \$89.1 million secured by specific revenue sources and \$13.5 million in certificates of participation. The remainder of the debt \$6.6 million consists of notes payable agreements.

The Town's total long-term debt decreased by \$7.3 million or 6.2 percent in 2024, due to scheduled annual principal payments.

Additional information on the Town's long-term debt can be found in the Notes to the Basic Financial Statements on **page(s) 73-78**.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Unspent capital project appropriations do not automatically carry over into the new year, but unspent amounts are re-appropriated in the following year. The increase in total expenditures of \$11.6 million between the total "original" budgets and the "final" amended budgets for the General Fund, excluding subsidiary funds, was in part due to carryforward of previously unspent capital items totaling \$3.8 million and supplemental appropriations totaling \$7.8 million, which included funds for open space acquisition, master planning and trail design for Lost Canyon, as well as increased funding for various operating needs. The largest components of the capital carryforward in the General Fund were \$1.0 million for the Downtown Quite Zone project, \$1.1 million for building improvements to the historic Cantril School in the downtown area, and \$1.3 million for annual trail improvements.

When comparing budgeted to actual expenditures in the General Fund and subsidiary Economic Development Fund, Parking Fund, and TABOR Excess Fund there were positive variances of \$6 million, \$451 thousand, \$28 thousand, and \$329 thousand respectively. For the General Fund, this was made up of \$3.7 million or 61 percent in personnel expenses, \$738 thousand or 12 percent in supplies, \$1.9 million or 32 percent in services and other expenses such as utility costs, vehicle repairs, and contingencies. For the Economic Development Fund, the \$451 thousand were economic development opportunities that have not yet come to fruition in 2024 and will be re-appropriated in a future year. For the Parking Fund, the \$28 thousand positive variance was attributable to unspent maintenance and other costs associated with the public parking spaces. For the TABOR Excess Fund, the \$329 thousand positive variance was attributable to unspent funds in services and other for the Wildfire prevention project, these funds will be re-appropriated in 2025.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the development of the 2025 Budget, the Town considered the following factors:

The Town experienced a decline in growth during 2024 with the issuance of permits for 415 new residential units (371 single family, 44 multi-family), and 69,024 square feet of nonresidential development (39,966 square feet of commercial/ retail, 10,500 square feet of office space, and 18,558 square feet of warehouse development). For the 2025 budget, the Town budgeted 400 new residential units, 110 multifamily units and roughly 77,000 square feet of commercial development.

In November 2024, voters approved a 0.2 percent increase in the Town sales and use tax to fund 40 additional public safety personnel between 2025 and 2029. This dedicated revenue stream will be accounted for in the Public Safety Fund and transferred into the General Fund to supplement funding for Public Safety purposes.

The Town collects nine different development and impact fees to defray the costs of new infrastructure needs that are caused by growth. The Town has fee schedules for its various development, system development and impact fees. Impact fees are adjusted annually for inflation.

Existing rates and fees are set pursuant to Town Council approved schedules or policies. The 2025 budget includes a 4.5 percent increase to the Water Fund volumetric and fixed monthly service charges, a 7.5 percent increase in the Water Resources Fund for the fixed monthly service charge, a 4.5 percent increase in the Stormwater Fund for the fixed monthly service charge, and no change to the Wastewater Fund for either the volumetric or fixed monthly service charges. Inflationary increases are planned for all other development impact fees, as previously approved by Council.

Golf green fees increased 3 percent or \$2.50 on average, for most rounds.

The 2025 budget provides for \$159 million in capital improvements. This includes the following significant projects:

- Annual trail improvements
- Master planning and trail design for the Lost Canyon Open Space
- Widening of 5<sup>th</sup> Street from Woodlands Boulevard to Ridge Road
- Continued construction of the Crystal Valley Interchange
- Expansion of Crowfoot Valley Road from Founders Boulevard to Sapphire Pointe
- Rehabilitate and replace existing Town of Castle Rock wells and water lines as they approach the end of their useful lives
- Increased facility security in accordance with the Facilities Vulnerability Assessment and Supervisory Control and Data Acquisition (SCADA) Master Plan and accomplish future year water transmission and distribution facility upgrades
- Expansion of the Plum Creek Water Purification Facility for the effective treatment of the Town's Plum Creek surface water and reuse water supplies
- Continued acquisition of sustainable water supplies to import to the Town with a focus on proximity and feasibility in order to meet the goal of 75 percent renewable water
- Continued additional pipeline connections and infrastructure expansion as part of the Water Infrastructure and Supply Efficiency (WISE) project
- Upgrades to the Plum Creek Diversion structure to remove large amounts of sediment loads from the stream that cause operational issues.



- Continued stream channel stabilization throughout Castle Rock
- Rehabilitate or replace existing sewer lines due to age or failing infrastructure.
- Replacement and additions to the Town vehicle and equipment fleet

This financial report is designed to provide a general overview for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Finance Department, 100 North Wilcox Street, Castle Rock, Colorado 80104.

***The Town of Castle Rock offers many ways to stay connected and informed such as:***





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## **Basic Financial Statements**

**Town-wide Financial Statements**

**Fund Financial Statements**

**Notes to the Basic Financial Statements**

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## **Town-wide Financial Statements**





## TOWN OF CASTLE ROCK, COLORADO

**TOWN-WIDE**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 120,112,575	\$ 82,823,072	\$ 202,935,647	\$ 1,359,776
Investments	49,203,104	61,300,006	110,503,110	-
Cash held in escrow	1,670,216	580,892	2,251,108	-
Receivables				
Property taxes	1,848,593	-	1,848,593	251,907
Sales taxes	9,184,966	508,930	9,693,896	-
Accounts, net of allowance	34,340,006	6,097,339	40,437,345	919
Leases	815,322	2,253,058	3,068,380	-
Notes	-	6,051,724	6,051,724	-
Long term receivable	959,022	-	959,022	-
Internal balances	236,178	(236,178)	-	-
Prepaid items	759,599	366,178	1,125,777	-
Inventory	-	120,205	120,205	-
Capital assets				
Land	100,191,841	24,219,144	124,410,985	-
Water rights	-	201,103,935	201,103,935	-
Artwork	272,733	-	272,733	-
Right of way	16,528,108	244,469	16,772,577	-
Easements	7,748,233	19,196,894	26,945,127	-
Construction in progress	88,717,692	126,808,001	215,525,693	16,369,970
Buildings and improvements	97,671,757	73,174,098	170,845,855	159,366
Infrastructure	475,723,792	536,512,771	1,012,236,563	-
Other structures and improvements	94,610,452	44,805,351	139,415,803	-
Machinery and equipment	51,907,235	23,007,045	74,914,280	-
Accumulated depreciation	(349,494,802)	(257,502,806)	(606,997,608)	(126,184)
Leased Buildings	-	-	-	47,509
Accumulated amortization	-	-	-	(47,509)
Restricted cash and cash equivalents	-	500,815	500,815	2,074,579
Investment in joint venture	-	42,853,041	42,853,041	-
Total assets	803,006,622	994,787,984	1,797,794,606	20,090,333
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	11,754,888	-	11,754,888	-
Loss on refundings	513,131	141,229	654,360	-
Total deferred outflows of resources	12,268,019	141,229	12,409,248	-

The notes to the financial statements are an integral part of the financial statements

## TOWN OF CASTLE ROCK, COLORADO

**TOWN-WIDE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
<b>LIABILITIES</b>				
Accounts payable	11,269,014	7,131,213	18,400,227	41,212
Retainage payable	2,421,880	1,648,405	4,070,285	-
Accrued liabilities	92,369	216,642	309,011	122,442
Deposits	3,417,325	1,614,540	5,031,865	3,030
Unearned revenues	32,528,459	1,492,252	34,020,711	-
Noncurrent liabilities				
Due within one year	5,147,378	6,461,982	11,609,360	380,000
Due beyond one year	38,507,666	69,360,398	107,868,064	31,867,192
Total liabilities	93,384,091	87,925,432	181,309,523	32,413,876
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related amounts	2,601,489	-	2,601,489	-
IREA capital credit	959,022	-	959,022	-
Property tax	1,848,593	-	1,848,593	251,907
Leases	748,745	2,142,480	2,891,225	-
Total deferred inflows of resources	6,157,849	2,142,480	8,300,329	251,907
<b>NET POSITION</b>				
Net investment in capital assets	540,298,626	713,708,485	1,254,007,111	(10,941,397)
Restricted for parks and open space	2,279,446	-	2,279,446	-
Restricted for emergencies	3,928,911	-	3,928,911	18,841
Restricted for public safety and transportation	6,533,951	-	6,533,951	-
Restricted for capital projects	50,322,409	-	50,322,409	-
Restricted for debt service	-	-	-	58,145
Restricted for other purposes	1,516	-	1,516	-
Unrestricted	112,367,842	191,152,816	303,520,658	(1,711,039)
Total net position	\$ 715,732,701	\$ 904,861,301	\$ 1,620,594,002	\$ (12,575,450)

The notes to the financial statements are an integral part of the financial statements

# Town of Castle Rock, Colorado

## Statement of Activities

### Year Ended December 31, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Component Units
<b>Primary Government</b>								
Governmental activities								
General government	\$ 23,416,143	\$ 5,206,929	\$ 99,701	\$ 931,594	\$ (17,177,919)	\$ -	\$ (17,177,919)	\$ -
Public safety	46,085,925	5,499,623	1,340,733	40,866	(39,204,703)	-	(39,204,703)	-
Public works	40,871,253	7,421,620	9,728,253	39,577,206	15,855,826	-	15,855,826	-
Culture and recreation	12,890,855	8,989,064	1,083,615	9,623,135	6,804,959	-	6,804,959	-
Interest and fiscal charges	1,049,895	-	-	-	(1,049,895)	-	(1,049,895)	-
Agency fees	4,400	-	-	-	(4,400)	-	(4,400)	-
Total governmental activities	<u>124,318,471</u>	<u>27,117,236</u>	<u>12,252,302</u>	<u>50,172,801</u>	<u>(34,776,132)</u>	<u>-</u>	<u>(34,776,132)</u>	<u>-</u>
Business-type activities								
Water	24,884,604	21,211,304	-	9,437,448	-	5,764,148	5,764,148	-
Water resources	21,882,114	14,509,591	50,000	22,307,013	-	14,984,490	14,984,490	-
Stormwater	7,920,555	4,333,226	-	6,701,985	-	3,114,656	3,114,656	-
Wastewater	13,172,146	12,214,811	-	5,600,066	-	4,642,731	4,642,731	-
Other non-major enterprises	22,147,282	17,035,295	-	45,963	-	(5,066,024)	(5,066,024)	-
Total business-type activities	<u>90,006,701</u>	<u>69,304,227</u>	<u>50,000</u>	<u>44,092,475</u>	<u>-</u>	<u>23,440,001</u>	<u>23,440,001</u>	<u>-</u>
Total primary government	<u>\$ 214,325,172</u>	<u>\$ 96,421,463</u>	<u>\$ 12,302,302</u>	<u>\$ 94,265,276</u>	<u>\$ (34,776,132)</u>	<u>\$ 23,440,001</u>	<u>\$ (11,336,131)</u>	<u>\$ -</u>
Component Units	<u>4,775,313</u>	<u>27,220</u>	<u>-</u>	<u>-</u>				<u>(4,748,093)</u>
<b>General Revenues</b>								
Property					3,860,167	-	3,860,167	354,988
Sales					74,619,717	3,965,888	78,585,605	-
Use					6,700,842	283,601	6,984,443	-
Lodging					665,223	-	665,223	-
Motor vehicle					9,804,743	619,073	10,423,816	-
Other					4,220,728	-	4,220,728	247,603
Intergovernmental revenues					-	-	-	217,544
Unrestricted investment earnings					5,944,080	6,709,999	12,654,079	156,791
Other revenues not restricted for a purpose					1,005,529	460,562	1,466,091	87
Transfers					<u>145,033</u>	<u>(145,033)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>106,966,062</u>	<u>11,894,090</u>	<u>118,860,152</u>	<u>977,013</u>
Change in net position					<u>72,189,930</u>	<u>35,334,091</u>	<u>107,524,021</u>	<u>(3,771,080)</u>
Net position (deficit) - January 1					<u>643,542,771</u>	<u>869,527,210</u>	<u>1,513,069,981</u>	<u>(8,804,370)</u>
Net position (deficit) - December 31					<u>\$ 715,732,701</u>	<u>\$ 904,861,301</u>	<u>\$ 1,620,594,002</u>	<u>\$ (12,575,450)</u>

The notes to the financial statements are an integral part of the financial statements



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## Fund Financial Statements

## GOVERNMENTAL FUNDS

Major governmental funds include the General Fund and any governmental fund that comprises 10% or more of a total governmental fund classification (assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures) and at least 5% of the combined governmental and enterprise funds total for the same classification.

### MAJOR FUNDS

#### General Fund

The General Fund is the primary operating fund of the Town. This fund accounts for all financial resources of the Town except those required to be accounted for in another fund. There are three sub-funds of the General Fund: Economic Development, Parking, and TABOR Excess. Economic Development is used to facilitate expansion of the tax base, through primary job creation and improved local economy. Parking is used to account for public parking garage maintenance and debt payments related to the Encore Redevelopment Agreement. TABOR Excess is used to account for revenues in excess of the TABOR cap from 2021 through 2031 as approved by voters.

#### Transportation Fund

The Transportation Fund is a special revenue fund that accounts for revenue sources, including taxes, intergovernmental and charges for services that are committed to the furtherance of transportation projects within the Town of Castle Rock, maintenance of existing roads and infrastructure and the overall operations of the public works department.

#### Transportation Capital Fund

The Transportation Capital Fund is a capital projects fund that accounts for the resources and expenditures for the construction of new transportation projects which accommodate growth in the Castle Rock area.

### NON-MAJOR FUNDS

#### Other Governmental Funds

The Other Governmental Funds column is an aggregate of the following non-major governmental funds.

##### ***Special Revenue Funds***

Conservation Trust  
Philip S. Miller Trust  
Public Art  
Police Forfeiture  
Downtown Development Authority TIF  
Castle Rock Urban Renewal Authority  
Parks and Recreation Lodging Tax  
Festival Commons GID

##### ***Capital Project Funds***

Parks and Recreation Capital  
Municipal Facilities Capital  
Fire Capital  
Police Capital  
General Long Term Planning



## TOWN OF CASTLE ROCK, COLORADO

## GOVERNMENTAL FUNDS

## BALANCE SHEET

DECEMBER 31, 2024

	General	Transportation	Transportation Capital	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 32,978,721	\$ 12,454,741	\$ 25,466,093	\$ 31,292,656	\$ 102,192,211
Investments	17,133,254	5,009,474	19,762,623	4,900,778	46,806,129
Cash held in Escrow	-	-	-	1,670,216	1,670,216
Receivables					
Property taxes	1,582,280	-	-	266,313	1,848,593
Sales taxes	7,246,187	1,938,779	-	-	9,184,966
Accounts, net	3,925,252	1,471,166	28,433,153	329,107	34,158,678
Leases	-	-	-	815,322	815,322
Prepaid items	652,049	98,756	-	1,461	752,266
Loans to other funds	10,449,477	-	-	1,778,075	12,227,552
Total assets	<u>\$ 73,967,220</u>	<u>\$ 20,972,916</u>	<u>\$ 73,661,869</u>	<u>\$ 41,053,928</u>	<u>\$ 209,655,933</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 3,069,318	\$ 1,224,094	\$ 3,812,117	\$ 2,043,621	\$ 10,149,150
Retainage payable	-	197,050	2,019,876	204,954	2,421,880
Deposits	3,417,325	-	-	-	3,417,325
Unearned revenues	1,881,763	3,173,935	25,000,000	1,710,216	31,765,914
Loans from other funds	1,661,096	-	6,500,000	3,238,795	11,399,891
Total liabilities	<u>10,029,502</u>	<u>4,595,079</u>	<u>37,331,993</u>	<u>7,197,586</u>	<u>59,154,160</u>
Deferred inflows of resources					
Property taxes	1,582,280	-	-	266,313	1,848,593
Unavailable fund resources	95,959	226,053	6,695,106	24,590	7,041,708
Leases	-	-	-	748,745	748,745
Total liabilities and deferred inflows of resources	<u>11,707,741</u>	<u>4,821,132</u>	<u>44,027,099</u>	<u>8,237,234</u>	<u>68,793,206</u>
Fund balances					
Nonspendable	10,543,134	98,756	-	1,461	10,643,351
Restricted	10,462,862	-	29,634,770	22,968,601	63,066,233
Committed	10,321,306	16,053,028	-	8,928,186	35,302,520
Assigned	2,661,615	-	-	1,778,075	4,439,690
Unassigned	28,270,562	-	-	(859,629)	27,410,933
Total fund balances	<u>62,259,479</u>	<u>16,151,784</u>	<u>29,634,770</u>	<u>32,816,694</u>	<u>140,862,727</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 73,967,220</u>	<u>\$ 20,972,916</u>	<u>\$ 73,661,869</u>	<u>\$ 41,053,928</u>	<u>\$ 209,655,933</u>

The notes to the financial statements are an integral part of the financial statements.

**TOWN OF CASTLE ROCK, COLORADO**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2024**


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Total governmental funds - fund balances \$ 140,862,727

**Amounts reported for governmental activities in the Statement of Net Position are different from  
governmental fund balances because:**

Net capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Less \$11,921,663 internal service fund capital assets. 571,955,378

Long-term receivables related to regulatory activities do not provide current financial resources until received and therefore are not recorded in the funds. 959,022

Internal service funds are used by management to charge the costs of insurance, employee benefits, vehicle replacement, and other activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, net of the amount allocated to business-type activities. 29,925,367

Deferred outflows of resources, related to the loss on refundings is amortized over future reporting periods and is not recorded in the funds. 513,131

Deferred outflows of resources of \$11,754,888 and inflows of resources of (\$2,601,489), related to pension activity, that represent acquisition or consumption of net position that applies to future reporting periods and therefore are not reported in the funds. 9,153,399

Revenues associated with long-term receivables related to regulatory activities are not recognized in the fund statements until expended for the intended purpose. These revenues are reported as deferred inflows of resources in the governmental statement of net position. (959,022)

Long-term liabilities, including bonds payable, capital leases, compensated absences and accrued interest payable are not due and payable in the current period and therefore are not reported in the governmental funds. (43,569,836)

Net pension liabilities are not due and payable in the current period and therefore not reported in the funds. (149,173)

Deferred inflows of resources related to unavailable fund resources are recognized as revenue in the Townwide financial statements. 7,041,708

Net position of the governmental activities \$ 715,732,701

## TOWN OF CASTLE ROCK, COLORADO

## GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2024

	General	Transportation	Transportation Capital	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property	\$ 1,755,403	\$ -	\$ -	\$ 2,104,764	\$ 3,860,167
Sales	57,194,615	15,071,344	-	2,353,758	74,619,717
Use	1,444,888	2,252,505	1,686,975	1,316,474	6,700,842
Motor vehicle	6,310,815	3,493,928	-	-	9,804,743
Lodging	-	-	-	665,223	665,223
Other taxes	3,340,122	-	-	30,986	3,371,108
Charges for services	4,369,126	-	-	441,138	4,810,264
Development impact fees	-	-	7,421,620	5,878,555	13,300,175
Management fees	4,548,730	-	-	-	4,548,730
Licenses and permits	103,438	-	-	224,579	328,017
Fines and forfeitures	279,854	-	-	-	279,854
Investment earnings	1,760,208	876,032	1,504,466	957,256	5,097,962
Lease interest	-	-	-	31,727	31,727
Intergovernmental	10,183,247	9,792,398	8,277,645	4,479,814	32,733,104
Contributions and donations	980,230	-	22,495,532	281,826	23,757,588
Leases	-	-	-	35,549	35,549
Other	648,059	35,102	74,985	362,030	1,120,176
Total revenues	92,918,735	31,521,309	41,461,223	19,163,679	185,064,946
<b>EXPENDITURES</b>					
Current					
General government	17,727,149	-	-	4,224,747	21,951,896
Public safety	47,026,145	-	-	-	47,026,145
Public works	-	25,981,730	-	-	25,981,730
Culture and recreation	5,946,157	-	-	3,381,002	9,327,159
Capital outlay	16,334,355	1,367,707	47,511,007	9,398,979	74,612,048
Debt service					
Principal	-	730,000	-	450,000	1,180,000
Interest	339,400	174,038	362,387	260,612	1,136,437
Agency fees	2,000	-	400	2,000	4,400
Total expenditures	87,375,206	28,253,475	47,873,794	17,717,340	181,219,815
Excess (deficiency) of revenues over (under) expenditures	5,543,529	3,267,834	(6,412,571)	1,446,339	3,845,131
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,753,478	-	3,000,000	3,467,393	8,220,871
Transfers out	(2,499,045)	(3,862,829)	(97,500)	(2,484,477)	(8,943,851)
Total other financing sources (uses)	(745,567)	(3,862,829)	2,902,500	982,916	(722,980)
Net change in fund balances	4,797,962	(594,995)	(3,510,071)	2,429,255	3,122,151
Fund balances - January 1	57,461,517	16,746,779	33,144,841	30,387,439	137,740,576
Fund balances - December 31	\$ 62,259,479	\$ 16,151,784	\$ 29,634,770	\$ 32,816,694	\$ 140,862,727

The notes to the financial statements are an integral part of the financial statements.

## TOWN OF CASTLE ROCK, COLORADO

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024**


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Net change in fund balances total government funds	\$ 3,122,151
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
Governmental funds report capital outlay \$74,612,048 as an expenditure while in the statement of activities the cost of those assets are capitalized and allocated over the estimated useful lives and reported as depreciation expense (\$21,498,282). This amount is the net difference between capital outlay and depreciation reported in the current period, less depreciation related to internal service funds.	53,113,766
Contributed assets do not require the use of current financial resources of governmental funds, but are treated as revenues in the statement of activities. In 2024 the Town received capital assets for infrastructure streets (public works) valued at \$3,941,587, and land and easements (culture and recreation) valued at \$873,880.	4,815,467
Loss on disposal of capital assets do not require the use of current financial resources of the governmental funds, but are treated as program expenses in the statement of activities.	(2,812)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.	875,211
Internal service funds are used by management to charge the costs of insurance and employee benefits to individual funds, and to provide vehicle repair, maintenance and replacement. The net revenue (expenditures) of the internal service funds is reported with the governmental activities, net of the amount allocated to business-type activities.	4,446,597
Pension related expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the funds.	1,000,606
Deferred inflows of resources related to unavailable fund resources are not recognized as revenue in the governmental funds.	<u>4,818,944</u>
Change in net position of governmental activities	<u>\$ 72,189,930</u>

The notes to the financial statements are an integral part of the financial statements.

## **PROPRIETARY FUNDS**

Major proprietary funds are enterprise funds that comprise 10% or more of a total enterprise fund classification (assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures) and at least 5% of the combined governmental and enterprise funds total for the same classification.

Enterprise funds account for operations that are financed and operated in a manner similar to private business where costs are predominantly supported by user charges or where management has decided periodic determination of revenues, expenses and / or changes in net position is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

### **MAJOR FUNDS**

#### **Water Fund**

The Water Fund accounts for activities related to water well development and extraction, water treatment, water transportation systems and for the repair and maintenance of such facilities.

#### **Water Resources Fund**

The Water Resources Fund accounts for the Town's activities related to the analysis and measurement of the long-term water needs of the Town including conservation promotion and the development and maintenance of ground water and renewable water sources.

#### **Stormwater Fund**

The Stormwater Fund accounts for the development, operation and maintenance of infrastructure related to storm water run-off including storm sewers, detention ponds and other drainage ways within the Town.

#### **Wastewater Fund**

The Wastewater Fund accounts for the development and operation of activities related to the collection and treatment of wastewater.

### **NON-MAJOR FUNDS**

#### **Other Enterprise Funds**

Golf Fund

Community Center Fund

Development Services Fund



## TOWN OF CASTLE ROCK, COLORADO

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	Water	Water Resources	Stormwater	Wastewater
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 6,154,040	\$ 52,056,920	\$ 3,733,587	\$ 17,081,545
Investments	10,321,570	36,963,544	2,830,738	7,082,380
Cash held in escrow	580,892	-	-	-
Receivables				
Sales taxes	-	-	-	-
Accounts	1,772,357	1,713,639	1,267,044	1,249,746
Leases	6,915	-	-	-
Notes	-	157,925	-	-
Prepaid items	66,074	49,188	39,669	37,932
Inventory	-	-	-	-
Total current assets	18,901,848	90,941,216	7,871,038	25,451,603
Non-current assets				
Capital assets				
Land	3,680,807	9,316,709	4,679,350	947,834
Easements	3,015,882	2,170,083	13,086,253	918,576
Right of way	28,024	-	216,445	-
Water rights	89,222,710	111,881,225	-	-
Construction in progress	25,896,580	92,316,428	5,807,218	2,778,641
Buildings and improvements	4,860,183	44,671,189	1,712,683	3,152,191
Infrastructure	249,038,224	59,135,335	112,912,004	115,427,208
Machinery and equipment	6,985,732	10,425,048	386,005	2,146,987
Other structures and improvements	15,496,565	12,645,529	12,697,846	1,548,156
Accumulated depreciation	(144,921,018)	(21,479,441)	(32,660,683)	(47,637,996)
Total capital assets (net of accumulated depreciation)	253,303,689	321,082,105	118,837,121	79,281,597
Restricted cash and cash equivalents	-	-	-	-
Investment in joint venture	-	-	-	42,853,041
Leases receivable	2,246,143	-	-	-
Notes receivable	-	5,893,799	-	-
Loans to other funds	-	1,661,096	-	4,820,000
Total noncurrent assets	255,549,832	328,637,000	118,837,121	126,954,638
Total Assets	274,451,680	419,578,216	126,708,159	152,406,241
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on refundings	31,211	-	-	-
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	1,375,360	3,199,034	267,687	1,646,355
Retainage payable	548,850	968,399	105,892	25,264
Accrued interest payable	5,333	197,337	10,600	-
Deposits	1,589,750	-	-	-
Revenue bonds payable-current	625,000	3,315,000	-	-
Notes payable-current	-	-	1,030,000	-
Accrued leave-current	332,992	65,872	112,707	41,650
Unearned revenues	449,725	13,412	611,161	44,903
Total current liabilities	4,927,010	7,759,054	2,138,047	1,758,172
Noncurrent liabilities				
Revenue bonds net unamortized premiums (discounts)	775,373	60,744,858	-	-
Notes payable	-	-	5,595,000	-
Accrued leave	625,996	-	67,603	-
Loans from other funds	4,820,000	-	-	-
Total noncurrent liabilities	6,221,369	60,744,858	5,662,603	-
Total liabilities	11,148,379	68,503,912	7,800,650	1,758,172
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases	2,142,480	-	-	-
<b>Net Position</b>				
Net investment in capital assets	250,928,568	253,332,865	111,983,070	79,233,030
Unrestricted	10,263,464	97,741,439	6,924,439	71,415,039
Total net position	\$ 261,192,032	\$ 351,074,304	\$ 118,907,509	\$ 150,648,069

The notes to the financial statements are an integral part of the financial statements

Other Enterprise Funds	Total Enterprise Funds	Governmental Activities	
		Internal Service Funds	
\$ 3,796,980	\$ 82,823,072	\$ 17,920,364	
4,101,774	61,300,006	2,396,975	
-	580,892	-	
508,930	508,930	-	
94,553	6,097,339	181,328	
-	6,915	-	
-	157,925	-	
173,315	366,178	7,333	
120,205	120,205	-	
8,795,757	151,961,462	20,506,000	
5,594,444	24,219,144	-	
6,100	19,196,894	-	
-	244,469	-	
-	201,103,935	-	
9,134	126,808,001	4,275,976	
18,777,852	73,174,098	43,590	
-	536,512,771	-	
3,063,273	23,007,045	32,999,488	
2,417,255	44,805,351	-	
(10,803,668)	(257,502,806)	(25,397,391)	
19,064,390	791,568,902	11,921,663	
500,815	500,815	-	
-	42,853,041	-	
-	2,246,143	-	
-	5,893,799	-	
-	6,481,096	-	
19,565,205	849,543,796	11,921,663	
28,360,962	1,001,505,258	32,427,663	
110,018	141,229	-	
642,777	7,131,213	1,119,864	
-	1,648,405	-	
3,372	216,642	-	
24,790	1,614,540	-	
460,000	4,400,000	-	
-	1,030,000	-	
478,761	1,031,982	28,404	
373,051	1,492,252	762,545	
1,982,751	18,565,034	1,910,813	
955,000	62,475,231	-	
-	5,595,000	-	
596,568	1,290,167	-	
2,488,757	7,308,757	-	
4,040,325	76,669,155	-	
6,023,076	95,234,189	1,910,813	
-	2,142,480	-	
18,230,952	713,708,485	11,815,957	
4,216,952	190,561,333	18,700,893	
\$ 22,447,904	\$ 904,269,818	\$ 30,516,850	

**TOWN OF CASTLE ROCK, COLORADO**
**RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF NET POSITION  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2024**


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Total enterprise net position	\$	904,269,818
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**Amounts reported for business-type activities in the Statement of Net Position are  
different from the enterprise funds Net Position because:**

Internal balances between the governmental activities and the business-type activities result from the allocation of the internal service funds profit / loss that are attributable to the business-type activities: water, water resources, stormwater, wastewater, golf, community center and development services.

591,483
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Net position of the business-type activities	\$	904,861,301
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**TOWN OF CASTLE ROCK, COLORADO****PROPRIETARY FUNDS****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Water</b>	<b>Water Resources</b>	<b>Stormwater</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 20,556,540	\$ 14,115,976	\$ 4,333,226
Fines and forfeitures	316,544	132,420	-
Intergovernmental	450,700	50,000	-
Contributions and donations	-	-	-
Other	199,467	491,223	120,206
Total operating revenues	21,523,251	14,789,619	4,453,432
<b>OPERATING EXPENSES</b>			
Cost of sales and services	-	-	-
Operations	16,924,834	16,529,606	4,110,034
Net loss from joint venture	-	-	-
Depreciation	8,064,096	3,590,163	3,778,628
Total operating expenses	24,988,930	20,119,769	7,888,662
Operating Income (Loss)	(3,465,679)	(5,330,150)	(3,435,230)
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Taxes	-	-	-
Investment earnings	437,027	4,490,339	300,443
Lease interest	100,840	-	-
Leases	52,484	-	-
Gain (loss) on disposal of capital assets	(47,975)	-	-
Interest expense	(52,689)	(1,738,394)	(144,464)
Agency and other fees	(800)	(600)	-
Total non-operating revenues (expenses)	488,887	2,751,345	155,979
Net income (loss) before contributions and transfers	(2,976,792)	(2,578,805)	(3,279,251)
<b>CONTRIBUTIONS AND TRANSFERS</b>			
System development fees	3,727,089	16,258,709	1,042,524
Capital asset contributions	5,428,346	6,048,304	5,657,146
Capital grants and gifts	-	-	-
Transfers in	-	26,523	-
Transfers out	(244,144)	-	-
Total contributions and transfers	8,911,291	22,333,536	6,699,670
Change in fund net position	5,934,499	19,754,731	3,420,419
Total net position - January 1	255,257,533	331,319,573	115,487,090
Total net position - December 31	\$ 261,192,032	\$ 351,074,304	\$ 118,907,509

The notes to the financial statements are an integral part of the financial statements



		Governmental Activities	
Wastewater	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 12,214,811	\$ 17,035,033	\$ 68,255,586	\$ 16,503,954
-	-	448,964	-
-	-	500,700	-
-	45,963	45,963	-
25,645	34,352	870,893	2,745,949
12,240,456	17,115,348	70,122,106	19,249,903
-	-	-	13,953,249
9,612,465	21,169,615	68,346,554	-
452,158	-	452,158	-
3,199,976	877,113	19,509,976	2,297,021
13,264,599	22,046,728	88,308,688	16,250,270
(1,024,143)	(4,931,380)	(18,186,582)	2,999,633
-	4,868,562	4,868,562	-
1,121,883	259,467	6,609,159	814,391
-	-	100,840	-
-	-	52,484	-
-	-	(47,975)	142,171
-	(90,402)	(2,025,949)	-
-	(300)	(1,700)	-
1,121,883	5,037,327	9,555,421	956,562
97,740	105,947	(8,631,161)	3,956,195
1,905,148	-	22,933,470	-
2,895,297	-	20,029,093	-
770,111	-	770,111	-
-	125,000	151,523	868,013
-	(52,412)	(296,556)	-
5,570,556	72,588	43,587,641	868,013
5,668,296	178,535	34,956,480	4,824,208
144,979,773	22,269,369	869,313,338	25,692,642
\$ 150,648,069	\$ 22,447,904	\$ 904,269,818	\$ 30,516,850

**TOWN OF CASTLE ROCK, COLORADO****RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET POSITION TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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Change in net position total enterprise funds	\$	34,956,480
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**Amounts reported for business-type activities in the statement of activities are different because:**

Internal balances between the governmental activities and the business-type activities result from the allocation of the internal service funds profit / loss that are attributable to the business-type activities: water, water resources, stormwater, wastewater, golf, community center and development services.

		<u>377,611</u>
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Changes in net position of business-type activities	\$	<u><u>35,334,091</u></u>
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## TOWN OF CASTLE ROCK, COLORADO

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Water	Water Resources	Stormwater
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 22,362,545	\$ 14,413,861	\$ 3,996,314
Receipts from interfund services provided	-	-	-
Other operating receipts (payments)	450,700	50,000	-
Payments to suppliers	(11,307,844)	(13,046,399)	(1,746,612)
Payments to employees	(5,606,820)	(3,281,620)	(2,349,578)
Net cash provided by (used in) operating activities	5,898,581	(1,864,158)	(99,876)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Cash transfers in	-	26,523	-
Cash transfers out	(244,144)	-	-
Receipts from taxes	-	-	-
Net cash provided by (used in) non-capital financing activities	(244,144)	26,523	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
System development fees	3,727,089	16,407,611	1,042,524
Grants for capital purposes	-	-	-
Capital contributions	632,558	6,048,304	868,846
Principal payments received on leases receivable	25,574	-	-
Interest payments received on leases receivable	108,524	-	-
Interfund loans	4,820,000	107,107	-
Acquisition of capital assets	(9,292,181)	(24,126,635)	(1,205,946)
Principal paid on bonds, COPs and notes payable	(590,000)	(3,130,000)	(1,000,000)
Interest paid on bonds, COPs and notes payable	(93,501)	(2,524,550)	(146,064)
Bond issue costs and agency fees	(800)	(600)	-
Proceeds from sale of capital assets	-	-	-
Net cash provided by (used in) capital and related financing activities	(662,737)	(7,218,763)	(440,640)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	342,835	3,980,981	262,218
Decrease (increase) in equity in pooled investments	(290,134)	8,770,813	655,594
Net cash provided by (used in) investing activities	52,701	12,751,794	917,812
Net increase (decrease) in cash and cash equivalents	5,044,401	3,695,396	377,296
Cash and cash equivalents - January 1	1,690,531	48,361,524	3,356,291
Cash and cash equivalents - December 31	\$ 6,734,932	\$ 52,056,920	\$ 3,733,587
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</b>			
Unrestricted cash and cash equivalents (including cash held in escrow)	\$ 6,734,932	\$ 52,056,920	\$ 3,733,587
Restricted cash and cash equivalents	-	-	-
Total cash and cash equivalents	\$ 6,734,932	\$ 52,056,920	\$ 3,733,587

The notes to the financial statements are an integral part of the financial statements.

			Governmental Activities	
		Internal Service		
Wastewater	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
\$ 12,251,811	\$ 17,136,558	\$ 70,161,089	\$ 2,910,698	
-	-	-	16,436,267	
-	-	500,700	-	
(7,447,795)	(6,502,633)	(40,051,283)	(12,660,810)	
(2,061,150)	(14,379,365)	(27,678,533)	(1,035,693)	
<u>2,742,866</u>	<u>(3,745,440)</u>	<u>2,931,973</u>	<u>5,650,462</u>	
-	125,000	151,523	868,013	
-	(52,412)	(296,556)	-	
-	4,863,087	4,863,087	-	
-	<u>4,935,675</u>	<u>4,718,054</u>	<u>868,013</u>	
1,905,148	-	23,082,372	-	
770,111	-	770,111	-	
-	-	7,549,708	-	
-	-	25,574	-	
-	-	108,524	-	
(4,820,000)	287,640	394,747	-	
(2,329,422)	(3,435,258)	(40,389,442)	(6,609,554)	
-	(445,000)	(5,165,000)	-	
-	(53,196)	(2,817,311)	-	
-	(300)	(1,700)	-	
-	-	-	163,788	
<u>(4,474,163)</u>	<u>(3,646,114)</u>	<u>(16,442,417)</u>	<u>(6,445,766)</u>	
1,036,517	211,962	5,834,513	788,801	
<u>(177,628)</u>	<u>378,587</u>	<u>9,337,232</u>	<u>(63,195)</u>	
858,889	590,549	15,171,745	725,606	
(872,408)	(1,865,330)	6,379,355	798,315	
<u>17,953,953</u>	<u>6,163,125</u>	<u>77,525,424</u>	<u>17,122,049</u>	
<u>\$ 17,081,545</u>	<u>\$ 4,297,795</u>	<u>\$ 83,904,779</u>	<u>\$ 17,920,364</u>	
\$ 17,081,545	\$ 3,796,980	\$ 83,403,964	\$ 17,920,364	
-	500,815	500,815	-	
<u>\$ 17,081,545</u>	<u>\$ 4,297,795</u>	<u>\$ 83,904,779</u>	<u>\$ 17,920,364</u>	

The notes to the financial statements are an integral part of the financial statements.



## TOWN OF CASTLE ROCK, COLORADO

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>Water</b>	<b>Water Resources</b>	<b>Stormwater</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (3,465,679)	\$ (5,330,150)	\$ (3,435,230)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>			
Depreciation	8,064,096	3,590,163	3,778,628
Changes in operating assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	(66,573)	(339,170)	(1,059,019)
Prepaid items	2,056	(3,504)	2,975
Inventory	-	-	-
Investment in joint venture	-	-	-
Increase (decrease) in liabilities			
Accounts payable	84,526	219,114	30,729
Accrued leave	(76,412)	(14,023)	(19,860)
Unearned revenue	7,147	13,412	601,901
Deposits	1,349,420	-	-
Total adjustments	9,364,260	3,465,992	3,335,354
Net cash provided by (used in) operating activities	<u>\$ 5,898,581</u>	<u>\$ (1,864,158)</u>	<u>\$ (99,876)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributed infrastructure	\$ 4,795,788	\$ -	\$ 4,788,300
Payables incurred for purchase of capital assets	(1,005,959)	(3,689,382)	(229,051)
Amortization of premium, discount and deferred loss on refunding	(58,381)	(773,114)	-
Amortization of deferred inflows - leases	686	-	-
Loss on capital asset disposition	47,975	-	-
Increase in fair value of investments	105,574	478,937	36,527
Noncash investing, capital and financing activities	<u>\$ 3,885,683</u>	<u>\$ (3,983,559)</u>	<u>\$ 4,595,776</u>

The notes to the financial statements are an integral part of the financial statements.

Wastewater	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities
			Internal Service Funds
\$ (1,024,143)	\$ (4,931,380)	\$ (18,186,582)	\$ 2,999,633
3,199,976	877,113	19,509,976	2,297,021
37,592	313	(1,426,857)	57,454
(6,268)	33,531	28,790	(2,441)
-	7,340	7,340	-
452,158	-	452,158	-
88,515	142,957	565,841	274,943
21,274	103,788	14,767	(15,756)
(26,238)	30,353	626,575	39,608
-	(9,455)	1,339,965	-
3,767,009	1,185,940	21,118,555	2,650,829
\$ 2,742,866	\$ (3,745,440)	\$ 2,931,973	\$ 5,650,462
\$ 2,895,297	\$ -	\$ 12,479,385	\$ -
(48,567)	(29,271)	(5,002,230)	(105,706)
-	38,267	(793,228)	-
-	-	686	-
-	-	47,975	-
75,653	43,676	740,367	24,452
\$ 2,922,383	\$ 52,672	\$ 7,472,955	\$ (81,254)

The notes to the financial statements are an integral part of the financial statements.

## **FIDUCIARY FUNDS**

Fiduciary funds account for assets held on behalf of outside parties, including individuals, organizations and other governments. Fiduciary funds are not reflected in the Town-wide financial statements because the assets of those funds are not available to support Town programs or operations.

### **PENSION TRUST FUNDS**

Pension trust funds account for the activities and accumulation of resources to pay retirement benefits for employees.

#### **FPPA Fire Volunteers Pension Fund**

The FPPA Fire Volunteers Pension Fund is a pension trust fund used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future.

### **CUSTODIAL FUNDS**

Custodial funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement for individuals, organizations and other governments. The Custodial Funds column is an aggregate of the following funds.

#### **Custodial Funds**

Add-On PIF Fund

Special District Fee

Fund Use Tax Fund

Authority Development Fee Fund

**TOWN OF CASTLE ROCK, COLORADO****FIDUCIARY FUNDS****STATEMENT OF FIDUCIARY NET POSITION****DECEMBER 31, 2024**

	<b>Pension Trust Fund</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 219,450
Affiliated local plan pool	918,936	-
Accounts receivable	-	83,955
Total assets	918,936	303,405
<b>LIABILITIES</b>		
Accounts payable	-	146,245
Due to organizations and other governments	-	157,160
Total liabilities	-	303,405
<b>NET POSITION</b>		
Restricted for:		
Net position	918,936	-
Total net position	918,936	-

The notes to the financial statements are an integral part of the financial statements.

**TOWN OF CASTLE ROCK, COLORADO****FIDUCIARY FUNDS****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Pension Trust Fund</b>	<b>Custodial Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Town of Castle Rock	\$ 26,177	\$ -
State Funding	17,635	-
Total contributions	43,812	-
Investment earnings	90,314	-
Less investment expense	13,086	-
Net investment earnings	77,228	-
Fee and permit collections for organizations and other governments	-	1,984,491
Total additions	121,040	1,984,491
<b>DEDUCTIONS</b>		
Benefits paid to participants or beneficiaries	106,448	-
Payments of fees and permits to organizations and other governments	-	1,976,909
Payments of refunds	-	1,279
Administrative expense	-	6,303
Total deductions	106,448	1,984,491
Net increase in fiduciary net position	14,592	-
Net Position - January 1	904,344	-
Net Position - December 31	918,936	-

The notes to the financial statements are an integral part of the financial statements.



## **COMPONENT UNITS**

Component units are legally separate organizations for which the Town is considered financially accountable or whose exclusion would make the Town's financial statements misleading or incomplete.

### **Castle Rock Downtown Development Authority (CRDDA)**

The Castle Rock Downtown Development Authority (CRDDA), a discretely presented component unit, accounts for activities related to financing, constructing and operating various public improvements in downtown Castle Rock.

### **Miller's Landing Business Improvement District (BID)**

The Miller's Landing Business Improvement District (BID), a discretely presented component unit, accounts for activities related to business improvements within the District's service area.

**Town of Castle Rock, Colorado**  
**Statement of Net Position**  
**Component Units**  
**December 31, 2024**

	Castle Rock Downtown Development Authority	Miller's Landing Business Improvement District	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,329,377	\$ 30,399	\$ 1,359,776
Receivables			
County Treasurer	-	919	919
Property taxes	226,266	25,641	251,907
Capital assets			
Construction in progress	-	16,369,970	16,369,970
Buildings and improvements	159,366	-	159,366
Accumulated depreciation	(126,184)	-	(126,184)
Leased buildings	47,509	-	47,509
Accumulated amortization	(47,509)	-	(47,509)
Restricted cash and cash equivalents	-	2,074,579	2,074,579
Total assets	<u>\$ 1,588,825</u>	<u>\$ 18,501,508</u>	<u>\$ 20,090,333</u>
<b>Liabilities</b>			
Accounts payable	\$ 41,212	\$ -	\$ 41,212
Accrued liabilities	-	122,442	122,442
Customer deposits	3,030	-	3,030
Due within one year	-	380,000	380,000
Due beyond one year	-	31,867,192	31,867,192
Total liabilities	<u>44,242</u>	<u>32,369,634</u>	<u>32,413,876</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	226,266	25,641	251,907
Total deferred inflows of resources	<u>226,266</u>	<u>25,641</u>	<u>251,907</u>
<b>Net Position</b>			
Net investment in capital assets	33,182	(10,974,579)	(10,941,397)
Restricted for emergency reserves	18,641	200	18,841
Restricted for debt service	-	58,145	58,145
Unrestricted (deficit)	<u>1,266,494</u>	<u>(2,977,533)</u>	<u>(1,711,039)</u>
Total net position (deficit)	<u>\$ 1,318,317</u>	<u>\$ (13,893,767)</u>	<u>\$ (12,575,450)</u>

*The notes to the financial statements are an integral part of the financial statements*

**Town of Castle Rock, Colorado**  
**Statement of Activities**  
**Component Units**  
**For the Year Ended December 31, 2024**

	Castle Rock Downtown Development Authority	Miller's Landing Business Improvement District	Total
<b>EXPENSES</b>	\$ 454,769	\$ 4,320,544	\$ 4,775,313
<b>PROGRAM REVENUES</b>			
Charges for services	27,220	-	27,220
Total program revenues	27,220	-	27,220
Net expenses	(427,549)	(4,320,544)	(4,748,093)
<b>GENERAL REVENUES</b>			
Taxes			
Property taxes	329,463	25,525	354,988
Other taxes	-	247,603	247,603
Intergovernmental revenues	217,544	-	217,544
Investment and interest earnings	47,057	109,734	156,791
Other	87	-	87
Total general revenues	594,151	382,862	977,013
<b>Change in Net Position</b>	166,602	(3,937,682)	(3,771,080)
Net position (deficit) - January 1	1,151,715	(9,956,085)	(8,804,370)
Net position (deficit) - December 31	\$ 1,318,317	\$ (13,893,767)	\$ (12,575,450)

*The notes to the financial statements are an integral part of the financial statements*



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## Notes to the Basic Financial Statements

**TOWN OF CASTLE ROCK, COLORADO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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**SUMMARY OF NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies
  - A. Financial Reporting Entity
  - B. Financial Statement Presentation
  - C. Measurement Focus and Basis of Accounting
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12. Deferred Compensation Plans
13. Risk Management
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17. Tax Abatements
18. Discretely-Presented Component Units
19. Related Party Transactions



**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Castle Rock, Colorado (the Town) was incorporated in 1881 and was voted by the citizens as a home-rule municipality in 1987 under the provisions of Article XX of the Constitution of the State of Colorado. The Town operates under a Council-Manager form of government.

These financial statements are prepared in accordance with accounting principles applicable to governments generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the Town's significant accounting policies and descriptions of the financial statements are described below:

**A. Financial Reporting Entity**

The financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. The objective of the financial reporting entity is to provide users of the financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Town's financial statements to be misleading or incomplete. These financial statements include all funds and activities of the Town. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the town-wide financial statements to emphasize that it is legally separate from the government.

Blended component units

The Castle Rock Urban Renewal Authority (CRURA) serves all the citizens of the Town and is governed by a board comprised of the Town's elected Council. The Town has agreed to provide financial support to the CRURA. The CRURA is reported as a special revenue fund and does not issue separate financial statements.

The Festival Park Commons General Improvement District (GID) was created under Colorado state statutes. The GID has the power to develop and maintain public improvements and to finance such improvements by levying a general property tax upon the benefiting property. The GID is a legally separate entity from the Town and is governed by a board comprised of the Town's elected Council. The Town's elected Council is responsible for adopting the GID's annual budget during years of activity. The GID is reported as a special revenue fund and does not issue separate financial statements.

Discretely presented component units

The Castle Rock Downtown Development Authority (CRDDA) was formed in 2008, under State of Colorado statutes as a quasi-municipal corporation, by the voters of downtown Castle Rock, Colorado to finance, construct and, on occasion, operate various public improvements including streetscape projects, sidewalks, street lighting, street furniture, public parks and places. The CRDDA is governed by a seven-member elected Board of Directors pursuant to the provisions of the Colorado Special District Act and consists of property owners, business owners and other representatives of downtown Castle Rock. One of these individuals serves as a liaison to the Castle Rock Town Council and is a member of Council. The operations of the DDA are guided by the 2008 Plan of Development adopted by the board of directors of the CRDDA. The Town approves and certifies the mill levy collected by the CRDDA. The Town has issued debt on behalf of CRDDA.

**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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The Miller's Landing Business Improvement District (BID) was organized on September 20, 2016, and is governed pursuant to provisions of the Business Improvement District Act, CRS 31-25-1203. The District operates under a service plan approved by the Town of Castle Rock on August 8, 2016, and is governed by a Board of Directors comprised of up to five members appointed by Town Council. The District was established for the purpose of making public improvements and providing services to the proposed commercial development, in accordance with the District's operating plan.

Separately issued financial reports are available for the Miller's Landing BID. The report may be obtained by contacting:

Town of Castle Rock  
Finance Department  
100 North Wilcox Street  
Castle Rock, CO 80104

Fiduciary component unit

The FPPA Fire Volunteers Pension Plan is part of a statewide agent multiple-employer defined benefit Public Employee Retirement System. The Affiliated Local Plans represent the assets of numerous separate plans that have been pooled for investment purposes. These pension plans have elected to affiliate with FPPA for plan administration and investment purposes only and are held in a trust. Each plan has a separate plan document and actuarial valuation and is governed by its own local pension board which has the authority to amend the plan benefits, such as cost-of-living increases, funeral benefits, and others as applicable. The Plan is funded by contributions from the Town and the State. The Town Fire Volunteer Pension Board consists of three plan members, two public safety commissioners, the Mayor, the Fire Chief, and the Finance Director. The FPPA Fire Volunteers Pension Plan is not included in the Town-wide statements because its assets are not available to support the Town's own programs. The FPPA Comprehensive Annual Financial Report can be obtained on FPPA's website at: [www.fppaco.org/annual-reports.html](http://www.fppaco.org/annual-reports.html).

**B. Financial Statement Presentation**

The basic financial statements consist of the Town-wide financial statements, the fund financial statements and the notes to the basic financial statements.

Town-wide financial statements

The Town-wide financial statements ("statement of net position" and "statement of activities") report information on all non-fiduciary activities of the primary government and component units.

The activities of the primary government are aggregated into two activity types: governmental and business-type.

**Governmental activities** reflect most of the Town's services including: general government, public safety (police and fire), public works (transportation and streets) and culture and recreation (parks and open space), which are normally supported by taxes and intergovernmental revenues.

**Business-type activities** include water, water resources, stormwater and wastewater utilities, a golf course, community centers (recreation), and development services. These activities rely to a significant extent on fees and charges for services.

**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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The *primary government* is reported separately from the legally separate component units for which the primary government is financially accountable.

The *statement of net position* reports what the Town owns (assets and deferred outflows of resources) and what the Town owes (liabilities and deferred inflows of resources) with the difference being reported as net position.

The statement of activities demonstrates the degree to which direct expenses of a function were funded by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not specifically identifiable with a given program are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the Town-wide reporting as the assets are not available to support Town programs or operations. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Fund Financial Statements**

The Town uses fund accounting to control and manage money intended for a particular purpose or to demonstrate compliance with finance-related legal requirements.

Fund statements are grouped into three fund categories: governmental, proprietary and fiduciary. The fund financial statements report Town operations in more detail than the Town-wide financial statements by providing information about financially significant funds called “major funds”. Individual financial information is reported for each major fund with the remaining “non-major” funds, including its blended component units, being aggregated into a single “other” column.

***Governmental Funds***

The Town reports the following major governmental funds:

The *General Fund* is the Town’s primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund. The *Economic Development Fund* is a sub-fund of the General Fund to facilitate expansion of the tax base, through primary job creation and improved local economy. The *Parking Fund* is a sub-fund of the General Fund to fund public parking garage maintenance and debt payments related to the Encore Redevelopment Agreement. The *TABOR Excess Fund* is a Sub-fund of the General Fund to account for the use of revenues in excess of the TABOR cap from 2021 through 2031 as approved by voters.

The *Transportation Fund* is a special revenue fund that accounts for the accumulation of financial resources and expenditures for the construction, acquisition, installation, repair and maintenance of streets, bridges, sidewalks and public transit and the acquisition of easements and right-of-ways, development of transportation facilities and for the operations of the department responsible for the construction and maintenance of such

**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

facilities. The following revenue sources are committed to the furtherance of transportation projects within the Town of Castle Rock, the maintenance of existing roads and infrastructure and the overall operations of the public works department:

- Tax revenue inclusive of but not limited to the following:
  - Sales tax
  - Building Use Tax
- Intergovernmental revenues are inclusive of but not limited to the following:
  - Highway User Revenue
  - Road & Bridge Revenue
  - Douglas County Shareback
- Charge for services
- Investment Earnings
- Contributions and Donations
- Any other revenue inclusive of but not limited to the following:
  - Reimbursements
  - Refunds

The *Transportation Capital Fund* is a capital projects fund that accounts for the planning and construction of growth related capital improvement projects.

***Proprietary Funds***

The Town reports the following major proprietary funds:

The *Water Fund* is used to account for the Town's activities related to water well development, water extraction, treatment, and transportation systems, and for the repair and maintenance of such facilities.

The *Water Resources Fund* is used to account for the Town's activities related to the analysis and measurement of the long- term water needs of the Town including conservation promotion and the maintenance and development of groundwater and renewable water sources.

The *Stormwater Fund* is used to account for long-term stormwater planning, implementation of capital improvement projects, and administration of the Town's floodplain program.

The *Wastewater Fund* is used to account for the activities related to wastewater collection and treatment.

In addition, the Town reports the internal service funds as non-major funds. The internal service funds are used to finance and account for goods and services provided to other funds, on a cost reimbursement basis. These funds are used to account for the operations of the Employee Benefits and Fleet Services Funds.

The proprietary fund "statement of revenues, expenses and changes in net position" classifies revenues and expenses directly related to the service provided as "operating". Operating revenues are primarily charges for services (exchange-like transactions) for utility services (water, water resources, stormwater, and wastewater), recreation services (golf, and community center) and for development services. Golf operating revenues include

**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

sales of merchandise. Operating revenues for internal service funds are charges for services provided to other funds and departments. All other revenues in the proprietary funds are reported as non-operating revenues. Operating expenses for proprietary funds include cost of sales and services, administrative expenses and depreciation of capital assets. All other expenses are reported as non-operating.

***Fiduciary Funds***

Fiduciary funds account for assets held on behalf of outside parties, including individuals, organizations and other governments. Fiduciary funds are not reflected in the Town-wide financial statements because the assets of those funds are not available to support Town programs or operations. The fiduciary activities of the Town are reported in the following fiduciary funds:

The *FPPA Fire Volunteers Pension Fund* is a pension trust fund used to account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by the Town at amounts determined by biennial actuarial studies as well as contributions by the State of Colorado.

The *Add-On PIF Fund* is a custodial fund used to account for the receipt and disbursement of the Add-On Public Improvement Fee (PIF) collected on sales transactions in the Promenade retail center. The Town remits collections of the Add-On PIF to the Promenade Metropolitan District No. 1 on a monthly basis.

The *Special District Fee Fund* is a custodial fund used to account for receipt and disbursement of the Meadows District imposed capital reserve fee. The Town remits collections of the capital reserve fee to the Meadows Districts on a monthly basis.

The *Use Tax Fund* is a custodial fund used to account for the receipt and disbursement of Douglas County's 1.00% portion of the use tax imposed on construction materials that are utilized in the construction of real property. The Town remits collections of the use tax to Douglas County on a monthly basis.

The *Authority Development Fee Fund* is a custodial fund used to account for the receipt and disbursement of the Cherry Creek Basin Water Quality Authority's imposed Development Fee. The fee is collected on new construction and development within the portion of the Town that overlaps the Authority's boundaries. The Town remits collections of the fee to the Authority periodically, as received.

**C. Measurement Focus and Basis of Accounting**

The Town-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds, and discretely presented component unit financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the year. The Town reports deferred inflows when the potential revenue does not meet the measurable and available criteria for recognition in the current period. Expenditures are recorded when the liability is incurred. However, debt service and compensated absences are recorded when the payment is due.

**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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Sales taxes, use taxes, motor vehicle use, property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual. These are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

As a general rule the effect of interfund activity has been eliminated from the Town-wide financial statements. Exceptions to this general rule are charges between the Town's water and wastewater funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Cash and Investments**

To facilitate the recording of cash transactions and maximize earnings on investments, the Town pools cash and investments of all funds, except for unspent bond proceeds. The Town maintains accountability for each fund's equity in pooled cash and investments. Unspent bond proceeds are separately accounted for in accordance with the bond requirements. All unrestricted funds of the Town are eligible for investment. Investment earnings related to combined funds are distributed to each fund on a pro rata basis. For financial statement presentation, each fund's share of the cash and investment pool is reported as "cash and cash equivalents" and "investments" of that fund at year-end.

The Town defines cash equivalents as highly liquid investments with a maturity of three months or less at the date of purchase. The Town has cash in escrow at Douglas County for the Open Space Shareback totaling \$1,670,216 and at a third-party company for the construction of enhanced water improvements per a construction escrow agreement between the Town and Crystal Valley Metropolitan District No. 2 Subdistrict.

Investments are reported at fair value except for local government investment pools and the affiliated local plan pool which are reported at the net asset value per share which is determined based upon how the fund is valued (i.e. fair value or amortized cost). Investment income includes increases and decreases in the fair value of investments. Changes in fair value during the year do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

**E. Restricted Assets**

Certain resources, such as those set aside for the repayment of debt, are classified as restricted assets on the balance sheet because their use is limited by bond covenants or other agreements. These assets are generally not available to pay current obligations.

**F. Receivables**

Receivables are reported net of an allowance for uncollectible accounts, where applicable. The allowance of \$72,792 is reported in the General Fund.

**G. Inventories**

Inventory is maintained in the Golf Fund for resale merchandise. Inventory is valued at cost, which approximates market, using the first in / first-out (FIFO) method. The cost of this inventory is recorded as an expense when consumed rather than when purchased.



**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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**H. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods; the associated expense is recognized in the period benefited by the prepayment in the Town-wide and proprietary funds and the associated expenditures are recognized when consumed in the governmental funds

**I. Capital Assets**

All capital assets, including infrastructure capital assets such as streets and sidewalks are reported in the applicable governmental or business-type activities columns in the Town-wide financial statements and in the proprietary funds financial statements. Purchases and construction of capital assets are reported at cost. Donated assets are valued at the acquisition value at the date of donation. The Town identifies all reportable intangible assets and values of these assets based on purchase price or acquisition value if donated. Intangible assets include, but are not limited to, easements, right-of-ways, internally developed software, water rights, and trademarks.

The Town has established a capitalization threshold of individual assets costing \$5,000 or more with a useful life greater than one year.

Costs incurred for the purchase or construction of capital assets for governmental activities are recorded as capital outlay expenditures in the governmental funds. Infrastructure assets (e.g., streets, sidewalks, and trails) have been capitalized for all infrastructure acquired since 1980. Costs incurred for the purchase or construction of capital assets for business-type activities are reported as assets in the proprietary funds.

Depreciation of exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the Town-wide and proprietary fund financial statements. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Machinery and equipment	5 - 10 years
Buildings and improvements	20 - 40 years
Infrastructure	15 - 50 years
Water Rights (Non-tributary)	100 years

**J. Property Taxes**

Property taxes attached as a lien on property on January 1, are certified to the county by December 15<sup>th</sup> and are levied the following January 1<sup>st</sup>. Property taxes are payable in full by April 30<sup>th</sup>, or in two equal installments due February 28<sup>th</sup> and June 15<sup>th</sup>. Taxes collected by the county are remitted to the Town by the 10<sup>th</sup> of the following month. Property taxes are reported as receivables and deferred inflows when lien and as revenue when collected in the following year.

**K. Leases**

The Town is the lessor for noncancellable leases of land. As lessor, the Town recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, and proprietary fund financial statements. Leases are reported at the present value of lease receipts.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial

**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

amount of the lease receivable, adjusted for lease payments received at or before the commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue on a straight-line basis over the life of the lease term. Variable lease payments based on future performance of the lessee or the usage of the underlying assets are not included in the lease receivable calculations but are recognized as inflows of resources in the period in which those payments occur.

Key estimates and judgements include how the Town determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

- The Town uses the interest rate stated in the agreements or, if none is available, uses its estimated incremental borrowing rate (IBR) as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The Town leases portions of land for cell tower use as part of its' governmental activities, the terms of which expire in 2047. Payments are either set for the entire term or increase annually by a percentage as stated in the agreement. The leases were measured at lease commencement based upon the IBR. Revenue recognized under these lease contracts during the year ended December 31, 2024 was \$67,276 which include both lease revenue and interest. For governmental activities, the Town lease a portion of land for the use of a zip line and aerial trekking course. Payments are variable based upon a percentage of gross revenues from the business activities as stated in the agreement. No revenue was recognized under this lease contract during the year ended December 31, 2024.

The Town leases portions of land for cell tower use as part of its' business-type activities, the terms of which expire in 2079. Payments either increase annually or at the end of the renewal period by a percentage as stated in the agreement. The leases were measured at lease commencement based upon the IBR. Revenue recognized under these lease contracts during the year ended December 31, 2024 was \$93,937 which include both lease revenue and interest. For business-type activities, the Town receives variable lease payments for the cell tower rents received by the tenant. Payments are based upon a percentage of actual rents received by the tenant as stated in the agreement. Revenue recognized under this lease contract during the year ended December 31, 2024 was \$40,161.

**L. Accounts Payable**

Amounts reported as accounts payable on the statement of net position include:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Vendors	\$ 9,769,967	\$ 6,477,333
Salaries and benefits	1,499,047	653,880
Total	<u>\$ 11,269,014</u>	<u>\$ 7,131,213</u>

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**M. Unearned Revenue (Liabilities)**

Unearned revenues reflect amounts that have been received before the town has a legal claim to the funds. In subsequent periods, when revenue recognition criteria are met, or when the Town has a legal claim to the resources, the unearned revenue is removed from the statements of net position or governmental funds balance sheet and revenue is recognized.

**N. Accrued Compensated Absences**

The Town allows employees to accumulate unused vacation and sick benefits up to certain maximum hours. A liability is accrued for compensated absences as the benefits are earned if the leave is more likely than not to be used for time off or settled in cash. Accrued compensated absences are recognized as expenses when earned by the employee for the Town-wide statements and the proprietary fund statements. Compensated absences are recognized as expenditures when paid in the governmental fund statements.

Compensated absence liabilities are computed using the regular pay and termination pay rates, as applicable, in effect at year end plus an additional amount for salary-related payments such as social security and Medicare taxes computed using rates in effect at that date.

**O. Non-current Liabilities**

Non-current liabilities include: bonds, notes, certificates of participation, earned but not used compensated absences, and net pension liabilities. The accounting and reporting treatment for a fund's non-current liabilities is determined by its measurement focus.

*Governmental Funds*

For governmental funds, the liability is recorded when payment is due or the resources have been accumulated for payment early in the following year. Proceeds from the issuance of debt are reported in the governmental funds as "other financing sources". Payments of principal on debt are shown as expenditures. In the governmental fund financial statements, bond premiums and discounts, and bond issuance costs, are reported as expenditures of the current period.

*Town-wide (governmental and business-type activities) and Proprietary Funds*

The Town-wide and proprietary fund financial statements use the economic resources measurement focus. Proprietary funds report long-term liabilities in the fund. Long-term liabilities expected to be repaid by governmental funds are reported in the governmental activities column of the Town-wide statements. Under the economic resources measurement focus, debt issuances are reported as increases in non-current liabilities. Principal payments are shown as decreases in non-current liabilities. The outstanding amounts of non-current liabilities are reported on the statement of net position. Amounts due within the next twelve months are reported as "due within one year" with the remaining amount being reported as "due within more than one year". Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

**P. Fund Balance and Net Position***Fund Balances*

Fund balances reflect assets minus liabilities and deferred inflows of resources using the current financial resources measurement focus. Fund balances are only reported in the governmental fund statements. The Town follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a

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government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. In the governmental fund financial statements, fund balances are classified as follows:

**Non-spendable Fund Balance** – The portion of fund balance that cannot be spent because it is either not in a spendable form or is legally or contractually required to be maintained intact.

**Restricted Fund Balance** – The portion of fund balance constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation. Effectively, restrictions on fund balance may only be changed or lifted with the consent of resource providers.

**Committed Fund Balance** – The portion of fund balance that can only be used for specified purposes according to limitations imposed by Town Council prior to the end of the current fiscal year. The constraint may be removed or changed only by resolution of Town Council.

**Assigned Fund balance** – The portion of fund balance set aside for planned or intended actions. The intended use may be expressed by Town Council or other individuals authorized to assign funds to be used for a specific purpose. Through a resolution, Town Council assigned authority to the Town Manager. In governmental funds other than the general fund, assigned fund balance represents the amount that is not non-spendable, restricted, or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purpose of that fund.

**Unassigned Fund Balance** – This is the residual portion of fund balance that does not meet any of the above criteria. The Town will only report a positive unassigned fund balance in the General Fund. In 2016, Town Council approved a reserves policy that required funds to be reserved with the intent of stabilizing revenues which are highly volatile in the event that regular planned revenues do not materialize to the degree anticipated for regular operational needs. Therefore, the Town maintains a cash reserve equal to at least three months of operating expenses in the General Fund to provide for this assurance.

In the Town's Fund Balance policy, it is not specifically identified which order the spending should occur. Therefore, the Town's practice is that the order of spending defaults to the following order; restricted, committed, assigned, and unassigned fund balance.

***Net Position***

In the government-wide and proprietary fund financial statements, net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources using the economic resources measurement focus and the accrual basis of accounting. Net Position is reported in three classifications. "Net investment in capital assets" which reflects capital assets (net of accumulated depreciation) reduced by the outstanding amount of the debt that was used to acquire or construct the capital assets. Restricted net position report amounts legally segregated for a specific use. The remaining net position is reported as unrestricted. When both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as needed.

**Q. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports two items that qualify for reporting in this category - pension related amounts and deferred losses on debt refundings.

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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports four items that qualify for reporting in this category – pension related amounts, IREA capital credit, property taxes that are deferred to future periods, and lease related amounts. The IREA capital credit is utilized when the Town has a qualifying future project that requires the removal, relocation or installation of IREA infrastructure.

Under the modified accrual basis of accounting, revenues and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which revenues are not available are reported as a deferred inflow of resources. Unavailable fund resources are recognized in the Town- wide statement of activities.

**R. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenditure and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

The Town invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

**S. Adoption of Accounting Principles**

In 2024, the Town implemented GASB Statement No. 101, *Compensated Absences*. (Statement No. 101). Statement No. 101 updates the recognition and measurement guidance for compensated absences. Specifically, this statement requires that a government entity recognize a liability for compensated absences for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. Additionally, it amends certain existing disclosure requirements. The adoption of Statement No. 101 did not impact beginning net position.

**T. Future Changes in Accounting Principles**

The Governmental Accounting Standards Board (GASB) has issued statements not yet implemented by the Town. The statements which might impact the Town are as follows:

GASB Statement No. 102, *Certain Risk Disclosures* will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The statement will be effective for the Town with its year ending December 31, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements* will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision

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making and assessing a government's accountability. This statement also addresses certain application issues. The statement will be effective for the Town with its year ending December 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* will provide users with essential information about certain types of capital assets. The statement will be effective for the Town with its year ending December 31, 2026.

The Town's management has not yet determined the effect these statements will have on the Town's financial statements.



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**2. RECONCILIATION OF TOWN-WIDE AND FUND FINANCIAL STATEMENTS**

The reconciliation of total governmental funds on the governmental funds balance sheet to the governmental activities on the statement of net position includes an amount for long-term liabilities including bonds payable and accrued leave that are not due and payable in the current period and therefore are not reported in the governmental funds.

**A. Explanation of Certain Differences between the Government Fund Balance Sheet and the Town-wide Statement of Net Position**

The details of the \$43,569,836 difference relating to governmental activities long-term liabilities are as follows:

2016 Sales and use tax bonds	\$ 3,280,000
2020 Sales and use tax bonds	18,550,000
2013 Certificates of participation	5,050,000
2020 Certificates of participation	8,485,000
Accrued leave, excluding internal service funds of \$28,404	6,471,784
Debt premiums and discounts	1,640,683
Accrued interest payable	<u>92,369</u>
Net adjustments - long-term liabilities	<u><u>\$ 43,569,836</u></u>

**B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Town-wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances, total governmental funds and changes in net position of governmental activities as reported in the Town-wide statement of activities. One element of that reconciliation states "repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items."

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The details of the \$875,211 difference are as follows:

Principal payments	
2016 Sales and use tax bonds	\$ 730,000
2013 Certificates of participation	450,000
Amortization of bond premium	166,566
Amortization of refunding loss	(83,196)
Accrued interest on debt	3,170
Net increase in accrued leave	<u>(391,329)</u>
Net adjustments to governmental fund revenues and expenditures - debt related activities	<u>\$ 875,211</u>

**3. DEPOSITS AND INVESTMENTS**

A reconciliation of the Town's deposit and investment balances as of December 31, 2024 by type to the Statement of Net Position is below.

**Summary of Deposit and Investment Balances**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Carrying value				
Petty Cash	\$ 38,696	\$ 7,530	\$ -	\$ 46,226
Deposits	40,802,289	10,889,196	219,450	51,910,935
Investments	128,474,694	133,727,167	918,936	263,120,797
Total	\$ 169,315,679	\$ 144,623,893	\$ 1,138,386	\$ 315,077,958
Included in the Statement of Net Position				
Cash and cash equivalents	\$ 120,112,575	\$ 82,823,072	\$ -	\$ 202,935,647
Investments	49,203,104	61,300,006	918,936	111,422,046
Restricted cash and cash equivalents	-	500,815	219,450	720,265
Total	\$ 169,315,679	\$ 144,623,893	\$ 1,138,386	\$ 315,077,958

**A. Inherent Risks**

The Town's deposits and investments, (like those of other governments), are subject to various risks:

**1) Custodial Credit Risk**

The custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, the Town would not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that in the event of the failure of a counterparty to the transaction,

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the Town would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

**2) Concentration of Credit Risk**

State statutes do not limit the amount the Town may invest in one issuer. At December 31, 2024, the Town's investments in any one issuer greater than five percent of the Town's total investments include the following:

<b>Issuer</b>	<b>Percent of total investments</b>
U.S. Treasury	20.34%
Federal Home Loan Banks (FHLB)	6.27%
Federal Farm Credit Banks (FFCB)	7.79%

**B. Town Deposit and Investment Policies**

The risk exposure is essentially the same for both governmental and business-type activities.

***Deposits***

Deposits are exposed to custodial credit risks if they are not covered by depository insurance and the deposits are uncollateralized. The Town's deposit and investment policy allows Town funds to be deposited in any state or national bank located in Colorado, which is a member of the Federal Deposit Insurance Corporation (FDIC) and which complies with the Colorado Public Deposit Protection Act (PDPA). The PDPA requires that all local governments deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured public deposits. The PDPA has the effect of perfecting the security interest in the name of the local government agency. At December 31, 2024, the Town's cash deposits had a carrying value of \$51,910,935 and a corresponding bank balance of \$55,945,934 of which \$1,189,335 was FDIC insured and \$54,756,598 was collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name.

***Investments***

To limit its exposure to the various investment risks, the Town, through its investment policy, adopted the Colorado Revised Statutes dealing with deposits and investments to restrict investments of Town funds to the securities and transactions meeting certain established criteria. The ratings shown in the following list are by Standard and Poor's (S&P). An investment may also receive an equivalent rating by another rating agency such as Moody's or Fitch. Maturity time limitations are measured from the date of purchase. State statutes do not address custodial risk.

The Town's Investment Policy allows the following investments:

- 1) United States Treasury obligations, federal agency securities and federal instrumentality securities, S&P or Moody rated AAA with maturities not exceeding five years.

## TOWN OF CASTLE ROCK, COLORADO

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- 2) Prime commercial paper issued on U.S. companies and denominated in U.S. currency, S&P rated A-1, with maturities not exceeding 270 days.
- 3) Eligible bankers' acceptances, with maturities not exceeding 180 days, where banks meet certain capital and rating requirements.
- 4) Repurchase agreements and flexible repurchase agreements meeting certain criteria.
- 5) Local government investment pools, with a constant net asset value of \$1 per share, S&P rated AAAM, and which invests under the Colorado Revised Statutes dealing with local government deposits and is overseen by the Colorado Securities Commissioner.
- 6) Time certificates of deposit or savings accounts, with maturities not exceeding one year, meeting both the FDIC and PDPA requirements.
- 7) Money market funds, which are registered, with a constant weighted average maturity and S&P rating of AAAM. No more than 25% of the Town's aggregated portfolio may be invested in this type of investment.
- 8) Corporate bonds issued by a corporation or bank with a final maturity not exceeding three years from the date of purchase, rated at least AA- by S&P.
- 9) Municipal bonds with a final maturity not exceeding five years from the date of purchase and rated at least A by S&P for general obligation or revenue obligation debt of this state or any political subdivision, institution, department, agency, instrumentality, or authority of this state. Such obligations of any other governmental entity shall be rated at least AA by S&P.

The Town's investments on December 31, 2024 were as follows:

Investment Type	Standard & Poors Rating	INVESTMENT MATURITIES (In Years)			Net Asset per Share
		Less Than 1	1-5	Fair Value	
U.S. Treasuries	AA+	\$ 14,781,986	\$ 38,538,782	\$ 53,320,768	\$ -
U.S. Agencies	AA+	5,898,330	40,273,881	46,172,211	-
Corporate Bonds	AA - AA-	4,357,380	6,652,756	11,010,136	-
Investment Pools					
Local Government Investment Pool *	AAAmf**	151,698,746	-	-	151,698,746
Pension Trust Affiliated Local Plan Pool	NR	918,936	-	-	918,936
<b>Total</b>		<u>\$ 177,655,378</u>	<u>\$ 85,465,419</u>	<u>\$ 110,503,115</u>	<u>\$ 152,617,682</u>

\*Included as part of cash and cash equivalents for financial reporting purposes.

\*\* CSAFE is only rated by Fitch

*Local Government Investment Pool* – At December 31, 2024 the Town had \$151,698,746 invested in the

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Colorado Surplus Asset Fund Trust (CSAFE) cash fund. This is an investment vehicle established by State Statute for local government entities in Colorado to pool surplus funds. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. The pool does not have any limitations or restrictions on participant withdrawals. The State Securities Commissioner administers and enforces the requirements of creating and operating the pool. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. The pool is rated AAmmf by Fitch. Investments of the pool are limited to those allowed by State Statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. Information regarding the CSAFE's financial statements is available at its website [www.csafe.org](http://www.csafe.org).

*Pension Trust Affiliated Local Plan Pool* – At December 31, 2024 the Town had \$918,936 invested in FPPA's Long-Term Investment Pool of the Fire & Police Members' Benefit Investment Fund and fall under the complete investment authority of the FPPA Board of Directors. The Long-Term Pool is designed primarily for open plans with a longer time horizon, higher risk tolerance, and lower liquidity needs. On a monthly basis shared revenues and expenses are allocated to each affiliate. The Plan is included in FPPA's annual issued audited financials. Additional information regarding the investments and associated risk may be obtained in this report at [www.fppaco.org](http://www.fppaco.org).

**Fair Value**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using matrix pricing techniques; Level 3 inputs are significant unobservable inputs. The Town has the following recurring fair value measurements as of December 31, 2024:

<b>Investment by Fair Value Level</b>	<b>December 31, 2024</b>	<b>Fair Value Measurements Using</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
U.S. Treasuries	\$ 53,320,768	\$ -	\$ 53,320,768	\$ -
U.S Agencies	46,172,211	-	46,172,211	-
Corporate Bonds	11,010,136	-	11,010,136	-
<b>Total investments by fair value level</b>	<b>\$ 110,503,115</b>	<b>\$ -</b>	<b>\$ 110,503,115</b>	<b>\$ -</b>
<b>Investment Measured at Net Asset Value (NAV)</b>				
Local Government Investment Pool	151,698,746			
Pension Trust Affiliated Local Plan Pool	918,936			
<b>Total investments measured at the NAV</b>	<b>152,617,682</b>			
<b>Total investments</b>	<b>\$ 263,120,797</b>			

## TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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## 4. RESTRICTED ASSETS

## Restricted Cash and Cash Equivalents

<u>Fund</u>	<u>Purpose</u>	<u>Balance</u> <u>December 31, 2024</u>
<i>Business-type activities</i>		
Golf	2015 Revenue Refunding and Improvement Bonds	
	Debt Service Reserve	<u>500,815</u>
	Total Business-type Activities	<u>\$ 500,815</u>
	Total Restricted Cash and Cash Equivalents	<u>\$ 500,815</u>

**Golf Fund**

In 2015, the Golf Fund refunded its outstanding 2005 Golf Course Enterprise Revenue Refunding Bonds. The 2015 Golf Course Enterprise Revenue Refunding and Improvement Bonds require that the Golf Fund maintain a debt service reserve of \$500,815. It is anticipated that this restricted cash will be available to make the final debt service payment due in December 2027.

## 5. NOTES RECEIVABLE

Under an intergovernmental agreement between the Town of Castle Rock and the Consolidated Bell Mountain Ranch Metropolitan District, the Town agreed to provide water services to the Bell Mountain Ranch Subdivisions for the purpose of achieving economies of scale. Per the agreement, system charges totaling \$6,354,065 are due from system users in the service area for system development fees and system improvements. The charges are payable over a 30-year period at an annual interest rate of 2.54%. Payments are due monthly beginning in January 2023. The balance of the notes receivable at December 31, 2024 is \$6,051,724.



## TOWN OF CASTLE ROCK, COLORADO

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## Notes Receivable to Maturity

Business-type Activities

Year	Bell Mountain Ranch Subdivision System Users
2025	\$ 157,925
2026	161,983
2027	166,146
2028	170,416
2029	174,795
2030-2034	943,706
2035-2039	1,071,355
2040-2044	1,216,272
2045-2049	1,380,791
2050-2052	608,335
	<u>\$ 6,051,724</u>

**6. LONG-TERM RECEIVABLE**

The Town reports a long-term receivable in the governmental activities on the Town-wide Statement of Net Position. The receivable relates to an agreement with CORE Electric Cooperative formerly known as Intermountain Rural Electric Association (IREA). The Town is allowed a percentage of the previous year's CORE adjusted gross revenue derived within the Town from the sale of electrical energy to customers other than the Town or any federal, state or local governmental entities after the write-off of uncollectible accounts and correction of bills theretofore rendered. CORE uses this allotment to apply against expenses incurred if the Town deems it necessary to change the location or nature of any CORE facilities to permit the Town to make street or sidewalk improvements, including but not limited to, pole relocations, pole changes and underground conversions. Unused allotments shall be carried over from year to year and will accumulate until used by the Town. The balance at December 31, 2024 is \$959,022.

## TOWN OF CASTLE ROCK, COLORADO

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## 7. CAPITAL ASSETS

## Changes in Capital Asset Activity for the Year Ended December 31, 2024

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>					
Capital assets not being depreciated					
Land	\$ 85,799,275	\$ 14,392,566	\$ -	\$ -	\$ 100,191,841
Artwork	272,733	-	-	-	272,733
Construction in progress	57,494,135	44,438,604	(21,618)	(13,193,429)	88,717,692
Easements	7,451,529	296,704	-	-	7,748,233
Right of way	16,528,108	-	-	-	16,528,108
Total capital assets, not being depreciated	167,545,780	59,127,874	(21,618)	(13,193,429)	213,458,607
Capital assets being depreciated					
Buildings and improvements	86,173,119	10,482,144	(14,059)	1,030,553	97,671,757
Infrastructure	460,602,653	5,016,122	-	10,105,017	475,723,792
Other structures and improvements	86,750,433	6,193,414	(5,638)	1,672,243	94,610,452
Machinery and equipment	47,134,673	5,330,567	(943,621)	385,616	51,907,235
Total capital assets being depreciated	680,660,878	27,022,247	(963,318)	13,193,429	719,913,236
Less accumulated depreciation					
Buildings and improvements	(24,069,084)	(2,466,845)	11,247	-	(26,524,682)
Infrastructure	(218,560,763)	(14,374,493)	-	-	(232,935,256)
Other structures and improvements	(47,465,542)	(3,555,100)	5,638	-	(51,015,004)
Machinery and equipment	(36,564,616)	(3,398,865)	943,621	-	(39,019,860)
Total accumulated depreciation	(326,660,005)	(23,795,303)	960,506	-	(349,494,802)
Total capital assets, being depreciated, net	354,000,873	3,226,944	(2,812)	13,193,429	370,418,434
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 521,546,653</u>	<u>\$ 62,354,818</u>	<u>\$ (24,430)</u>	<u>\$ -</u>	<u>\$ 583,877,041</u>
Depreciation expense charged to functions					
Governmental activities					
General government		\$ 1,543,035			
Public safety		694,441			
Public works		15,506,098			
Culture and recreation		3,754,708			
Fleet internal service fund		2,297,021			
Total governmental activities depreciation expense		<u>\$ 23,795,303</u>			

## TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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## 7. CAPITAL ASSETS (continued)

## Changes in Capital Asset Activity for the Year Ended December 31, 2024

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities</b>					
Capital assets not being depreciated					
Land	\$ 22,919,144	\$ 1,300,000	\$ -	\$ -	\$ 24,219,144
Construction in progress	121,051,700	31,944,161	-	(26,187,860)	126,808,001
Easements	18,790,956	405,938	-	-	19,196,894
Right of way	244,469	-	-	-	244,469
Water rights	126,184,884	1,909,408	-	-	128,094,292
Total capital assets, not being depreciated	289,191,153	35,559,507	-	(26,187,860)	298,562,800
Capital assets being depreciated					
Buildings and improvements	70,035,022	220,351	-	2,918,725	73,174,098
Infrastructure	524,372,529	12,181,091	(40,849)	-	536,512,771
Other structures and improvements	21,792,727	81,051	-	22,931,573	44,805,351
Machinery and equipment	20,608,601	2,493,383	(432,501)	337,562	23,007,045
Water rights - definite life	73,009,643	-	-	-	73,009,643
Total capital assets being depreciated	709,818,522	14,975,876	(473,350)	26,187,860	750,508,908
Less accumulated depreciation					
Buildings and improvements	(16,182,513)	(1,769,957)	-	-	(17,952,470)
Infrastructure	(183,768,116)	(13,658,882)	18,385	-	(197,408,613)
Other structures and improvements	(6,050,316)	(1,463,558)	-	-	(7,513,874)
Machinery and equipment	(9,559,244)	(2,036,805)	432,501	-	(11,163,548)
Water rights - definite life	(22,883,527)	(580,774)	-	-	(23,464,301)
Total accumulated depreciation	(238,443,716)	(19,509,976)	450,886	-	(257,502,806)
Total capital assets, being depreciated, net	471,374,806	(4,534,100)	(22,464)	26,187,860	493,006,102
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 760,565,959</u>	<u>\$ 31,025,407</u>	<u>\$ (22,464)</u>	<u>\$ -</u>	<u>\$ 791,568,902</u>
Depreciation expense charged to functions					
Business-type activities					
Water		\$ 8,064,096			
Water Resources		3,590,163			
Stormwater		3,778,628			
Wastewater		3,199,976			
Golf Course		291,386			
Development Services		146,962			
Community Center		438,765			
Total business-type activities depreciation expense		<u>\$ 19,509,976</u>			

**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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**8. INVESTMENT IN JOINT VENTURE**

In 1989, the Town, Castle Pines Metropolitan District and Castle Pines North Metropolitan District agreed to establish the Plum Creek Water Reclamation Authority (PCWRA). The Town accounts for this agreement as a joint venture, in which the Town has an equity interest. The purpose of PCWRA is to provide wastewater treatment to the members through the operation of wastewater treatment plants. As part of this agreement, the Town transferred title of the Castle Rock treatment plant to PCWRA in 1990. Additionally, the Town shared in the costs of constructing the Castle Pines plant. The PCWRA is required by state statute to have an annual audit. The audit can be obtained by writing to PCWRA, 4255 North US Highway 85, Castle Rock, CO, 80108.

At December 31, 2024, the Town had an equity interest in PCWRA of \$42,853,041 . This represents an 78.66% interest in the net position of the PCWRA. During 2024, PCWRA charged the Town \$4,191,906 for the treatment of wastewater. The Town also paid to PCWRA \$603,586 which represents the Town's share of debt service payments for the previous treatment plant expansion.

Investment balance January 1	\$	43,305,199
Net loss from joint venture		<u>(452,158)</u>
Investment balance December 31	\$	<u><u>42,853,041</u></u>

## TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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## 9. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities activity for the year ended December 31, 2024:

	Changes In Long-Term Liabilities					
	Balance January 1	Additions	Reductions	Balance December 31	Due within One Year	Due beyond One Year
<b>Governmental activities</b>						
Bonds payable						
2016 Sales and use tax	\$ 4,010,000	\$ -	\$ (730,000)	\$ 3,280,000	\$ 760,000	\$ 2,520,000
2020 Sales and use tax	18,550,000	-	-	18,550,000	905,000	17,645,000
Certificates of participation						
2013 COPs	5,500,000	-	(450,000)	5,050,000	465,000	4,585,000
2020 COPs	8,485,000	-	-	8,485,000	-	8,485,000
Bond/COP premiums & discounts	1,807,249	-	(166,566)	1,640,683	-	1,640,683
Accrued compensated absences*	6,124,614	375,574	-	6,500,188	3,017,378	3,482,810
Net pension liability **	2,048,154	-	(1,898,981)	149,173	-	149,173
Total governmental activities	<u>\$ 46,525,017</u>	<u>\$ 375,574</u>	<u>\$ (3,245,547)</u>	<u>\$ 43,655,044</u>	<u>\$ 5,147,378</u>	<u>\$ 38,507,666</u>
<b>Business-type activities</b>						
Bonds payable						
2015 Water & Wastewater	\$ 1,870,000	\$ -	\$ (590,000)	\$ 1,280,000	\$ 625,000	\$ 655,000
2015 Golf Course	1,860,000	-	(445,000)	1,415,000	460,000	955,000
2016 Water & Wastewater	34,245,000	-	(2,315,000)	31,930,000	2,460,000	29,470,000
2022 Water & Wastewater	23,740,000	-	(815,000)	22,925,000	855,000	22,070,000
Bond premiums & discounts	10,156,726	-	(831,495)	9,325,231	-	9,325,231
Notes and leases from direct borrowings and direct placements	7,625,000	-	(1,000,000)	6,625,000	1,030,000	5,595,000
Accrued compensated absences*	2,307,382	14,767	-	2,322,149	1,031,982	1,290,167
Total business-type activities	<u>\$ 81,804,108</u>	<u>\$ 14,767</u>	<u>\$ (5,996,495)</u>	<u>\$ 75,822,380</u>	<u>\$ 6,461,982</u>	<u>\$ 69,360,398</u>

\* The change in accrued leave is presented as a net change.

\*\* The General Fund has been used in prior years to liquidate pension liabilities.

## A. Revenue Bonds

Over the years, the Town has issued revenue bonds with pledged revenues as collateral. The revenue bonds have been issued as transportation revenue bonds, water and wastewater revenue bonds and golf revenue bonds. These bonds were issued to finance various construction projects within each of the issuing funds, with the pledged revenue coming from the respective fund.

The total pledged revenue is not estimable in comparison to pledged debt in that revenues are uncertain as to future amounts. However, the debt coverage requirement for each issue must be met or the bonds will be in default. This provides sufficient coverage each year for the pledged debt. The debt service coverage, or comparison of pledged revenues net of

**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**


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specific operating expenses, for each pledged debt, is provided in Tables 19 through 21 of the statistical section.

In July 2016, the Town issued \$7,405,000 of Sales and Use Tax Revenue Refunding Bonds, Series 2016 at interest rates ranging from 2% – 5%. The purpose of the 2016 bonds was to refund all of the Town’s Sales and Use Tax Revenue Bonds, Series 2008 in the amount of \$7,880,000. Principal payments are due annually on June 1 through 2028 commencing June 1, 2018. Interest payments are due semi-annually on June 1 and December 1 commencing December 1, 2016. As of December 31, 2024, future payments of principal and interest total \$3,618,250. The bonds are payable solely from the revenue derived from sales and use tax at the rate of 1.35% pledged from the General, Transportation and Community Center funds. During the year ended December 31, 2024 revenues of \$31,440,487 were available to pay annual debt service of \$904,038

In October 2020, the Town issued \$18,550,000 of Sales and Use Tax Revenue Refunding Bonds, Series 2020 at interest rates ranging from 1.03% – 2.42%. The purpose of the 2020 bonds was to reduce the interest rate paid on the Town’s debt by refunding a portion of the Town’s Sales and Use Tax Revenue Bonds, Series 2013 in the amount of \$16,425,000. The purpose of the 2013 bonds was to finance a portion of Castle Rock Parkway. Principal payments are due annually on June 1 through 2035 commencing June 1, 2025. Interest payments are due semi-annually on June 1 and December 1 commencing June 1, 2021. As of December 31, 2024, future payments of principal and interest total \$21,067,023. The bonds are payable solely from the revenue derived from sales and use tax at the rate of 1.35% pledged from the General, Transportation and Community Center funds. During the year ended December 31, 2024 revenues of \$31,440,487 were available to pay annual debt service of \$362,387.

The Town issued Water and Wastewater Revenue Bonds in 2006 for \$9,665,000 at a 4% interest rate to construct water and wastewater system improvements. In May of 2012, the Town issued \$11,455,000 at interest rates ranging from 2%-5% in Water and Wastewater Refunding Bonds. The purpose of the refunding was to reduce the interest rate paid on the previously issued Water and Wastewater Revenue Bonds. The 2012 bonds were paid in full in 2023. In July of 2015, the Town issued \$5,610,000 at interest rates ranging from 2% - 5% in Water and Wastewater Refunding Bonds. The purpose of the refunding was to reduce the interest rate paid on the 2006 Water and Wastewater Revenue Bonds. A portion of the 2006 Revenue Bonds totaling \$905,000 was not refunded. Principal payments are due annually on December 1. Interest payments are due semi-annually on June 1 and December 1. The bonds are payable solely from the net revenues of the Town’s Water and Wastewater Funds after the payment of the operation and maintenance expenses of the systems. These bonds constitute an irrevocable lien upon the net pledged revenues. During the year ended December 31, 2024, net pledged revenues of \$33,579,940 were available to pay annual debt service of \$683,500 for the bonds. As of December 31, 2024, future payments of principal and interest on the 2015 bonds total \$1,376,750.

In July 2016, the Town issued \$50,635,000 of Water and Sewer Enterprise Revenue Refunding Bonds, Series 2016 at interest rates ranging from 1.5% – 5%. The purpose of the 2016 bonds was to prepay all of the Town’s obligations under its Certificates of Participation, Series 2008 (COPs). The purpose of the COPs was to fund the acquisition of a raw water storage easement in the Reuter-Hess Reservoir owned and operated by Parker Water and Sanitation District and to acquire, construct and install certain other water supply, storage, transmission, and treatment facilities. Principal payments are due annually on December 1 through 2034 commencing December 1, 2016. Interest payments are due semi-annually on June 1 and December 1 commencing December 1, 2016. As of December 31, 2024, future payments of principal and interest total \$39,897,850. The bonds are payable solely from the net revenues of the Town’s Water and Wastewater Funds after the payment of the operation and maintenance expenses of the systems. These bonds constitute an irrevocable lien upon the net pledged revenues. During the year ended December 31, 2024, net pledged revenues of \$33,579,940 were available to pay annual debt service of \$3,819,950

In February 2022, the Town issued \$25,455,000 of Water and Sewer Enterprise Revenue Bonds, Series 2022 at interest rates ranging from 2% – 5%. The purpose of the 2022 bonds was to fund the Newlin Gulch pipeline and pump station. Principal payments are due annually on December 1 through 2042 commencing December 1, 2022. Interest payments are due semi-annually on June 1 and December 1 commencing June 1, 2022. As of December 31, 2024, future payments of principal and interest total \$33,005,350. The bonds are payable solely from the net revenues of the Town’s Water Resource Funds after the payment of the operation and maintenance expenses of the systems. These bonds constitute an irrevocable lien



## TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

upon the net pledged revenues. During the year ended December 31, 2024, net pledged revenues of \$33,579,940 were available to pay annual debt service of \$1,834,600.

In 2015, the Town issued \$5,410,000 at a 2.86% interest rate of Golf Revenue Refunding and Improvement Bonds to refund the outstanding 2005 Golf Revenue Refunding Bonds, who's original purpose was to finance the acquisition, construction and equipping of the golf course facility. The purpose of the 2015 refunding was to reduce the interest rate paid on the 2005 Bonds and to provide funds for capital improvements at the Golf Course. The outstanding bonds are payable solely from the revenues derived from the operation of the Red Hawk Ridge Golf Course after the payment of operation and maintenance expenses. Principal payments are due annually on December 1. Interest payments are due semi-annually on June 1 and December 1. During the year ended December 31, 2024, net pledged revenues of \$1,409,334 were available to pay annual debt service of \$498,197. As of December 31, 2024 the outstanding balance, including principal and interest was \$1,496,653.

Revenue Bonds Outstanding at December 31, 2024			
<u>Issue</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
<b>Governmental Activities</b>			
2016 Sales and Use Tax Bonds	6/1/2028	2.00% - 5.00%	\$ 3,280,000
2020 Sales and Use Tax Bonds	6/1/2035	1.03% - 2.42%	18,550,000
Total governmental activities			<u>\$ 21,830,000</u>
<b>Business-type Activities</b>			
2015 Water and Wastewater Revenue Refunding Bonds	12/1/2026	2.00% - 5.00%	\$ 1,280,000
2015 Golf Course Revenue Refunding and Improvement Bonds Revenue Bonds	12/1/2027	2.86%	1,415,000
2016 Water and Wastewater Revenue Refunding Bonds	12/1/2034	1.50% - 5.00%	31,930,000
2022 Water and Wastewater Revenue Improvement Bonds Revenue Bond	12/1/2042	2.00% - 5.00%	22,925,000
Total business-type activities			<u>\$ 57,550,000</u>

## TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

## Revenue Bond Debt Service Requirements to Maturity

Government-type Activities			Business-type Activities		
Year	Principal	Interest	Principal	Interest	
2025	\$ 1,665,000	\$ 502,749	\$ 4,400,000	\$ 2,472,519	
2026	1,800,000	452,840	4,630,000	2,262,363	
2027	1,850,000	398,316	4,165,000	2,066,971	
2028	1,915,000	339,203	3,905,000	1,869,100	
2029	1,960,000	290,743	4,120,000	1,673,850	
2030-2034	10,415,000	844,544	23,985,000	5,558,200	
2035-2039	2,225,000	26,878	7,255,000	1,911,000	
2040-2042			5,090,000	412,600	
	<u>\$ 21,830,000</u>	<u>\$ 2,855,273</u>	<u>\$ 57,550,000</u>	<u>\$ 18,226,603</u>	

## B. Certificates of Participation

In September 2013, the Town issued Certificates of Participation (COPs) in the amount of \$9,245,000. The purpose of the COPs was to fund the construction of the Fieldhouse at Philip S. Miller Park. Principal payments are due annually on December 1 through 2033. Interest (based on a 360-day year consisting of twelve 30-day months) shall be paid semi-annually on the 1st day of the months of June and December. The Police and Municipal Court Facility are pledged assets.

In October 2020, the Town issued Certificates of Participation (COPs) in the amount of \$8,485,000. The purpose of the COPs was to fund a portion of the acquisition, construction, installation, and improvements of 308 public parking spaces in the Encore parking garage. Principal payments are due annually on December 1 through 2048, commencing December 1, 2033. Interest payments are due semi-annually on June 1 and December commencing June 1, 2021.

## COPs Outstanding at December 31, 2024

<u>Issue</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
<b>Governmental Activities</b>			
2013 Parks and Recreation COPs	12/1/2033	2.0% - 5.0%	\$ 5,050,000
2020 Parking Fund COPs	12/1/2048	4.0%	8,485,000
Total governmental activities			<u>\$ 13,535,000</u>

## TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

## COPs Debt Service Requirements to Maturity

Government-type Activities				
Year		Principal		Interest
2025	\$	465,000	\$	582,013
2026		485,000		562,250
2027		505,000		540,425
2028		530,000		516,437
2029		555,000		491,263
2030-2034		3,480,000		1,999,250
2035-2039		3,240,000		1,263,600
2040-2044		2,030,000		704,600
2045-2048		2,245,000		231,800
	\$	<u>13,535,000</u>	\$	<u>6,891,638</u>

## C. Notes from Direct Borrowings and Placements

The following is a summary of notes from direct borrowings and placements for the year ended December 31, 2024:

## Notes from Direct Borrowings and Placements

	Amount Issued	Amount Outstanding
<b>Business-type activities</b>		
2019 Stormwater Notes Payable	\$ 9,500,000	\$ 6,625,000
Total Notes from Direct Borrowings and Placements	<u>\$ 9,500,000</u>	<u>\$ 6,625,000</u>

In December 2019, the Town entered into a loan agreement with a financial institution in the amount of \$9,500,000, with an interest rate of 1.92%. The purpose of the loan was to finance Stormwater projects. Principal payments are due annually on December 1, beginning in 2022. Interest payments are due semi-annually on June 1 and December 1. The loan is payable from the revenues of the Stormwater Fund. The Town drew funds based on the following schedule.

Date	Amount
December 19, 2019 (Closing)	\$ 4,500,000
September 30, 2020	4,500,000
September 30, 2021	500,000
	<u>\$ 9,500,000</u>

## TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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## Notes Payable Debt Service Requirements to Maturity

Year	Business-type Activities	
	Principal	Interest
2025	1,030,000	127,200
2026	1,060,000	107,424
2027	1,095,000	87,072
2028	1,115,000	66,048
2029	1,145,000	44,640
2030	1,180,000	22,656
	<u>\$ 6,625,000</u>	<u>\$ 455,040</u>

**D. Interest Expense**

Total interest expense, excluding amortization and other debt related items, in the amount of \$1,136,437 and \$2,817,310 was charged to governmental type and business type funds, respectively, for the year ended December 31, 2024.

## TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

## 10. FUND BALANCE AND NET POSITION

	Non-major Special Revenue Funds								
	General	Transportation	Capital	Conservation	P. S. Miller	Public Art	Police		
				Trust			Forfeiture	DDA TIF	
Nonspendable	\$ 10,543,134	\$ 98,756	\$ -	\$ 1,461	\$ -	\$ -	\$ -	\$ -	-
Prepaid Items	652,049	98,756	-	1,461	-	-	-	-	-
Loans to other funds (long-term portion)	9,891,085	-	-	-	-	-	-	-	-
Restricted	\$ 10,462,862	\$ -	\$ 29,634,770	\$ 1,484,050	\$ -	\$ -	\$ 1,516	\$ -	-
TABOR Reserve	3,928,911	-	-	-	-	-	-	-	-
TABOR Excess	6,533,951	-	-	-	-	-	-	-	-
Advance grant payments received, not earned	-	-	-	-	-	-	-	-	-
Grants earned, not spent	-	-	-	-	-	-	1,516	-	-
Impact Fees	-	-	29,634,770	-	-	-	-	-	-
Public Finance Agreement	-	-	-	-	-	-	-	-	-
Lottery Funds	-	-	-	1,484,050	-	-	-	-	-
Unspent Debt Proceeds	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Committed	\$ 10,321,306	\$ 16,053,028	\$ -	\$ 751,966	\$ 202,244	\$ 95,527	\$ -	\$ 3,194,416	
Council designation of revenue sources	-	16,053,028	-	751,966	202,244	95,527	-	3,194,416	
Contractual Obligations	491,209	-	-	-	-	-	-	-	
Economic Development	8,576,855	-	-	-	-	-	-	-	
Parking Fund	1,253,242	-	-	-	-	-	-	-	
Assigned	\$ 2,661,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Capital Project Carryforward	2,661,615	-	-	-	-	-	-	-	-
Loans to other funds	-	-	-	-	-	-	-	-	-
Unassigned	\$ 28,270,562	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Cash reserve policy	17,345,278	-	-	-	-	-	-	-	-
Unappropriated	10,925,284	-	-	-	-	-	-	-	-
Total Fund Balance	\$ 62,259,479	\$ 16,151,784	\$ 29,634,770	\$ 2,237,477	\$ 202,244	\$ 95,527	\$ 1,516	\$ 3,194,416	

## TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

Non-major Special Revenue Funds				Non-major Capital Project Funds						Total Other Governmental Funds	Total Governmental Funds
Castle Rock Urban Renewal Authority	Parks and Rec Lodging Tax	Festival Park Commons GID		Parks and Recreation Capital	Municipal Facilities Capital	Fire Capital	Police Capital	General Long-Term Planning			
\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	1,461	\$ 10,643,351
	-	-	-	-	-	-	-	-	-	1,461	752,266
	-	-	-	-	-	-	-	-	-	-	9,891,085
\$	- \$	795,396	- \$	16,535,332	2,324,008	1,828,299	- \$	- \$	- \$	22,968,601	\$ 63,066,233
	-	-	-	-	-	-	-	-	-	-	3,928,911
	-	-	-	-	-	-	-	-	-	-	6,533,951
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	1,516	1,516
	-	-	-	16,535,332	2,324,008	1,828,299	-	-	-	20,687,639	50,322,409
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	1,484,050	1,484,050
	-	-	-	-	-	-	-	-	-	-	-
	-	795,396	-	-	-	-	-	-	-	795,396	795,396
										-	-
\$	- \$	- \$	585,371	- \$	- \$	- \$	- \$	- \$	4,098,662	\$ 8,928,186	\$ 35,302,520
	-	-	585,371	-	-	-	-	-	4,098,662	8,928,186	24,981,214
	-	-	-	-	-	-	-	-	-	-	491,209
	-	-	-	-	-	-	-	-	-	-	8,576,855
	-	-	-	-	-	-	-	-	-	-	1,253,242
\$	- \$	- \$	- \$	1,700,000	78,075	- \$	- \$	- \$	- \$	1,778,075	\$ 4,439,690
	-	-	-	-	-	-	-	-	-	-	2,661,615
	-	-	-	1,700,000	78,075	-	-	-	-	1,778,075	1,778,075
\$	(20,698)	- \$	- \$	- \$	- \$	- \$	(838,931)	- \$	- \$	(859,629)	\$ 27,410,933
	-	-	-	-	-	-	-	-	-	-	17,345,278
	(20,698)	-	-	-	-	-	(838,931)	-	-	(859,629)	10,065,655
\$	(20,698)	795,396	585,371	18,235,332	2,402,083	1,828,299	(838,931)	4,098,662	-	32,816,694	\$ 140,862,727



**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024****11. PENSION PLANS**

Town employees are covered under one of the five different pension plans, depending on occupation. Four of the

plans are the General Employee Plan, Sworn Police Officers Plan, Sworn Police Officers Statewide Retirement Plan and the Fire Employees Statewide Retirement Plan (SRP). The Town Manager and the Town Attorney are covered under the Executive Defined Contribution Plan. In addition to the employee pension plans, the Town also participates in an agent multiple-employer defined benefit plan that covers its volunteer fire fighters under the Volunteer Fire Pension Plan. All plans and plan amendments are approved by Town Council as a single-employer, defined contribution plans, qualified under IRS guidelines, except one police pension plan, and two fire pension plans, an agent multiple-employer defined benefit plan and a cost sharing multiple-employer defined benefit plan, respectively

The following table summarizes each of the Town's FPPA plans and the respective pension activity recorded in the financials.

Plan	Net Pension Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Reduction)
FPPA SWDB - Police	\$ -	\$ 5,354,949	\$ 2,095,580	\$ 380,680
FPPA SWDB - Fire	-	6,338,916	505,909	795,119
Volunteer Firefighter	149,173	61,023	-	(6,630)
Totals	<u>\$ 149,173</u>	<u>\$ 11,754,888</u>	<u>\$ 2,601,489</u>	<u>\$ 1,169,169</u>

All plans are administered by outside trustees and, except for the Volunteer Fire Pension Plan, do not meet the standards of accounting principles generally accepted in the United States of America for inclusion as part of the reporting entity.

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town Fire Pension Plans and additions to/deductions from the Fire Pension Plans fiduciary net position have been determined on the same basis as they are reported by the Fire and Police Pension Association of Colorado (FPPA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. All employees who participate in the FPPA plans are funded through the general fund and therefore the net pension liability or net pension asset are recorded at the government-wide level only.

A description of each plan and selected financial information follows.

**A. General Employee Plan**

A multi-employer defined contribution pension plan is maintained for all permanent full-time and part-time employees who work at least 20 hours per week on an annual basis. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Firefighters are excluded from the plan and are covered by a separate plan, as described in 11. E. Sworn Police Officers are excluded from the plan and are covered by a separate plan, as described in 11. C & D.. For 2024, the plan requires mandatory

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employee pre-tax contributions to the plan of 4% of compensation. The Town also contributes 7% of each employees' compensation to the plan with the exception of the Town Manager and Town Attorney. As part of their employment contracts, the Town Manager and the Town Attorney receive an 11% contribution from the Town and do not have a mandatory employee contribution. The Town has no other obligations to fund this plan. Employees are permitted to contribute additional amounts beyond their 4% mandatory contribution into a deferred 457 plan. These additional amounts are invested in a deferred compensation plan pursuant to Internal Revenue Code (IRC) Section 457, see Note 12.

The plan requires employee participation in the plan immediately upon date of hire. Vesting of employer contributions are 100% after 1 year of employment. Unvested contributions for terminated employees are returned to the Town, net of servicing fees. Employees are fully vested for their contributions immediately. All administrative costs of the plans are borne by the participants of each plan.

Employer contributions are funded by the governmental and proprietary funds. The Town's contributions for 2024 were \$2,447,983. Town employees' mandatory contributions for 2024 were \$1,368,131.

Plan provisions and contribution requirements are established and administered by Mission Square Retirement and may be amended with the approval of Town Council.

**B. Executive Defined Contribution Plan**

In 2004, the Town agreed to adopt a qualified 401(a) Executive Defined Contribution plan as part of the employment contracts for the Town Manager and the Town Attorney. The Town contributed 9% of the covered employee's compensation into this plan. Vesting is based on years of service and an employee will not be fully vested until they have reached 10 years of service. The Town's contributions to the plan for the year ended December 31, 2024 were \$43,197, equal to the required contributions. Plan provisions and contribution requirements are established and administered by Mission Square Retirement and may be amended with the approval of Town Council.

**C. Sworn Police Officers Defined Contribution Plan**

In 2018, the Town's Sworn Police Officers were moved from the General Employee Plan and added to a new qualified 401(a) Money Purchase Retirement plan. For 2024, the plan requires mandatory employee pre-tax contributions to the plan of 5.6% of compensation. The Town also contributes 8.6% of each employees' compensation to the plan. The Town has no other obligations to fund this plan. Employees are permitted to contribute additional amounts beyond their 5.6% mandatory contribution into a deferred 457 plan. These additional amounts are invested in a deferred compensation plan pursuant to Internal Revenue Code (IRC) Section 457, see Note 12.

The plan requires employee participation in the plan immediately upon date of hire. Vesting of employer contributions are 100% after 1 year of employment. Unvested contributions for terminated employees are returned to the Town, net of servicing fees. Employees are fully vested for their contributions immediately. All administrative costs of the plans are borne by the participants of each plan.

Employer contributions are funded by the governmental funds. The Town's contributions for 2024 were \$107,744. Town employees' mandatory contributions for 2024 were \$70,159.

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Plan provisions and contribution requirements are established and administered by Mission Square Retirement and may be amended with the approval of Town Council.

**D. Sworn Police Officers – Statewide Retirement Plan**

In March 2021 the Town of Castle Rock's sworn police officers were provided the option to participate in the Fire and Police Pension Association (FPPA) Statewide Defined Benefit Plan. The Town of Castle Rock's full-time sworn police officers who chose to opt into the plan, as well as full-time sworn police officers hired after entry into the plan, are members of the Statewide Defined Benefit Plan. During 2022, House Bill 22-1034 was signed into law. This legislation combines the assets and liabilities of the Statewide Defined Benefit Plan and Statewide Hybrid Plan to form the Statewide Retirement Plan effective January 1, 2023.

**(a) Plan Description**

The Statewide Retirement Plan (SRP) is a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 230 participating employer fire and police departments. The Town does not participate in the Social Security Component. State statute assigns authority to establish and amend benefit provisions to the FPPA. This plan is included in the FPPA's annual separately issued audited financial statements. . The FPPA Annual Comprehensive Financial Report can be obtained on FPPA's website at: [www.fppaco.org/annual-reports.html](http://www.fppaco.org/annual-reports.html).

**(b) Description of Benefits**

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. A member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

The annual retirement benefit for the Defined Benefit Component is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022 and 1.5 percent of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

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Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, a member may elect to have their member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

**(c) Contributions**

Contribution rates for the Plan are set by state statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 21.7 percent.

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2024, the total minimum combined member and employer contribution rate was 16.375 percent. The Town does not participate in the Hybrid Defined Benefit Component.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan.

Additional voluntary contributions from the employer are made on a pre-tax basis. Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings

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on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

The Town's contribution to the SRP for the year ending December 31, 2024 was \$1,040,770, equal to the required contribution for the year.

**(d) Pension Liability**

At December 31, 2024, the Town reported a liability of \$0 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability was determined based upon the January 1, 2024 actuarial valuation, which was unchanged from December 31, 2023.

The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. The Town's proportion measured as of December 31, 2023, was 0.985%, which was an increase of 0.024% from its proportion measured as of December 31, 2022.

**(e) Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended December 31, 2024, the Town recognized pension expense for the SRP of \$380,680. At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,877,405	\$ 90,203
Changes in assumptions	1,088,969	-
Net difference between projected and actual investment earnings	1,347,805	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	2,005,377
Town contributions subsequent to the measurement date	1,040,770	-
Total	<u>\$ 5,354,949</u>	<u>\$ 2,095,580</u>

The \$1,040,770 reported as deferred outflows of resources related to Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SRP will be recognized in pension expense as follows:

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Year ending December 31	Net Deferred Outflows (Inflows) of Resources
2025	\$ 402,163
2026	749,991
2027	1,212,698
2028	(117,612)
2029	(68,696)
Thereafter	40,055
Total	<u>\$ 2,218,599</u>

## (f) Actuarial Assumptions

The January 1, 2024 actuarial valuations, based on the most recent actuarial study completed in 2022, used the following:

Actuarial Method	Entry Age Normal
Long-term Investment Rate of Return*	7.0%
Projected Salary Increases*	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.0%
*Includes Inflation at	2.5%
Mortality	For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Health Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

Change in Assumptions: No Changes in assumptions since the prior valuation

Changes in Benefit Terms: No changes in benefit terms since the prior validation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	1%	4.32%
Fixed Income - Credit	5%	5.89%



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Fixed Income - Rates	10%	5.35%
Absolute Return	9%	6.39%
Equity Long/Short	6%	7.27%
Global Equity	35%	8.33%
Private Markets	34%	10.31%
Total	<u>100%</u>	

**(g) Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the longterm expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability (asset) to changes in the discount rate, the following presents the Town's proportionate share of the net pension liability (asset), calculated using a discount rate of 7.00%, as well as what the Town's proportionate share of the plan's net pension liability (asset) would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.00%	7.00%	8.00%
Town's net pension liability/(asset)	\$ 5,527,777	\$ -	\$ -

**(h) Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in FPPA's Annual Report.

**E. Fire Employees - Statewide Defined Benefit Plan****(a) Plan Description**

All full-time firefighters of the Town are members of the Statewide Retirement Plan (SRP). Reference note 11.D.(a) for the SRP plan description.

**(b) Description of Benefits**

Reference note 11.D.(b) for a description of benefits of the SRP plan.

**(c) Contributions**

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Contribution rates for the Plan are set by state statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 21.7 percent.

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2024, the total minimum combined member and employer contribution rate was 16.375 percent. The Town does not participate in the Hybrid Defined Benefit Component.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan.

Additional voluntary contributions from the employer are made on a pre-tax basis. Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

The Town's contribution to the SRP for the year ending December 31, 2024 was \$1,102,828, equal to the required contribution for the year.

**(d) Pension Liability**

At December 31, 2024, the Town reported a liability of \$0 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023 and the total pension liability used

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to calculate the net pension liability was determined based upon the January 1, 2024 actuarial valuation, which was unchanged from December 31, 2023.

The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. The Town's proportion measured as of December 31, 2023, was 1.083%, which was an increase of 0.053% from its proportion measured as of December 31, 2022.

**(e) Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended December 31, 2024, the Town recognized pension expense for the SRP of \$759,119. At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,062,376	\$ 99,091
Changes in assumptions	1,196,260	-
Net difference between projected and actual investment earnings	1,480,598	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	496,854	406,818
Town contributions subsequent to the measurement date	1,102,828	-
Total	<u>\$ 6,338,916</u>	<u>\$ 505,909</u>

The \$1,102,828 reported as deferred outflows of resources related to Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SRP will be recognized in pension expense as follows:

Year ending December 31	Net Deferred Outflows (Inflows) of Resources
2025	\$ 823,302
2026	1,210,906
2027	1,713,924
2028	240,640
2029	274,504
Thereafter	466,903
Total	<u>\$ 4,730,179</u>

**(f) Actuarial Assumptions**

The January 1, 2024 actuarial valuations, based on the most recent actuarial study completed in 2018, used

## TOWN OF CASTLE ROCK, COLORADO

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the following:

Actuarial Method	Entry Age Normal
Long-term Investment Rate of Return*	7.0%
Projected Salary Increases*	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.0%
*Includes Inflation at	2.5%
Mortality	For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Health Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

Change in Assumptions: No Changes in assumptions since the prior valuation

Changes in Benefit Terms: No changes in benefit terms since the prior validation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	1%	4.32%
Fixed Income - Rates	10%	5.35%
Fixed Income - Credit	5%	5.59%
Absolute Return	9%	6.39%
Equity Long/Short	6%	7.27%
Global Equity	35%	8.33%
Private Markets	34%	10.31%
Total	100%	

## (g) Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the plan fiduciary net position was

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projected to be available to make all the projected future benefit payments of current plan members. Therefore, the longterm expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.00 percent, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Town's net pension liability/(asset)	\$ 6,072,403	\$ -	\$ -

**(h) Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in FPPA's Annual Report.

**F. Volunteer Firefighters' Pension Plan****(a) Plan Description – Benefits Provided**

The Town participates in an agent multiple-employer defined benefit pension plan that covers its volunteer firefighters. The plan is administered and benefit provisions are executed by FPPA. This plan provides retirement benefits as well as death and disability benefits. The Town's volunteer firefighters become fully vested after 20 years of active service and reaching age 50. The benefit, payable at age 50, would be equal to the retirement benefit prorated based upon the number of years of service accrued at termination. Surviving spouses of deceased retirees are entitled to 50% of the retirement benefit until remarriage or their death. Pre-retirement death and disability benefits are only available if incurred in the line of duty. The plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. The FPPA Annual Comprehensive Financial Report can be obtained on FPPA's website at: [www.fppaco.org/annual-reports.html](http://www.fppaco.org/annual-reports.html). The volunteer firefighters' pension plan is closed to new entrants.

**(b) Contributions**

Volunteer Plan participants are not compensated and do not contribute to the plan. The Volunteer Firefighters' Pension Plan receives contributions from the Town in an amount not to exceed one-half mill of property tax revenue. As established by the legislature, the State of Colorado contributes up to ninety percent of the Town's contribution. The State's contribution does not meet the definition of a special funding situation as defined by GASB 68 and is considered a discretionary contribution. The State's contribution must not exceed the greater of the actuarially determined contribution or the highest State contribution during the years 1998 through 2001, which was \$17,635 in 2000. The actuarial study as of January 1, 2021, indicated that the current level of contributions to the fund is adequate to support on an actuarially sound basis, the prospective benefits for the present Plan. For the year ended December 31, 2024, the Town and State contributions were \$26,177 and \$17,635 respectively.

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**(c) Members Covered by Benefit Terms**

Membership covered by benefit terms at December 31, 2024:

Retirees and Beneficiaries	18
Active Members	1
Total	19

**Pension Liability**

At December 31, 2024, the Town reported a net pension liability of \$149,173. The net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability was determined based upon the January 1, 2023 actuarial valuation. The liability was rolled forward to December 31, 2023 using standard actuarial methods.

**(d) Actuarial Assumptions**

The January 1, 2023 actuarial valuation based on the most recent experience study completed in 2022 used the following:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Return	
Retirement Age	50% per year of eligibility until 100% at age 65.
Mortality	The post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

Change in Assumptions: No Changes in assumptions since the prior valuation

Change in Assumptions: No Changes in assumptions since the prior valuation

The long-term expected rate of return on pension plan investments was determined using a



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building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2023 are summarized in the following table:

Asset Class	Target Allocation	Expected Rate of Return
Cash	1.0%	432.00%
Fixed Income - Rates	10.0%	5.35%
Fixed Income - Credit	5.0%	5.89%
Absolute Return	9.0%	6.39%
Equity Long/Short	6.0%	7.27%
Global Equity	35.0%	833.00%
Private Markets	34.0%	10.31%
Total	100.0%	

## (e) Single Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumes that all actuarially determined contributions will be made. The plan's fiduciary net position was projected to be available to make all projected future benefit payments. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## (f) Changes in Net Pension Liability

<b>Total Pension Liability</b>	
Service Cost	\$ 1,117
Interest on the Total Pension Liability	72,351
Benefit changes	-
Difference between expected and actual experience of the Total Pension Liability	-
Changes in assumptions	-
Benefit Payments	(104,220)
<b>Net Change in Total Pension Liability</b>	<b>(30,752)</b>
<b>Total Pension Liability - Beginning</b>	<b>1,084,269</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 1,053,517</b>
<b>Plan Fiduciary Net Pension</b>	
Employer Contribution	\$ 20,440

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Net Investment Income	82,083
Benefit Payments	(104,220)
Pension Plan Administrative Expenses	(9,132)
State of Colorado Supplemental Discretionary Payment	17,635
<b>Net Change in Plan Fiduciary Net Pension</b>	<b>6,806</b>
<b>Plan Fiduciary Net Position – Beginning (Market value of assets at beginning of year)</b>	<b>897,538</b>
<b>Plan Fiduciary Net Position – Ending (Market value of assets at end of year)</b>	<b>\$ 904,344</b>
<b>Net Pension Liability</b>	<b>\$ 149,173</b>

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Town's net pension liability	\$ 245,187	\$ 149,173	\$ 67,184

## (h) Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial reports online at [www.fppaco.org/annual-reports.html](http://www.fppaco.org/annual-reports.html)

## (i) Pension Expense

For the year ended December 31, 2024, the Town recognized a reduction of pension expense of \$6,630.

## (j) Pension Deferred Outflows/Inflows of Resources

At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 34,846	\$ -
Town contributions subsequent to the measurement date	26,177	-
Total	<u>\$ 61,023</u>	<u>\$ -</u>

The \$26,177 reported as deferred outflows of resources related to the Volunteer pension plan resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net

**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**


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pension liability in the year ended December 31, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Volunteer pension plan will be recognized in pension expense as follows:

Year ending December 31	Net Deferred Outflows (Inflows) Of Resources
2025	\$ 1,426
2026	11,553
2027	26,236
2028	(4,369)
Total	<u>\$ 34,846</u>

**12. DEFERRED COMPENSATION PLANS**

The Town provides employees deferred compensation plans created in accordance with IRC Section 457. These plans permit employees to defer a portion of their salary until future years.

The general employee plan is administered and benefit provisions are amended through ICMA. All full-time and part-time employees who are covered by the ICMA general employees defined contribution pension plan are eligible to participate in the ICMA deferred compensation plan. There are no contributions made by the Town.

A second IRC 457 plan is established with Colorado County Officials and Employees Retirement Association (CCOERA). The plan is administered and benefit provisions are amended through CCOERA. This plan is only available to those employees who were eligible to participate in the CCOERA defined contribution pension plan. There are no contributions made by the Town.

A third plan is available to fire employees who meet the eligibility requirements for FPPA membership. This plan is administered and benefit provisions are amended through FPPA. The Town contributes 3% of each paid fire fighter's salary. Employee participation in the 457 plans is optional. For the year ended December 31, 2024, the Town contributions were \$337,996.

Deferred Compensation is only available to employees upon termination, retirement, death or unforeseeable emergency. Each plan's trustee manages investments. Several investment options are available to participants.

**13. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

The Town has agreed to partially self-insure claims for health insurance of Town employees to a maximum liability of \$100,000 per covered person. For insured risks, no settlements have exceeded coverage during the past three years.

Self-insurance activities are accounted for in the accounts payable line item of the Employee Benefits Fund. The basis for estimating the liabilities of unpaid claims is by using actuarial projection techniques. Changes in claims payable were as follows:

	<u>2023</u>	<u>2024</u>
Claims payable, January 1	\$ 587,000	\$ 690,700
Incurred claims	7,656,052	8,263,269
Claims paid	<u>(7,552,352)</u>	<u>(7,971,219)</u>
Claims payable, December 31	<u>\$ 690,700</u>	<u>\$ 982,750</u>

For excess liability, property and workers compensation claims, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by an intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purpose of CIRSA is to provide members defined liability and property coverage and to provide assistance in prevention of loss to municipal property and to personal injury.

It is the intent of the members of CIRSA to create an entity in perpetuity, which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of the unit.

In 2024, the Town's CIRSA deductibles per occurrence were:

Liability	\$ 100,000
Auto Liability	\$ 5,000
Errors and omissions	\$ 100,000
Worker Compensation	\$ 25,000
Fidelity (employee dishonesty)	\$ 1,000

**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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**14. COMMITMENTS AND CONTINGENCIES**Committed Construction

As of December 31, 2024, the Town had unexpended construction related commitments of \$157,580,495.

Federal Programs

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expect such amounts, if any, to be immaterial.

Litigation

Although the Town is subject to pending and threatened litigation, the Town's Management and the Town Attorney believe that all lawsuits and claims, which have been filed against the Town, are either adequately covered by insurance or the final settlement of uninsured matters will not have a materially adverse effect on the financial position of the Town.

Taxpayer Bill of Rights (TABOR)

In November 1992, Colorado voters approved a State Constitutional Amendment, TABOR, the general purpose of which is to restrain government growth (as measured by revenues) without a vote of the local citizens. The key mechanisms for restraining growth without a vote are: 1) the prohibition of revenue and expenditure growth other than for inflation and a component for new construction growth, 2) the prohibition of new taxes or higher tax rates, 3) the prohibition of new debt, and 4) the refunding of any revenues collected in excess of the revenue limitations.

Castle Rock voters have approved certain revenue exemptions. These exemptions include: 1) a \$0.0075 exemption of sales and motor vehicle taxes approved in 1994 to be used for streets, trails, bridges and sidewalks, 2) a \$0.004 exemption of sales and motor vehicle taxes approved in 1995 to be used for transportation and the community center, and 3) approved in 2005, an exemption of all transportation impact fees and all building use taxes to be used for transportation and the community center.

TABOR further requires emergency reserves of at least 3% of fiscal year spending (excluding bonded debt service). This reserve was recorded in the General Fund as restricted fund balance of \$3,928,911 as of December 31, 2024. Local governments are prohibited from use of these emergency reserves to compensate for economic conditions, revenue shortfalls, salary or benefit increases.

The Town's management believes the Town is in compliance with the provisions of TABOR.

## TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

## 15. INTERFUND TRANSACTIONS

Transactions that are representative of lending / borrowing arrangements which were outstanding at the end of the year are referred to as “Loans to / from Other Funds” or “interfund loans”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the Town-wide financial statements as “internal balances”. Eliminations are made in interfund activities, payables and receivables. All internal balances in the Town-wide Statement of Net Position have been eliminated except those representing balances between the governmental activities and business-type activities, which are reported as internal balances and are eliminated in the total column. In the Statement of Activities, internal service fund transactions have been eliminated. Transactions between governmental and business-type activities are not eliminated.

Interfund Receivable	Interfund Payable					Total
	General Fund	Transportation Capital Fund	Water	Nonmajor Governmental Funds	Nonmajor Business-type Funds	
General Fund	\$ -	\$ 6,500,000	\$ -	\$ 1,460,720	\$ 2,488,757	\$ 10,449,477
Water Resources	1,661,096	-	-	-	-	1,661,096
Wastewater	-	-	4,820,000	-	-	4,820,000
Nonmajor Governmental Funds	-	-	-	1,778,075	-	1,778,075
<b>Total</b>	<b>\$ 1,661,096</b>	<b>\$ 6,500,000</b>	<b>\$ 4,820,000</b>	<b>\$ 3,238,795</b>	<b>\$ 2,488,757</b>	<b>\$ 18,708,648</b>

The below describes the outstanding loans of the general fund as of December 31, 2024:

Purpose	Payable Fund	Outstanding Balance
Crystal Valley Interchange (3)	Transportation Capital Fund	\$ 6,500,000
Impact fees - reimburse General Fund for growth related construction (1)	Police Capital	503,082
Advanced funding for capital projects funded by Tabor Excess Fund (4)	Police Capital	906,566
Advance for operating costs funded by Economic Development Fund	Urban Renewal Authority	51,072
Advance for debt service reserve	Golf	500,815
Advance for golf maintenance equipment (2)	Golf	50,598
Advance for golf carts (6)	Golf	695,000
Advance for slide tower repair (5)	Community Center	1,242,344
Total loans outstanding		<u>\$ 10,449,477</u>



**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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**15. INTERFUND TRANSACTIONS (continued)**

(1) In 2002, the Town established the Parks, Municipal Facilities, Fire, Police, and Recreation Capital Funds. Prior to 2002, these activities were accounted for in the General Fund. At the point of the transfer, certain projects completed by the General Fund were expected to be reimbursed by development impact fees that are collected in the capital funds. To assure reimbursement of the costs, the Town recorded loans between the General Fund and the capital funds. Since the expenditures had already occurred, this resulted in the capital project funds showing fund deficits in prior years. Currently, only the Police Capital Project Fund remains in deficit from these loans.

(2) In 2022, the Town recorded a loan from the General Fund to the Golf Fund of \$541,816 to fund the golf course maintenance equipment.

(3) In 2023, the Town recorded a loan from the General Fund to the Transportation Capital Fund of \$6,500,000 to cash flow the construction of the Crystal Valley Interchange project.

(4) In 2023, the Town recorded a loan from the TABOR Fund to the Police Capital Fund of \$1,000,000 to fund renovations at Police Headquarters.

(5) In 2023, the Town recorded a loan from the General Fund to the Community Center Fund of \$1,370,385 to fund repairs to the Recreation Center slide and pool.

(6) In 2024, the Town recorded a loan from the General Fund to the Golf Fund of \$695,000 to fund the purchase of golf carts.

In addition, the Water Resources Fund has a loan outstanding with the General Fund for an advance to fund turf replacement, the Wastewater fund has a loan outstanding with the Water Fund for planned water projects, the Parks Capital Fund has a loan outstanding with the Conservation Trust fund to Mitchell Gulch Park project, and the Municipal Facilities Capital Fund has a loan outstanding with the Police Capital fund the Police Department basement renovation.

## TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

## 15. INTERFUND TRANSACTIONS (continued)

Transfers are used to move revenues from the fund in which the town budget requires collection to the fund required to expend the monies, and to move unrestricted revenues collected in the General Fund to finance various activities accounted for in other funds. Transfers also include the repayment of interfund loan interest.

Transfers In	Transfers Out							
	General Fund	Transportation Fund	Transportation Capital Fund	Water	Nonmajor Governmental Funds	Nonmajor Business-type Funds	Total	
General Fund	\$ 164,824	\$ 862,829	\$ 97,500	\$ -	\$ 575,913	\$ 52,412	\$ 1,753,478	
Transportation Capital	-	3,000,000	-	-	-	-	3,000,000	
Water Resource	26,523	-	-	-	-	-	26,523	
Nonmajor Governmental Funds	1,710,343	-	-	-	1,757,050	-	3,467,393	
Nonmajor Business-type Funds	125,000	-	-	-	-	-	125,000	
Internal Service Funds	472,355	-	-	244,144	151,514	-	868,013	
<b>Total</b>	<b>\$ 2,499,045</b>	<b>\$ 3,862,829</b>	<b>\$ 97,500</b>	<b>\$ 244,144</b>	<b>\$ 2,484,477</b>	<b>\$ 52,412</b>	<b>\$ 9,240,407</b>	
Transfers between Water Resources and General Fund							\$ 26,523	
Transfers between General fund and nonmajor Business-type Funds							72,588	
Transfers between the Internal Service Funds and Water fund							(244,144)	
Total transfers between Governmental-type and Business-type Activities							<u>\$ (145,033)</u>	

**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024****16. DEFICIT FUND BALANCES**

On December 31, 2024, the Police Capital Fund had a fund deficit of \$838,931 . This will be eliminated with the repayment of the loans from the collection of future development impact fees.

On December 31, 2024, CRURA had a fund deficit of \$20,698. This will be eliminated with the repayment of the loan from future administration fees collected by the URA.

**17. TAX ABATEMENTS**

The Town enters into public finance agreements with developers in order to create jobs, expand the tax base, encourage existing businesses to make capital investments, and spur new office, industrial, and retail expansion and development. Town ordinances authorize abatements of incremental sales tax and property tax revenues for public finance agreements. For the year ended December 31, 2024, the Town abated approximately \$1,908,930 in sales taxes under this program.

**18. DISCRETELY-PRESENTED COMPONENT UNITS**Castle Rock Downtown Development Authority (CRDDA)

As of December 31, 2024, all of the CRDDA's deposits were either insured by the FDIC or held in eligible depositories. CRDDA investments are held in CSAFE rated AAmmf by Fitch.

Capital assets activity for the CRDDA for the year ended December 31, 2024 was as follows:

	Balance at December 31, 2023	Additions	Deletions	Balance at December 31, 2024
Capital assets, being depreciated				
Improvements	\$ 154,267	\$ 5,099	\$ -	\$ 159,366
Total capital assets being depreciated	154,267	5,099	-	159,366
Less assets, being amortized				
Buildings	47,509	-	-	47,509
Total lease assets, being amortized	47,509	-	-	47,509
Capital asset accumulated depreciation	(121,698)	(4,486)	-	(126,184)
Lease asset accumulated amortization	(38,171)	(9,338)	-	(47,509)
Total accumulated depreciation and amortization	(159,869)	(13,824)	-	(173,693)
Total capital assets, net	\$ 41,907	\$ (8,725)	\$ -	\$ 33,182

**TOWN OF CASTLE ROCK, COLORADO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS****DECEMBER 31, 2024**

In January 2020, CRDDA entered into a sublease agreement in which CRDDA will sublease two offices for the period of January 2020 through December 2024. As of December 31, 2024, CRDDA recognized a lease liability and an intangible right-to-use lease asset.

	Balance at December 31, 2023	Additions	Dispositions	Balance at December 31, 2024	Due In One Year
Lease Payable	\$ 9,365	\$ -	\$ 9,365	\$ -	\$ -
Total	<u>\$ 9,365</u>	<u>\$ -</u>	<u>\$ 9,365</u>	<u>\$ -</u>	<u>\$ -</u>

**Miller's Landing Business Improvement District (BID)**

As of December 31, 2024, all of the Miller's Landing BID had no deposits with financial institutions and all cash and investments are held in a U.S. Treasury money market fund rated AAA.

Capital assets activity for the Miller's Landing BID for the year ended December 31, 2024 was as follows:

	Balance at December 31, 2023	Additions	Deletions	Balance at December 31, 2024
Capital assets not being depreciated				
Construction in progress	\$ 18,435,246	121,296	2,186,572	\$ 16,369,970
Total capital assets not being depreciated	<u>18,435,246</u>	<u>121,296</u>	<u>2,186,572</u>	<u>16,369,970</u>
Miller's Landing BID capital assets, net	<u>\$ 18,435,246</u>	<u>\$ 121,296</u>	<u>\$ 2,186,572</u>	<u>\$ 16,369,970</u>

## TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

## DECEMBER 31, 2024

The following is an analysis of changes in long-term obligations for the Miller's Landing BID for the year ended December 31, 2024:

	Balance at December 31, 2023	Additions	Retirements	Balance at December 31, 2024	Due Within One Year
Bonds Payable:					
Series 2018A	\$ 7,845,000	\$ -	\$ 130,000	\$ 7,715,000	\$ 140,000
Series 2018A	12,805,000	-	225,000	12,580,000	240,000
Subtotal Bonds Payable	\$ 20,650,000	\$ -	\$ 355,000	\$ 20,295,000	\$ 380,000
Notes from Direct Borrowing					
Developer Advance - Operating	743,854	7,388	-	751,242	-
Developer Advance - Capital	4,227,599	121,296	-	4,348,895	-
Developer Advance - Debt	3,911,762	1,389,089	-	5,300,851	-
Accrued Interest on:				-	
Developer Advance - Operating	176,421	54,263	-	230,684	-
Developer Advance - Capital	372,571	184,954	-	557,525	-
Developer Advance - Debt	368,962	394,033	-	762,995	-
Subtotal Other Debt	9,801,169	2,151,023	-	11,952,192	-
	<u>30,451,169</u>	<u>2,151,023</u>	<u>355,000</u>	<u>32,247,192</u>	<u>380,000</u>

Miller's Landing Bid has yet to establish a revenue base sufficient to pay operations expenditures. Until an independent revenue base is established, continuation of operation in the District will be dependent upon funding by the developer.



**TOWN OF CASTLE ROCK, COLORADO****NOTES TO THE BASIC FINANCIAL STATEMENTS****DECEMBER 31, 2024**

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**19. RELATED PARTY TRANSACTIONS**

The Castle Rock Council members are on the boards of various organizations in the region, including the Castle Rock Chamber of Commerce, Castle Rock Economic Development Council, Chatfield Watershed Authority, Cherry Creek Basin Water Quality Authority, Colorado Municipal League Policy Committee, Denver Regional Council of Governments, Douglas County Housing Partnership, Douglas County Youth Initiative, Downtown Development Authority, and Downtown Merchants Association. In addition, the Director of Parks and Recreation is on the board of Rueter Hess Recreation Authority.

The Town made payments of the following amounts to these organizations in 2024:

<u>Related Party Transactions</u>		
Castle Rock Chamber of Commerce	\$	133,000
Castle Rock Economic Development Council		242,346
Chatfield Watershed Authority		75,510
Colorado Municipal League		27,184
Denver Regional Council of Governments		52,610
Douglas County Housing Partnership		17,500
Douglas County Youth Initiative		19,800
Downtown Merchants Association		97,850
Douglas County (for Rueter Hess Recreation Authority)		210,000



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## Supplementary Information

Required Supplementary Information

Combining and Individual Fund Statements and Schedules

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## Required Supplementary Information

*Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios for the Volunteer Firefighters' Pension Plan*

*Schedule of Contributions for the Volunteer Firefighters' Pension Plan*

*Schedule of Contributions for the Statewide Retirement Plan - Fire*

*Schedule of the Town's Proportionate Share of the Net Pension Liability/(Asset) for the Statewide Retirement Plan - Fire*

*Schedule of Contributions for the Statewide Retirement Plan - Police*

*Schedule of the Town's Proportionate Share of the Net Pension Liability/(Asset) for the Statewide Retirement Plan - Police*

*Schedule of Contributions for the Statewide Defined Benefit Pension Plan - Fire*

*Schedule of the Town's Proportionate Share of the Net Pension Liability/(Asset) for the Statewide Defined Benefit Pension Plan - Fire*

*Schedule of Contributions for the Statewide Defined Benefit Pension Plan - Police*

*Schedule of the Town's Proportionate Share of the Net Pension Liability/(Asset) for the Statewide Defined Benefit Pension Plan - Police*

*Schedule of Revenues and Expenditures and Changes in Funds Available*

*General Fund*

*Transportation Fund*

*Note to Required Supplementary Information*

## TOWN OF CASTLE ROCK, COLORADO

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)**  
**VOLUNTEER FIRE PENSION PLAN**  
**LAST TEN YEARS (to be built prospectively)**

Measurement period ending December 31,	2023	2022	2021	2020
<b>Total Pension Liability</b>				
Service Cost	\$ 1,117	\$ 1,095	\$ 1,095	\$ 1,095
Interest on the Total Pension Liability	72,351	74,473	76,592	76,186
Benefit Changes	-	-	-	-
Difference between Expected and Actual Experience	-	(9,375)	-	39,791
Assumption Changes	-	8,559	-	-
Benefit Payments	(104,220)	(105,908)	(109,924)	(112,590)
<b>Net Change in Total Pension Liability</b>	<b>(30,752)</b>	<b>(31,156)</b>	<b>(32,237)</b>	<b>4,482</b>
<b>Total Pension Liability - Beginning</b>	<b>1,084,269</b>	<b>1,115,425</b>	<b>1,147,662</b>	<b>1,143,180</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 1,053,517</b>	<b>\$ 1,084,269</b>	<b>\$ 1,115,425</b>	<b>\$ 1,147,662</b>
<b>Plan Fiduciary Net Position</b>				
Employer Contributions	\$ 20,440	\$ 20,440	\$ 20,440	\$ 20,440
Pension Plan Net Investment Income	82,083	(81,842)	139,501	113,648
Benefit Payments	(104,220)	(105,908)	(109,924)	(112,590)
Pension Plan Administrative Expense	(9,132)	(5,747)	(6,089)	(4,814)
State of Colorado supplemental discretionary payment	17,635	17,635	35,270	17,635
<b>Net Change in Plan Fiduciary Net Position</b>	<b>6,806</b>	<b>(155,422)</b>	<b>79,198</b>	<b>34,319</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>897,538</b>	<b>1,052,960</b>	<b>973,762</b>	<b>939,443</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 904,344</b>	<b>\$ 897,538</b>	<b>\$ 1,052,960</b>	<b>\$ 973,762</b>
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 149,173</b>	<b>\$ 186,731</b>	<b>\$ 62,465</b>	<b>\$ 173,900</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>85.84%</b>	<b>82.78%</b>	<b>94.40%</b>	<b>84.85%</b>
<b>Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

2019	2018	2017	2016	2015	2014
\$ 1,095	\$ 2,879	\$ 2,879	\$ 2,861	\$ 2,861	\$ 3,761
78,496	84,888	86,346	82,814	84,409	66,823
-	-	-	-	-	118,071
-	(26,200)	-	28,112	-	154,102
-	40,977	-	40,514	-	-
(112,590)	(111,578)	(105,840)	(108,540)	(108,540)	(107,146)
(32,999)	(9,034)	(16,615)	45,761	(21,270)	235,611
1,176,179	1,185,213	1,201,828	1,156,067	1,177,337	941,726
<u>\$ 1,143,180</u>	<u>\$ 1,176,179</u>	<u>\$ 1,185,213</u>	<u>\$ 1,201,828</u>	<u>\$ 1,156,067</u>	<u>\$ 1,177,337</u>
\$ 20,440	\$ 20,440	\$ 20,440	\$ 20,440	\$ 20,440	\$ 20,440
124,499	689	130,343	48,736	18,015	67,171
(112,590)	(111,578)	(105,840)	(108,540)	(108,540)	(107,146)
(6,857)	(5,163)	(5,419)	(1,735)	(3,747)	(1,914)
-	17,635	17,635	17,635	17,635	17,635
25,492	(77,977)	57,159	(23,464)	(56,197)	(3,814)
913,951	991,928	934,499	957,963	1,014,160	1,017,974
<u>\$ 939,443</u>	<u>\$ 913,951</u>	<u>\$ 991,658</u>	<u>\$ 934,499</u>	<u>\$ 957,963</u>	<u>\$ 1,014,160</u>
<u>\$ 203,737</u>	<u>\$ 262,228</u>	<u>\$ 193,555</u>	<u>\$ 267,329</u>	<u>\$ 198,104</u>	<u>\$ 163,177</u>
82.18%	77.71%	83.67%	77.76%	82.86%	86.14%
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

**TOWN OF CASTLE ROCK, COLORADO**
**SCHEDULE OF CONTRIBUTIONS**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)**  
**VOLUNTEER FIRE PENSION PLAN**  
**LAST TEN FISCAL YEARS (to be built prospectively)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Actuarially determined contributions	\$ 43,812	\$ 26,473	\$ 26,473	\$ 25,013
Contributions in relation to the actuarially determined contribution *	43,812	38,075	38,075	55,710
Contribution deficiency (excess)	\$ -	\$ (11,602)	\$ (11,602)	\$ (30,697)
Town's covered payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

\*Includes both employer contributions and State of Colorado Supplemental Discretionary Payment for all years except 2019. For 2019, this includes employer contributions only.

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of January 1 of odd number years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2023 determines the contribution amounts for 2024 and 2025.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.500%
Salary Increases	N/A
Investment Rate of Return	7.0%
Retirement Age	50% per year of eligibility until 100% at age 65.
Mortality	<p>The post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years.</p> <p>The pre-retirement mortality assumption uses the Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.</p> <p>The disabled retirees mortality assumption uses the Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, set forward five years projected with the MP-2020 Ultimate projection scale, with minimum probability of 3.5% for males and 2.5% for females.</p>

\* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

Changes in Assumptions. Effective for the January 1, 2023 valuation the mortality tables were updated.

Effective for the January 1, 2019 valuation the investment rate of return decreased from 7.5% to 7.0% and the mortality tables were updated.

The notes to the required supplementary information are an integral part of the required supplementary information schedules.



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<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 25,013	\$ 25,867	\$ 25,867	\$ 18,141	\$ 18,141	\$ 12,770
38,075	20,440	38,075	38,075	38,075	38,075
<u>\$ (13,062)</u>	<u>\$ 5,427</u>	<u>\$ (12,208)</u>	<u>\$ (19,934)</u>	<u>\$ (19,934)</u>	<u>\$ (25,305)</u>
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

**TOWN OF CASTLE ROCK, COLORADO****SCHEDULE OF CONTRIBUTIONS****FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)****STATEWIDE RETIREMENT PLAN - FIRE****LAST TEN FISCAL YEARS (to be built prospectively)**


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	*
	<b>2024</b>
Statutorily required contributions	\$ 1,102,828
Contributions in relation to the statutorily required contribution	1,102,828
Contribution deficiency (excess)	\$ -
Town's covered payroll	\$ 11,083,762
Contributions as a percentage of covered payroll	9.95%

\* The amounts presented as of the current year end, December 31, 2024

**Methods and Assumptions used to Determine Contribution:**

Actuarial valuations done every year. Actuarial assumptions effective for valuations prior to January 1, 2024 were used in the determination of the actuarially determined contributions as of December 31, 2023, which represents contributions required in 2024.

Actuarial Valuation Date	January 1, 2023
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return, net*	7.0%
Projected Salary Increases	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%
*Includes inflation at	2.5%

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

**TOWN OF CASTLE ROCK, COLORADO**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)**  
**STATEWIDE RETIREMENT PLAN - FIRE**  
**LAST TEN FISCAL YEARS (to be built prospectively)**

---

	*
	<b>2024</b>
Town's proportion of the net pension liability (asset)	1.083%
Town's proportionate share of the net pension liability (asset)	-
Town's covered payroll	10,639,150
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	100%

\* The amounts presented as of the measurement date, December 31, 2023.

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

**TOWN OF CASTLE ROCK, COLORADO**

**SCHEDULE OF CONTRIBUTIONS**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)**  
**STATEWIDE RETIREMENT PLAN - POLICE**  
**LAST TEN FISCAL YEARS (to be built prospectively)**

---

	*
	<b>2024</b>
Statutorily required contributions	\$ 1,040,770
Contributions in relation to the statutorily required contribution	1,040,770
Contribution deficiency (excess)	\$ -
Town's covered payroll	\$ 9,138,321
Contributions as a percentage of covered payroll	11.39%

\* The amounts presented as of the current year end, December 31, 2024

**Methods and Assumptions used to Determine Contribution:**

Actuarial valuations done every year. Actuarial assumptions effective for valuations prior to January 1, 2024 were used in the determination of the actuarially determined contributions as of December 31, 2023, which represents contributions required in 2024.

Actuarial Valuation Date	January 1, 2023
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return, net*	7.0%
Projected Salary Increases	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%
*Includes inflation at	2.5%

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

**TOWN OF CASTLE ROCK, COLORADO**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)**  
**STATEWIDE RETIREMENT PLAN - POLICE**  
**LAST TEN FISCAL YEARS (to be built prospectively)**

---

	*
	<b>2024</b>
Town's proportion of the net pension liability (asset)	0.985%
Town's proportionate share of the net pension liability (asset)	-
Town's covered payroll	8,364,268
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	100%

\* The amounts presented as of the measurement date, December 31, 2023.

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

## TOWN OF CASTLE ROCK, COLORADO

**SCHEDULE OF CONTRIBUTIONS**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)**  
**STATEWIDE DEFINED BENEFIT PENSION PLAN - FIRE**  
**LAST TEN FISCAL YEARS (to be built prospectively)**

	*	
	<b>2023</b>	<b>2022</b>
Statutorily required contributions	\$ 1,010,720	\$ 889,200
Contributions in relation to the statutorily required contribution	<u>1,010,720</u>	<u>889,200</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 10,639,158	\$ 9,880,000
Contributions as a percentage of covered payroll	9.5%	9.0%

\* The amounts presented as of the current year end, December 31, 2023

**Note:** Plan was combined with the Statewide Hybrid Plan effective January 1, 2023. See Statewide Retirement Plan for current year information

**Methods and Assumptions Used to Determine Contribution:**

Actuarial valuations done every year. Actuarial assumptions as of January 1, 2022 were used in the determination of the actuarially determined contributions as of December 31, 2022, which represents contributions required in 2023.

Actuarial Valuation Date	January 1, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return*	7.0%
Projected Salary Increases*	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%
*Includes Inflation at	2.5%

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2015 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions.

*Changes in actuarial assumptions effective for 2019:* The real return on investments assumption was reduced from 5.0% to 4.50% while the inflation assumption remained unchanged at 2.50% for a reduced overall nominal investment return of 7.00% from 7.50%. In addition, the productivity component of the salary scale assumption increased from 1.50% to 1.75%; when combined with the 2.50% inflation rate, this creates an ultimate salary scale assumption of 4.25%. For demographic assumptions, the blue collar adjustment was removed from the mortality tables being used and the mortality projection scale was updated from Scale BB to the ultimate rates of the MP-2017 projection scale. In addition, disability rates were increased for members covered by a defined benefit program and retirement rates were slightly modified to reflect increased retirement utilization for low service members and slightly decreased normal retirement rates after age 55.

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

*Changes in actuarial assumptions effective for 2016:* The inflation assumption was reduced from 3.0% to 2.5% while the real return on investments was increased to 5.0% from 4.5% for an overall nominal investment return of 7.5% which is unchanged from the prior year. In addition, an explicit charge for administrative expenses was added in the actuarial contribution calculation, the base mortality tables were revised with the explicit assumption for increasing longevity in the future to reflect current mortality studies and the expected incidence of total disability was increased.

*Changes in actuarial assumptions effective for 2014:* The married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

The notes to the required supplementary information are an integral part of the required supplementary information schedules.



**TOWN OF CASTLE ROCK, COLORADO****SCHEDULE OF CONTRIBUTIONS****FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)****STATEWIDE DEFINED BENEFIT PENSION PLAN - FIRE****LAST TEN FISCAL YEARS (to be built prospectively)**


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<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 733,443	\$ 713,149	\$ 574,390	\$ 596,522	\$ 530,936	\$ 505,553	\$ 476,284
<u>733,443</u>	<u>713,149</u>	<u>574,390</u>	<u>596,522</u>	<u>530,936</u>	<u>505,553</u>	<u>476,284</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,628,741	\$ 8,914,365	\$ 7,179,869	\$ 7,456,522	\$ 6,636,696	\$ 6,319,413	\$ 5,953,555
8.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

**TOWN OF CASTLE ROCK, COLORADO**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)**  
**STATEWIDE DEFINED BENEFIT PENSION PLAN - FIRE**  
**LAST TEN FISCAL YEARS (to be built prospectively)**

---

	*		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Town's proportion of the net pension liability (asset)	1.136%	1.072%	1.110%
Town's proportionate share of the net pension liability (asset)	1,007,982.00	(5,808,791.00)	(2,409,475.00)
Town's covered payroll	9,880,000.00	8,628,741.00	8,914,365.00
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	10.20%	-67.32%	-27.03%
Plan fiduciary net position as a percentage of the total pension liability	97.634%	116.165%	106.720%

\* The amounts presented as of the measurement date, December 31, 2022

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

**TOWN OF CASTLE ROCK, COLORADO**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)**  
**STATEWIDE DEFINED BENEFIT PENSION PLAN - FIRE**  
**LAST TEN FISCAL YEARS (to be built prospectively)**

---

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.97%	1.11%	1.14%	1.24%	1.23%	1.23%
\$ (550,949)	\$ 1,407,329	(1,632,323)	446,175	(21,650)	(1,390,185)
\$ 7,179,869	\$ 7,456,522	6,636,696	6,319,413	5,953,555	5,602,212
-7.67%	18.87%	-24.60%	7.06%	-0.36%	-24.81%
101.94%	95.24%	106.34%	98.21%	100.10%	106.83%

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

**TOWN OF CASTLE ROCK, COLORADO**

**SCHEDULE OF CONTRIBUTIONS**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)**  
**STATEWIDE DEFINED BENEFIT PENSION PLAN - POLICE**  
**LAST TEN FISCAL YEARS (to be built prospectively)\*\***

	*		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Statutorily required contributions	\$ 920,068	\$ 574,390	\$ 596,522
Contributions in relation to the statutorily required contribution	920,068	574,390	596,522
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered payroll	\$ 8,372,969	\$ 7,179,869	\$ 7,456,522
Contributions as a percentage of covered payroll	10.99%	8.0%	8.0%

\* The amounts presented as of the current year end, December 31, 2023.

\*\* The sworn police officers affiliated with the Fire and Police Pension Association in March 2021. Contributions for 2021 include only ten months of actual contributions.

**Note:** Plan was combined with the Statewide Hybrid Plan effective January 1, 2023. See Statewide Retirement Plan for current year information

**Methods and Assumptions Used to Determine Contribution:**

Actuarial valuations done every year. Actuarial assumptions as of January 1, 2022 were used in the determination of the actuarially determined contributions as of December 31, 2022, which represents contributions required in 2023.

Actuarial Valuation Date	January 1, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return*	7.0%
Projected Salary Increases*	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%
*Includes Inflation at	2.5%

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2015 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions.

The notes to the required supplementary information are an integral part of the required supplementary schedules.

**TOWN OF CASTLE ROCK, COLORADO**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**  
**FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)**  
**STATEWIDE DEFINED BENEFIT PENSION PLAN - POLICE**  
**LAST TEN FISCAL YEARS (to be built prospectively)**

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	<b>2023</b>	<b>2022</b>
Town's proportion of the net pension liability (asset)	0.962%	0.886%
Town's proportionate share of the net pension liability (asset)	\$ 853,441	\$ (4,801,333)
Town's covered payroll	\$ 7,097,802	\$ 4,549,620
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	12.024%	-105.533%
Plan fiduciary net position as a percentage of the total pension liability	97.634%	116.165%

\* The amounts presented as of the measurement date, December 31, 2022.

The notes o the required supplementary information are an integral part of the required supplementary information schedules.

## TOWN OF CASTLE ROCK, COLORADO

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund			
	Budgets		Budgetary Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property	\$ 1,543,823	\$ 1,543,823	\$ 1,645,894	\$ 102,071
Sales	56,341,401	56,341,401	57,082,449	741,048
Use	-	-	-	-
Motor Vehicle	7,305,295	7,305,295	6,310,815	(994,480)
Other taxes	3,515,012	3,515,012	3,340,122	(174,890)
Charges for services	2,967,343	2,967,343	4,369,126	1,401,783
Management fees	4,548,736	4,548,736	4,548,730	(6)
Licenses and permits	176,482	176,482	103,438	(73,044)
Fines and forfeitures	214,575	214,575	279,854	65,279
Investment earnings	701,112	701,112	1,495,066	793,954
Intergovernmental	1,285,323	7,744,235	10,183,247	2,439,012
Contributions and donations	25,250	25,250	980,230	954,980
Other	526,928	782,273	648,059	(134,214)
Total revenues	79,151,280	85,865,537	90,987,030	5,121,493
<b>EXPENDITURES</b>				
General government				
Town council	466,586	466,586	464,541	2,045
Town manager	9,668,796	9,996,109	8,677,772	1,318,337
Town attorney	1,297,334	1,297,334	1,265,806	31,528
Finance	7,084,493	6,754,980	5,023,049	1,731,931
Municipal court	457,161	457,161	431,679	25,482
Long-range planning	720,971	720,971	545,964	175,007
Total general government	19,695,341	19,693,141	16,408,811	3,284,330
Public safety				
Police	25,231,088	25,834,111	24,256,179	1,577,932
Fire	24,286,415	24,331,380	22,769,966	1,561,414
Total public safety	49,517,503	50,165,491	47,026,145	3,139,346
Culture and recreation				
Parks and open space	5,879,779	5,941,083	5,946,157	(5,074)
Total culture and recreation	5,879,779	5,941,083	5,946,157	(5,074)
Public transit	-	-	-	-
Capital outlay	5,110,000	15,965,303	16,334,355	(369,052)
Interest	-	-	-	-
Agency fees	-	-	-	-
Total expenditures	80,202,623	91,765,018	85,715,468	6,049,550
Excess (deficiency) of revenues over (under) expenditures	(1,051,343)	(5,899,481)	5,271,562	11,171,043
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,856,429	13,356,429	894,380	(12,462,049)
Transfers out	(3,293,782)	(16,733,970)	(2,499,045)	14,234,925
Total other financing sources (uses)	(1,437,353)	(3,377,541)	(1,604,665)	1,772,876
Net change in funds available	(2,488,696)	(9,277,022)	3,666,897	12,943,919
Funds available - January 1	39,393,856	33,279,228	33,279,228	-
Funds available- December 31	\$ 36,905,160	\$ 24,002,206	\$ 36,946,125	\$ 12,943,919

The notes to the required supplementary information are an integral part of the required supplementary information schedules.



Economic Development				Parking			
Budgets			Variance with Final Budget Positive (Negative)	Budgets			Variance with Final Budget Positive (Negative)
Original	Final	Budgetary Actual		Original	Final	Budgetary Actual	
\$ -	\$ -	\$ -	\$ -	\$ 280,982	\$ 280,982	\$ 109,509	\$ (171,473)
-	-	-	-	47,718	47,718	112,166	64,448
445,359	445,359	1,444,888	999,529	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
101,028	101,028	253,061	152,033	20,600	20,600	12,081	(8,519)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	11,929	11,929	-	(11,929)
546,387	546,387	1,697,949	1,151,562	361,229	361,229	233,756	(127,473)
-	-	-	-	-	-	-	-
1,395,744	1,395,744	944,851	450,893	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,395,744	1,395,744	944,851	450,893	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	235,000	235,000	205,499	29,501
-	-	-	-	-	-	-	-
-	-	-	-	339,400	339,400	339,400	-
-	-	-	-	-	-	2,000	(2,000)
1,395,744	1,395,744	944,851	450,893	574,400	574,400	546,899	27,501
(849,357)	(849,357)	753,098	1,602,455	(213,171)	(213,171)	(313,143)	(99,972)
-	-	-	-	300,500	300,500	300,500	-
-	-	-	-	-	-	-	-
-	-	-	-	300,500	300,500	300,500	-
(849,357)	(849,357)	753,098	1,602,455	87,329	87,329	(12,643)	(99,972)
4,924,996	7,823,757	7,823,757	-	940,929	1,265,885	1,265,885	-
\$ 4,075,639	\$ 6,974,400	\$ 8,576,855	\$ 1,602,455	\$ 1,028,258	\$ 1,353,214	\$ 1,253,242	\$ (99,972)

## TOWN OF CASTLE ROCK, COLORADO

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	TABOR Excess		
	Budgets		Variance with Final Budget Positive (Negative)
	Original	Final	
<b>EXPENDITURES</b>			
General government			
Total general government	\$ -	\$ -	\$ -
Public safety			
Total public safety	-	-	-
Culture and recreation			
Total culture and recreation	-	-	-
Administration	100,000	497,471	167,988
Total expenditures	100,000	497,471	167,988
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(497,471)	(167,988)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	457,123	1,002,123	558,598
Transfers out	(6,000,000)	(6,000,000)	-
Total other financing sources (uses)	(5,542,877)	(4,997,877)	558,598
Net change in funds available	(5,642,877)	(5,495,348)	390,610
Funds available - January 1	1,271,773	5,954,346	5,954,346
Funds available- December 31	\$ (4,371,104)	\$ 458,998	\$ 6,344,956

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

## TOWN OF CASTLE ROCK, COLORADO

## GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Total General Fund			
	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Actual	
<b>REVENUES</b>				
Property	\$ 1,824,805	\$ 1,824,805	\$ 1,755,403	\$ (69,402)
Sales	56,389,119	56,389,119	57,194,615	805,496
Use	445,359	445,359	1,444,888	999,529
Motor Vehicle	7,305,295	7,305,295	6,310,815	(994,480)
Other taxes	3,515,012	3,515,012	3,340,122	(174,890)
Charges for services	2,967,343	2,967,343	4,369,126	1,401,783
Management fees	4,548,736	4,548,736	4,548,730	(6)
Licenses and permits	176,482	176,482	103,438	(73,044)
Fines and forfeitures	214,575	214,575	279,854	65,279
Investment earnings	822,740	822,740	1,760,208	937,468
Intergovernmental	1,285,323	7,744,235	10,183,247	2,439,012
Contributions and donations	25,250	25,250	980,230	954,980
Other	538,857	794,202	648,059	(146,143)
Total revenues	80,058,896	86,773,153	92,918,735	6,145,582
<b>EXPENDITURES</b>				
General government				
Town council	466,586	466,586	464,541	2,045
Town manager	11,064,540	11,391,853	9,622,623	1,769,230
Town attorney	1,297,334	1,297,334	1,265,806	31,528
Finance	7,084,493	6,754,980	5,023,049	1,731,931
Municipal court	457,161	457,161	431,679	25,482
Long-range planning	720,971	720,971	545,964	175,007
Total general government	21,091,085	21,088,885	17,353,662	3,735,223
Public safety				
Police	25,231,088	25,834,111	24,256,179	1,577,932
Fire	24,286,415	24,331,380	22,769,966	1,561,414
Total public safety	49,517,503	50,165,491	47,026,145	3,139,346
Culture and recreation				
Parks and open space	5,879,779	5,941,083	5,946,157	(5,074)
Total culture and recreation	5,879,779	5,941,083	5,946,157	(5,074)
Administration	100,000	497,471	167,988	329,483
Public transit	235,000	235,000	205,499	29,501
Capital outlay	5,110,000	15,965,303	16,334,355	(369,052)
Interest	339,400	339,400	339,400	-
Agency fees	-	-	2,000	(2,000)
Total expenditures	82,272,767	94,232,633	87,375,206	6,857,427
Excess (deficiency) of revenues over (under) expenditures	(2,213,871)	(7,459,480)	5,543,529	13,003,009
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,614,052	14,659,052	1,753,478	(12,905,574)
Transfers out	(9,293,782)	(22,733,970)	(2,499,045)	20,234,925
Total other financing sources (uses)	(6,679,730)	(8,074,918)	(745,567)	7,329,351
Net change in funds available	(8,893,601)	(15,534,398)	4,797,962	20,332,360
Funds available - January 1	46,531,554	48,323,216	-	(48,323,216)
Funds available- December 31	\$ 37,637,953	\$ 32,788,818	\$ 4,797,962	\$ (27,990,856)

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

## TOWN OF CASTLE ROCK, COLORADO

**TRANSPORTATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Sales	\$ 14,868,802	\$ 14,868,802	\$ 15,071,344	\$ 202,542
Use	1,590,436	1,590,436	2,252,505	662,069
Motor Vehicle	4,034,629	4,034,629	3,493,928	(540,701)
Investment earnings	54,139	54,139	876,032	821,893
Intergovernmental	9,444,906	9,444,906	9,792,398	347,492
Other	4,930	4,930	35,102	30,172
Total revenues	29,997,842	29,997,842	31,521,309	1,523,467
EXPENDITURES				
Administration	584,878	584,878	630,374	(45,496)
Street operations	6,061,635	6,061,635	5,499,265	562,370
Traffic operations	4,411,851	4,938,038	4,447,132	490,906
Public transit	97,994	97,994	100,042	(2,048)
Public works	-	5,749,584	4,977,544	772,040
Engineering	17,433,309	12,890,736	10,327,373	2,563,363
Total public works	28,589,667	30,322,865	25,981,730	4,341,135
Capital Outlay	1,073,000	2,698,168	1,367,707	1,330,461
Debt Service				
Principal	730,000	730,000	730,000	-
Interest	174,038	174,038	174,038	-
Total debt service	904,038	904,038	904,038	-
Total expenditures	30,566,705	33,925,071	28,253,475	5,671,596
Excess (deficiency) of revenues over (under) expenditures	(568,863)	(3,927,229)	3,267,834	7,195,063
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000,000	11,000,000	-	(11,000,000)
Transfers out	(1,020,149)	(15,020,149)	(3,862,829)	11,157,320
Total other financing sources (uses)	979,851	(4,020,149)	(3,862,829)	157,320
Net change in funds available	410,988	(7,947,378)	(594,995)	7,352,383
Funds available - January 1	2,853,495	16,746,779	16,746,779	-
Funds available - December 31	\$ 3,264,483	\$ 8,799,401	\$ 16,151,784	\$ 7,352,383

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

**TOWN OF CASTLE ROCK, COLORADO****NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2024**

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**1. Budgets and Budgetary Accounting**

Annual appropriations are adopted for all funds.

For the governmental funds, the Town budgets on a basis consistent with generally accepted accounting principles (GAAP), except that interfund loans are treated as revenues of the receiving fund and expenditures of the loaning fund in the year that the loan is made. Principal payments of interfund loans are treated as expenditures of the paying fund and revenues of the receiving fund.

For proprietary funds, the Town budgets on a basis consistent with GAAP except as follows: (1) purchases of capital assets are reported expenditures (capital outlay), (2) debt service principal payments are treated as budgetary expenditures, (3) proceeds from bond issues are treated as revenues, (4) bond issue and discount costs are treated as expenditures of the period, (5) amortization and depreciation of capital assets are not budgeted and (6) interfund loans are treated as revenues of the receiving fund and expenditures of the loaning fund in the year that the loan is made. Principal payments of interfund loans are treated as expenditures of the paying fund and revenues of the receiving fund.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) Prior to November 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- (b) Public hearings are conducted at special Town Council Meetings to obtain taxpayer comments.
- (c) The Town's mill levy is formally certified to the Douglas County Treasurer prior to December 15, based on the budget.
- (d) Prior to December 31, the budget is legally enacted through passage of an ordinance. Adoption of the budget ordinance constitutes appropriations of amounts specified therein as expenditures from the funds indicated. If during the year, the Town Manager certifies that there are revenues available for appropriation in excess of those estimated in the budget, the Council may, by ordinance, make supplemental appropriations for the year up to the amount of such excess. If during the year, the Town Manager determines that the revenues available will be insufficient to meet the amount appropriated, the Council may by ordinance reduce one or more appropriations. At any time during the year, the Town Manager may transfer part or all of any unencumbered appropriation balance amount between departments within a fund.
- (e) All appropriations lapse at year-end.

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## **Supplemental Information**

*Combining and Individual Fund Statements and Schedules*

## **GENERAL FUND**

### **General Fund**

The General Fund is the primary operating fund of the Town. This fund accounts for all financial resources of the Town except those required to be accounted for in another fund. There are three sub-funds of the General Fund: Economic Development, Parking and TABOR Excess. Economic Development is used to facilitate expansion of the tax base, through primary job creation and improved local economy. Parking is used to account for public parking garage maintenance and debt payments related to the Encore Redevelopment Agreement. TABOR Excess is used to account for revenues in excess of the TABOR cap from 2021 through 2031 as approved by voters.



## TOWN OF CASTLE ROCK, COLORADO

**GENERAL FUND  
COMBINING BALANCE SHEET  
DECEMBER 31, 2024**

	General Funds	Economic Development Fund	Parking Fund	TABOR Excess Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 21,651,438	\$ 3,987,711	\$ 899,807	\$ 6,439,765	\$ 32,978,721
Investments	12,570,277	4,562,977	-	-	17,133,254
Receivables					
Property taxes	1,582,280	-	-	-	1,582,280
Sales taxes	7,246,187	-	-	-	7,246,187
Accounts, net	3,537,531	26,167	361,554	-	3,925,252
Prepaid items	652,049	-	-	-	652,049
Loans to other funds	9,491,839	51,072	-	906,566	10,449,477
Total assets	<u>\$ 56,731,601</u>	<u>\$ 8,627,927</u>	<u>\$ 1,261,361</u>	<u>\$ 7,346,331</u>	<u>\$ 73,967,220</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 3,059,824	\$ -	\$ 8,119	\$ 1,375	\$ 3,069,318
Deposits	3,417,325	-	-	-	3,417,325
Unearned revenues	1,881,763	-	-	-	1,881,763
Loans from other funds	1,661,096	-	-	-	1,661,096
Total liabilities	<u>10,020,008</u>	<u>-</u>	<u>8,119</u>	<u>1,375</u>	<u>10,029,502</u>
Deferred inflows of resources					
Property taxes	1,582,280	-	-	-	1,582,280
Unavailable fund resources	95,959	-	-	-	95,959
Total liabilities and deferred inflows of resources	<u>11,698,247</u>	<u>-</u>	<u>8,119</u>	<u>1,375</u>	<u>11,707,741</u>
Fund balances (deficits)					
Nonspendable	9,681,057	51,072	-	811,005	10,543,134
Restricted	3,928,911	-	-	6,533,951	10,462,862
Committed	491,209	8,576,855	1,253,242	-	10,321,306
Assigned	2,661,615	-	-	-	2,661,615
Unassigned	28,270,562	-	-	-	28,270,562
Total fund balances	<u>45,033,354</u>	<u>8,627,927</u>	<u>1,253,242</u>	<u>7,344,956</u>	<u>62,259,479</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 56,731,601</u>	<u>\$ 8,627,927</u>	<u>\$ 1,261,361</u>	<u>\$ 7,346,331</u>	<u>\$ 73,967,220</u>

## TOWN OF CASTLE ROCK, COLORADO

## GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Economic Development Fund	Parking Fund	TABOR Excess Fund	Total General Funds
<b>REVENUES</b>					
Taxes					
Property	\$ 1,645,894	\$ -	\$ 109,509	\$ -	\$ 1,755,403
Sales	57,082,449	-	112,166	-	57,194,615
Use	-	1,444,888	-	-	1,444,888
Motor Vehicle	6,310,815	-	-	-	6,310,815
Other taxes	3,340,122	-	-	-	3,340,122
Charges for services	4,369,126	-	-	-	4,369,126
Management fees	4,548,730	-	-	-	4,548,730
Licenses and permits	103,438	-	-	-	103,438
Fines and forfeitures	279,854	-	-	-	279,854
Investment earnings	1,495,066	253,061	12,081	-	1,760,208
Intergovernmental	10,183,247	-	-	-	10,183,247
Contributions and donations	980,230	-	-	-	980,230
Other	648,059	-	-	-	648,059
Total revenues	90,987,030	1,697,949	233,756	-	92,918,735
<b>EXPENDITURES</b>					
Current					
General government	16,408,811	944,851	205,499	167,988	17,727,149
Public safety	47,026,145	-	-	-	47,026,145
Culture and recreation	5,946,157	-	-	-	5,946,157
Capital outlay	16,334,355	-	-	-	16,334,355
Debt service					
Interest	-	-	339,400	-	339,400
Agency fees	-	-	2,000	-	2,000
Total expenditures	85,715,468	944,851	546,899	167,988	87,375,206
Excess (deficiency) of revenues over (under) expenditures	5,271,562	753,098	(313,143)	(167,988)	5,543,529
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	894,380	-	300,500	558,598	1,753,478
Transfers out	(2,499,045)	-	-	-	(2,499,045)
Total other financing sources (uses)	(1,604,665)	-	300,500	558,598	(745,567)
Net change in fund balance	3,666,897	753,098	(12,643)	390,610	4,797,962
Fund balances - January 1	41,366,457	7,874,829	1,265,885	6,954,346	57,461,517
Fund balances - December 31	\$ 45,033,354	\$ 8,627,927	\$ 1,253,242	\$ 7,344,956	\$ 62,259,479

## OTHER GOVERNMENTAL FUNDS

The statements that follow combine the non-major governmental funds as "other governmental funds." These totals are comprised of non-major special revenue funds and non-major capital project funds, which are aggregated into the "Other Governmental Funds" column. Also included are major capital project funds Schedule of Revenues, Expenditures and Changes in Funds Available Budget and Actual (Non-GAAP Budgetary Basis).

### **Non-major Special Revenue Funds**

Special revenue funds account for revenues from specific sources that are legally or by management decision required to be used particular activities. This column combines all non-major special revenue funds.

### **Major Capital Project Funds**

Capital project funds account for financial resources used for the construction and acquisition of major capital projects such as streets and parks.

### **Non-major Capital Project Funds**

Capital project funds account for financial resources used for the construction and acquisition of major capital projects such as streets and parks. .

## TOWN OF CASTLE ROCK, COLORADO

## NON-MAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2024

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Other Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 10,348,092	\$ 20,944,564	\$ 31,292,656
Investments	52,355	4,848,423	4,900,778
Cash held in Escrow	1,670,216	-	1,670,216
Property taxes	266,313	-	266,313
Accounts, net	301,306	27,801	329,107
Leases	815,322	-	815,322
Prepaid items	1,461	-	1,461
Loans to other funds	-	1,778,075	1,778,075
Total assets	<u>\$ 13,455,065</u>	<u>\$ 27,598,863</u>	<u>\$ 41,053,928</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,850,361	\$ 193,260	\$ 2,043,621
Retainage payable	12,519	192,435	204,954
Unearned revenues	1,710,216	-	1,710,216
Loans from other funds	1,751,072	1,487,723	3,238,795
Total liabilities	<u>5,324,168</u>	<u>1,873,418</u>	<u>7,197,586</u>
<b>Deferred inflows of resources</b>			
Property taxes	266,313	-	266,313
Unavailable fund resources	24,590	-	24,590
Leases	748,745	-	748,745
Total deferred inflows of resources	<u>1,039,648</u>	<u>-</u>	<u>1,039,648</u>
<b>Fund Balances (Deficit)</b>			
Nonspendable	1,461	-	1,461
Restricted	2,280,962	20,687,639	22,968,601
Committed	4,829,524	4,098,662	8,928,186
Assigned	-	1,778,075	1,778,075
Unassigned	(20,698)	(838,931)	(859,629)
Total fund balances (deficit)	<u>7,091,249</u>	<u>25,725,445</u>	<u>32,816,694</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 13,455,065</u>	<u>\$ 27,598,863</u>	<u>\$ 41,053,928</u>

## TOWN OF CASTLE ROCK, COLORADO

**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Other Governmental Funds
<b>REVENUES</b>			
Taxes			
Property	\$ 2,104,764	\$ -	\$ 2,104,764
Sales	2,353,758	-	2,353,758
Use	-	1,316,474	1,316,474
Lodging	665,223	-	665,223
Other taxes	30,986	-	30,986
Charges for services	441,138	-	441,138
Development impact fees	-	5,878,555	5,878,555
Licenses and permits	224,579	-	224,579
Investment earnings	70,427	886,829	957,256
Lease interest	31,727	-	31,727
Intergovernmental	4,479,814	-	4,479,814
Contributions and donations	281,826	-	281,826
Leases	35,549	-	35,549
Other	-	362,030	362,030
Total revenues	10,719,791	8,443,888	19,163,679
<b>EXPENDITURES</b>			
Current			
General government	3,646,742	578,005	4,224,747
Culture and recreation	1,792,342	1,588,660	3,381,002
Capital outlay	724,291	8,674,688	9,398,979
Debt service			
Principal	-	450,000	450,000
Interest	-	260,612	260,612
Agency fees	-	2,000	2,000
Total expenditures	6,163,375	11,553,965	17,717,340
Excess (deficiency) of revenues over (under) expenditures	4,556,416	(3,110,077)	1,446,339
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	200,717	3,266,676	3,467,393
Transfers out	(1,755,500)	(728,977)	(2,484,477)
Total other financing sources (uses)	(1,554,783)	2,537,699	982,916
Net change in fund balances	3,001,633	(572,378)	2,429,255
Fund balances (deficits) - January 1	4,089,616	26,297,823	30,387,439
Fund balances (deficits) - December 31	\$ 7,091,249	\$ 25,725,445	\$ 32,816,694

## **NON-MAJOR SPECIAL REVENUE FUNDS**

Special revenue funds account for revenues from specific sources that are legally or by management decision required to be used for specific activities.

### **Conservation Trust Fund**

The Conservation Trust Fund accounts for lottery proceeds that are received directly from the State of Colorado or received from Douglas County through a share-back agreement and for fees charged for the use of sports and multi-purpose fields. The monies collected are used for the development and renovation of qualifying parks, recreation facilities and parks infrastructure.

### **Philip S. Miller Trust Fund**

This fund accounts for donations made to the Town from the Philip S. Miller Trust. These funds are used to finance community service programs including financial support for the senior center, the museum, and the local chamber of commerce.

### **Public Art Fund**

This fund is supported by the Philip S. Miller Trust Fund and accounts for public art endeavors within the Town of Castle Rock; it is managed by the Town Council.

### **Police Forfeiture Fund**

This fund accounts for funds received and expended as the result of State or Federal cooperative efforts. Funds are only expended if they are received.

### **Downtown Development Authority TIF Fund**

The Downtown Development Authority TIF Fund (DDA TIF Fund) was established in 2015. The tax increment is the sales and property tax amount received in the Downtown Castle Rock area that is greater than the established base that was set in 2008. This revenue increment is eligible to be placed in the DDA TIF Fund and is allowed for certain, Council-approved uses.

### **Castle Rock Urban Renewal Authority**

The Castle Rock Urban Renewal Authority (CRURA) facilitates investment and redevelopment of blighted areas within the Town of Castle Rock. CRURA is a blended component unit.

### **Parks and Rec Lodging Tax**

This fund accounts for the lodging tax of 6% imposed on all sales of lodging. Lodging tax revenues are restricted for the use of parks and recreation.

### **Festival Park Commons GID**

The Festival Park Commons General Improvement District (GID) was formed to finance, construct and on occasion, operate various public improvements. The Festival Park Commons GID is a blended component unit. This fund accounts for the GID's tax revenues which serve as a source of funding for development and maintenance of the Encore parking garage.

## TOWN OF CASTLE ROCK, COLORADO

**NON-MAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2024**

	Conservation Trust	Philip S Miller Trust	Public Art	Police Forfeiture
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,696,806	\$ 180,385	\$ 114,496	\$ 1,516
Investments	5,683	25,761	20,911	-
Cash held in Escrow	1,670,216	-	-	-
Receivables	-	-	-	-
Property taxes	-	-	-	-
Accounts	246,584	15,148	120	-
Leases	815,322	-	-	-
Prepaid items	1,461	-	-	-
Total assets	<u>\$ 6,436,072</u>	<u>\$ 221,294</u>	<u>\$ 135,527</u>	<u>\$ 1,516</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>				
<b>Liabilities</b>				
Accounts payable	\$ 42,525	\$ 19,050	\$ -	\$ -
Retainage payable	12,519	-	-	-
Unearned revenues	1,670,216	-	40,000	-
Loans from other funds	1,700,000	-	-	-
Total liabilities	<u>3,425,260</u>	<u>19,050</u>	<u>40,000</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Property taxes	-	-	-	-
Unavailable fund resources	24,590	-	-	-
Leases	748,745	-	-	-
Total liabilities and deferred inflows of resources	<u>4,198,595</u>	<u>19,050</u>	<u>40,000</u>	<u>-</u>
<b>Fund balances (deficits)</b>				
Nonspendable	1,461	-	-	-
Restricted	1,484,050	-	-	1,516
Committed	751,966	202,244	95,527	-
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>2,237,477</u>	<u>202,244</u>	<u>95,527</u>	<u>1,516</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 6,436,072</u>	<u>\$ 221,294</u>	<u>\$ 135,527</u>	<u>\$ 1,516</u>



<b>Downtown Development Authority TIF</b>	<b>Castle Rock Urban Renewal Authority</b>	<b>Parks and Rec Lodging Tax</b>	<b>Festival Park Commons GID</b>	<b>Total Non-Major Special Revenue Funds</b>
\$ 4,961,346	\$ 30,374	\$ 780,226	\$ 582,943	\$ 10,348,092
-	-	-	-	52,355
-	-	-	-	1,670,216
-	-	-	266,313	266,313
-	-	37,026	2,428	301,306
-	-	-	-	815,322
-	-	-	-	1,461
<u>\$ 4,961,346</u>	<u>\$ 30,374</u>	<u>\$ 817,252</u>	<u>\$ 851,684</u>	<u>\$ 13,455,065</u>
\$ 1,766,930	\$ -	\$ 21,856	\$ -	\$ 1,850,361
-	-	-	-	12,519
-	-	-	-	1,710,216
-	51,072	-	-	1,751,072
<u>1,766,930</u>	<u>51,072</u>	<u>21,856</u>	<u>-</u>	<u>5,324,168</u>
-	-	-	266,313	266,313
-	-	-	-	24,590
-	-	-	-	748,745
<u>1,766,930</u>	<u>51,072</u>	<u>21,856</u>	<u>266,313</u>	<u>6,363,816</u>
-	-	-	-	1,461
-	-	795,396	-	2,280,962
3,194,416	-	-	585,371	4,829,524
-	(20,698)	-	-	(20,698)
<u>3,194,416</u>	<u>(20,698)</u>	<u>795,396</u>	<u>585,371</u>	<u>7,091,249</u>
<u>\$ 4,961,346</u>	<u>\$ 30,374</u>	<u>\$ 817,252</u>	<u>\$ 851,684</u>	<u>\$ 13,455,065</u>

**TOWN OF CASTLE ROCK, COLORADO****NON-MAJOR SPECIAL REVENUE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)****FOR THE YEAR ENDED DECEMBER 31, 2024**

	Conservation Trust	Philip S Miller Trust	Public Art	Police Forfeiture
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Lodging	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	439,945	-	-
Licenses and permits	224,579	-	-	-
Investment earnings	55,323	4,580	3,289	15
Lease interest	31,727	-	-	-
Intergovernmental	4,479,814	-	-	-
Contributions and donations	-	256,606	25,220	-
Leases	35,549	-	-	-
Total revenues	4,826,992	701,131	28,509	15
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Culture and recreation	230,400	1,188,673	10,334	-
Capital outlay	465,672	-	-	-
Total expenditures	696,072	1,188,673	10,334	-
Excess (deficiency) of revenues over (under) expenditures	4,130,920	(487,542)	18,175	15
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	200,717	-	-
Transfers out	(1,755,500)	-	-	-
Total other financing sources (uses)	(1,755,500)	200,717	-	-
Net change in fund balances	2,375,420	(286,825)	18,175	15
Fund balances (deficits) - January 1	(137,943)	489,069	77,352	1,501
Fund balances (deficits) - December 31	\$ 2,237,477	\$ 202,244	\$ 95,527	\$ 1,516

<b>Downtown Development Authority TIF</b>	<b>Castle Rock Urban Renewal Authority</b>	<b>Parks and Rec Lodging Tax</b>	<b>Festival Park Commons GID</b>	<b>Total Non-major Special Revenue Funds</b>
\$ 1,816,499	\$ -	\$ -	\$ 288,265	\$ 2,104,764
2,353,758	-	-	-	2,353,758
-	-	665,223	-	665,223
-	-	-	30,986	30,986
-	1,193	-	-	441,138
-	-	-	-	224,579
-	-	7,220	-	70,427
-	-	-	-	31,727
-	-	-	-	4,479,814
-	-	-	-	281,826
-	-	-	-	35,549
<u>4,170,257</u>	<u>1,193</u>	<u>672,443</u>	<u>319,251</u>	<u>10,719,791</u>
3,642,301	59	-	4,382	3,646,742
-	-	362,935	-	1,792,342
<u>22,410</u>	<u>-</u>	<u>236,209</u>	<u>-</u>	<u>724,291</u>
<u>3,664,711</u>	<u>59</u>	<u>599,144</u>	<u>4,382</u>	<u>6,163,375</u>
<u>505,546</u>	<u>1,134</u>	<u>73,299</u>	<u>314,869</u>	<u>4,556,416</u>
-	-	-	-	200,717
-	-	-	-	(1,755,500)
-	-	-	-	(1,554,783)
505,546	1,134	73,299	314,869	3,001,633
<u>2,688,870</u>	<u>(21,832)</u>	<u>722,097</u>	<u>270,502</u>	<u>4,089,616</u>
<u>\$ 3,194,416</u>	<u>\$ (20,698)</u>	<u>\$ 795,396</u>	<u>\$ 585,371</u>	<u>\$ 7,091,249</u>

## TOWN OF CASTLE ROCK, COLORADO

## CONSERVATION TRUST FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Actual	
REVENUES				
Licenses and permits	\$ 146,230	\$ 146,230	\$ 224,579	\$ 78,349
Investment earnings	76,792	76,792	55,323	(21,469)
Lease interest	-	-	31,727	31,727
Intergovernmental	1,635,701	4,309,401	4,479,814	170,413
Leases	44,100	44,100	35,549	(8,551)
Total revenues	1,902,823	4,576,523	4,826,992	250,469
EXPENDITURES				
Culture and recreation	292,233	292,233	230,400	61,833
Capital outlay	1,354,000	1,489,000	465,672	1,023,328
Total expenditures	1,646,233	1,781,233	696,072	1,085,161
Excess (deficiency) of revenues over (under) expenditures	256,590	2,795,290	4,130,920	1,335,630
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,700,000)	(1,700,000)	(1,755,500)	(55,500)
Total other financing sources (uses)	(3,700,000)	(1,700,000)	(1,755,500)	(55,500)
Net change in funds available	(3,443,410)	1,095,290	2,375,420	1,280,130
Funds available - January 1	3,689,777	1,562,057	1,562,057	-
Funds available - December 31	\$ 246,367	\$ 2,657,347	\$ 3,937,477	\$ 1,280,130
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
Loans from other funds			(1,700,000)	
Fund balance - December 31			\$ 2,237,477	

## TOWN OF CASTLE ROCK, COLORADO

## PHILIP S MILLER TRUST FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets		Budgetary Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 304,557	\$ 304,557	\$ 439,945	\$ 135,388
Investment earnings	7,454	7,454	4,580	(2,874)
Contributions and donations	215,000	215,000	256,606	41,606
Total revenues	527,011	527,011	701,131	174,120
<b>EXPENDITURES</b>				
Culture and recreation	685,395	685,395	1,188,673	(503,278)
Total expenditures	685,395	685,395	1,188,673	(503,278)
Excess (deficiency) of revenues over (under) expenditures	(158,384)	(158,384)	(487,542)	(329,158)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	200,717	200,717	200,717	-
Total other financing sources (uses)	200,717	200,717	200,717	-
Net change in funds available	42,333	42,333	(286,825)	(329,158)
Funds available - January 1	435,270	489,069	489,069	-
Funds available - December 31	<u>\$ 477,603</u>	<u>\$ 531,402</u>	<u>\$ 202,244</u>	<u>\$ (329,158)</u>

**TOWN OF CASTLE ROCK, COLORADO****PUBLIC ART FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE****BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)****FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Budgets</b>		<b>Budgetary Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ 1,261	\$ 1,261	\$ 3,289	\$ 2,028
Contributions and donations	25,000	25,000	25,220	220
Total revenues	26,261	26,261	28,509	2,248
<b>EXPENDITURES</b>				
Culture and recreation	25,000	25,000	10,334	14,666
Total expenditures	25,000	25,000	10,334	14,666
Excess (deficiency) of revenues over (under) expenditures	1,261	1,261	18,175	16,914
Net change in funds available	1,261	1,261	18,175	16,914
Funds available - January 1	68,038	77,352	77,352	-
Funds available - December 31	<u>\$ 69,299</u>	<u>\$ 78,613</u>	<u>\$ 95,527</u>	<u>\$ 16,914</u>

## TOWN OF CASTLE ROCK, COLORADO

## POLICE FORFEITURE FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets		Budgetary Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 429	\$ 429	\$ 15	\$ (414)
Total revenues	429	429	15	(414)
Net change in funds available	429	429	15	(414)
Funds available - January 1	1,260	1,501	1,501	-
Funds available - December 31	<u>\$ 1,689</u>	<u>\$ 1,930</u>	<u>\$ 1,516</u>	<u>\$ (414)</u>



## TOWN OF CASTLE ROCK, COLORADO

**DOWNTOWN DEVELOPMENT AUTHORITY TIF FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgets		Budgetary Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property	\$ 1,582,500	\$ 1,582,500	\$ 1,816,499	\$ 233,999
Sales	2,759,337	2,759,337	2,353,758	(405,579)
Total revenues	4,341,837	4,341,837	4,170,257	(171,580)
<b>EXPENDITURES</b>				
General government	1,298,183	1,298,183	3,642,301	(2,344,118)
Capital outlay	6,261,026	5,561,635	22,410	5,539,225
Total expenditures	7,559,209	6,859,818	3,664,711	3,195,107
Excess (deficiency) of revenues over (under) expenditures	(3,217,372)	(2,517,981)	505,546	3,023,527
Net change in funds available	(3,217,372)	(2,517,981)	505,546	3,023,527
Funds available - January 1	3,217,372	2,688,870	2,688,870	-
Funds available - December 31	\$ -	\$ 170,889	\$ 3,194,416	\$ 3,023,527

## TOWN OF CASTLE ROCK, COLORADO

**CASTLE ROCK URBAN RENEWAL AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Actual	
REVENUES				
Charges for services	\$ 36,555	\$ 36,555	\$ 1,193	\$ (35,362)
Total revenues	36,555	36,555	1,193	(35,362)
EXPENDITURES				
General government	36,555	36,555	59	36,496
Total expenditures	36,555	36,555	59	36,496
Excess (deficiency) of revenues over (under) expenditures	-	-	1,134	1,134
Net change in funds available	-	-	1,134	1,134
Funds available - January 1	29,240	29,240	29,240	-
Funds available - December 31	\$ 29,240	\$ 29,240	\$ 30,374	\$ 1,134
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
Loans from other funds			(51,072)	
Fund balance - December 31			\$ (20,698)	

## TOWN OF CASTLE ROCK, COLORADO

## PARKS AND REC LODGING TAX

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets		Budgetary Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Lodging	\$ 663,065	\$ 663,065	\$ 665,223	\$ 2,158
Investment earnings	2,663	2,663	7,220	4,557
Total revenues	665,728	665,728	672,443	6,715
<b>EXPENDITURES</b>				
Culture and recreation	1,034,046	983,338	362,935	620,403
Capital outlay	70,000	272,017	236,209	35,808
Total expenditures	1,104,046	1,255,355	599,144	656,211
Excess (deficiency) of revenues over (under) expenditures	(438,318)	(589,627)	73,299	662,926
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(82,354)	(82,354)	-	82,354
Total other financing sources (uses)	(82,354)	(82,354)	-	82,354
Net change in funds available	(520,672)	(671,981)	73,299	745,280
Funds available - January 1	520,672	722,097	722,097	-
Funds available - December 31	\$ -	\$ 50,116	\$ 795,396	\$ 745,280

## TOWN OF CASTLE ROCK, COLORADO

## FESTIVAL PARK COMMONS GID

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets		Budgetary Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property	\$ 378,772	\$ 378,772	\$ 288,265	\$ (90,507)
Taxes-other	-	-	30,986	30,986
Total revenues	378,772	378,772	319,251	(59,521)
<b>EXPENDITURES</b>				
General government	-	-	4,382	(4,382)
Total expenditures	-	-	4,382	(4,382)
Excess (deficiency) of revenues over (under) expenditures	378,772	378,772	314,869	(63,903)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(378,772)	(378,772)	-	378,772
Total other financing sources (uses)	(378,772)	(378,772)	-	378,772
Net change in funds available	-	-	314,869	314,869
Funds available - January 1	270,502	270,502	270,502	-
Funds available - December 31	<u>\$ 270,502</u>	<u>\$ 270,502</u>	<u>\$ 585,371</u>	<u>\$ 314,869</u>

## **MAJOR CAPITAL PROJECT FUND**

Capital project funds account for financial resources used to construct and acquire all major capital projects such as parks and town facilities except for those capital projects that are required to be accounted for in an enterprise fund.

### **Transportation Capital Projects Fund**

The Transportation Capital Projects fund accounts for the resources and expenditures for the construction of new transportation projects which accommodate the growth in the Castle Rock area.

## EXHIBIT XXI

## TOWN OF CASTLE ROCK, COLORADO

**TRANSPORTATION CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budget			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
<b>REVENUES</b>				
Use	\$ 1,203,743	\$ 1,203,743	\$ 1,686,975	\$ 483,232
Development impact fees	8,810,187	8,810,187	7,421,620	(1,388,567)
Investment earnings	150,845	150,845	1,504,466	1,353,621
Intergovernmental	1,456,000	1,456,000	8,277,645	6,821,645
Contributions and donations	-	89,088,003	22,495,532	(66,592,471)
Other	-	-	74,985	74,985
Total revenues	11,620,775	100,708,778	41,461,223	(59,247,555)
<b>EXPENDITURES</b>				
Capital outlay	7,835,000	143,041,248	47,511,007	95,530,241
Total expenditures	7,835,000	143,041,248	47,511,007	95,530,241
<b>DEBT SERVICE</b>				
Interest	362,387	362,387	362,387	-
Agency fees	-	-	400	(400)
Total debt service	362,387	362,387	362,787	(400)
Total expenditures	8,197,387	143,403,635	47,873,794	95,529,841
Excess (deficiency) of revenues over (under) expenditures	3,423,388	(42,694,857)	(6,412,571)	36,282,286
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	37,500,000	3,000,000	(34,500,000)
Transfers out	(2,000,000)	(33,000,000)	(97,500)	32,902,500
Total other financing sources (uses)	(2,000,000)	4,500,000	2,902,500	(1,597,500)
Net change in funds available	1,423,388	(38,194,857)	(3,510,071)	34,684,786
Funds available - January 1	7,950,456	39,644,841	33,144,841	(6,500,000)
Funds available - December 31	\$ 9,373,844	\$ 1,449,984	\$ 29,634,770	\$ 28,184,786

## **NON-MAJOR CAPITAL PROJECT FUNDS**

Capital project funds account for financial resources used to construct and acquire all major capital projects such as parks and town facilities except for those capital projects that are required to be accounted for in an enterprise fund.

### **Parks and Recreation Capital Fund**

The Parks and Recreation Capital Fund accounted for resources and expenditures for the construction, expansion and improvement of recreation facilities and other capital needs related to recreational services. The primary source of revenue in this fund is from development impact fees, which are collected at the time a building permit is issued.

### **Municipal Facilities Capital Fund**

The Municipal Facilities Capital Fund accounts for resources and expenditures for the construction, expansion and improvement of Town facilities. The primary source of revenue in this fund is from development impact fees that are collected at the time a building permit is issued. Certain projects in this fund were financed through an interfund loan from the General Fund.

### **Fire Capital Fund**

The Fire Capital Fund accounts for resources and expenditures for the construction, expansion and improvement of fire facilities and other capital needs of the Fire Department. The primary source of revenue in this fund is from development impact fees, which are collected at the time a building permit is issued. Certain projects in this fund were financed through an interfund loan from the General Fund.

### **Police Capital Fund**

The Police Capital Fund accounts for resources and expenditures for the construction, expansion and improvement of police facilities and to provide for other capital needs of the Police Department. The primary source of revenue in this fund is from development impact fees that are collected at the time a building permit is issued. Certain projects in this fund were financed through an interfund loan from the General Fund.

### **General Long-Term Planning Fund**

The General Long-Term Planning Fund establishes a source to prioritize and perform needed repairs, improvements and replacement of Town facilities, technology and infrastructure. The primary source of revenue in this fund is from residential building use tax.



## TOWN OF CASTLE ROCK, COLORADO

**NON-MAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2024**

	Parks and Recreation Capital	Municipal Facilities Capital	Fire Capital	Police Capital	General Long-Term Planning	Total Non-major Capital Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 14,550,981	\$ 1,703,219	\$ 899,470	\$ 564,281	\$ 3,226,613	\$ 20,944,564
Investments	2,173,758	617,250	980,751	84,030	992,634	4,848,423
Accounts, net	12,465	3,539	5,624	481	5,692	27,801
Loans to other funds	1,700,000	78,075	-	-	-	1,778,075
Total assets	<u>\$ 18,437,204</u>	<u>\$ 2,402,083</u>	<u>\$ 1,885,845</u>	<u>\$ 648,792</u>	<u>\$ 4,224,939</u>	<u>\$ 27,598,863</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 9,437	\$ -	\$ 57,546	\$ -	\$ 126,277	\$ 193,260
Retainage payable	192,435	-	-	-	-	192,435
Loans from other funds	-	-	-	1,487,723	-	1,487,723
Total liabilities	<u>201,872</u>	<u>-</u>	<u>57,546</u>	<u>1,487,723</u>	<u>126,277</u>	<u>1,873,418</u>
Fund balances (deficits)						
Restricted	16,535,332	2,324,008	1,828,299	-	-	20,687,639
Committed	-	-	-	-	4,098,662	4,098,662
Assigned	1,700,000	78,075	-	-	-	1,778,075
Unassigned	-	-	-	(838,931)	-	(838,931)
Total fund balances (deficits)	<u>18,235,332</u>	<u>2,402,083</u>	<u>1,828,299</u>	<u>(838,931)</u>	<u>4,098,662</u>	<u>25,725,445</u>
Total liabilities and fund balances (deficits)	<u>\$ 18,437,204</u>	<u>\$ 2,402,083</u>	<u>\$ 1,885,845</u>	<u>\$ 648,792</u>	<u>\$ 4,224,939</u>	<u>\$ 27,598,863</u>

## TOWN OF CASTLE ROCK, COLORADO

**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Parks and Recreation Capital	Municipal Facilities Capital	Fire Capital	Police Capital	General Long-Term Planning	Total Non-major Capital Funds
<b>REVENUES</b>						
Taxes						
Use	\$ -	\$ -	\$ -	\$ -	\$ 1,316,474	\$ 1,316,474
Development impact fees	4,533,920	245,778	724,169	374,688	-	5,878,555
Investment earnings	670,284	42,850	47,473	15,589	110,633	886,829
Other	341,120	-	-	-	20,910	362,030
Total revenues	5,545,324	288,628	771,642	390,277	1,448,017	8,443,888
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	578,005	578,005
Culture and recreation	1,588,660	-	-	-	-	1,588,660
Capital outlay	4,384,934	-	123,423	-	4,166,331	8,674,688
Debt Service						
Principal	450,000	-	-	-	-	450,000
Interest	260,612	-	-	-	-	260,612
Agency fees	2,000	-	-	-	-	2,000
Total expenditures	6,686,206	-	123,423	-	4,744,336	11,553,965
Excess (deficiency) of revenues over (under) expenditures	(1,140,882)	288,628	648,219	390,277	(3,296,319)	(3,110,077)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,755,500	1,550	-	-	1,509,626	3,266,676
Transfers out	-	(73,765)	(8,991)	(646,221)	-	(728,977)
Total other financing sources (uses)	1,755,500	(72,215)	(8,991)	(646,221)	1,509,626	2,537,699
Net change in fund balances	614,618	216,413	639,228	(255,944)	(1,786,693)	(572,378)
Fund balances (deficits) - January 1	17,620,714	2,185,670	1,189,071	(582,987)	5,885,355	26,297,823
Fund balances (deficits) - December 31	\$ 18,235,332	\$ 2,402,083	\$ 1,828,299	\$ (838,931)	\$ 4,098,662	\$ 25,725,445

## TOWN OF CASTLE ROCK, COLORADO

## PARKS AND RECREATION CAPITAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets			Variance with Final Budget
	Original	Final	Budgetary Actual	Positive (Negative)
<b>REVENUES</b>				
Development impact fees	\$ 5,419,551	\$ 5,419,551	\$ 4,533,920	\$ (885,631)
Investment earnings	129,412	129,412	670,284	540,872
Other	-	-	341,120	341,120
Total revenues	5,548,963	5,548,963	5,545,324	(3,639)
<b>EXPENDITURES</b>				
Culture and recreation	110,500	1,571,593	1,588,660	(17,067)
Capital outlay	10,000,000	15,197,803	4,384,934	10,812,869
Total expenditures	10,110,500	16,769,396	5,973,594	10,795,802
<b>DEBT SERVICE</b>				
COP principal	450,000	450,000	450,000	-
COP interest	260,613	260,613	260,612	1
Agency and other fees	-	-	2,000	(2,000)
Total debt service	710,613	710,613	712,612	(1,999)
Total expenditures	10,821,113	17,480,009	6,686,206	10,793,803
Excess (deficiency) of revenues over (under) expenditures	(5,272,150)	(11,931,046)	(1,140,882)	10,790,164
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,700,000	1,700,000	1,755,500	55,500
Total other financing sources (uses)	3,700,000	1,700,000	1,755,500	55,500
Net change in funds available	(1,572,150)	(10,231,046)	614,618	10,845,664
Funds available - January 1	6,820,819	15,920,714	15,920,714	-
Funds available - December 31	<u>\$ 5,248,669</u>	<u>\$ 5,689,668</u>	<u>\$ 16,535,332</u>	<u>\$ 10,845,664</u>
<b>RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE</b>				
Loans to other funds			1,700,000	
Fund balance - December 31			<u>\$ 18,235,332</u>	

## TOWN OF CASTLE ROCK, COLORADO

**MUNICIPAL FACILITIES CAPITAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Budgets</u>			Variance with Final Budget
	Original	Final	Budgetary Actual	Positive (Negative)
<b>REVENUES</b>				
Development impact fees	\$ 290,213	\$ 290,213	\$ 245,778	\$ (44,435)
Investment earnings	<u>43,559</u>	<u>43,559</u>	<u>42,850</u>	<u>(709)</u>
Total revenues	<u>333,772</u>	<u>333,772</u>	<u>288,628</u>	<u>(45,144)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	26,810	26,810	1,550	(25,260)
Transfers out	<u>-</u>	<u>(75,000)</u>	<u>(73,765)</u>	<u>1,235</u>
Total other financing sources (uses)	<u>26,810</u>	<u>(48,190)</u>	<u>(72,215)</u>	<u>(24,025)</u>
Net change in funds available	360,582	285,582	216,413	(69,169)
Funds available - January 1	<u>2,103,703</u>	<u>2,082,335</u>	<u>2,082,335</u>	-
Funds available - December 31	<u>\$ 2,464,285</u>	<u>\$ 2,367,917</u>	<u>\$ 2,298,748</u>	<u>\$ (69,169)</u>
<b>RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE</b>				
Loans to other funds			<u>78,075</u>	
Fund balance - December 31			<u>\$ 2,376,823</u>	

## TOWN OF CASTLE ROCK, COLORADO

## FIRE CAPITAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets			Variance with Final Budget
	Original	Final	Budgetary Actual	Positive (Negative)
<b>REVENUES</b>				
Development impact fees	\$ 851,903	\$ 851,903	\$ 724,169	\$ (127,734)
Investment earnings	52,894	52,894	47,473	(5,421)
Total revenues	904,797	904,797	771,642	(133,155)
<b>EXPENDITURES</b>				
Capital outlay	1,500,000	1,535,907	123,423	1,412,484
Total expenditures	1,500,000	1,535,907	123,423	1,412,484
Excess (deficiency) of revenues over (under) expenditures	(595,203)	(631,110)	648,219	1,279,329
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,000,000	6,000,000	-	(6,000,000)
Transfers out	(957,848)	(957,848)	(8,991)	948,857
Total other financing sources (uses)	5,042,152	5,042,152	(8,991)	(5,051,143)
Net change in funds available	4,446,949	4,411,042	639,228	(3,771,814)
Funds available - January 1	1,706,214	1,788,454	1,788,454	-
Funds available - December 31	<u>\$ 6,153,163</u>	<u>\$ 6,199,496</u>	<u>\$ 2,427,682</u>	<u>\$ (3,771,814)</u>

## TOWN OF CASTLE ROCK, COLORADO

## POLICE CAPITAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets			Variance with Final Budget
	Original	Final	Budgetary Actual	Positive (Negative)
<b>REVENUES</b>				
Development impact fees	\$ 447,318	\$ 447,318	\$ 374,688	\$ (72,630)
Investment earnings	8,191	8,191	15,589	7,398
Total revenues	455,509	455,509	390,277	(65,232)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(284,633)	(829,633)	(646,221)	183,412
Total other financing sources (uses)	(284,633)	(829,633)	(646,221)	183,412
Net change in funds available	170,876	(374,124)	(255,944)	118,180
Funds available - January 1	36,810	1,075,280	1,075,280	-
Funds available - December 31	<u>\$ 207,686</u>	<u>\$ 701,156</u>	\$ 819,336	<u>\$ 118,180</u>
<b>RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE</b>				
Loans from other funds			(1,487,723)	
Fund balance - December 31			<u>\$ (668,387)</u>	

## TOWN OF CASTLE ROCK, COLORADO

## GENERAL LONG-TERM PLANNING FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets			Variance with Final Budget
	Original	Final	Budgetary Actual	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 937,425	\$ 937,425	\$ 1,316,474	\$ 379,049
Investment earnings	78,095	78,095	110,633	32,538
Other	-	-	20,910	20,910
Total revenues	1,015,520	1,015,520	1,448,017	432,497
<b>EXPENDITURES</b>				
General government	1,046,297	1,617,839	578,005	1,039,834
Capital outlay	4,136,227	5,236,127	4,166,331	1,069,796
Total expenditures	5,182,524	6,853,966	4,744,336	2,109,630
Excess (deficiency) of revenues over (under) expenditures	(4,167,004)	(5,838,446)	(3,296,319)	2,542,127
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,509,626	1,509,626	1,509,626	-
Total other financing sources (uses)	1,509,626	1,509,626	1,509,626	-
Net change in funds available	(2,657,378)	(4,328,820)	(1,786,693)	2,542,127
Funds available - January 1	3,350,328	5,885,355	5,885,355	-
Funds available - December 31	\$ 692,950	\$ 1,556,535	\$ 4,098,662	\$ 2,542,127



## NON-MAJOR ENTERPRISE FUNDS

Enterprise funds account for operations that are financed and operated in a manner similar to private business where costs are predominantly supported by user charges or where management has decided periodic determination of revenues, expenses, and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

### **Golf Fund**

The Golf Fund accounts for the activities related to the construction, operation, and maintenance of the Town owned golf course, Red Hawk Ridge, at Castle Rock.

### **Community Center Fund**

The Community Center Fund accounts for the Town's recreational facilities including a recreation center, the Miller Activity Center, two outdoor pools, inline skating rinks, multi-purpose ball fields, and a skateboard park. This fund also accounts for recreational and child care programs.

### **Development Services Fund**

The Development Services Fund accounts for revenues and expenses related to community development within the Town. Primary revenues are from user fees to include building and electrical permits, plan reviews, and inspections.

## TOWN OF CASTLE ROCK, COLORADO

**NON-MAJOR PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	<b>Golf</b>	<b>Community Center</b>	<b>Development Services</b>	<b>Total Other Enterprise Funds</b>
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 2,420,857	\$ 334,576	\$ 1,041,547	\$ 3,796,980
Investments	452,678	56,577	3,592,519	4,101,774
Sales taxes	-	508,930	-	508,930
Accounts	9,585	64,359	20,609	94,553
Prepaid items	17,757	30,390	125,168	173,315
Inventory	120,205	-	-	120,205
Total current assets	3,021,082	994,832	4,779,843	8,795,757
Non-current assets				
Capital assets				
Land	5,412,479	181,965	-	5,594,444
Easements	-	-	6,100	6,100
Construction in progress	9,134	-	-	9,134
Buildings and improvements	2,478,398	11,172,526	5,126,928	18,777,852
Machinery and equipment	1,801,619	1,117,239	144,415	3,063,273
Other structures and improvements	1,054,405	1,362,850	-	2,417,255
Accumulated depreciation	(2,648,668)	(7,082,826)	(1,072,174)	(10,803,668)
Total capital assets (net of accumulated depreciations)	8,107,367	6,751,754	4,205,269	19,064,390
Restricted cash and cash equivalents	500,815	-	-	500,815
Total noncurrent assets	8,608,182	6,751,754	4,205,269	19,565,205
Total assets	11,629,264	7,746,586	8,985,112	28,360,962
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on refundings	110,018	-	-	110,018
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	199,784	283,123	159,870	642,777
Accrued interest payable	3,372	-	-	3,372
Deposits	-	12,900	11,890	24,790
Revenue bonds payable-current	460,000	-	-	460,000
Accrued leave-current	60,540	144,631	273,590	478,761
Unearned revenues	167,462	5,589	200,000	373,051
Total current liabilities	891,158	446,243	645,350	1,982,751
Noncurrent liabilities				
Revenue bonds net unamortized premiums (discounts)	955,000	-	-	955,000
Accrued leave	135,441	200,816	260,311	596,568
Loans from other funds	1,246,413	1,242,344	-	2,488,757
Total noncurrent liabilities	2,336,854	1,443,160	260,311	4,040,325
Total liabilities	3,228,012	1,889,403	905,661	6,023,076
<b>NET POSITION</b>				
Net investment in capital assets	7,281,259	6,744,424	4,205,269	18,230,952
Unrestricted	1,230,011	(887,241)	3,874,182	4,216,952
Total net position	\$ 8,511,270	\$ 5,857,183	\$ 8,079,451	\$ 22,447,904

## TOWN OF CASTLE ROCK, COLORADO

## NON-MAJOR PROPRIETARY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Golf	Community Center	Development Services	Total Other Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,135,424	\$ 5,753,844	\$ 6,145,765	\$ 17,035,033
Contributions and donations	-	45,963	-	45,963
Other	829	30,299	3,224	34,352
Total operating revenues	5,136,253	5,830,106	6,148,989	17,115,348
<b>OPERATING EXPENSES</b>				
Operations	3,781,440	10,607,403	6,780,772	21,169,615
Depreciation	291,386	438,765	146,962	877,113
Total operating expenses	4,072,826	11,046,168	6,927,734	22,046,728
Operating income (loss)	1,063,427	(5,216,062)	(778,745)	(4,931,380)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Taxes	-	4,868,562	-	4,868,562
Investment earnings	54,070	45,285	160,112	259,467
Interest expense	(90,402)	-	-	(90,402)
Agency and other fees	(300)	-	-	(300)
Total non-operating revenues (expenses)	(36,632)	4,913,847	160,112	5,037,327
Net income (loss) before contributions and transfers	1,026,795	(302,215)	(618,633)	105,947
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Transfers in	-	125,000	-	125,000
Transfers out	(20,280)	(32,132)	-	(52,412)
Total contributions and transfers	(20,280)	92,868	-	72,588
Change in fund net position	1,006,515	(209,347)	(618,633)	178,535
Net Position - January 1	7,504,755	6,066,530	8,698,084	22,269,369
Net Position - December 31	\$ 8,511,270	\$ 5,857,183	\$ 8,079,451	\$ 22,447,904

## TOWN OF CASTLE ROCK, COLORADO

**NON-MAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Golf</b>	<b>Community Center</b>	<b>Development Services</b>	<b>Total Other Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 5,160,507	\$ 5,828,004	\$ 6,148,047	\$ 17,136,558
Payments to suppliers	(1,674,007)	(3,839,182)	(989,444)	(6,502,633)
Payments to employees	(2,014,558)	(6,701,711)	(5,663,096)	(14,379,365)
Net cash provided by (used in) operating activities	1,471,942	(4,712,889)	(504,493)	(3,745,440)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Cash transfers out	(20,280)	(32,132)	-	(52,412)
Cash transfers in	-	125,000	-	125,000
Receipts from taxes	-	4,863,087	-	4,863,087
Net cash provided by (used in) non-capital financing activities	(20,280)	4,955,955	-	4,935,675
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interfund loans	415,681	(128,041)	-	287,640
Acquisition of capital assets	(899,179)	(2,536,079)	-	(3,435,258)
Principal paid on bonds and COPs payable	(445,000)	-	-	(445,000)
Interest paid on bonds and COPs payable	(53,196)	-	-	(53,196)
Bond issue costs and agency fees	(300)	-	-	(300)
Net cash used in capital and related financing activities	(981,994)	(2,664,120)	-	(3,646,114)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment earnings	50,884	40,097	120,981	211,962
Decrease (Increase) in equity in pooled investments	(12,023)	485,285	(94,675)	378,587
Net cash provided by investing activities	38,861	525,382	26,306	590,549
Net increase (decrease) in cash and cash equivalents	508,529	(1,895,672)	(478,187)	(1,865,330)
Cash and cash equivalents - January 1	2,413,143	2,230,248	1,519,734	6,163,125
Cash and cash equivalents - December 31	\$ 2,921,672	\$ 334,576	\$ 1,041,547	\$ 4,297,795
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</b>				
Unrestricted cash and cash equivalents	\$ 2,420,857	\$ 334,576	\$ 1,041,547	\$ 3,796,980
Restricted cash and cash equivalents	500,815	-	-	500,815
Total cash and cash equivalents	\$ 2,921,672	\$ 334,576	\$ 1,041,547	\$ 4,297,795

## TOWN OF CASTLE ROCK, COLORADO

**NON-MAJOR PROPRIETARY FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Golf</u>	<u>Community Center</u>	<u>Development Services</u>	<u>Total Other Enterprise Funds</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,063,427	\$ (5,216,062)	\$ (778,745)	\$ (4,931,380)
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</b>				
Depreciation	291,386	438,765	146,962	877,113
Changes in operating assets and liabilities				
(Increase) decrease in assets				
Accounts receivable	(5,044)	6,298	(941)	313
Prepaid items	(1,261)	38,619	(3,827)	33,531
Inventory	7,340	-	-	7,340
Increase (decrease) in liabilities				
Accounts payable	91,894	20,801	30,262	142,957
Accrued leave	(5,098)	7,090	101,796	103,788
Unearned revenue	30,353	-	-	30,353
Deposits	(1,055)	(8,400)	-	(9,455)
Total adjustments	408,515	503,173	274,252	\$ 1,185,940
Net cash provided by (used in) operating activities	<u>\$ 1,471,942</u>	<u>\$ (4,712,889)</u>	<u>\$ (504,493)</u>	<u>\$ (3,745,440)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Payables incurred for purchase of capital assets	\$ (21,941)	\$ (7,330)	\$ -	(29,271)
Amortization of premium, discount and deferred loss on refunding	38,267	-	-	38,267
Increase (decrease) in fair value of investments	1,300	4,158	38,218	43,676
Noncash investing, capital and financing activities	<u>\$ 17,626</u>	<u>\$ (3,172)</u>	<u>\$ 38,218</u>	<u>\$ 52,672</u>

## ENTERPRISE FUNDS BUDGETARY SCHEDULES

WATER FUND

WATER RESOURCES FUND

STORMWATER FUND

WASTEWATER FUND

GOLF FUND

COMMUNITY CENTER FUND

DEVELOPMENT SERVICES FUND

## TOWN OF CASTLE ROCK, COLORADO

## WATER FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Actual	
REVENUES				
Charges for services	\$ 21,122,961	\$ 21,122,961	\$ 20,556,540	\$ (566,421)
System development fees	2,909,452	2,909,452	3,727,089	817,637
Fines and forfeitures	315,300	315,300	316,544	1,244
Investment earnings	101,912	101,912	537,867	435,955
Intergovernmental	300,700	300,700	450,700	150,000
Other	250,154	250,154	219,432	(30,722)
Total revenues	25,000,479	25,000,479	25,808,172	807,693
OPERATING EXPENDITURES				
Administration	2,550,890	2,564,687	11,454,758	(8,890,071)
Operations support	13,295,787	13,855,953	13,534,171	321,782
Capital outlay	11,412,950	15,697,166	8,673,769	7,023,397
Total operating expenditures	27,259,627	32,117,806	33,662,698	(1,544,892)
DEBT SERVICE				
Principal	590,000	590,000	590,000	-
Interest	93,500	93,500	91,042	2,458
Agency fees	400	400	800	(400)
Total debt service	683,900	683,900	681,842	2,058
Capital outlay - Contra	-	-	(8,673,768)	8,673,768
Principal - Contra	-	-	(590,000)	590,000
Total expenditures	27,943,527	32,801,706	25,080,772	7,720,934
Excess (deficiency) of revenues over (under) expenditures	(2,943,048)	(7,801,227)	727,400	8,528,627
OTHER FINANCING SOURCES (USES)				
Interfund loan interest	(72,300)	(72,300)	-	72,300
Interfund loan proceeds	4,820,000	4,820,000	4,820,000	-
Interfund loans - Contra	-	-	(4,820,000)	(4,820,000)
Capital asset contribution	400	400	665,077	664,677
Transfers out	(285,000)	(285,000)	(244,144)	40,856
Amortization expense - recon	-	-	38,353	38,353
Total other financing sources (uses)	4,463,100	4,463,100	459,286	(4,003,814)
Net change in funds available	1,520,052	(3,338,127)	1,186,686	4,524,813
Funds available - January 1	255,257,533	21,378,138	21,378,138	-
Funds available - December 31	\$ 256,777,585	\$ 18,040,011	\$ 22,564,824	\$ 4,524,813
RECONCILIATION OF NET CHANGE IN FUNDS AVAILABLE TO CHANGE IN NET POSITION (GAAP BASIS)				
Net change in fund balances			1,186,686	
Depreciation expense			(8,064,096)	
Capital asset contributions			4,795,788	
Capital outlay			6,885,845	
Principal paid			590,000	
Loss on disposal of capital assets			6,483,230	
Amortization expense			(38,353)	
Accrued leave			76,413	
Change in net position			\$ 11,915,513	



## TOWN OF CASTLE ROCK, COLORADO

## WATER RESOURCES FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Actual	
REVENUES				
Charges for services	\$ 12,711,339	\$ 12,711,339	\$ 14,115,976	\$ 1,404,637
System development fees	14,040,143	14,040,143	16,258,709	2,218,566
Fines and forfeitures	188,035	188,035	132,420	(55,615)
Investment earnings	1,593,041	1,593,041	4,490,339	2,897,298
Intergovernmental	-	50,000	50,000	-
Other	14,170	14,170	233,280	219,110
Total revenues	28,546,728	28,596,728	35,280,724	6,683,996
OPERATING EXPENDITURES				
Administration	902,701	913,084	835,279	77,805
Operations support	10,818,910	14,510,887	15,708,351	(1,197,464)
Capital outlay	47,506,793	85,881,281	23,531,278	62,350,003
Total operating expenditures	59,228,404	101,305,252	40,074,908	61,230,344
DEBT SERVICE				
Principal	3,130,000	3,130,000	3,130,000	-
Interest	2,524,550	2,524,550	2,511,508	13,042
Agency fees	-	-	600	(600)
Total debt service	5,654,550	5,654,550	5,642,108	12,442
Capital outlay - Contra	-	-	(23,531,279)	23,531,279
Principal - Contra	-	-	(3,130,000)	3,130,000
Total expenditures	64,882,954	106,959,802	19,055,737	87,904,065
Excess (deficiency) of revenues over (under) expenditures	(36,336,226)	(78,363,074)	16,224,987	94,588,061
OTHER FINANCING SOURCES (USES)				
Interfund loan principal	146,309	146,309	107,107	(39,202)
Interfund loan interest	39,109	39,109	26,523	(12,586)
Capital asset contribution	7,241,458	7,241,458	6,306,247	(935,211)
Transfers out	(49,210)	(49,210)	-	49,210
Total other financing sources (uses)	7,377,666	7,377,666	6,439,877	(937,789)
Net change in funds available	(28,958,560)	(70,985,408)	22,664,864	93,650,272
Funds available - January 1	331,319,573	56,795,599	56,795,599	-
Funds available - December 31	\$ 302,361,013	\$ (14,189,809)	\$ 79,460,463	\$ 93,650,272
RECONCILIATION OF NET CHANGE IN FUNDS AVAILABLE TO CHANGE IN NET POSITION (GAAP BASIS)				
Net change in fund balances			22,664,864	
Depreciation expense			(3,590,163)	
Capital outlay			21,822,834	
Principal paid			2,315,000	
Interfund loan principal			(107,107)	
Amortization expense			773,114	
Accrued leave			14,023	
Change in net position			\$ 43,892,565	

## TOWN OF CASTLE ROCK, COLORADO

## STORMWATER FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Actual	
REVENUES				
Charges for services	\$ 4,465,881	\$ 4,465,881	\$ 4,333,226	\$ (132,655)
System development fees	1,934,407	1,934,407	1,042,524	(891,883)
Fines and forfeitures	25	25	-	(25)
Investment earnings	117,732	117,732	300,443	182,711
Other	911,016	911,016	13,380	(897,636)
Total revenues	7,429,061	7,429,061	5,689,573	(1,739,488)
OPERATING EXPENDITURES				
Administration	1,034,106	1,172,668	1,653,516	(480,848)
Operations support	2,882,128	2,957,026	2,476,519	480,507
Capital outlay	4,624,222	8,327,499	881,127	7,446,372
Total operating expenditures	8,540,456	12,457,193	5,011,162	7,446,031
DEBT SERVICE				
Principal	1,000,000	1,000,000	999,859	141
Interest	146,400	146,400	144,464	1,936
Total debt service	1,146,400	1,146,400	1,144,323	2,077
Capital outlay - Contra	-	-	(881,127)	881,127
Principal - Contra	-	-	(1,000,000)	1,000,000
Total expenditures	9,686,856	13,603,593	4,274,358	9,329,235
Excess (deficiency) of revenues over (under) expenditures	(2,257,795)	(6,174,532)	1,415,215	7,589,747
OTHER FINANCING SOURCES (USES)				
Capital asset contribution	7,276	7,276	975,672	968,396
Total other financing sources (uses)	7,276	7,276	975,672	968,396
Net change in funds available	(2,250,519)	(6,167,256)	2,390,887	8,558,143
Funds available - January 1	115,487,090	12,955,691	12,955,691	-
Funds available - December 31	\$ 113,236,571	\$ 6,788,435	\$ 15,346,578	\$ 8,558,143
RECONCILIATION OF NET CHANGE IN FUNDS AVAILABLE TO CHANGE IN NET POSITION (GAAP BASIS)				
Net change in fund balances			2,390,887	
Depreciation expense			(3,778,628)	
Capital asset contributions			4,788,300	
Capital outlay			690,550	
Accrued leave			19,860	
Change in net position			\$ 4,110,969	

## TOWN OF CASTLE ROCK, COLORADO

## WASTEWATER FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Actual	
REVENUES				
Charges for services	\$ 12,078,751	\$ 12,078,751	\$ 12,214,811	\$ 136,060
System development fees	2,356,549	2,356,549	1,905,148	(451,401)
Fines and forfeitures	25	25	-	(25)
Investment earnings	454,327	454,327	1,121,883	667,556
Intergovernmental	-	-	770,111	770,111
Other	30,699	30,699	24,895	(5,804)
Total revenues	14,920,351	14,920,351	16,036,848	1,116,497
OPERATING EXPENDITURES				
Administration	1,294,144	1,294,144	1,531,243	(237,099)
Operations support	8,233,583	8,786,327	8,059,948	726,379
Capital outlay	7,917,470	8,252,101	1,914,864	6,337,237
Capital outlay - Contra	-	-	(1,914,863)	1,914,863
Total expenditures	17,445,197	18,332,572	9,591,192	8,741,380
Excess (deficiency) of revenues over (under) expenditures	(2,524,846)	(3,412,221)	6,445,656	9,857,877
OTHER FINANCING SOURCES (USES)				
Interfund loan principal	(4,820,000)	(4,820,000)	(4,820,000)	-
Interfund loan interest	72,300	72,300	-	(72,300)
Interfund loan payments	-	-	4,820,000	4,820,000
Capital asset contribution	1,400	1,400	750	(650)
Transfers in	-	10,500,000	-	(10,500,000)
Transfers out	(255,985)	(10,755,985)	-	10,755,985
Total other financing sources (uses)	(5,002,285)	(5,002,285)	750	5,003,035
Net change in funds available	(7,527,131)	(8,414,506)	6,446,406	14,860,912
Funds available - January 1	144,979,773	8,693,235	8,693,235	-
Funds available - December 31	\$ 137,452,642	\$ 278,729	\$ 15,139,641	\$ 14,860,912
RECONCILIATION OF NET CHANGE IN FUNDS AVAILABLE TO CHANGE IN NET POSITION (GAAP BASIS)				
Net change in fund balances			6,446,406	
Depreciation expense			(3,199,976)	
Capital asset contributions			2,895,297	
Capital outlay			166,847	
Accrued leave			(21,273)	
Change in net position			\$ 6,287,301	

## TOWN OF CASTLE ROCK, COLORADO

## GOLF FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Actual	
REVENUES				
Charges for services	\$ 4,247,953	\$ 4,727,953	\$ 5,135,424	\$ 407,471
Investment earnings	46,438	46,438	54,070	7,632
Other	-	-	829	829
Total revenues	4,294,391	4,774,391	5,190,323	415,932
OPERATING EXPENDITURES				
Administration	424,449	424,449	497,321	(72,872)
Operations support	1,047,812	1,121,938	1,196,320	(74,382)
Food and Beverages	631,662	806,662	766,762	39,900
Maintenance	1,190,483	1,440,483	1,326,136	114,347
Capital outlay	820,000	1,065,001	921,119	143,882
Total operating expenditures	4,114,406	4,858,533	4,707,658	150,875
DEBT SERVICE				
Principal	445,000	445,000	445,000	-
Interest	53,196	53,196	52,135	1,061
Agency fees	2,500	2,500	300	2,200
Total debt service	500,696	500,696	497,435	3,261
Total expenditures	4,615,102	5,359,229	5,205,093	154,136
Excess (deficiency) of revenues over (under) expenditures	(320,711)	(584,838)	(14,770)	570,068
OTHER FINANCING SOURCES (USES)				
Interfund loan principal	(277,694)	(277,694)	(279,319)	(1,625)
Interfund loan interest	(22,861)	(22,861)	(20,280)	2,581
Interfund loan payments	-	-	279,319	279,319
Interfund loan proceeds	695,000	695,000	695,000	-
Interfund loans - Contra	-	-	(695,000)	(695,000)
Transfers in	80,000	80,000	-	(80,000)
Total other financing sources (uses)	474,445	474,445	(20,280)	(494,725)
Net change in funds available	153,734	(110,393)	(35,050)	75,343
Funds available - January 1	7,504,755	1,554,067	1,554,067	-
Funds available - December 31	\$ 7,658,489	\$ 1,443,674	\$ 1,519,017	\$ 75,343
RECONCILIATION OF NET CHANGE IN FUNDS AVAILABLE TO CHANGE IN NET POSITION (GAAP BASIS)				
Net change in fund balances			(35,050)	
Depreciation expense			(291,386)	
Capital outlay			696,972	
Principal paid			445,000	
Amortization expense			(38,267)	
Accrued leave			5,098	
Change in net position			\$ 782,367	

## TOWN OF CASTLE ROCK, COLORADO

## COMMUNITY CENTER FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Actual	
REVENUES				
Taxes	\$ 4,821,886	\$ 4,821,886	\$ 4,868,562	\$ 46,676
Charges for services	4,606,622	5,884,622	5,753,844	(130,778)
Investment earnings	52,841	52,841	45,285	(7,556)
Other	26,422	26,422	76,262	49,840
Total revenues	9,507,771	10,785,771	10,743,953	(41,818)
OPERATING EXPENDITURES				
Administration	106,012	106,012	101,620	4,392
Operations support	8,586,628	9,892,628	10,498,693	(606,065)
Capital outlay	550,000	2,904,515	2,159,349	745,166
Capital outlay - Contra	-	-	(2,159,349)	2,159,349
Total expenditures	9,242,640	12,903,155	10,600,313	2,302,842
Excess (deficiency) of revenues over (under) expenditures	265,131	(2,117,384)	143,640	2,261,024
OTHER FINANCING SOURCES (USES)				
Interfund loan principal	(128,041)	(128,041)	(128,041)	-
Interfund loan interest	(20,556)	(20,556)	(20,556)	-
Interfund loan payments	-	-	128,041	128,041
Transfers in	-	125,000	125,000	-
Transfers out	(91,025)	(91,025)	(11,576)	79,449
Total other financing sources (uses)	(239,622)	(114,622)	92,868	207,490
Net change in funds available	25,509	(2,232,006)	236,508	2,468,514
Funds available - January 1	6,066,530	1,932,230	1,932,230	-
Funds available - December 31	\$ 6,092,039	\$ (299,776)	\$ 2,168,738	\$ 2,468,514
RECONCILIATION OF NET CHANGE IN FUNDS AVAILABLE TO CHANGE IN NET POSITION (GAAP BASIS)				
Net change in fund balances			236,508	
Depreciation expense			(438,765)	
Capital outlay			86,386	
Accrued leave			(7,090)	
Change in net position			\$ (122,961)	

## TOWN OF CASTLE ROCK, COLORADO

## DEVELOPMENT SERVICES FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets		Budgetary Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 5,723,335	\$ 5,723,335	\$ 6,145,765	\$ 422,430
Investment earnings	81,177	81,177	160,112	78,935
Other	-	-	3,224	3,224
Total revenues	5,804,512	5,804,512	6,309,101	504,589
<b>OPERATING EXPENDITURES</b>				
Administration	646,702	646,702	549,876	96,826
Operations support	6,476,916	6,476,916	6,129,100	347,816
Total expenditures	7,123,618	7,123,618	6,678,976	444,642
Excess (deficiency) of revenues over (under) expenditures	(1,319,106)	(1,319,106)	(369,875)	949,231
Net change in funds available	(1,319,106)	(1,319,106)	(369,875)	949,231
Funds available - January 1	8,698,084	3,974,109	3,974,109	-
Funds available - December 31	<u>\$ 7,378,978</u>	<u>\$ 2,655,003</u>	\$ 3,604,234	<u>\$ 949,231</u>
<b>RECONCILIATION OF NET CHANGE IN FUNDS AVAILABLE TO CHANGE IN NET POSITION (GAAP BASIS)</b>				
Net change in fund balances			(369,875)	
Depreciation expense			(146,962)	
Accrued leave			(101,796)	
Change in net position			<u>\$ (618,633)</u>	

## **INTERNAL SERVICE FUNDS**

Internal service funds account for the financing of goods or services provided by one department to another. Revenues are from user charges to funds and departments, which are calculated on a cost reimbursement basis.

### **Employee Benefits Fund**

The Employee Benefits Fund accounts for the accumulation and payment of health insurance claims; for the payment of premiums for various employee insurance policies (life insurance, long-term disability, accidental death and dismemberment, stop-loss insurance) and for the payment of fees to third-party administrators; and for disbursement of cafeteria plan monies.

### **Fleet Services Fund**

The Fleet Services Fund accounts for centralized acquisition and maintenance of Town owned vehicles. Operations and vehicle replacements are funded by charges to user departments.



**TOWN OF CASTLE ROCK, COLORADO**
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	<b>Employee Benefits</b>	<b>Fleet Services</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 5,502,434	\$ 12,417,930	\$ 17,920,364
Investments	2,242,880	154,095	2,396,975
Accounts	53,097	128,231	181,328
Prepaid items	-	7,333	7,333
Total current assets	<u>7,798,411</u>	<u>12,707,589</u>	<u>20,506,000</u>
Noncurrent assets			
Capital assets			
Construction in progress	-	4,275,976	4,275,976
Buildings and improvements	-	43,590	43,590
Machinery and equipment	-	32,999,488	32,999,488
Accumulated depreciation	-	(25,397,391)	(25,397,391)
Total noncurrent assets	<u>-</u>	<u>11,921,663</u>	<u>11,921,663</u>
Total assets	<u>7,798,411</u>	<u>24,629,252</u>	<u>32,427,663</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	983,770	136,094	1,119,864
Accrued leave-current	-	28,404	28,404
Unearned revenues	762,545	-	762,545
Total current liabilities	<u>1,746,315</u>	<u>164,498</u>	<u>1,910,813</u>
Total liabilities	<u>1,746,315</u>	<u>164,498</u>	<u>1,910,813</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	11,815,957	11,815,957
Unrestricted	<u>6,052,096</u>	<u>12,648,797</u>	<u>18,700,893</u>
Total net position	<u>\$ 6,052,096</u>	<u>\$ 24,464,754</u>	<u>\$ 30,516,850</u>

## TOWN OF CASTLE ROCK, COLORADO

## INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Employee Benefits	Fleet Services	Total Internal Service Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ 9,504,240	\$ 6,999,714	\$ 16,503,954
Other	2,745,949	-	2,745,949
Total operating revenues	12,250,189	6,999,714	19,249,903
<b>OPERATING EXPENSES</b>			
Cost of sales and services	12,168,645	1,784,604	13,953,249
Depreciation	-	2,297,021	2,297,021
Total operating expenditures	12,168,645	4,081,625	16,250,270
Operating income (loss)	81,544	2,918,089	2,999,633
<b>NON-OPERATING REVENUES/(EXPENSES)</b>			
Investment earnings	258,801	555,590	814,391
Gain on disposal of capital assets	-	142,171	142,171
Total non-operating revenues/(expenses)	258,801	697,761	956,562
Net income (loss) before contributions and transfers	340,345	3,615,850	3,956,195
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Transfers in	-	868,013	868,013
Total contributions and transfers	-	868,013	868,013
Change in net position	340,345	4,483,863	4,824,208
Total net position - January 1	5,711,751	19,980,891	25,692,642
Total net position - December 31	\$ 6,052,096	\$ 24,464,754	\$ 30,516,850

## TOWN OF CASTLE ROCK, COLORADO

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Employee Benefits	Fleet Services	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 2,910,698	\$ -	\$ 2,910,698
Receipts from interfund services provided	9,504,240	6,932,027	16,436,267
Payments to suppliers	(11,698,037)	(962,773)	(12,660,810)
Payments to employees	(178,471)	(857,222)	(1,035,693)
Net cash provided by operating activities	538,430	5,112,032	5,650,462
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Cash transfers in	-	868,013	868,013
Net cash provided by non-capital financing activities	-	868,013	868,013
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	-	(6,609,554)	(6,609,554)
Proceeds from sale of capital assets	-	163,788	163,788
Net cash used in capital and related financing activities	-	(6,445,766)	(6,445,766)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	234,857	553,944	788,801
Increase in equity in pooled investments	(59,133)	(4,062)	(63,195)
Net cash provided by invest activities	175,724	549,882	725,606
Net increase in cash and cash equivalents	714,154	84,161	798,315
Cash and cash equivalents - January 1	4,788,280	12,333,769	17,122,049
Cash and cash equivalents - December 31	\$ 5,502,434	\$ 12,417,930	\$ 17,920,364
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</b>			
Unrestricted cash and cash equivalents	\$ 5,502,434	\$ 12,417,930	\$ 17,920,364
Total cash and cash equivalents	\$ 5,502,434	\$ 12,417,930	\$ 17,920,364
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 81,544	\$ 2,918,089	\$ 2,999,633
Adjustments to reconcile operating income (loss) from operations to net cash provided by operating activities			
Depreciation	-	2,297,021	2,297,021
(Increase) decrease in assets			
Accounts receivable	125,141	(67,687)	57,454
Prepaid items	609	(3,050)	(2,441)
Increase (decrease) in liabilities			
Accounts payable	291,528	(16,585)	274,943
Accrued leave	-	(15,756)	(15,756)
Unearned revenues	39,608	-	39,608
Total adjustments	456,886	2,193,943	2,650,829
Net cash provided by operating activities	\$ 538,430	\$ 5,112,032	\$ 5,650,462
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Payable incurred for purchase of capital assets	\$ -	\$ (105,706)	\$ (105,706)
Increase in fair value of investments	22,880	1,572	24,452
Noncash investing, capital, and financing activities	\$ 22,880	\$ (104,134)	\$ (81,254)

## TOWN OF CASTLE ROCK, COLORADO

## EMPLOYEE BENEFITS FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets		Budgetary Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 9,630,385	\$ 9,630,385	\$ 9,504,240	\$ (126,145)
Investment earnings	85,715	85,715	258,801	173,086
Other	2,927,443	2,927,443	2,745,949	(181,494)
Total revenues	12,643,543	12,643,543	12,508,990	(134,553)
<b>EXPENDITURES</b>				
Operations	11,384,016	11,384,016	12,168,645	(784,629)
Total expenditures	11,384,016	11,384,016	12,168,645	(784,629)
Net change in funds available	1,259,527	1,259,527	340,345	(919,182)
Funds available - January 1	5,693,142	5,711,751	5,711,751	-
Funds available - December 31	<u>\$ 6,952,669</u>	<u>\$ 6,971,278</u>	<u>\$ 6,052,096</u>	<u>\$ (919,182)</u>

## TOWN OF CASTLE ROCK, COLORADO

## FLEET FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Actual	
REVENUES				
Charges for services	\$ 6,513,643	\$ 6,613,643	\$ 6,999,714	\$ 386,071
Investment earnings	180,330	180,330	555,590	375,260
Total revenues	6,693,973	6,793,973	7,555,304	761,331
EXPENDITURES				
Operations	1,739,986	1,839,986	1,800,359	39,627
Capital outlay	10,301,000	12,843,745	6,722,605	6,121,140
Total expenditures	12,040,986	14,683,731	8,522,964	6,160,767
TRANSFERS				
Transfers in	260,000	639,188	868,013	228,825
Proceeds from sale of capital assets	700,288	700,288	142,171	(558,117)
Total transfers	960,288	1,339,476	1,010,184	(329,292)
Net change in funds available	(4,386,725)	(6,550,282)	42,524	6,592,806
Funds available - January 1	9,504,526	12,495,952	12,495,952	-
Funds available - December 31	\$ 5,117,801	\$ 5,945,670	\$ 12,538,476	\$ 6,592,806
RECONCILIATION OF NET CHANGE IN FUNDS AVAILABLE TO CHANGE IN NET POSITION (GAAP BASIS)				
Net change in fund balances			42,524	
Depreciation expense			(2,297,021)	
Capital outlay			6,722,605	
Proceeds from sale of capital assets			(142,171)	
Gain on disposal of capital assets			142,171	
Accrued leave			15,755	
Change in net position			\$ 4,483,863	

## **CUSTODIAL FUNDS**

Custodial funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement for individuals, organizations, and other governments.

### **Add-On PIF Fund**

The Add-On PIF Fund is a custodial fund used to account for the receipt and disbursement of the add-on public improvement fee (PIF) collected on sales transactions in the Promenade retail center and the Encore project.

### **Special District Fee Fund**

The Special District Fee Fund is a custodial fund used to account for receipt and disbursement of the Meadows District imposed capital reserve fee.

### **Use Tax Fund**

The Use Tax Fund is a custodial fund used to account for the receipt and disbursement of Douglas County's 1.00% portion of the use tax imposed on construction materials that are utilized in the construction of real property.

### **Authority Development Fee Fund**

The Authority Development Fee Fund is a custodial fund used to account for the receipt and disbursement of the Cherry Creek Basin Water Quality Authority's imposed Development Fee.

**TOWN OF CASTLE ROCK, COLORADO****FIDUCIARY FUNDS****COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS****DECEMBER 31, 2024**

	<b>Add-On PIF Fund</b>	<b>Special District Fee Fund</b>	<b>Use Tax Fund</b>	<b>Authority Development Fee Fund</b>	<b>Total Custodial Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 102,762	\$ 12,694	\$ 103,874	\$ 120	\$ 219,450
Accounts receivable	<u>83,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,955</u>
Total assets	<u>\$ 186,717</u>	<u>\$ 12,694</u>	<u>\$ 103,874</u>	<u>\$ 120</u>	<u>\$ 303,405</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 133,051	\$ 12,694	\$ 500	\$ -	\$ 146,245
Due to organizations and other governments	<u>53,666</u>	<u>-</u>	<u>103,374</u>	<u>120</u>	<u>157,160</u>
Total liabilities	<u>186,717</u>	<u>12,694</u>	<u>103,874</u>	<u>120</u>	<u>303,405</u>
<b>NET POSITION</b>					
Net position restricted for organizations and other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**TOWN OF CASTLE ROCK, COLORADO****FIDUCIARY FUNDS****COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<b>Add-On PIF Fund</b>	<b>Special District Fee Fund</b>	<b>Use Tax Fund</b>	<b>Authority Development Fee Fund</b>	<b>Total Custodial Funds</b>
<b>ADDITIONS</b>					
Fee and permit collections for other governments	\$ 727,065	\$ 121,153	\$ 1,134,533	\$ 1,740	\$ 1,984,491
Total additions	727,065	121,153	1,134,533	1,740	1,984,491
<b>DEDUCTIONS</b>					
Payments of fees and permits to organizations and other governments	727,065	120,850	1,127,254	1,740	1,976,909
Payments of refunds	-	-	1,279	-	1,279
Administrative expense	-	303	6,000	-	6,303
Total deductions	727,065	121,153	1,134,533	1,740	1,984,491
Net increase (decrease) in fiduciary net position	-	-	-	-	-
Net position - beginning	-	-	-	-	-
Net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -

## STATISTICAL SECTION

This section of the Town of Castle Rock's Annual Comprehensive Financial Report provides detailed information to help readers better understand what the information in the financial statements, note disclosures, and required supplemental information says about the Town's overall financial health.

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#### **Financial Trends**

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These schedules contain trend information to help the reader understand how the financial performance and well-being of the Town has changed over time.

#### **Revenue Capacity**

178

These schedules contain information to help the reader assess the Town's most significant local revenue source, sales tax.

#### **Debt Capacity**

197

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

207

These schedules provide demographic and economic indicators to help the reader understand the environment within which the Town operates.

#### **Operating Information**

214

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in the following schedules is derived from the annual comprehensive financial reports for the relevant years.

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## Financial Trends

## TOWN OF CASTLE ROCK, COLORADO

## TOWN-WIDE NET POSITION BY COMPONENT

## LAST TEN YEARS

## ACCRUAL BASIS OF ACCOUNTING

## TABLE 1 (UNAUDITED)

	2015	2016	2017	2018
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 281,695,831	\$ 302,585,569	\$ 313,943,660	\$ 332,762,370
Restricted	11,447,113	11,435,201	14,486,482	19,853,075
Unrestricted	36,287,969	38,993,869	41,495,945	47,989,843
Total governmental activities net position	329,430,913	353,014,639	369,926,087	400,605,288
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	343,865,979	367,831,717	444,474,020	473,027,666
Unrestricted	164,510,149	178,911,069	138,557,064	150,221,369
Total business-type activities net position	508,376,128	546,742,786	583,031,084	623,249,035
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	625,561,810	670,417,286	758,417,680	805,790,036
Restricted	11,447,113	11,435,201	14,486,482	19,853,075
Unrestricted	200,798,118	217,904,938	180,053,009	198,211,212
Total primary government net position	\$ 837,807,041	\$ 899,757,425	\$ 952,957,171	\$ 1,023,854,323

## TOWN OF CASTLE ROCK, COLORADO

## TOWN-WIDE NET POSITION BY COMPONENT

## LAST TEN YEARS

## ACCRUAL BASIS OF ACCOUNTING

## TABLE 1 (UNAUDITED)

	2019	2020	2021	2022	2023	2024
\$	361,694,721	\$ 376,706,367	\$ 395,257,608	\$ 427,363,359	\$ 478,623,823	\$ 540,298,626
	16,884,859	29,327,323	69,256,816	84,646,223	63,903,540	63,066,233
	49,179,639	64,958,841	70,971,365	86,398,745	101,015,408	112,367,842
	427,759,219	470,992,531	535,485,789	598,408,327	643,542,771	715,732,701
	512,559,768	567,915,608	610,487,873	654,546,145	686,049,545	713,708,485
	134,822,353	130,333,154	167,942,002	185,112,636	183,477,665	191,152,816
	647,382,121	698,248,762	778,429,875	839,658,781	869,527,210	904,861,301
	874,254,489	944,621,975	1,005,745,481	1,081,909,504	1,164,673,368	1,254,007,111
	16,884,859	29,327,323	69,256,816	84,646,223	63,903,540	63,066,233
	184,001,992	195,291,995	238,913,367	271,511,381	284,493,073	303,520,658
\$	1,075,141,340	\$ 1,169,241,293	\$ 1,313,915,664	\$ 1,438,067,108	\$ 1,513,069,981	\$ 1,620,594,002

## TOWN OF CASTLE ROCK, COLORADO

**TOWN-WIDE CHANGES IN NET POSITION**  
**LAST TEN YEARS**  
**ACCRAUAL BASIS OF ACCOUNTING**  
**TABLE 2 (UNAUDITED)**

	2015	2016	2017	2018
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 15,160,901	\$ 14,023,404	\$ 15,237,806	\$ 16,128,883
Public safety	22,476,557	23,951,068	26,837,846	28,499,674
Public works	22,300,425	25,769,578	27,654,814	29,833,280
Cultural and recreation	6,501,612	7,677,894	7,590,806	8,201,097
Interest on long- term debt	1,641,360	1,445,842	1,450,707	1,428,837
Total governmental activities expenses	68,080,855	72,867,786	78,771,979	84,091,771
Business- type activities:				
Water	14,462,500	14,817,848	14,838,232	15,599,176
Water resources	4,555,574	5,925,682	6,291,869	8,695,784
Stormwater	3,493,118	4,117,364	4,004,389	4,256,104
Wastewater	7,985,659	8,054,679	11,365,376	22,442,714
Golf	2,723,815	2,777,471	2,879,397	2,874,399
Community center	6,210,318	6,600,250	6,691,990	7,087,816
Development services	4,346,027	5,315,651	5,831,788	5,758,964
Other non-major enterprises*	-	-	-	-
Total business- type activities expenses	43,777,011	47,608,945	51,903,041	66,714,957
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	3,950,825	3,830,017	4,213,469	4,414,744
Public safety	3,003,469	3,263,779	3,638,038	4,065,404
Public works	2,283,891	3,248,842	3,407,838	6,312,477
Cultural and recreation	2,389,953	3,219,809	3,356,506	4,114,858
Operating grants and contributions	4,798,880	4,465,204	4,614,103	5,356,759
Capital grants and contributions	10,285,470	18,645,995	12,562,716	19,443,668
Total governmental activities program revenues	26,712,488	36,673,646	31,792,670	43,707,910
Business- type activities:				
Charges for services:				
Water	13,027,856	14,393,516	17,210,558	16,186,541
Water resources	7,672,085	8,206,834	10,537,762	11,459,270
Stormwater	2,239,481	2,609,893	3,478,385	4,222,729
Wastewater	9,259,550	9,691,906	10,300,046	11,236,722
Golf	2,783,584	2,971,846	3,057,548	3,132,347
Community center	3,862,296	3,852,074	3,804,710	3,908,721
Development services	4,677,648	6,292,090	5,720,631	6,492,172
Other non-major enterprises*	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	28,827,928	34,394,316	29,859,373	46,318,722
Total business- type activities program revenues	72,350,428	82,412,475	83,969,013	102,957,224
Total primary government program revenues	\$ 99,062,916	\$ 119,086,121	\$ 115,761,683	\$ 146,665,134

## TOWN OF CASTLE ROCK, COLORADO

**TOWN-WIDE CHANGES IN NET POSITION**  
**LAST TEN YEARS**  
**ACCRUAL BASIS OF ACCOUNTING**  
**TABLE 2 (UNAUDITED)**

	2019	2020	2021	2022	2023	2024
\$	17,615,169	\$ 19,217,793	\$ 17,709,336	\$ 19,403,131	\$ 22,411,748	\$ 23,416,143
	31,616,925	30,340,170	33,985,779	35,469,608	42,587,689	46,085,925
	37,096,813	32,326,601	35,162,525	41,974,362	45,197,974	40,871,253
	7,995,062	8,360,633	9,020,980	9,158,249	11,598,659	12,890,855
	1,337,305	1,237,504	1,133,978	1,079,962	1,103,473	1,054,295
	95,661,274	91,482,701	97,012,598	107,085,312	122,899,543	124,318,471
	18,519,142	18,921,743	19,025,891	20,849,577	22,913,945	24,884,604
	9,849,461	10,777,309	12,868,540	15,840,089	15,320,707	21,882,114
	4,480,720	4,922,935	5,333,462	6,128,517	7,142,809	7,920,555
	25,748,740	10,161,425	6,227,938	11,474,612	12,463,226	13,172,146
	3,020,217	3,104,291	-	-	-	-
	8,084,639	6,214,007	-	-	-	-
	6,233,635	6,779,057	-	-	-	-
	-	-	18,072,040	20,276,020	21,771,955	22,147,282
	75,936,554	60,880,767	61,527,871	74,568,815	79,612,642	90,006,701
	4,256,832	5,152,731	5,305,672	4,914,803	4,864,109	5,206,929
	4,001,601	4,568,332	5,978,196	4,563,587	5,055,540	5,499,623
	6,473,501	12,479,568	13,385,762	9,047,055	7,104,243	7,421,620
	3,460,974	7,399,434	10,567,882	6,692,637	5,991,557	8,989,064
	6,973,214	12,496,755	13,743,420	18,059,039	11,779,593	12,252,302
	24,506,240	17,892,285	24,557,232	30,341,390	31,521,142	50,172,801
	49,672,362	59,989,105	73,538,164	73,618,511	66,316,184	89,542,339
	18,236,901	19,557,916	18,312,568	19,663,445	16,848,555	21,211,304
	16,465,907	13,410,716	13,731,510	13,987,054	13,266,220	14,509,591
	4,049,342	3,785,567	4,283,861	4,145,025	4,440,836	4,333,226
	11,214,673	11,271,632	11,955,017	11,631,955	11,957,711	12,214,811
	3,189,851	3,629,195	-	-	-	-
	4,430,672	1,962,493	-	-	-	-
	6,304,317	7,567,736	-	-	-	-
	-	-	15,675,271	15,707,019	16,484,358	17,035,295
	-	-	10,092,190	-	-	50,000
	30,603,260	44,344,837	63,403,645	66,455,355	36,286,812	44,092,475
	94,494,923	105,530,092	137,454,062	131,589,853	99,284,492	113,446,702
\$	144,167,285	\$ 165,519,197	\$ 210,992,226	\$ 205,208,364	\$ 165,600,676	\$ 202,989,041



## TOWN OF CASTLE ROCK, COLORADO

**TOWN-WIDE CHANGES IN NET POSITION**  
**LAST TEN YEARS**  
**ACCRUAL BASIS OF ACCOUNTING**  
**TABLE 2 (UNAUDITED)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>NET ( EXPENSE) REVENUE</u></b>				
Governmental activities	\$ (41,368,367)	\$ (36,194,140)	\$ (46,979,309)	\$ (40,383,861)
Business- type activities	28,573,417	34,803,530	32,065,972	36,242,267
Total primary government net expense	<u>\$ (12,794,950)</u>	<u>\$ (1,390,610)</u>	<u>\$ (14,913,337)</u>	<u>\$ (4,141,594)</u>
<b><u>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</u></b>				
Governmental activities				
Taxes				
Property taxes	\$ 1,024,564	\$ 1,094,337	\$ 1,174,213	\$ 1,330,579
Sales taxes	38,526,092	41,632,958	45,412,814	48,608,882
Use taxes	5,033,746	7,671,139	7,358,941	8,861,469
Lodging taxes	-	-	-	-
Motor vehicle	5,694,180	6,125,671	6,334,416	6,808,761
Other taxes	2,626,034	2,683,156	2,804,922	2,919,175
Interest and investment earnings	274,086	322,843	491,214	1,000,045
Other revenues	710,521	303,285	233,717	229,881
Transfers	240,024	(56)	80,520	1,304,270
Total governmental activities	<u>54,129,247</u>	<u>59,833,333</u>	<u>63,890,757</u>	<u>71,063,062</u>
Business- type activities				
Taxes	2,519,151	2,791,379	3,027,602	3,277,885
Interest and investment earnings	504,082	716,226	1,275,244	2,002,069
Transfers	(240,024)	55,523	(80,520)	(1,304,270)
Total business- type activities	<u>2,783,209</u>	<u>3,563,128</u>	<u>4,222,326</u>	<u>3,975,684</u>
Total primary government	<u>\$ 56,912,456</u>	<u>\$ 63,396,461</u>	<u>\$ 68,113,083</u>	<u>\$ 75,038,746</u>
<b><u>CHANGE IN NET POSITION</u></b>				
Governmental activities	\$ 12,760,880	\$ 23,583,726	\$ 16,911,448	\$ 30,679,201
Business- type activities	31,356,626	38,366,658	36,288,298	40,217,951
Total primary government	<u>\$ 44,117,506</u>	<u>\$ 61,950,384</u>	<u>\$ 53,199,746</u>	<u>\$ 70,897,152</u>

## TOWN OF CASTLE ROCK, COLORADO

**TOWN-WIDE CHANGES IN NET POSITION**  
**LAST TEN YEARS**  
**ACCRUAL BASIS OF ACCOUNTING**  
**TABLE 2 (UNAUDITED)**

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ (45,988,912)	\$ (31,493,596)	\$ (23,474,434)	\$ (33,466,801)	\$ (56,583,359)	\$ (34,776,132)
18,558,369	44,649,325	75,926,191	57,021,038	19,671,850	23,440,001
<u>\$ (27,430,543)</u>	<u>\$ 13,155,729</u>	<u>\$ 52,451,757</u>	<u>\$ 23,554,237</u>	<u>\$ (36,911,509)</u>	<u>\$ (11,336,131)</u>
\$ 1,483,121	\$ 1,744,657	\$ 2,241,457	\$ 2,250,020	\$ 2,492,441	\$ 3,860,167
50,729,264	52,468,081	60,835,980	68,414,260	70,726,036	74,619,717
8,080,760	10,103,705	10,526,679	11,080,460	6,415,952	6,700,842
-	-	-	-	702,780	665,223
7,560,750	6,296,757	10,377,638	9,669,402	10,064,002	9,804,743
3,111,497	2,887,574	3,271,042	3,745,319	3,823,627	4,220,728
1,589,888	1,215,566	(31,821)	130,589	5,393,456	5,944,080
135,487	198,225	711,458	829,555	1,135,148	1,005,529
452,076	(187,657)	35,259	269,734	964,361	145,033
<u>73,142,843</u>	<u>74,726,908</u>	<u>87,967,692</u>	<u>96,389,339</u>	<u>101,717,803</u>	<u>106,966,062</u>
3,406,474	3,675,008	4,450,988	4,738,781	4,705,555	5,329,124
2,620,319	2,354,651	(160,807)	(261,179)	6,455,385	6,709,999
(452,076)	187,657	(35,259)	-	(964,361)	(145,033)
<u>5,574,717</u>	<u>6,217,316</u>	<u>4,254,922</u>	<u>4,477,602</u>	<u>10,196,579</u>	<u>11,894,090</u>
<u>\$ 78,717,560</u>	<u>\$ 80,944,224</u>	<u>\$ 92,222,614</u>	<u>\$ 100,866,941</u>	<u>\$ 111,914,382</u>	<u>\$ 118,860,152</u>
\$ 27,153,931	\$ 43,233,312	\$ 64,493,258	\$ 96,389,339	\$ 45,134,444	\$ 72,189,930
24,133,086	50,866,641	80,181,113	4,207,868	29,868,429	35,334,091
<u>\$ 51,287,017</u>	<u>\$ 94,099,953</u>	<u>\$ 144,674,371</u>	<u>\$ 100,597,207</u>	<u>\$ 75,002,873</u>	<u>\$ 107,524,021</u>

## TOWN OF CASTLE ROCK, COLORADO

**PROGRAM REVENUES BY FUNCTION**  
**LAST TEN YEARS**  
**ACCRUAL BASIS OF ACCOUNTING**  
**TABLE 3 (UNAUDITED)**

<b>REVENUE SOURCE</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b><u>PROGRAM REVENUES</u></b>				
Charges for services	\$ 55,150,638	\$ 61,580,606	\$ 68,725,491	\$ 75,545,985
Operating grants and contributions	4,798,880	4,465,204	4,614,103	5,356,759
Capital grants and contributions	39,113,398	53,040,311	42,422,089	65,762,390
Total program revenues	99,062,916	119,086,121	115,761,683	146,665,134
<b><u>GENERAL REVENUES</u></b>				
Property taxes	1,024,564	1,094,337	1,174,213	1,330,579
Sales taxes	40,476,326	43,742,356	47,732,084	51,064,615
Use tax-building and motor vehicle	11,296,843	14,478,791	14,401,689	16,492,382
Other taxes	2,626,034	2,683,156	2,804,922	2,919,175
Investment earnings	778,168	1,039,069	1,766,458	3,002,114
Lease interest	-	-	-	-
Other	710,521	303,285	233,717	229,881
Total general revenues	56,912,456	63,340,994	68,113,083	75,038,746
Total revenues	\$ 155,975,372	\$ 182,427,115	\$ 183,874,766	\$ 221,703,880

## TOWN OF CASTLE ROCK, COLORADO

PROGRAM REVENUES BY FUNCTION  
 LAST TEN YEARS  
 ACCRUAL BASIS OF ACCOUNTING  
 TABLE 3 (UNAUDITED)

2019	2020	2021	2022	2023	2024
\$ 82,084,571	\$ 90,785,320	\$ 99,195,739	\$ 90,352,580	\$ 86,013,129	\$ 96,421,463
6,973,214	12,496,755	23,835,610	18,059,039	11,779,593	12,302,302
55,109,500	62,237,122	87,960,877	96,796,745	67,807,954	94,265,276
144,167,285	165,519,197	210,992,226	205,208,364	165,600,676	202,989,041
1,483,121	1,744,657	2,241,457	2,250,020	2,492,441	3,860,167
53,320,475	55,296,880	64,093,052	72,110,480	74,502,890	78,585,605
16,456,773	17,246,671	22,098,233	21,792,423	18,111,435	17,408,259
3,111,497	2,887,574	3,271,042	3,745,319	3,823,627	4,885,951
4,210,207	3,570,217	(192,628)	(190,293)	11,848,841	12,654,079
-	-	-	59,703	-	-
135,487	198,225	711,458	829,555	1,135,148	1,466,091
78,717,560	80,944,224	92,222,614	100,597,207	111,914,382	118,860,152
\$ 222,884,845	\$ 246,463,421	\$ 303,214,840	\$ 305,805,571	\$ 277,515,058	\$ 321,849,193

## TOWN OF CASTLE ROCK, COLORADO

**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
**ACCRUAL BASIS OF ACCOUNTING**  
**TABLE 4 (UNAUDITED)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>GENERAL FUND</u></b>				
Nonspendable	\$ 2,634,861	\$ 2,724,800	\$ 6,273,689	\$ 5,433,140
Restricted	1,633,328	1,670,055	1,754,607	1,898,642
Committed	3,011,282	4,632,978	5,561,036	6,390,596
Assigned	876,594	220,782	1,501,424	6,057,187
Unassigned	<u>13,905,280</u>	<u>16,148,395</u>	<u>14,319,577</u>	<u>12,517,874</u>
Total general fund	<u>\$ 22,061,345</u>	<u>\$ 25,397,010</u>	<u>\$ 29,410,333</u>	<u>\$ 32,297,439</u>
<b><u>ALL OTHER GOVERNMENTAL FUNDS</u></b>				
Nonspendable	\$ 851,972	\$ 57,940	\$ 63,269	\$ 65,643
Restricted	7,963,605	7,729,860	10,843,652	16,322,110
Committed	14,832,926	14,037,404	13,306,523	16,030,561
Assigned	-	-	-	-
Unassigned	<u>(2,424,048)</u>	<u>(1,050,283)</u>	<u>(1,318,438)</u>	<u>(3,042,089)</u>
Total all other governmental funds	<u>\$ 21,224,455</u>	<u>\$ 20,774,921</u>	<u>\$ 22,895,006</u>	<u>\$ 29,376,225</u>

## TOWN OF CASTLE ROCK, COLORADO

**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
**ACCRUAL BASIS OF ACCOUNTING**  
**TABLE 4 (UNAUDITED)**

2019	2020	2021	2022	2023	2024
\$ 4,591,792	\$ 3,451,699	\$ 2,562,431	\$ 2,599,422	\$ 10,511,541	\$ 10,543,134
2,052,460	11,881,852	14,132,450	14,339,771	8,835,814	10,462,862
5,164,845	7,475,925	6,990,816	8,866,834	9,555,173	10,321,306
2,145,008	3,077,600	2,797,363	11,242,850	3,817,997	2,661,615
15,592,815	21,102,116	20,592,991	19,494,257	24,740,992	28,270,562
<u>\$ 29,546,920</u>	<u>\$ 46,989,192</u>	<u>\$ 47,076,051</u>	<u>\$ 56,543,134</u>	<u>\$ 57,461,517</u>	<u>\$ 62,259,479</u>
\$ 72,486	\$ 77,008	\$ 75,306	\$ 3,922,453	\$ 88,988	\$ 100,217
14,832,399	26,632,223	52,714,891	59,696,328	53,059,017	52,603,371
12,430,285	21,125,135	28,699,195	29,141,748	26,071,906	24,981,214
-	-	-	-	1,803,335	1,778,075
(2,641,730)	(930,030)	(295,665)	(258,581)	(744,187)	(859,629)
<u>\$ 24,693,440</u>	<u>\$ 46,904,336</u>	<u>\$ 81,193,727</u>	<u>\$ 92,501,948</u>	<u>\$ 80,279,059</u>	<u>\$ 78,603,248</u>

## TOWN OF CASTLE ROCK, COLORADO

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
**MODIFIED ACCRUAL BASIS OF ACCOUNTING**  
**TABLE 5 (UNAUDITED)**

	2015	2016	2017	2018
<b><u>REVENUES</u></b>				
Taxes				
Property	\$ 1,024,564	\$ 1,094,337	\$ 1,174,213	\$ 1,330,579
Sales	38,526,092	41,632,958	45,412,814	48,608,882
Use	5,033,746	7,671,139	7,358,941	8,861,469
Motor vehicle	5,694,180	6,125,671	6,334,416	6,808,761
Other	2,626,034	2,683,156	2,804,922	2,919,175
Development impact fees	5,691,343	7,607,698	7,989,231	11,921,883
Licenses and permits	232,611	232,540	242,533	236,904
Charges for services	1,979,765	2,244,591	2,326,651	2,633,658
Management fees	2,770,586	2,886,561	3,274,465	3,434,368
Fines and forfeitures	815,713	440,519	399,681	412,374
Intergovernmental	7,751,453	5,692,037	4,327,153	6,084,390
Investment earnings	255,876	296,617	447,166	918,709
Lease interest	-	-	-	-
Contributions and donations	604,013	581,070	792,259	658,018
Leases	-	-	-	-
Other	895,230	457,493	584,629	418,087
Total revenues	<u>73,901,206</u>	<u>79,646,387</u>	<u>83,469,074</u>	<u>95,247,257</u>
<b><u>EXPENDITURES</u></b>				
Current				
General government	12,756,053	12,308,420	13,937,216	14,895,787
Public safety	22,187,805	23,545,337	25,971,232	29,010,161
Public works	13,155,869	15,706,515	16,239,204	17,695,519
Culture and recreation	3,929,160	4,858,749	4,712,621	5,341,350
Capital Outlay	33,319,262	19,132,373	12,269,269	16,282,437
Debt service				
Principal	1,742,800	1,802,801	1,277,801	1,075,000
Interest	1,748,126	1,583,329	1,649,039	1,613,005
Debt issue costs	-	159,890	-	-
Agency fees	2,700	2,625	2,850	2,704
Total expenditures	<u>88,841,775</u>	<u>79,100,039</u>	<u>76,059,232</u>	<u>85,915,963</u>
Excess of revenues over (under) expenditures	<u>(14,940,569)</u>	<u>546,348</u>	<u>7,409,842</u>	<u>9,331,294</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Inception of capital lease	-	-	-	-
Certificates of Participation	-	-	-	-
Bond issuance	-	7,405,000	-	-
Notes Payable	-	2,500,000	-	-
Premium (discount) on bonds	-	1,389,503	-	-
Loan interest	-	-	-	-
Transfers in	6,973,840	8,130,962	4,240,560	5,120,410
Payment to escrow agent	-	(8,659,717)	-	-
Transfers out	(7,277,312)	(8,425,965)	(5,516,944)	(5,083,379)
Total other financing sources (uses)	<u>(303,472)</u>	<u>2,339,783</u>	<u>(1,276,384)</u>	<u>37,031</u>
Net change in fund balances	<u>\$ (15,244,041)</u>	<u>\$ 2,886,131</u>	<u>\$ 6,133,458</u>	<u>\$ 9,368,325</u>
Debt service as a percentage of noncapital expenditures	<u>6.29%</u>	<u>5.65%</u>	<u>4.59%</u>	<u>3.86%</u>



## TOWN OF CASTLE ROCK, COLORADO

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
**MODIFIED ACCRUAL BASIS OF ACCOUNTING**  
**TABLE 5 (UNAUDITED)**

2019	2020	2021	2022	2023	2024
\$ 1,483,121	\$ 1,744,657	\$ 2,241,457	\$ 2,250,020	\$ 2,492,441	\$ 3,860,167
50,729,264	52,072,342	61,231,719	68,414,260	70,726,036	74,619,717
8,080,760	10,103,705	10,526,679	11,080,460	7,118,732	6,700,842
7,560,750	6,296,757	10,377,638	9,669,402	10,064,002	9,804,743
3,111,497	2,887,574	3,271,042	3,745,319	3,823,627	4,036,331
11,153,802	21,895,968	26,242,454	16,573,642	13,317,527	13,300,175
272,487	264,692	265,652	373,009	296,988	328,017
2,564,419	2,268,335	3,607,655	3,235,007	4,528,369	4,810,264
3,421,034	4,308,917	4,304,660	4,205,990	4,202,130	4,548,730
402,875	270,019	289,720	230,738	239,175	279,854
8,250,439	12,313,151	15,641,097	19,333,997	16,398,407	32,733,104
1,477,480	1,129,238	(30,161)	82,795	4,896,279	5,097,962
-	-	-	30,498	32,207	31,727
1,388,440	556,530	2,406,422	3,879,273	1,662,642	23,757,588
-	-	-	285,059	180,456	35,549
423,667	717,982	736,255	675,884	853,002	1,120,176
100,320,035	116,829,867	141,112,289	144,065,353	140,832,020	185,064,946
16,413,940	18,150,269	16,671,598	18,049,052	21,150,204	21,951,896
30,490,734	29,460,283	34,096,630	38,639,903	43,645,485	47,026,145
24,577,746	17,596,280	21,458,326	27,523,446	30,435,683	25,981,730
5,464,112	5,007,153	6,043,312	6,365,062	8,698,954	9,327,159
25,849,836	13,370,735	25,390,399	28,395,917	45,070,019	74,612,048
3,720,000	1,530,000	1,580,000	1,630,000	1,690,000	1,180,000
1,527,647	1,316,606	1,398,937	1,242,162	1,184,438	1,136,437
-	388,511	-	-	-	-
2,600	2,600	5,000	5,000	4,700	4,400
108,046,615	86,822,437	106,644,202	121,850,542	151,879,483	181,219,815
(7,726,580)	30,007,430	34,468,087	22,214,811	(11,047,463)	3,845,131
-	-	-	-	-	-
-	1,467,716	-	-	-	-
-	27,035,000	-	-	-	-
-	-	-	-	-	-
-	(16,747)	-	-	-	-
-	-	-	-	-	-
5,264,477	3,384,501	2,377,505	25,940,547	2,639,979	8,220,871
-	(18,452,327)	-	-	-	-
(4,971,201)	(3,772,405)	(2,469,342)	(27,380,054)	(2,897,022)	(8,943,851)
293,276	9,645,738	(91,837)	(1,439,507)	(257,043)	(722,980)
\$ (7,433,304)	\$ 39,653,168	\$ 34,376,250	\$ 20,775,304	\$ (11,304,506)	\$ 3,122,151
6.38%	3.88%	3.67%	3.07%	2.69%	2.17%

## Revenue Capacity

197

**TOWN OF CASTLE ROCK, COLORADO**
**GOVERNMENTAL FUNDS  
 TAX REVENUE BY SOURCE  
 LAST TEN YEARS  
 TABLE 6 (UNAUDITED)**


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<b>Year</b>	<b>Property Taxes</b>	<b>Sales and Use Taxes</b>	<b>Motor Vehicle</b>	<b>Other Taxes</b>	<b>Total</b>
2015	1,024,564	43,559,838	5,694,180	2,626,034	52,904,616
2016	1,094,337	49,304,097	6,125,671	2,683,156	59,207,261
2017	1,174,213	52,771,755	6,334,416	2,804,922	63,085,306
2018	1,330,579	57,470,351	6,808,761	2,919,175	68,528,866
2019	1,483,121	58,810,024	7,560,750	3,111,497	70,965,392
2020	1,744,657	62,176,047	6,296,757	2,887,574	73,105,035
2021	2,241,457	71,758,398	10,377,638	3,271,042	87,648,535
2022	2,250,020	79,494,720	9,669,402	3,745,319	95,159,461
2023	2,492,441	77,844,768	10,064,002	3,823,627	94,224,838
2024	3,860,167	81,320,559	9,804,743	4,036,331	99,021,800

## TOWN OF CASTLE ROCK, COLORADO

**TOWN-WIDE EXPENSES BY ACTIVITY AND FUNCTION**  
**LAST TEN YEARS**  
**TABLE 7 (UNAUDITED)**

	2015	2016	2017	2018
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 15,160,901	\$ 14,023,404	\$ 15,237,806	\$ 16,128,883
Public safety	22,476,557	23,951,068	26,837,846	28,499,674
Public works	22,300,425	25,769,578	27,654,814	29,833,280
Cultural and recreation	6,501,612	7,677,894	7,590,806	8,201,097
Interest on long- term debt	1,641,360	1,445,842	1,450,707	1,428,837
Total governmental activities	\$ 68,080,855	\$ 72,867,786	\$ 78,771,979	\$ 84,091,771
<b>BUSINESS- TYPE ACTIVITIES</b>				
Water	14,462,500	14,817,848	14,838,232	15,599,176
Water resources	4,555,574	5,925,682	6,291,869	8,695,784
Stormwater	3,493,118	4,117,364	4,004,389	4,256,104
Wastewater	7,985,659	8,054,679	11,365,376	22,442,714
Golf course	2,723,815	2,777,471	2,879,397	2,874,399
Community center	6,210,318	6,600,250	6,691,990	7,087,816
Development services	4,346,027	5,315,651	5,831,788	5,758,964
Other non-major enterprises*	-	-	-	-
Total business- type activities	43,777,011	47,608,945	51,903,041	66,714,957
Total all activities	\$ 111,857,866	\$ 120,476,731	\$ 130,675,020	\$ 150,806,728

## TOWN OF CASTLE ROCK, COLORADO

## TOWN-WIDE EXPENSES BY ACTIVITY AND FUNCTION

## LAST TEN YEARS

TABLE 7 (UNAUDITED)

	2019	2020	2021	2022	2023	2024
\$	17,615,169	\$ 19,217,793	\$ 17,709,336	\$ 19,403,131	\$ 22,411,748	\$ 23,416,143
	31,616,925	30,340,170	33,985,779	35,469,608	42,587,689	46,085,925
	37,096,813	32,326,601	35,162,525	41,974,362	45,197,974	40,871,253
	7,995,062	8,360,633	9,020,980	9,158,249	11,598,659	12,890,855
	1,337,305	1,237,504	1,133,978	1,079,962	1,103,473	1,054,295
\$	95,661,274	\$ 91,482,701	\$ 97,012,598	\$ 107,085,312	\$ 122,899,543	\$ 124,318,471
	18,519,142	18,921,743	19,025,891	20,849,577	22,913,945	24,884,604
	9,849,461	10,777,309	12,868,540	15,840,089	15,320,707	21,882,114
	4,480,720	4,922,935	5,333,462	6,128,517	7,142,809	7,920,555
	25,748,740	10,161,425	6,227,938	11,474,612	12,463,226	13,172,146
	3,020,217	3,104,291	-	-	-	-
	8,084,639	6,214,007	-	-	-	-
	6,233,635	6,779,057	-	-	-	-
	-	-	18,072,040	20,276,020	21,771,955	22,147,282
	75,936,554	60,880,767	61,527,871	74,568,815	79,612,642	90,006,701
\$	171,597,828	\$ 152,363,468	\$ 158,540,469	\$ 181,654,127	\$ 202,512,185	\$ 214,325,172

**TOWN OF CASTLE ROCK, COLORADO****GOVERNMENTAL FUNDS****GOVERNMENTAL EXPENDITURES BY FUNCTION****LAST TEN YEARS****TABLE 8 (UNAUDITED)**

---

<b>Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Culture and Recreation</b>
2015	12,756,053	22,187,805	13,155,869	3,929,160
2016	12,308,420	23,545,337	15,706,515	4,858,749
2017	13,937,216	25,971,232	16,239,204	4,712,621
2018	14,895,787	29,010,161	17,695,519	5,341,350
2019	16,413,940	30,490,734	24,577,746	5,464,112
2020	18,150,269	29,460,283	17,596,280	5,007,153
2021	16,671,598	34,096,630	21,458,326	6,043,312
2022	18,049,052	38,639,903	27,523,446	6,365,062
2023	21,150,204	43,645,485	30,435,683	8,698,954
2024	21,951,896	47,026,145	25,981,730	9,327,159

**TOWN OF CASTLE ROCK, COLORADO****GOVERNMENTAL FUNDS****GOVERNMENTAL EXPENDITURES BY FUNCTION****LAST TEN YEARS****TABLE 8 (UNAUDITED)**

---

<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Total</b>
33,319,262	3,493,626	88,841,775
19,132,373	3,548,645	79,100,039
12,269,269	2,929,690	76,059,232
16,282,437	2,690,709	85,915,963
25,849,836	5,250,247	108,046,615
13,370,735	3,237,717	86,822,437
25,390,399	2,983,937	106,644,202
28,395,917	2,877,162	121,850,542
45,070,019	2,879,138	151,879,483



## TOWN OF CASTLE ROCK, COLORADO

PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN YEARS  
 TABLE 9 (UNAUDITED)

Fiscal Year Ended December 31,	Collection Year	Taxes Levied For The Fiscal Year (2)	Collection (1) Within The Fiscal Year Of The Levy	
			Amount	Percentage of Levy
2014	2015	1,058,617	1,026,471	96.96%
2015	2016	1,116,841	1,095,063	98.05%
2016	2017	1,165,838	1,174,213	100.72%
2017	2018	1,282,528	1,330,579	103.75%
2018	2019	1,353,067	1,483,121	109.61%
2019	2020	1,405,352	1,744,657	124.14%
2020	2021	1,483,041	1,387,051	93.53%
2021	2022	1,492,318	1,465,448	98.20%
2022	2023	1,547,289	1,485,758	96.02%
2023	2024	1,582,280	1,755,403	110.94%

(1) Does not include Douglas County's collection fee, which is shown as an expenditure in the General Fund.

(2) Source: Douglas County Assessor's Office

## TOWN OF CASTLE ROCK, COLORADO

PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN YEARS  
 TABLE 9 (UNAUDITED)

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Collections/ Abatements for Previous Years	Total Collections to Date	
	Amount	Percentage Of Levy
(1,907)	1,024,564	96.78%
(726)	1,094,337	97.99%
(735)	1,174,213	100.72%
(1,943)	1,328,636	103.60%
(3,065)	1,480,056	109.39%
(2,051)	1,742,606	124.00%
(3,986)	1,383,065	93.26%
(177)	1,465,271	98.19%
(929)	1,484,829	95.96%

**TOWN OF CASTLE ROCK, COLORADO**
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 TABLE 10 (UNAUDITED)**


---

Levy Year	Residential Property	Vacant Land	Commercial Property	Industrial Property	State Assessed
2015	485,560,640	47,388,740	375,941,270	14,240,470	1,800,300
2016	509,222,200	49,095,430	381,534,780	14,863,020	1,882,500
2017	573,096,130	68,923,730	429,115,590	17,470,040	2,001,100
2018	603,391,330	62,684,170	442,210,700	18,469,810	2,316,000
2019	722,174,210	71,047,980	500,811,820	21,247,350	1,735,800
2020	758,756,980	72,967,870	512,407,380	27,822,780	1,768,700
2021	840,330,910	87,300,210	552,411,530	32,853,640	2,884,800
2022	857,215,760	74,621,290	563,019,270	34,236,580	2,643,100
2023	1,173,808,840	76,026,670	644,529,230	46,133,460	1,559,600
2024	1,208,586,050	64,698,760	662,494,800	49,770,030	1,441,100

**Source:** Douglas County Assessor's Office

## TOWN OF CASTLE ROCK, COLORADO

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
TABLE 10 (UNAUDITED)**

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<b>Personal Property</b>	<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value As a Percentage of Actual Value</b>
41,129,400	208,224,000	757,836,820	1.474	6,900,625,147	10.98%
44,165,470	209,215,200	791,548,200	1.470	7,220,343,810	10.96%
46,598,790	210,541,040	926,664,340	1.330	9,019,519,393	10.27%
51,076,660	212,733,520	967,415,150	1.330	9,461,004,673	10.23%
55,885,140	234,543,980	1,138,358,320	1.196	11,343,649,284	10.04%
54,879,470	240,247,210	1,188,355,970	1.196	11,905,218,264	9.98%
54,965,020	250,302,440	1,320,443,670	1.139	13,219,987,961	9.99%
55,448,220	253,712,930	1,333,471,290	1.139	13,805,790,359	9.66%
68,350,720	301,155,450	1,709,253,070	0.092	19,195,262,951	8.90%
71,124,050	309,058,640	1,749,056,150	0.092	19,722,297,883	8.87%

## TOWN OF CASTLE ROCK, COLORADO

**PROPERTY TAX RATES (MILLS)**  
**DIRECT AND OVERLAPPING GOVERNMENTS (1)**  
**LAST TEN YEARS**  
**TABLE 11 (UNAUDITED)**

Levy Year	Collection Year	Direct Rate Town <sup>3</sup>								
			Douglas County School District RE-1	Douglas County <sup>4</sup>	Cedar Hill Cemetery	Cherry Creek Basin Authority	Douglas County Library District	Bella Mesa	Castle Oaks	Castlewood Ranch
2015	2016	1.474	42.439	24.274	0.160	0.449	4.035	-	50.000	40.000
2016	2017	1.474	41.064	23.774	0.162	0.437	4.016	20.000	50.000	40.000
2017	2018	1.330	38.996	24.274	0.148	0.453	4.021	20.000	55.277	40.000
2018	2019	1.330	44.950	24.274	0.148	0.479	4.008	20.000	50.422-55.277	40.000
2019	2020	1.196	43.839	23.774	0.128	0.451	4.023	20.000	49.000-55.664	40.000
2020	2021	1.196	43.504	23.774	0.128	0.478	4.012	75.664	49.000-52.953	40.000
2021	2022	1.139	43.797	23.024	0.124	0.479	4.021	75.664	49.000-52.953	40.000
2022	2023	1.139	42.836	23.024	0.125	0.500	4.008	77.185	49.000-52.000	40.000
2023	2024	0.092	45.934	24.274	0.104	0.425	3.513	77.668	36.000-39.000	29.805
2024	2025	0.092	45.528	22.76	0.104	0.430	0.400	15.5	36.000-39.000	29.805

- (1) Because no single parcel of property located within the Town's boundaries is located within every entity shown, the table is not indicative of the actual or potential burden upon any single property.
- (2) The metropolitan districts fall within the Town's limits and property taxes are collected to fund debt repayment. The mill levy assessed represents ranges based on the individual district's mill levy.
- (3) The only component in the Direct Rate is the General Operating Expenses.
- (4) Includes law enforcement authority levy.
- (5) Dawson Ridge Metro District was issued refunds and abatements in 2015.

**Source:** Douglas County Assessor's Office

## TOWN OF CASTLE ROCK, COLORADO

**PROPERTY TAX RATES (MILLS)**  
**DIRECT AND OVERLAPPING GOVERNMENTS (1)**  
**LAST TEN YEARS**  
**TABLE 11 (UNAUDITED)**

Overlapping Rates									
Metro Districts (2)									
Crowfoot Valley	Crystal	Crystal Valley	Dawson	Founders		Maher	Meadows	Plum	Villages At Castle
Ranch	Crossing	I & II	Ridge 1-5	Village	Lanterns	Ranch	1-7	Creek	Rock 1-9
76.750	62.230	55.940	45.000	79.146	45.000	53.000	35.000	16.650	0-70.000
76.750	62.230	55.940	45-6328.218	79.146	45.000	42.750	35.000	0.000	0-70.000
76.750	67.230	55.940	45.000	79.146	45.000	40.500	35.000	0.000	0-70.000
84.850	74.091	60.274-60.284	45.000	87.314	45.000	35.500	35.000	0.000	0-76.332
84.850	74.122	60.284	45.000	87.253	74.600	35.500	35.000	0.000	4.373-87.253
85.442	74.625	5.000-54.854	45.000	87.842	75.121	33.500	35.000	0.000	4.402-87.842
85.442	74.625	3.500-51.500	45.000-51.820	88.083	75.121	33.500	35.000	0.000	4.432-88.083
85.442	74.625	2.000-45.000	45.000	88.683	75.121	32.500	35.000	0.000	4.462-88.683
70.010-75.103	74.625	8.000-42.604	74.044	91.198	75.843	32.500	35.000	0.000	4.556-91.198
72.767-81.236	57.254	5.500-55.707	74.044	94.563	83.556	27.872	35.000	0.000	4.721-94.563
72.769-80.465	57.254	13.05-39.219	74.044	94.563	84.506	23.900	35.00	0.00	4.721-94.563

**TOWN OF CASTLE ROCK, COLORADO**
**TAXABLE SALES BY CATEGORY**  
**LAST TEN YEARS**  
**TABLE 12 (UNAUDITED)**

	2015	2016	2017	2018
Food & General Merchandise	\$ 10,327,221	\$ 10,896,117	\$ 12,944,153	\$ 14,231,685
Apparel & Accessories	6,974,642	7,376,674	8,147,394	8,144,044
Hotels, Restaurants & Bars	4,646,388	5,335,604	5,580,192	6,006,785
Misc Retail	3,464,970	3,765,358	4,168,474	5,164,182
Utilities	2,080,306	2,036,135	2,108,077	2,254,822
Audit & Collections Revenue	777,210	448,084	356,768	510,401
Communications	1,329,241	1,483,165	1,341,322	1,423,855
Home & Garden	2,826,269	3,178,848	3,307,815	3,445,425
Autos & Auto Items	2,046,740	2,217,388	2,151,300	2,238,964
Furniture & Home Décor	1,164,759	1,340,636	1,333,269	1,331,718
Leasing & Rentals	618,217	810,962	937,871	1,073,077
Services	715,803	1,036,407	1,012,432	985,284
Agriculture & Construction	754,798	947,715	876,884	859,042
Wholesale & Manufacturing	571,316	880,508	902,483	765,363
Total	<u>\$ 38,297,880</u>	<u>\$ 41,753,601</u>	<u>\$ 45,168,434</u>	<u>\$ 48,434,647</u>
Town of Castle Rock Sales Tax Rate	4.0%	4.0%	4.0%	4.0%

Note: Information reflects Town collected sales tax and does not include Douglas County shareback.

**Source:** Town of Castle Rock Sales Tax Department



## TOWN OF CASTLE ROCK, COLORADO

**TAXABLE SALES BY CATEGORY**  
**LAST TEN YEARS**  
**TABLE 12 (UNAUDITED)**

	2019	2020	2021	2022	2023	2024
\$	13,530,600	\$ 16,126,637	\$ 18,092,088	\$ 19,331,747	\$ 20,801,337	\$ 21,231,379
	7,659,585	5,824,649	8,241,804	8,633,955	8,540,888	8,361,869
	6,453,452	6,048,091	7,917,186	8,880,022	9,782,718	10,114,137
	6,228,567	8,482,200	10,747,164	13,011,463	13,192,870	17,723,770
	2,307,618	2,186,038	2,574,033	3,166,042	3,295,487	3,268,067
	1,324,025	1,759,921	792,506	1,090,875	1,547,395	2,024,420
	1,404,425	1,262,109	1,281,106	1,433,623	1,659,319	1,587,077
	3,703,262	4,527,502	5,001,741	5,090,962	4,847,790	4,563,561
	2,225,167	2,377,799	2,898,488	3,499,381	3,563,327	3,688,077
	1,537,699	1,730,813	2,211,187	2,379,839	1,955,729	1,870,346
	1,238,673	1,231,803	1,242,254	1,317,441	1,375,284	1,353,637
	939,705	963,484	1,180,490	1,347,824	1,483,568	1,429,837
	1,557,688	1,803,726	1,747,926	1,946,125	1,665,048	1,597,712
	663,780	576,370	781,645	979,958	792,129	804,655
\$	50,774,246	\$ 54,901,142	\$ 64,709,618	\$ 72,109,257	\$ 74,502,889	<u>\$ 79,618,545</u>
	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

**TOWN OF CASTLE ROCK, COLORADO**
**DIRECT AND OVERLAPPING SALES TAX RATES**  
**LAST TEN YEARS**  
**TABLE 13 (UNAUDITED)**


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<b>Fiscal Year</b>	<b>Town Direct Rate</b>	<b>Douglas County</b>	<b>Sate of Colorado</b>
2015	4.0%	1.0%	2.9%
2016	4.0%	1.0%	2.9%
2017	4.0%	1.0%	2.9%
2018	4.0%	1.0%	2.9%
2019	4.0%	1.0%	2.9%
2020	4.0%	1.0%	2.9%
2021	4.0%	1.0%	2.9%
2022	4.0%	1.0%	2.9%
2023	4.0%	1.0%	2.9%
2024	4.0%	1.0%	2.9%

**Source:** Colorado Department of Revenue

## TOWN OF CASTLE ROCK, COLORADO

**PRINCIPAL SALES TAX REMITTERS  
CURRENT YEAR AND NINE YEARS AGO  
TABLE 14 (UNAUDITED)**

Remitter	2024			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Food & General Merchandise	86	1.73%	\$ 21,231,379	26.66%
Misc Retail	3,084	61.95%	8,361,869	10.50%
Apparel & Accessories	152	3.05%	10,114,137	12.70%
Hotels, Restaurants & Bars	278	5.58%	17,723,770	22.26%
Home & Garden	67	1.35%	3,268,067	4.10%
Autos & Auto Items	113	2.27%	2,024,420	2.54%
Utilities	5	0.10%	1,587,077	1.99%
Furniture & Home Décor	113	2.27%	4,563,561	5.73%
Agricultural and Construction	180	3.62%	3,688,077	4.63%
Communications	97	1.95%	1,870,346	2.35%
Wholesale & Manufacturing	Not a Top Ten Category in 2024			
Total top ten categories	4,175	83.87%	\$ 74,432,703	93.46%
All other categories	803	19.88%	\$ 5,198,376	6.98%
Total	4,978	103.75%	\$ 79,631,079	100.44%

**Source:** Town of Castle Rock Sales Tax Department

## TOWN OF CASTLE ROCK, COLORADO

PRINCIPAL SALES TAX REMITTERS  
 CURRENT YEAR AND NINE YEARS AGO  
 TABLE 14 (UNAUDITED)

2015				
Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	
79	3.86%	\$ 10,327,221	26.97%	
559	27.29%	3,464,970	9.05%	
137	7.30%	6,662,644	18.79%	
162	7.66%	4,279,072	10.98%	
42	2.03%	2,600,920	7.33%	
98	4.87%	1,827,115	5.15%	
2	0.25%	2,106,045	5.94%	
77	3.80%	1,067,807	3.01%	
135	6.59%	754,798	1.97%	
123	6.24%	1,239,425	3.49%	
Not a Top Ten Category in 2015				
1,414	722.30%	\$ 34,330,017	92.68%	
1,429	51.40%	\$ 1,744,132	4.95%	
2,843	773.70%	\$ 36,074,149	97.63%	

## **Debt Capacity**

214

## TOWN OF CASTLE ROCK, COLORADO

## RATIO OF OUTSTANDING DEBT BY TYPE

## LAST TEN YEARS

TABLE 15 (UNAUDITED)

Year	Governmental Activities				Business-type Activities	
	Revenue Bonded Debt (1)	Certificates of Participation (4)	Capital Leases	Notes Payable	Revenue Bonded Debt (1)	Certificates of Participation (4)
2015	31,464,558	8,570,000	625,602	-	21,886,625	64,425,000
2016	30,913,842	8,220,000	312,801	2,500,000	76,922,774	-
2017	30,193,577	7,865,000	-	2,375,000	72,601,088	-
2018	29,368,312	7,505,000	-	2,250,000	68,144,403	-
2019	28,038,047	7,130,000	-	-	63,562,717	-
2020	27,213,771	16,678,982	-	-	58,846,031	-
2021	25,868,270	16,227,093	-	-	53,974,346	-
2022	24,487,770	15,760,204	-	-	78,084,383	-
2023	23,073,934	15,278,315	-	-	71,871,726	-
2024	22,229,258	14,776,425	-	-	66,875,231	-

(1) Presented net of discounts and premiums

(2) Personal income is disclosed on Table 22

(3) US Census Bureau

(4) Amounts presented from 2015 through 2019 are presented prior to discounts and premiums. Amounts presented from 2020 and onward are presented net of discounts and premiums.

## TOWN OF CASTLE ROCK, COLORADO

## RATIO OF OUTSTANDING DEBT BY TYPE

## LAST TEN YEARS

TABLE 15 (UNAUDITED)

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Capital Leases	Notes Payable	Total Government	Percentage of Personal Income (2)	Population (3)	Per Capita
315,040	-	127,286,825	4.55%	59,189	2,151
439,925	-	119,309,342	4.12%	62,188	1,919
297,145	-	113,331,810	4.48%	65,520	1,730
150,452	-	107,418,167	3.85%	69,388	1,548
407,441	4,500,000	103,638,205	3.37%	72,168	1,436
243,389	9,000,000	111,982,173	3.34%	75,857	1,476
110,777	9,500,000	105,680,486	2.96%	80,379	1,315
-	8,600,000	126,932,357	3.14%	82,383	1,541
-	7,625,000	117,848,975	2.53%	84,792	1,390
-	6,625,000	110,505,914	3.60%	87,000	1,270

**TOWN OF CASTLE ROCK, COLORADO**
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
 LAST TEN YEARS  
 TABLE 16 (UNAUDITED)**


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<b>Year</b>	<b>Population</b>	<b>Gross General Obligation Bonds</b>	<b>Net Bonded Deb</b>	<b>Percent of Assessed Property Tax Value</b>	<b>Per Capita</b>
2015	59,189	-	-	0%	-
2016	62,188	-	-	0%	-
2017	65,520	-	-	0%	-
2018	69,338	-	-	0%	-
2019	72,168	-	-	0%	-
2020	75,857	-	-	0%	-
2021	80,379	-	-	0%	-
2022	82,383	-	-	0%	-
2023	84,792	-	-	0%	-
2024	87,102	-	-	0%	-

**Source:** Town of Castle Rock Finance Department.



## TOWN OF CASTLE ROCK, COLORADO

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF DECEMBER 31, 2023**  
**TABLE 17 (UNAUDITED)**

<b>Governmental Entity</b>	<b>Assessed Valuation</b>	<b>Bonds Outstanding</b>	<b>Applicable Net Debt %</b>	<b>Applicable Net Debt Amount</b>
<b>Overlapping Debt: (1)</b>				
Douglas County School District Re-1	\$ 10,605,926,190	\$ 524,161,050	16.490%	\$ 86,441,023
Bella Mesa Metro	7,298,100	22,705,000	100.000%	22,705,000
Castle Oaks Metro District #1, 3, 4	93,430,920	47,225,000	100.000%	47,915,000
Castle Pines Commercial Metro #1, 3, 4	17,233,400	4,345,000	100.000%	111,000
Castleview Metro #1, 2	4,633,460	123,222,000	100.000%	24,222,000
Castlewood Ranch Metro District	57,651,100	11,210,000	100.000%	12,175,000
Crowfoot Valley Ranch Metro #2	33,419,930	63,120,000	100.000%	31,945,000
Crystal Crossing Metro District	14,603,850	7,445,000	100.000%	7,850,000
Crystal Valley Metro District #2	135,049,380	3,600,000	100.000%	55,080,000
Lanterns Metro #1, 2	38,385,990	54,502,000	100.000%	18,740,000
Maher Ranch Metro District #4	50,030,460	12,527,000	100.000%	13,374,000
Meadows Metro District #1, 2, 7	199,585,770	54,560,000	100.000%	70,000,000
Pinery West Metro #2	68,522,220	-	100.000%	-
Villages at Castle Rock Metro #4	1,589,930	25,911,000	100.000%	25,911,000
Subtotal, overlapping debt	<u>\$ 11,327,360,700</u>	<u>\$ 954,533,050</u>		<u>\$ 416,469,023</u>
<b>The Town of Castle Rock direct debt (2)</b>				<u>37,005,683</u>
<b>Total direct and overlapping debt</b>				<u><u>\$ 453,474,706</u></u>

(1) This amount includes General Obligation Bonded Debt. The following entities also overlap the Town, but have no general obligation debt outstanding: Bella Mesa Metro, Castle Oaks Metro #2, Castle Pines Commercial Metro #2 and #5, Castle Rock Fire Protection, Castleton Center Water and Sanitation, Cedar Hill Cemetery, Cherry Creek Basin Water Quality Authority, Crystal Valley Metro #1, Dawson Ridge Metro #1-5, Douglas County, Douglas County Law Enforcement Authority, Douglas County Public Library, Founders Village Metro, Hillside at Castle Rock Metro, Lanterns Metro #1-5, Meadows Metro #3-6, Promenade at Castle Rock Metro #1-3, Silver Heights Water and Sanitation, Villages at Castle Rock Metro #4, #6 and #9, Westfield Metro #1-2

(2) The Town of Castle Rock does not have any General Obligation Bonded Debt. The total direct debt does not include accrued leave.

**TOWN OF CASTLE ROCK, COLORADO**
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF DECEMBER 31, 2023  
 TABLE 17 (UNAUDITED)**


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**Sources:** Douglas County Assessor's Office as reported by the Special Districts.

Douglas County Finance

Department The Town of Castle

Rock

Town of Castle Rock	1,188,355,970
Assessed Valuation	

\*Plum Creek Metro District dissolved in December 2015

## TOWN OF CASTLE ROCK, COLORADO

**LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 TABLE 18 (UNAUDITED)**

Estimated Actual Property Value \$ 19,722,297,883

**Debt Limit:**

3% of Estimated Actual Real Estate Value \$ 591,668,936

**Amount of Debt Applicable to Debt Limit:**

Gross Debt \$ 110,505,914

Less:	Sales Tax Revenue Bonds	\$	(22,229,258)	
	Parks Capital COP's		(5,045,413)	
	Finance Purchase Agreements		(9,731,012)	
	Golf Course Revenue Bonds		(1,415,000)	
	Water & Wastewater Revenue Bonds		(65,460,231)	
	Notes Payable		(6,625,000)	
	Total			(110,505,914)

Total Debt Applicable to Debt Limit

-

Legal Debt Margin

\$ 591,668,937

Year	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2015	207,018,754	-	207,018,754	0%
2016	216,610,314	-	216,610,314	0%
2017	270,585,582	-	270,585,582	0%
2018	283,830,140	-	283,830,140	0%
2019	340,309,479	-	340,309,479	0%
2020	357,156,548	-	357,156,548	0%
2021	396,599,639	-	396,599,639	0%
2022	414,173,711	-	414,173,711	0%
2023	575,857,889	-	575,857,889	0%
2024	591,668,937	-	591,668,937	0%

**Sources:** Douglas County Assessor's Office  
 Town of Castle Rock Finance Department

## TOWN OF CASTLE ROCK, COLORADO

PLEDGED REVENUE COVERAGE  
 LAST TEN YEARS  
 TABLE 19 (UNAUDITED)

Transportation Revenue Bonds:

Year	Sales and Use Tax Revenues <sup>1</sup>	Annual Debt Service				Maximum Annual Debt Service	
		Principal	Interest	Total	Coverage Ratio <sup>2</sup>	Principal and Interest <sup>3</sup>	Coverage Ratio <sup>2</sup>
2015	16,480,927	1,090,000	1,381,363	2,471,363	6.67	2,475,051	6.66
2016	18,524,010	1,140,000	1,223,366	2,363,366	7.84	2,257,375	8.21
2017	19,750,910	485,000	1,164,850	1,649,850	11.97	2,257,375	8.75
2018	21,515,986	590,000	1,156,538	1,746,538	12.32	2,257,375	9.53
2019	22,306,142	1,095,000	1,137,938	2,232,938	9.99	2,257,375	9.88
2020	23,209,405	1,145,000	992,793	2,137,793	10.86	2,257,375	10.28
2021	28,833,679	1,180,000	701,157	1,881,157	15.33	2,254,203	12.79
2022	30,891,244	1,215,000	608,349	1,823,349	16.94	2,254,203	13.70
2023	30,127,314	1,260,000	556,224	1,816,224	16.59	2,254,203	13.36
2024	31,440,487	730,000	536,425	1,266,425	24.83	2,254,203	13.95

(1) Pledged sales and use tax revenue collected at a rate of 1.35%.

(2) Coverage ratio equals net pledged revenue divided by total bond principal and interest.

(3) Represents the Combined Maximum Annual Principal and Interest Requirements payable on the remaining Bonds.

## TOWN OF CASTLE ROCK, COLORADO

**PLEDGED REVENUE COVERAGE  
LAST TEN YEARS  
TABLE 19 (UNAUDITED)**

Water and Wastewater Fund Revenue Bonds and Notes									
Year	Gross Resources (1)	Expenses (2)	Net Pledged Revenue (3)	Annual Debt Service			Coverage Ratio (5)	Max Annual Debt Service	
				Principal	Interest	Total		Principal and Interest (4)	Coverage Ratio (5)
2015	30,545,872	16,060,202	14,485,670	1,490,000	590,274	2,080,274	6.96	2,087,125	6.94
2016	51,193,244	18,073,847	33,119,397	4,460,000	1,417,194	5,877,194	5.64	5,866,200	5.65
2017	58,840,495	21,551,190	37,289,305	3,270,000	2,459,971	5,729,971	6.51	5,866,200	6.36
2018	63,781,051	35,614,879	28,166,172	3,395,000	2,357,383	5,752,383	4.90	5,866,200	4.80
2019	69,724,334	42,809,302	26,915,032	3,510,000	2,269,536	5,779,536	4.66	5,866,200	4.59
2020	72,397,608	27,925,784	44,471,824	3,630,000	2,154,083	5,784,083	7.69	5,866,200	7.58
2021	89,965,260	24,108,561	65,856,699	3,775,000	2,034,506	5,809,506	11.34	5,866,200	11.23
2022	82,438,329	32,061,960	50,376,369	4,820,000	2,851,891	7,671,891	6.57	7,699,550	6.54
2023	68,631,244	33,926,081	34,705,163	4,845,000	2,834,842	7,679,842	4.52	6,395,050	5.43
2024	76,646,845	43,066,905	33,579,940	3,720,000	2,618,050	6,338,050	5.30	6,395,050	5.25

(1) Gross resources include all operating revenues, system development fees and investment earnings. Prior to the issuance of the 2016 Bonds, the definition of Gross resources specifically excluded the Water Resource Fee and Renewable Water rates and charges imposed pursuant to the Municipal Code. However those revenues are pledged to the 2016 Bonds. The Bond Ordinance specifically extends the pledge of those revenues to the Prior Bonds.

(2) This figure includes all expenses properly allocable to the System pursuant to GAAP. Does not include depreciation, amortization, interest paid on outstanding bonds and gains or losses from sale of capital assets.

(3) Net pledged revenue equals gross resources minus expenses.

(4) Represents the Combined Maximum Annual Principal and Interest Requirements payable on the remaining Revenue Bonds and Notes.

(5) Coverage ratio equals net pledged revenue divided by the total principal and interest.

## TOWN OF CASTLE ROCK, COLORADO

**PLEDGED REVENUE COVERAGE  
LAST TEN YEARS  
TABLE 19 (UNAUDITED)**

<b>Golf Fund Revenue</b>									
<b>Year</b>	<b>Gross Resources ( 1 )</b>	<b>Expenses ( 2 )</b>	<b>Net Pledged Revenue ( 3 )</b>	<b>Annual Debt Service</b>				<b>Max Annual Debt Service</b>	
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage Ratio ( 4 )</b>	<b>Principal and Interest ( 5 )</b>	<b>Coverage Ratio ( 6 )</b>
2015	2,868,145	2,185,373	682,772	405,000	127,033	532,033	1.28	500,815	1.36
2016	3,063,507	2,340,670	722,837	355,000	142,297	497,297	1.45	500,815	1.44
2017	3,153,148	2,437,308	715,840	365,000	132,120	497,120	1.44	500,815	1.43
2018	3,224,390	2,440,456	783,934	375,000	121,657	496,657	1.58	500,815	1.57
2019	3,287,340	2,587,352	699,988	385,000	110,909	495,909	1.41	500,815	1.4
2020	3,721,212	2,685,504	1,035,708	400,000	99,862	499,862	2.07	500,815	2.07
2021	4,101,543	3,002,719	1,098,824	410,000	89,375	499,375	2.20	500,637	2.19
2022	3,966,866	3,275,255	691,611	420,000	76,648	496,648	1.39	500,637	1.38
2023	4,624,832	3,337,648	1,287,184	435,000	65,637	500,637	2.57	500,469	2.57
2024	5,190,774	3,781,440	1,409,334	445,000	53,197	498,197	2.83	500,469	2.82

(1) Gross resources include all operating revenues, investment earnings and transfers in.

(2) Expenses include all operating expenses less depreciation and amortization.

(3) Net pledged revenue equals gross resources minus expenses.

(4) Coverage ratio equals net pledged revenue divided by total bond principal and interest.

(5) Represents the Combined Maximum Annual Principal and Interest Requirements payable on the remaining Revenue Bonds and Notes.

(6) Coverage ratio equals net pledged revenue divided by the total principal and interest.

## **Demographic and Economic Information**

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## TOWN OF CASTLE ROCK, COLORADO

DEMOGRAPHIC INFORMATION AND ECONOMIC STATISTICS  
 LAST TEN YEARS  
 TABLE 22 (UNAUDITED)

Year	Estimated Population		Personal Income <sup>2</sup> (Thousands of Dollars)	Per Capita Income		Median Age	
2015	59,189	(1)	19,136,533	47,255	(1)	35.0	(1)
2016	62,188	(1)	21,277,108	46,534	(1)	34.8	(1)
2017	65,520	(6)	22,063,919	38,610	(1)	34.6	(1)
2018	69,338	(6)	23,875,828	40,236	(1)	34.8	(1)
2019	72,168	(6)	25,249,718	42,611	(1)	35.2	(1)
2020	75,857	(6)	27,549,902	44,250	(1)	35.8	(1)
2021	80,379	(6)	28,492,015	44,419	(1)	35.2	(1)
2022	82,383	(6)	32,412,414	49,138	(1)	35.7	(1)
2023	84,792		37,286,156	55,031		35.8	
2024	87,102	(6)	39,514,603	58,993		39.4	

**Sources:**

- (1) US Census Bureau
- (2) U. S. Bureau of Economic Analysis. Information is for Douglas County
- (3) Colorado Department of Labor. Information is for Douglas County
- (4) Douglas County School District
- (5) US Census Bureau - 2010 Census
- (6) Town of Castle Rock Development Services Department



## TOWN OF CASTLE ROCK, COLORADO

DEMOGRAPHIC INFORMATION AND ECONOMIC STATISTICS  
 LAST TEN YEARS  
 TABLE 22 (UNAUDITED)

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Average Household Size		Unemploye nt Rate <sup>3</sup>	Public School Enrollment <sup>4</sup>
2.89	(1)	3.1%	13,714
2.76	(1)	2.7%	13,693
2.84	(1)	2.4%	14,174
2.92	(1)	2.4%	14,405
2.88	(1)	2.9%	13,833
2.89	(1)	2.4%	12,745
2.88	(1)	5.8%	12,811
2.83	(1)	4.1%	12,711
2.74		2.5%	12,369

**TOWN OF CASTLE ROCK, COLORADO**
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**TABLE 23 (UNAUDITED)**

Company	2024		Percentage of Total Town Employment
	Number of FTEs*	Rank	
Douglas County	1500-2500	1	6%
Douglas County School District	1000-1500	2	4%
Town of Castle Rock	1000-1500	3	3%
Castle Rock Homes / Keller Williams	450-650	4	2%
Elite Surface Infrastructure / Entegris Inc	450-650	5	1%
Wal-Mart	300-400	6	1%
Castle Rock Adventist Hospital**	300-400	7	1%
Kohl's	150-250	8	1%
Brookside Inn	150-250	9	1%
Kroger / King Soopers	150-250	10	1%
Medved Autoplex			
Home Depot			
Philip S. Miller Library			

\* Full time employee equivalents that work in the Castle Rock area.

**Source:** Castle Rock Economic Development Council (Castle Rock EDC)

**TOWN OF CASTLE ROCK, COLORADO**
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**TABLE 23 (UNAUDITED)**


---

2015		
Number of FTEs*	Rank	Percentage of Total Town Employment
1000-1500	2	8%
1000-1500	1	8%
251-500	4	3%
251-500	5	3%
501-750	3	4%
101-250	10	1%
101-250	7	1%
101-250	8	1%
101-250	9	1%
101-250	6	1%

## TOWN OF CASTLE ROCK, COLORADO

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
TABLE 24 (UNAUDITED)**

Taxpayer	Type of Business	Rank	2024	
			Taxable Assessed Valuation	% of Town Taxable Assessed Valuation
<u>Utilities</u>				
Public Service Co of Colorado (XCEL)	Telecommunications			
CORE Electric Cooperative FKA Intermountain Rural Electric Assoc	Electric	2	\$ 9,319,900	0.53%
QWEST Corporation / Centurylink Communications	Telecommunications			
Burlington Northern Santa Fe Railway Company	Railroad			
Union Pacific Corp.	Railroad			
Black Hills Colorado Gas Inc	Gas			
Cellco Partnership	Telecommunications			
Comcast of Colorado X LLC	Telecommunications	3	8,409,340	0.48%
Verizon Wireless (VAW) LLC	Telecommunications			
MCI CommunicationServices	Telecommunications			
TOTAL UTILITIES			<u>\$ 17,729,240</u>	<u>1.01%</u>
<u>Non-Utility</u>				
Dillon Companies Inc	Commercial	4	\$ 7,454,070	0.43%
GKT Castle Rock PG1, PG2 & PG3 LLC	Commercial	5	7,253,780	0.41%
TKG Castle Rock Colorado LLC	Commercial	9	5,837,920	0.33%
EQR Ledges LLC	Commercial	7	7,002,840	0.40%
Echo Ridge Holdings LLC	Commercial	6	7,061,800	0.40%
Riverwalk Castle Rock LLC	Commercial	8	6,437,240	0.37%
Brock Associates III LLC	Commercial			
Craig Realty Group Castle Rock, LLC	Commercial	1	21,248,820	1.21%
Castle Rock Development Company	Commercial			
AVB Meadows LLC	Real Estate	10	<u>5,386,800</u>	<u>0.31%</u>
TOTAL NON-UTILITY			<u>\$ 67,683,270</u>	<u>3.87%</u>
Other Taxpayers			\$ 1,663,643,640	95.12%
<b>Assessed Valuation</b>			<b>\$ 1,749,056,150</b>	<b>100.00%</b>

Source: Douglas County Treasurer's Office

## TOWN OF CASTLE ROCK, COLORADO

PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 TABLE 24 (UNAUDITED)

Rank	2015		% of Town Taxable Assessed Valuation
	Taxable Assessed Valuation		
3	\$ 54,587,400		7.20%
1	60,568,200		7.99%
2	58,973,200		7.78%
5	9,338,900		1.23%
6	9,295,800		1.23%
9	4,360,700		0.58%
7	5,463,700		0.72%
10	4,741,800		0.63%
	<u>\$ 207,329,700</u>		<u>27.36%</u>
4	\$ 18,493,790		2.44%
8	5,870,630		0.77%
	<u>\$ 24,364,420</u>		<u>3.21%</u>
	\$ 526,142,700		69.43%
	\$ 757,836,820		100.00%

## **Operating Information**

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## TOWN OF CASTLE ROCK, COLORADO

**FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**  
**TABLE 25 (UNAUDITED)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b><u>Function/Program</u></b>										
General government	81	78	97	90	96	96	95	102	110	84
Public safety	163	174	189	205	219	223	215	237	266	228
Public works	40	38	47	54	63	56	65	66	80	54
Cultural and recreation	21	25	28	30	30	29	31	29	36	32
Water	55	59	67	66	75	80	85	90	93	70
Water resources	3	4	6	8	7	7	8	7	8	22
Wastewater	4	3	4	5	8	7	7	6	10	6
Stormwater	8	10	11	11	10	10	9	13	14	11
Golf	8	8	12	10	11	10	11	12	12	11
Community center	16	17	20	26	22	21	25	29	26	27
Development services	<u>32</u>	<u>41</u>	<u>49</u>	<u>54</u>	<u>49</u>	<u>54</u>	<u>53</u>	<u>63</u>	<u>54</u>	<u>32</u>
Total	<u>431</u>	<u>457</u>	<u>530</u>	<u>559</u>	<u>590</u>	<u>593</u>	<u>604</u>	<u>654</u>	<u>709</u>	<u>577</u>

**Source:** Town of Castle Rock Finance Department

## TOWN OF CASTLE ROCK, COLORADO

**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**  
**TABLE 26 (UNAUDITED)**

<u>Function/ Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>Governmental activities:</u></b>				
General government				
Number of payroll checks issued	18,816	20,231	21,201	22,176
Number of new employees hired	65	70	69	72
Number of resolutions passed	112	114	105	105
Number of ordinances passed	60	42	30	43
Public safety				
Number of arrests	1,271	1,358	1,657	1,561
Number of police calls	73,827	73,290	71,690	69,411
Number of fire calls	61	78	89	100
Number of medical calls	3,199	3,204	3,529	3,418
Public works				
Number of snow removal hours	7,703	4,597	3,364	2,060
Culture and recreation				
Number of golf rounds	35,086	39,926	40,002	40,756
Recreation center attendance	318,989	435,810 (1)	395,595	374,555
<b><u>Business- type activities:</u></b>				
Water				
Number of customer accounts	18,961	19,430	20,662	21,878
Average daily consumption - million gallons	6.00	7.00	7.00	8.00
Development Services				
Number of new construction permits issued	928	1,212	1,031	1,785
Number of remodel permits issued	2,907	6,954	2,706	2,260

(1) Includes attendance for new Miller Activity Complex.

**Sources:** Town of Castle Rock Finance, Town Clerk, Police, Fire, Public Works, and Utilities Departments



## TOWN OF CASTLE ROCK, COLORADO

## OPERATING INDICATORS BY FUNCTION/PROGRAM

## LAST TEN YEARS

## TABLE 26 (UNAUDITED)

2019	2020	2021	2022	2023	2024
23,665	20,876	21,828	23,431	33,910	35,559
66	70	64	110	108	246
133	125	117	142	142	122
42	24	33	31	40	25
1,391	1,042	1,240	1,380	1,302	1,246
69,234	63,753	58,093	53,562	55,565	58,314
75	98	87	127	112	158
3,672	3,370	3,851	4,490	4,596	4,893
7,728	4,706	3,155	4,418	2,695	7,384
38,837	43,350	49,330	49,170	55,122	59,709
316,473	218,136	364,485	520,929	591,749	547,368
21,189	23,989	25,029	26,515	26,971	33,076
8.00	9.00	8.79	9.37	7.98	9.36
1,043	1,234	1,348	1,038	713	460
3,887	3,889	3,804	3,783	339	369

## TOWN OF CASTLE ROCK, COLORADO

**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**  
**TABLE 27 (UNAUDITED)**

	2015	2016	2017	2018
<b><u>Function/ Program</u></b>				
<b><u>Governmental activities:</u></b>				
General government				
Number of Town- owned facilities	11	11	11	13
Public safety				
Number of police stations	1	1	1	1
Number of vehicular patrol units	34	37	39	40
Number of fire stations	4	4	4	5
Public works				
Miles of streets	619	646	667	689
Number of traffic signals	31	36	38	42
Number of street lighting fixtures	521	630	639	668
Culture and recreation				
Acres of developed parks	533	585	606	611
Acres of open space	2,778	2,877	2,931	2,925
Number of pools	4	4	4	4
Golf courses	1	1	1	1
Number of tennis courts	7	7	7	12
Number of ball fields	24	24	24	20
<b><u>Business- type activities:</u></b>				
Water				
Miles of water mains	390	393	401	420
Sanitary sewer and storm:				
Miles of sewer lines	270	271	275	288
Miles of storm sewers	143	143	149	157

**Sources:** Town of Castle Rock Finance, Police, Fire, Public Works, and Castle Rock Water Departments

## TOWN OF CASTLE ROCK, COLORADO

**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**  
**TABLE 27 (UNAUDITED)**

---

2019	2020	2021	2022	2023	2024
16	17	17	17	17	17
1	1	1	1	1	1
45	47	51	61	80	89
5	5	5	5	5	5
695	711	730	754	766	776
43	44	44	44	44	44
876	876	685	706	708	761
612	619	792	786	796	796
3,040	2,934	3,452	3,428	3,461	4,142
4	4	4	4	5	5
1	1	1	1	1	1
12	10	10	10	15	15
20	22	22	22	31	13
455	470	485	510	521	532
303	309	313	320	325	333
170	179	185	190	198	146

**TOWN OF CASTLE ROCK, COLORADO**
**MISCELLANEOUS STATISTICS  
 AS OF DECEMBER 31, 2023  
 TABLE 28 (UNAUDITED)**


---

Date of incorporation	1881
Home rule charter adopted	1987
Form of government	Council - Manager
Area - Square miles	36.57
Population (estimate)	87,102
Fire Protection	
Number of stations	5
Number of paid firefighters	105
Number of volunteer firefighters	6
Police Protection	
Number of stations	1
Number of commissioned officers	94
Number of reserve officers	0
Education - Douglas County School District	
Number of students (Castle Rock schools)	12,065
Number of charter schools	4
Number of magnet schools	1
Number of elementary schools	9
Number of middle schools	2
Number of high schools	3
Building Permits issued (includes new construction and remodel)	829
Building permits value	\$ 243,067,281
Employees: (excluding Police and Fire)	
Full-time	459
Part-time	1,061

**Sources:** Town of Castle Rock Finance, Police, Fire, Development Services, Douglas County School District and US Census Bureau.



## COMPLIANCE SECTION

### Local Highway Finance Report



Cash Flows Worksheet 210

Fund	210
Exhibit	VIII
Item	Cash and cash equivalents

Cash Flows Worksheet 211

















# **Town of Castle Rock, Colorado**

## **Single Audit Reports**

December 31, 2024



**Town of Castle Rock, Colorado  
Contents  
December 31, 2024**

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**Town of Castle Rock, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2024**

<b>Federal Grantor/Pass-Through Grantor Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>	<b>Provided to Subrecipients</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<b><i>Community Development Block Grants - Entitlement Grants Cluster</i></b>				
Direct awards:				
Community Development Block Grants - Entitlement Grants	14.218	N/A	\$ 97,231	\$ 27,845
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			97,231	27,845
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Direct awards:				
Bulletproof Vest Partnership Program	16.607	N/A	6,000	-
TOTAL U.S. DEPARTMENT OF JUSTICE			6,000	-
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Passed through from the Colorado Department of Transportation:				
Highway Planning & Construction				
SH 85th / 5th and Founders / Ridge Rd Intersection	20.205	21-HA1-XC-03123	3,272,934	-
Castle Rock Downtown Pedestrian Lighting Improvements	20.205	21-HTD-ZL-03197	6,349	-
Castle Rock Advance Detection-ATSPM	20.205	21-HA1-XC-00020	23,856	
Crystal Valley Interchange Package 2	20.205	24-HA1-XC-00205	8,500,000	
Castle Rock Industrial Tributary Trail	20.205	23-HA1-XC-00082	267,055	-
Total Highway Planning and Construction Cluster			12,070,194	-
<b><i>Highway Safety Cluster</i></b>				
National Priority Safety Programs				
Highway Safety Grant (Click it or Ticket)	20.616	411019725	22,278	-
National Infrastructure Investments				
Crystal Valley Parkway Interchange	20.933	21-HA1-XC-00058	1,112,394	-
Safe Streets and Roads for All	20.939	693JJ32340102	195,994	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			13,400,860	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 13,504,091	\$ 27,845

*The accompanying notes are an integral part of this schedule*

**Town of Castle Rock, Colorado**  
**Notes to Schedule of Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2024**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Castle Rock, Colorado (the Town) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the Town.

**Note 2. Summary of Significant Accounting Policies**

Governmental funds account for the Town's federal grant activity. As such, expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3. Indirect Cost Rate**

The Town has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards***

**Independent Auditor's Report**

Honorable Mayor and Members of Town Council  
Town of Castle Rock, Colorado  
Castle Rock, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Castle Rock, Colorado (the Town), as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated \_\_\_\_\_. Our report includes a reference to other auditors who audited the financial statements of the Plum Creek Water Reclamation Authority, the Castle Rock Downtown Development Authority and the Miller's Landing Business Improvement District, as described in our report on the Town's financial statements. The financial statements of the Plum Creek Water Reclamation Authority, the Castle Rock Downtown Development Authority and the Miller's Landing Business Improvement District were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Plum Creek Water Reclamation Authority, the Castle Rock Downtown Development Authority and the Miller's Landing Business Improvement District or that are reported on separately by those auditors who audited the financial statements of the Plum Creek Water Reclamation Authority, the Castle Rock Downtown Development Authority and the Miller's Landing Business Improvement District.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Denver, Colorado**

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**Report on Compliance for The Major Federal Program,  
Report on Internal Control Over Compliance, and  
Report on Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

**Independent Auditor's Report**

Honorable Mayor and Members of Town Council  
Town of Castle Rock, Colorado  
Castle Rock, Colorado

**Report on Compliance for The Major Federal Program**

***Opinion on The Major Federal Program***

We have audited the Town of Castle Rock, Colorado's (the Town) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended December 31, 2024. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

***Basis for Opinion on The Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control Over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Honorable Mayor and Members of Town Council  
Town of Castle Rock, Colorado

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements. We have issued our report thereon dated \_\_\_\_\_, which contained unmodified opinions on those financial statements and a reference to the reports of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Denver, Colorado**

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**Town of Castle Rock, Colorado**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2024**

---

**Section I – Summary of Auditor’s Results**

***Financial Statements***

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:  
☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer
2. Internal control over financial reporting:  
 Material weakness(es) identified?      ☐ Yes      ☒ No  
 Significant deficiency(ies) identified?      ☐ Yes      ☒ None reported
3. Noncompliance material to the financial statements noted?      ☐ Yes      ☒ No

***Federal Awards***

4. Internal control over major federal awards programs:  
 Material weakness(es) identified?      ☐ Yes      ☒ No  
 Significant deficiency(ies) identified?      ☐ Yes      ☒ None reported
5. Type of auditor’s report issued on compliance for major federal award program(s):  
☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer
6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?      ☐ Yes      ☒ No
7. Identification of major federal programs:  

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
9. Auditee qualified as a low-risk auditee?      ☐ Yes      ☒ No

**Town of Castle Rock, Colorado  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2024**

**(Continued)**

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**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Town of Castle Rock, Colorado  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2024**

**(Continued)**

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**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

Town of Castle Rock, Colorado  
 Status of Prior Audit Findings  
 Year Ended December 31, 2024

Reference Number	Summary of Finding	Status
2023-001	<p><b><i>Year End Financial Statement Preparation</i></b></p> <p>Management is responsible for establishing and maintaining effective internal controls over financial reporting. Effective internal controls are an important component of a system that helps ensure transactions are recorded timely and in the proper reporting period, thereby providing accurate financial data. During the 2023 audit we identified several year-end entries that had not been appropriately accounted for due to account reconciliations not being prepared timely and/or contained errors which were not caught in review. We recommend the following to address the above items:</p> <ul style="list-style-type: none"> <li>a) Management train staff to properly prepare and review reconciliations</li> <li>b) Management implement policies and procedures to help ensure the accountants know how to treat the various types of transactions received by the various Town departments</li> </ul>	Implemented

## Independent Auditor's Report

Honorable Mayor and Members of Town Council  
Town of Castle Rock, Colorado  
Castle Rock, Colorado

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Castle Rock, Colorado (the Town), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Plum Creek Water Reclamation Authority, a joint venture of the Town, which represent 28%, respectively, of the assets and net position of the Wastewater Enterprise Fund and 4% and 5%, respectively, of the assets and net position of the Town's business-type activities as of December 31, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for Plum Creek Water Reclamation Authority, is based solely on the report of the other auditors. We also did not audit the financial statements of the Castle Rock Downtown Development Authority or the Miller's Landing Improvement District, which together represent the aggregate discretely presented component units of the Town. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Castle Rock Downtown Development Authority and the Miller's Landing Business Improvement District, is based solely on the reports of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Plum Creek Water Reclamation Authority, a joint venture of the Town included in the Wastewater and the business-type activities of the Town, and the financial statements of the Castle Rock Downtown Development Authority and Miller's Landing Business Improvement District, component units included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund statements and schedules and the Local Highway Finance Report is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report and the popular annual financial report. The other information comprises the introductory and statistical sections of the annual comprehensive financial report and the popular annual financial report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

**Denver, Colorado**

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# 2024

## Financial Report to the Community

For the year ended Dec. 31, 2024



**EXCELLENCE ▸ DEDICATION ▸ SERVICE**

[CRgov.com/FinancialReports](https://CRgov.com/FinancialReports)



@CRgov



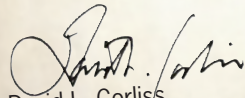


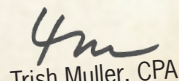
## Residents of Castle Rock,

The leadership of your Town takes its financial responsibilities to the community very seriously. The Town prides itself on its conservative financial management, which has allowed for the continued provision of high-caliber community services – per continued strong community survey ratings – without any recent increases in sales or property taxes.

A home valued at \$663,360 (the median home value in May 2023 per the Douglas County Development Department), paid only \$40.35 in annual property tax payable to the Town in 2024. We believe that represents an excellent return on investment for the full range of general government services the Town provides by maximizing the community's investment through economic development efforts. Though revenues remain solid, continued focus on core services will prove essential in order to sustain the Town's finances through multiyear economic cycles.

The Town's current financial position remains strong, and thus, we are proud to share with you the Town's Financial Report to the Community for the year ended December 31, 2024. This report enhances the Town's efforts to provide transparent financial information to the Castle Rock community. We hope that you find this report accessible and educational. You will find additional information about the Town's financials, performance and more at [CRgov.com/transparency](https://CRgov.com/transparency).

  
David L. Corliss  
Town Manager

  
Trish Muller, CPA  
Finance Director

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## About This Report

This Financial Report to the Community provides an overview of the Town's financial position as reported in the 2024 Annual Comprehensive Financial Report (ACFR), available at [CRgov.com/FinancialReports](https://CRgov.com/FinancialReports). The ACFR is an audited document prepared in accordance with Generally Accepted Accounting Principles (GAAP). The ACFR must include the Town's component units, present individual funds in greater detail, and fully disclose all material events, both financial and non-financial.

This is an unaudited document, does not include details by fund or other disclosures required by GAAP, and is not intended to present a complete financial picture of the Town in accordance with GAAP. Finance staff designs this report as an easily understandable version for the general public and other interested parties. Both documents have received awards for outstanding financial reporting from the [Government Finance Officers Association](https://GFA.org).



Government Finance Officers Association

Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to

**Town of Castle Rock  
Colorado**

For its Annual Financial Report  
For the Fiscal Year Ended

December 31, 2023

  
Executive Director/CEO

# Financial Highlights

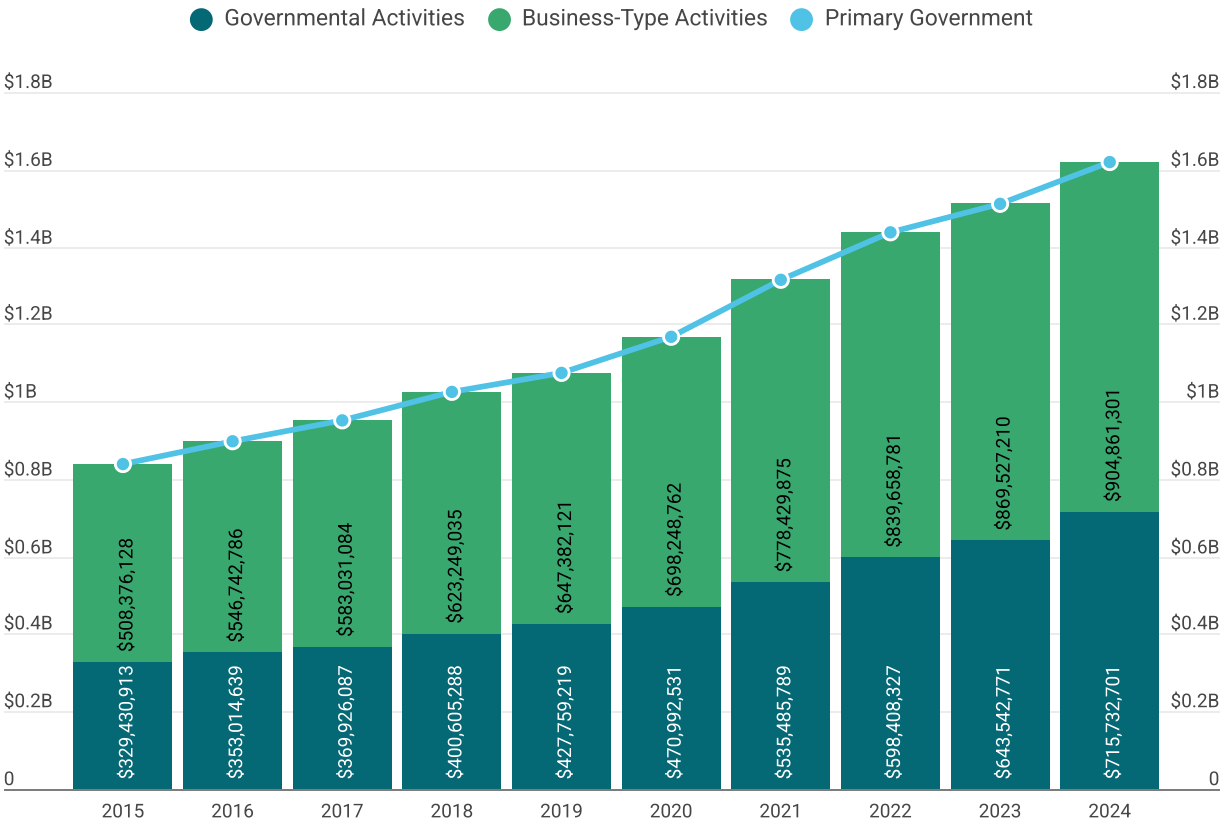
The Town's total net position - or net worth - increased by \$107.5 million (7.1 percent) in 2024.

As of December 31, 2024, the Town's governmental funds - those supported primarily by taxes and intergovernmental revenues - reported combined ending fund balances 140.9 million - an increase of \$3.1 million from 2023; the unassigned fund balance for the General Fund was \$28.3 million, which consisted of three-months cash reserves of \$17.3 million to cover cash flow requirements and unappropriated funds of \$10.9 million.

The graph below shows the Town-wide net position by component over the last ten years. This graph is broken down into total governmental activities net position, total business-type activities net position, and total primary government net position. The Town's overall net position has steadily increased each year, growing from approximately \$850 million in 2015 to over \$1.6 billion in 2024. Both governmental and business-type activities have contributed to this growth.



▲ Castle Rock, Colorado



# About Your Town



Nestled between Denver and Colorado Sprints, Castle Rock is a vibrant and growing community known for its historic charm, scenic landscapes, and strong sense of connection. With a population of over 80,000, the Town continues to prioritize thoughtful growth while preserving the natural beauty and character that makes it feel like home.

Our walkable downtown is a local favorite – filled with unique shops, family-owned restaurants, and year-round events that bring neighbors together, from the summer cattle drive to the beloved Star lighting tradition each November. Outdoor enthusiasts can enjoy more than 110 miles of trails, 55 parks, and over 6,600 acres of open space – including signature spots like Rock Park and Philip S. Miller Park.

Community involvement is a cornerstone of life here. Whether through volunteering, serving on a board, or simply staying informed, castle rock residents play an active role in shaping the town’s future. We are proud of our commitment to public service, transparent government, and creating a place where families, businesses, and individuals can thrive.

Year	Estimated Population
2024	87,102
2023	84,792
2022	82,383
2021	80,379
2020	75,857
2019	72,168
2018	69,338
2017	65,520
2016	62,188
2015	59,189

## A World-Class Community

With over 80,000 residents, Castle Rock values its distinct character with a traditional Downtown core and regular community events. Estimated to grow to up to 120,000-140,000 residents, the Town will continue to provide high-quality services while preserving its history and heritage.



▲ Castle Rock, Colorado

## Quick Facts

Date of Incorporation: **1881**  
U.S. Census Bureau, 2023 estimate

Area - Square Miles: **36.57**  
U.S. Census Bureau, 2023 estimate

Estimated Population: **87,102**  
Town of Castle Rock Development Services

Median Household Income: **\$143,301**  
U.S. Census Bureau, 2023 estimate

Median Housing Value: **\$663,360**  
U.S. Census Bureau, 2023 estimate

Average Household Size: **2.82**  
Full Time & Part Time

Per Capita Income: **\$58,993**  
U.S. Census Bureau, 2023 estimate

Median Age: **39.4**  
U.S. Census Bureau



## About Your Government

The Town of Castle Rock is a home-rule municipality that operates under the Council-Manager form of government. Policy-making and legislative authority are vested with the Town Council, which consists of a Mayor and six Council members elected by residents. The Mayor is elected at-large, and districts elect the Council members – both on a nonpartisan basis. The Mayor and Council members serve four-year terms.

The Council passes ordinances; adopts the budget; appoints boards and commissions; and hires the Town Manager, Town Attorney and Municipal Judge. The Town Manager carries out the policies and ordinances that the Council approves, appoints the Town's department heads (subject to Council ratification), oversees the Town's operations, and implements Council's vision for the Town.



▲ Town Mayor



District 1  
Ryan Hollingshead



District 2  
Laura Cavey



District 3  
Kevin Bracken



District 4  
Mark Davis



District 5  
Max Brooks



District 6  
Tim Dietz

## How does the Town focus resources on priorities?

Every odd-numbered year, the Town conducts both scientific and supplemental community surveys to gather feedback from residents. Following multiple public discussions, the Town Council approved seven key community priorities for 2024. Quarterly, the Town reports progress made on priorities at [CRgov.com/MajorProjects](http://CRgov.com/MajorProjects).



***"Achieving the Community Vision through Excellence, Dedication and Service"***



## Ensure Outstanding Public Safety



Castle Rock Police (CRPD) and Fire and Rescue (CRFD) work to make our Town one of the safest communities along the Front Range by providing 24-hour protection. CRPD's 94 officers and 33

civilian staff operate out of Police Headquarters and provide services including patrol, investigations, special operations, support services, community policing, school officers, co-responder units and K9 units. CRFD operates five divisions from five fire stations with 105 full-time staff members providing fire, medical, education, inspections and investigations services.

## Public Safety



**Police Response Time** 5 min, 8 sec

**Fire Response Time,** 10 min, 07 sec  
90% of the time



**55,565**  
**Police**  
**Total Calls**



**7,068**  
**Fire**  
**Total Calls**

Please find additional information at [CRgov.com/performance](https://www.crr.gov/performance)

## What was accomplished?

- The Castle Rock Police Department welcomed new members to the department to include sworn (10), police dispatchers (3), and professional staff (2).
- Ballot initiative 2A passed during the 2024 November election. This 0.2 percent sales tax increase will allow for the hiring of 22 police personnel over the next five years.
- The Castle Rock Police Department introduced the State's first crisis response dog in February 2024. Buddy is an English Labrador who is assigned to the Community Response Teams.
- The Castle Rock Fire Department hired three firefighters / EMT positions in late 2023, who have since graduated the academy and are now online.
- The Castle Rock Fire Department has hired an architect and have begun design work for Fire Station 153. Staff is also beginning work to replat and rezone.
- The Castle Rock Fire Department and Police Department have completed evaluations of two different emergency radio systems, and have selected Motorola.



Source: Town of Castle Rock Development Services

## One of the Safest Cities in Colorado!



Castle Rock was recognized by Safewise as the sixth safest city in Colorado. (Up from No. 13 in 2023). This achievement is in part a result of Town government, the Police Department and residents all working together to ensure that Castle Rock remains safe.

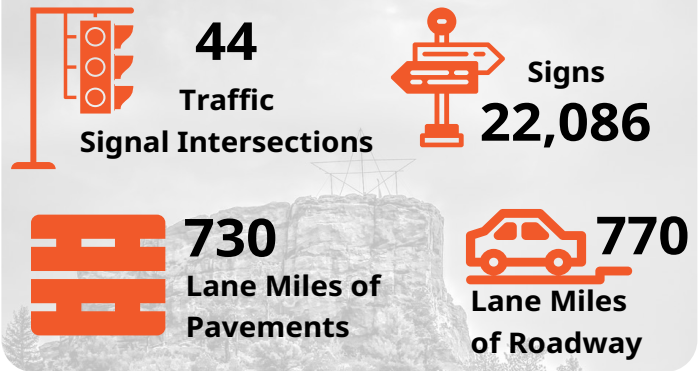


## Enhance our transportation

Castle Rock Public Works plans, designs, maintains and repairs 770 lane miles of roadways within Castle Rock, providing a broad range of

services to ensure the Town's transportation system can keep pace with growth. Responsibilities include sweeping streets; completing snow and ice removal after storms; and managing traffic signals, signage and pavement markings.

## Public Works



Please find additional information at [Crgov.com/performance](https://www.crgov.com/performance)

## What was accomplished?

- Obtained final approvals from Colorado Department of Transportation and Federal Highway Administration and began construction on the Town's top infrastructure priority, a new interchange on interstate 25 at Crystal Valley Parkway.
- Completed large scale Pavement Maintenance Projects in the West Pavement Maintenance Program (PMP) region (Meadows and Red Hawk areas)
- Completed construction of the Four Corners (HWY 86, Founders Pkwy, Ridge Rd and 5th Street) Intersection improvements
- Begin improvements associated with Crowfoot Valley Road Widening project, between Knobcone Drive and Macanta Blvd.
- Construction of the Union Pacific Railroad Quiet Zone project in the Downtown areas was completed, and the quiet zone was established.



▲ Crystal Valley Interchange Project

## Did You Know?

Each Spring, the Town begins a roadway refresh to extend the life of our streets! In 2025, annual roadwork is coming to western Castle Rock as part of the Pavement Maintenance Program "PMP".

**47** lane-miles of roadway have been treated in 2024 from the Pavement Maintenance Program!



## Secure our Water Future



Castle Rock Water (CRW) provides drinking water, wastewater and stormwater services and manages the Town's portfolio of water resources for residents and businesses.

## What was accomplished?

- Completed construction of Walker Reservoir giving Castle Rock 150 acre feet of raw water storage for our water rights on Cherry Creek.
- Initiated construction for the expansion of the Plum Creek Water Purification Facility from six million gallons per day to twelve million gallons per day.
- Entered into a long term partnership with Parker Water and Sanitation District and Lower South Platte Water Conservancy District called the Platte Valley Water Partnership to gain access to 3,000 acre feet per year of water rights on the Lower South Platte River in the future.
- Purchases all of the Denver Basin groundwater under the Lost Canyon Ranch as part of the preservation of this open space.
- Set a record for the amount of non-functional turf (Kentucky Bluegrass) converted to Coloradoscape in a single year under the Coloradoscape rebate program. This includes receiving a \$50,000 grant from the State to support the program.

## Castle Rock Water

### Customer Calls

(approx.)  
**15,468**



**4,945**  
Hydrants



**3.466**  
Billion Gallons  
Treated

**522**  
Miles of  
Distribution Lines



Please find additional information at [CRgov.com/performance](http://CRgov.com/performance)



▲ Plum Creek Water Purification Plan

## Blue Gramma Award



Castle Rock's receipt of the COSA Blue Grama Award highlights the town's exceptional efforts in preserving natural landscapes and fostering community connections to the outdoors.

This accolade underscores Castle Rock's commitment to environmental stewardship and its role as a leader in open space initiatives within Colorado.

## Water Resources Utility of the Future Today



Castle Rock was recognized for its innovative water reuse initiatives. Castle Rock's achievement underscores its proactive approach to sustainable water management.



# Maintain Strong Parks and Recreation



Castle Rock Parks and Recreation manages 25 well-planned parks, 4,000 acres of open space, Red Hawk Ridge Golf Course, the Miller Activity Complex (MAC) and the Recreation Center. The department also operates five pools and a large number of Town-sponsored special events.

## What was accomplished?

- Acquired the 681 - Acre Lost Canyon Ranch property to preserve as open space for future generations.
- Completed the Mitchell Gulch Park renovation project, adding new playgrounds, a pavilion, all-season restrooms, a fitness area, two new playground structures, a bike pump track and six tennis courts.
- Opened the new Emerald Park in the Plum Creek neighborhood, featuring half-court basketball, pickle ball courts, plaza area with shade and seating, bocce ball courts and space for other yard games, an all-season restroom, playgrounds and a looped walking path.
- Partnered with the Tri Arts Project to bring expanded arts and enrichment offerings to Cantril School.



▲ Emerald Park

## Grants

### Metropolitan Football Stadium District Grant

The Therapeutic Recreation program received a \$12,000 grant from the Metropolitan Football Stadium District to host its first ICanBike camp. The funding supported specialized instruction and equipment for individuals with disabilities learning to ride a bike.

### Developmental Pathways Grant

A \$20,000 grant from Developmental Pathways was awarded in 2024 to provide scholarships for Therapeutic Recreation participants, helping eliminate financial barriers to program access.

## Parks and Recreation

346

Acres of

Town Owned Parks



435,841

Visits to the  
Rec Center and MAC

46,777

Rounds of Golf



Miles of Trails

104

Please find additional information at [Crgov.com/performance](https://www.crgov.com/performance)

## Best Place to go For Outdoor Fun



The Philip S. Miller park has won each consecutive year since 2018. With a wide variety of amenities, miles of paved and unpaved trails, an adventure playground, an amphitheater, Millhouse and the 200-step Challenge Hill, the park truly has something for everyone.

### Best Birthday Party Venue

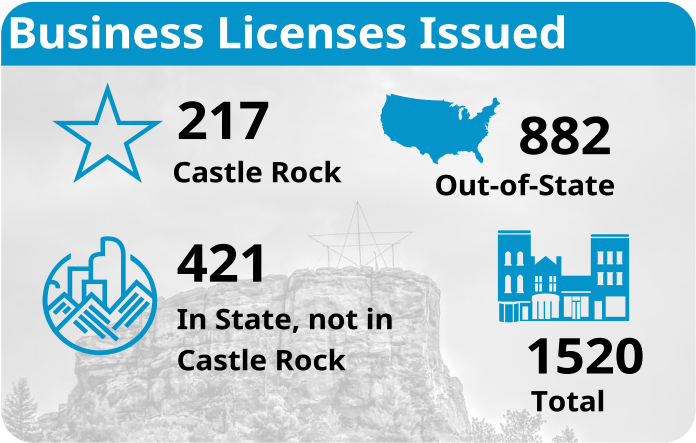
The MAC is an awesome place to host a party for ages 0-10. With designated party rooms, a giant-play structure with a 23-foot slide, beam floor games, indoor trampolines, turf fields and a leisure pool with slides.

# Support Economic Development



Besides being a great place to live and raise a family, Castle Rock strives to be a strong place to start or grow a business. That means creating jobs, expanding the tax base and maintaining a high-quality business environment.

Castle Rock is a growing community with continued residential and commercial demand. Information about current and proposed projects can be found on the Town’s website at [CRgov.com/DevelopmentActivity](https://CRgov.com/DevelopmentActivity) including maps showing project locations, undeveloped properties and Town projects.



Please find additional information at [CRgov.com/performance](https://CRgov.com/performance)



▲ Downtown Castle Rock

## Who are the largest employers?

Company	Rank	Percentage of total town Employment	Number Of FTEs*
Douglas County	1	6%	1,500-2,250
Douglas County School District	2	4%	1,000-1,500
Town of Castle Rock	3	3%	750-1,000
Castle Rock Adventist Medical Campus	4	2%	501-750
Castle Rock Homes/Keller Williams (Combined)	5	1%	400-550

\*Full-time employee equivalents who work in the Castle Rock area

Source: ReferenceUSA

# Preserve our Community Character



### Cantril School

Renovations are underway at the Cantril School to add restrooms, an ADA lift, a check-in area, and improvements to the kitchen. Planning is also in progress to upsize the building's electrical supply

and to make other improvements to the '50's / '60's addition. In 2024, the Cantril school had 1,867 registered participants for various programming.

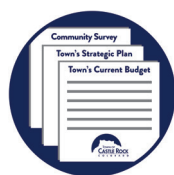
### Council Community Grant Program

Funding for the Council Community Grant Program was increased to \$4,000 per quarter beginning in third quarter 2023; this increased funding level has continued into 2024.



▲ Cantril School

# Manage Town Finances Conservatively



## Town Functions

Town functions consist of two groups of activities – governmental-type activities, in **BLUE**, and business-type activities, in **GREEN**. Taxes and intergovernmental revenues primarily fund governmental-type activities, while business-type activities function more like private businesses, funded primarily by fees paid for those services.

## Net Position

The net position, or net worth, of the Town at December 31, 2024 was \$1.6 billion. The Town's net position increased by \$107.5 million. The governmental net position increased by \$72.2 million, and the business-type net position increased by \$35.3 million. These increases reflect the planned accumulation for future projects.

Net position	Governmental		Business-type		Total	
as of Dec. 31 in thousands	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and other assets	\$ 219,130	\$ 187,236	\$ 203,219	204,606	\$ 422,349	\$ 391,842
Capital assets	583,877	521,547	791,569	760,566	1,375,446	1,282,113
Total assets	803,007	708,783	994,788	965,172	1,797,795	1,673,955
Deferred outflows of resources	12,268	13,597	141	200	12,409	13,797
<b>Liabilities</b>						
Long-term liabilities	43,655	46,525	75,822	81,804	119,477	128,329
Other liabilities	49,729	25,936	12,103	11,897	61,832	37,833
Total liabilities	93,384	72,461	87,925	93,701	181,310	166,162
Deferred inflows of resources	6,158	6,376	2,142	2,143	8,300	8,519
<b>Net position</b>						
Net investment in capital assets	540,299	478,624	713,708	686,050	1,254,007	1,164,674
Restricted	63,067	63,904	-	-	63,067	63,904
Unrestricted	112,368	101,015	191,153	183,478	303,521	284,493
Total net position	\$ 715,733	\$ 643,543	\$ 904,861	\$ 869,528	\$ 1,620,594	\$ 1,513,071

## Summary of Activities

The following table reflects a condensed summary of the activities and changes in net position. Governmental revenues increased by \$29 million (18 percent) due to an increase of \$19 million in capital grants and contributions for monies received for the Lost Canyon Ranch purchase and the Crystal Valley Interchange. Sale and use taxes increased \$4 million (5 percent), due to moderate sales tax growth, offset by less than anticipated use tax collections. Governmental expenses increased by \$1.4 million (1 percent) in aggregate. This increase is due primarily to an increase of \$3.4 million (8 percent) in public safety expense, \$1.2 million (11%) in additional programming for culture and recreation, offset by a reduction of \$4.3 million (10 percent) in public works due to project timing. Business-type revenues increased by \$15 million (13 percent) due to an increase of \$6.3 million (10 percent) in rate and fee revenue, and an increase of \$7.8 million (22 percent) in developer contributed assets. Expenses increased by \$10 million (12 percent) due to an overall increase operating expense.

Summary of activities	Governmental		Business-type		Total	
as of Dec. 31 in thousands	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Charges for services	\$ 27,117	\$ 23,015	\$ 69,304	\$ 62,998	\$ 96,421	\$ 86,013
Operating grants and contributions	12,252	11,780	50	-	12,302	11,780
Capital grants and contributions	50,173	31,521	44,092	36,287	94,265	67,808
Property taxes	3,860	2,492	-	-	3,860	2,492
Sales and use taxes	81,321	77,845	4,250	4,066	85,570	81,911
Other revenues	21,641	20,416	7,790	7,095	29,429	27,511
Total revenues	196,363	167,069	125,486	110,446	321,849	277,515
Expenses	124,318	122,898	90,007	79,613	214,325	202,511
Transfers	145	964	(145)	(964)	-	-
Change in net position	72,190	45,135	35,334	29,869	107,524	75,004
Net position, beginning of year	643,543	598,408	869,528	839,659	1,513,071	1,438,067
Net position, end of year	\$ 715,733	\$ 643,543	\$ 904,861	\$ 869,528	\$ 1,620,594	\$ 1,513,071

Revenues and expenses are described in greater detail on the following pages.



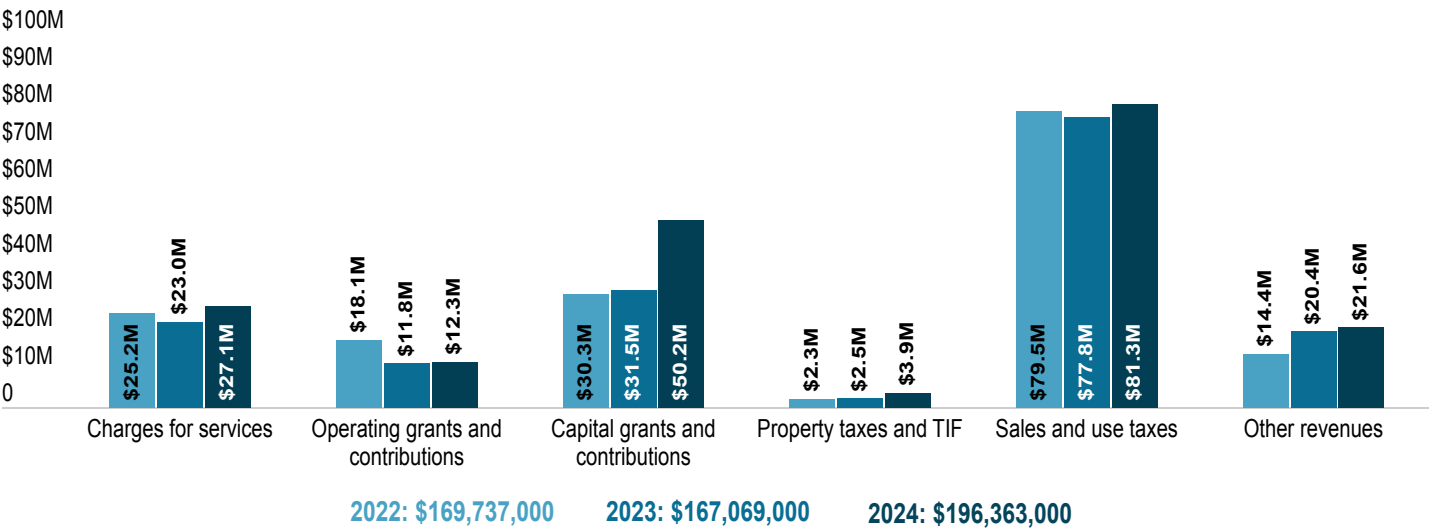
# Financial Results

## Governmental Activities Revenue



This chart shows governmental revenue activities by source.

- Sales taxes provide 38 percent of the total revenues of the governmental activities. The increase in sales and use tax revenue of \$13.3 million is due to a modest increase in sales tax of \$3.9 million or 5.5 percent, offset by a decrease of \$0.4 million or 5.8 percent, in use tax due to a slow down of growth within the Town.
- Program revenues – including charges for services, grants and contributions – provide 46% of revenue in the governmental activities. Capital grants and contributions increased \$18.6 million (59 percent) due to cash and capital donation received for ongoing capital projects including the Crystal Valley Interchange and the purchase of Lost Canyon Ranch.
- Only 2 percent of governmental revenues are provided by property taxes and tax increment financing (TIF).

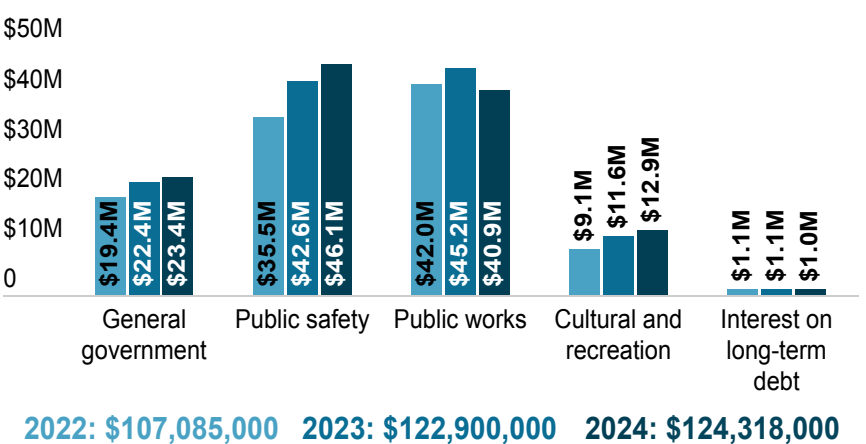


## Governmental Activities Expenses by Program



The Town maintains 18 governmental funds. These funds account for functions such as municipal court, Police, Fire and Rescue, Parks and Recreation, public works (maintenance of roadways), and general government support. Program expenses of the governmental activities are summarized from the Town-wide Statement of Net Position below.

- Public safety services account for about 37 percent of all governmental-type expenses.
- Public works accounts for just over 33 percent of all governmental-type expenses.
- The \$1.4 million increase in governmental activity expenses from 2023 resulted primarily from increased staffing and operational costs in public safety as well as increased program costs in culture and recreation programs due to additional program offerings.



2024 Gov act exp by program



▲ First Friday's Downtown Castle Rock

## Did You Know?

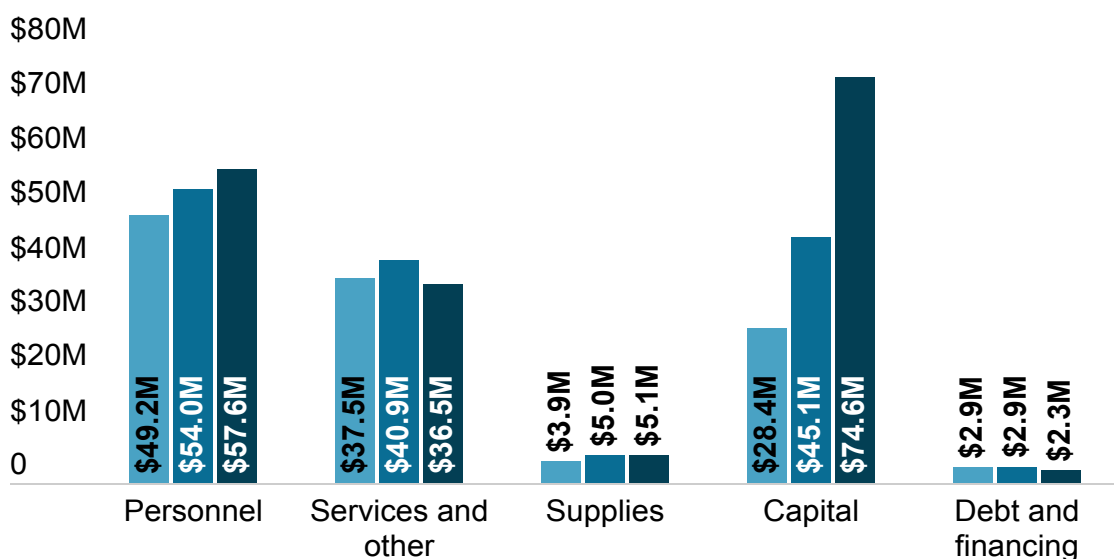
The Town of Castle Rock hosts several fun activities for its residents.

On the first Friday of June, July, and August, Downtown Castle Rock comes alive with First Fridays in Festival Park. Residents can enjoy live music, kids' activities, food trucks, cocktails, and a free 5K fun run!

Throughout the year, Castle Rock offers seasonal festivals, outdoor concerts, farmers markets, and holiday celebrations like WineFest, the July 4th parade and fireworks, and the Christkindl Market. Outdoor enthusiasts also enjoy scenic hiking trails, community sports leagues, and numerous parks for year-round recreation.

## Governmental Funds Expenditures by Type \*

- Daily governmental functions include paying for operational costs such as salaries, supplies and services.
- Governmental personnel costs for 2024 include 459 full-time equivalents – 50 percent who work to provide the Town's public safety services.
- Services costs typically include utility and software expenses, costs related to the Town's annual Pavement Maintenance Program, and contracts with community service partners.



**2022: \$121,900,000    2023: \$151,880,000    2024: \$181,220,000**

2024 Gov funds exp by type

\*Information presented on modified accrual budgetary basis

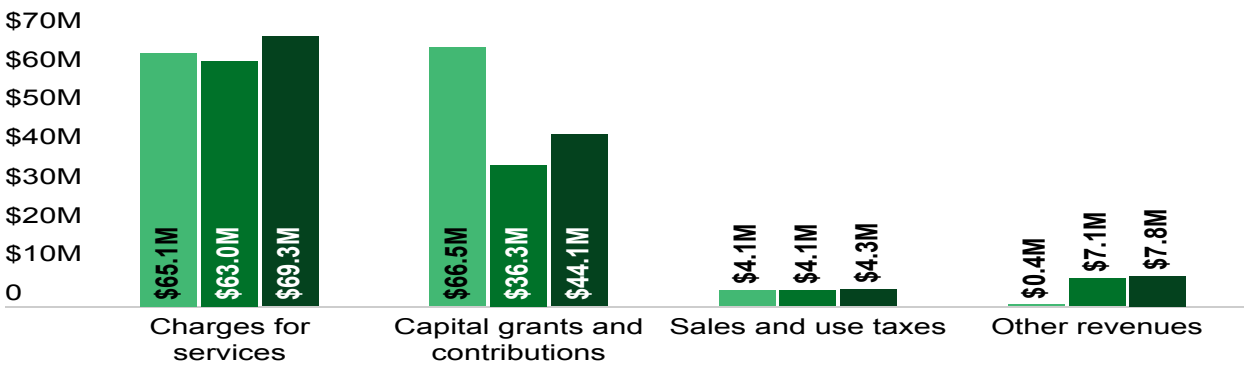
# Financial Results Continued

## Business-type Activities Revenue



This chart reflects all revenue of the business-type or “enterprise” funds, impact fees and system development fees. These types of fees can only be used for growth-related costs, primarily the construction of infrastructure assets.

- Charges for services include water rates paid by customers, building permit revenues, and rates paid at the Recreation Center, Miller Activity Complex and Red Hawk Ridge Golf Course.
- The \$15 (14 percent) increase in business-type activity revenues from 2023 is primarily due to an increase of \$6.3 million (10 percent) in rate and fee revenue from the water, water resources and wastewater funds and an increase of \$7.8 million (21 percent) in capital contributions from developers.



2022: \$136,068,000      2023: \$110,446,000      2024: \$125,500,000

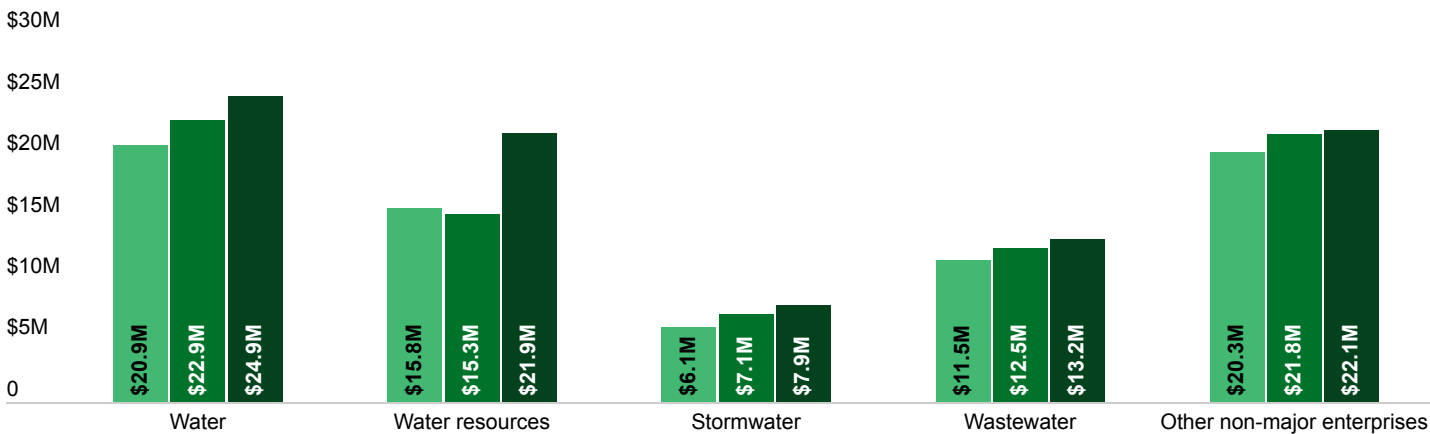
2024-Bus-type-activity-revenue

## Business-type Activities Expenses



The Town maintains seven business-type funds. These funds account for functions such as water, water resources, stormwater, and wastewater (major funds) along with development services, golf and community center (other non-major enterprises).

- Water services account for about 75 percent of all business-type expenses.
- The \$10.4 million (13 percent) increase in business-type activity expenses from 2023 is primarily due to an increase in expenses in the Water Resource Fund. This fund acquires water rights and secures the capital needed to meet the Towns goal of 100% reusable water by 2040.



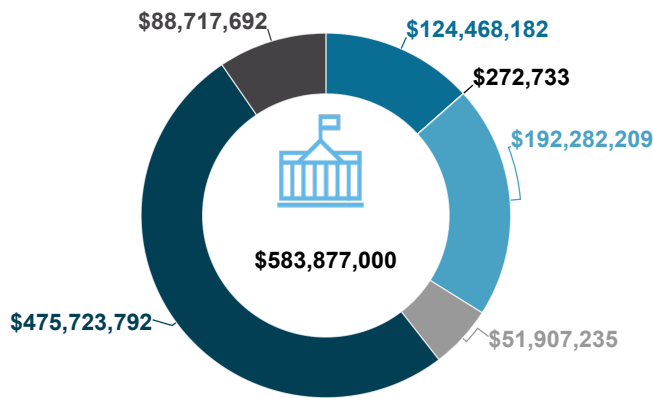
2022: \$74,569,000      2023: \$79,613,000      2024: \$90,000,000

# Financial Results Continued

## Capital Assets (net of depreciation)

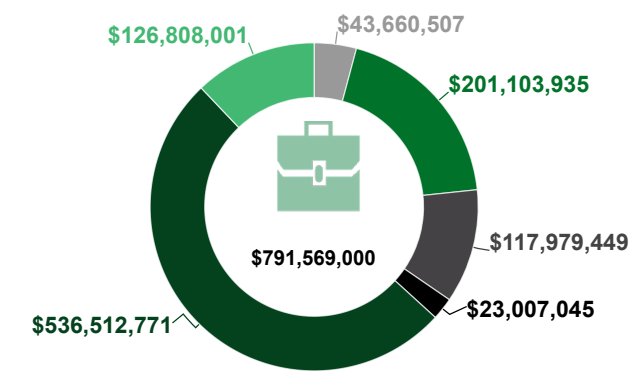
The Town had significant investments in infrastructure in 2024. Major capital asset events included renewable water projects, and design and construction of transportation projects.

Governmental activities



- Land/easements/right of ways (13.3%)
- Buildings/improvements/other (20.6%)
- Machinery and equipment (5.6%)
- Construction in progress (9.4%)
- Infrastructure (51.0%)
- Artwork (0.1%)

Business-type activities



- Land/easements/right of ways (4.2%)
- Water rights (19.2%)
- Buildings/improvements/other (11.2%)
- Machinery and equipment (2.2%)
- Infrastructure (51.1%)
- Construction in progress (12.1%)

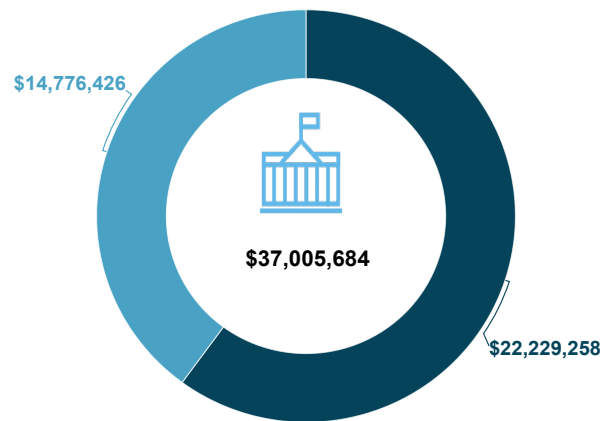
## Outstanding debt

The Town’s total long-term debt decreased by \$7.3 million, or 6.2 percent in 2024, due to scheduled annual principal payments.

The Town has no general obligation bonds outstanding.

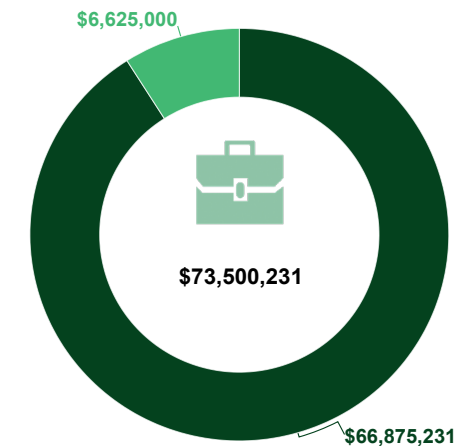
The credit position for Castle Rock is very strong, and its Aa1 rating is above the U.S. city median of Aa3. The rating reflects a very healthy financial position, a considerable tax base and an affluent socioeconomic profile. A strong credit rating makes the Town more attractive to potential investors and potentially secures more favorable rates when issuing debt.

Governmental activities



- Revenue bonds (63.4%)
- Certificates of participation (36.6%)

Business-type activities



- Revenue bonds (91.0%)
- Notes payable (9.0%)

# Investments

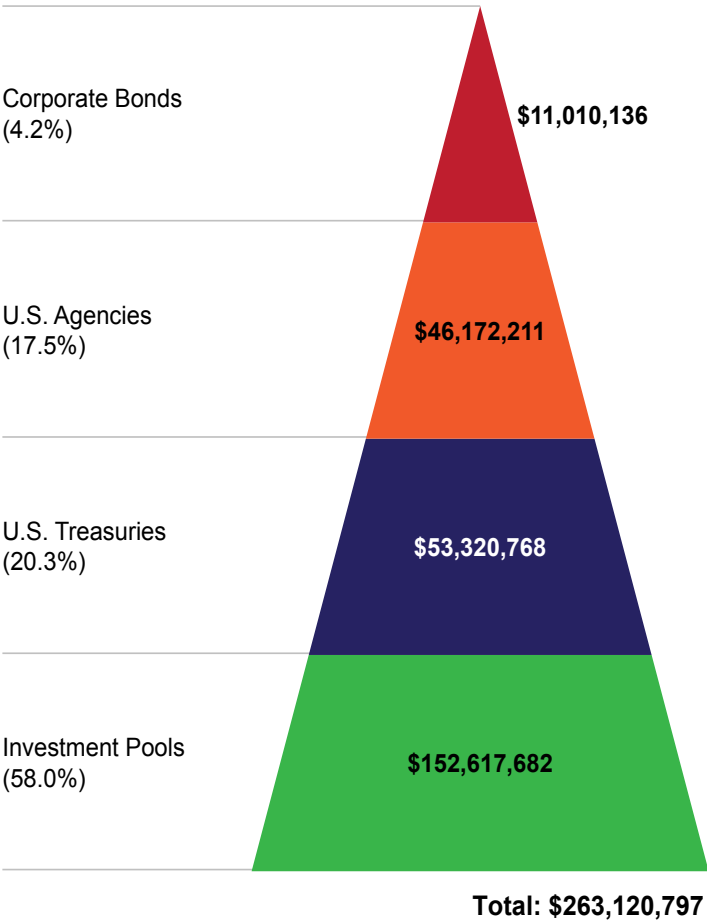
The Town maintains a conservative investment policy.

The principal objectives include:

- Preservation and protection of capital
- Maintenance of sufficient liquidity
- Diversification to avoid unreasonable risk
- Attainment of adequate market rate of return
- Conformance with all stated regulations

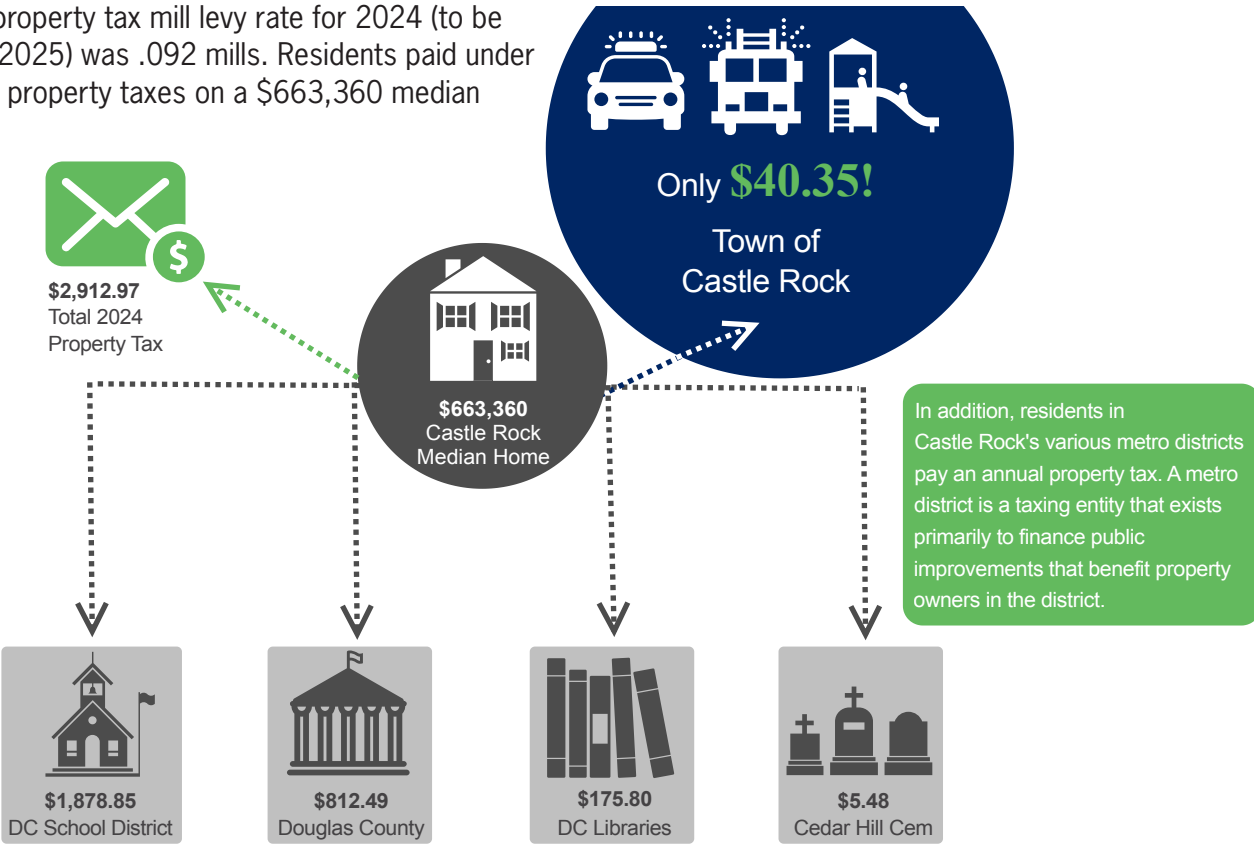
## Did You Know?

The Town holds a significant portion of its investments in pooled funds, including a Local Government Investment Pool and a Pension Trust Affiliated Local Plan Pool. The Local Government Investment Pool serves public entities using an asset allocation strategy focused on safety, liquidity, transparency, and competitive returns. The Pension Trust Pool, managed by the Fire & Police Pension Association Board, is a long-term investment fund for Fire & Police members, designed for open plans with longer time horizons, higher risk tolerance, and lower liquidity needs.



# Where do your property tax dollars go?

The Town's property tax mill levy rate for 2024 (to be collected in 2025) was .092 mills. Residents paid under \$41 in Town property taxes on a \$663,360 median value home.





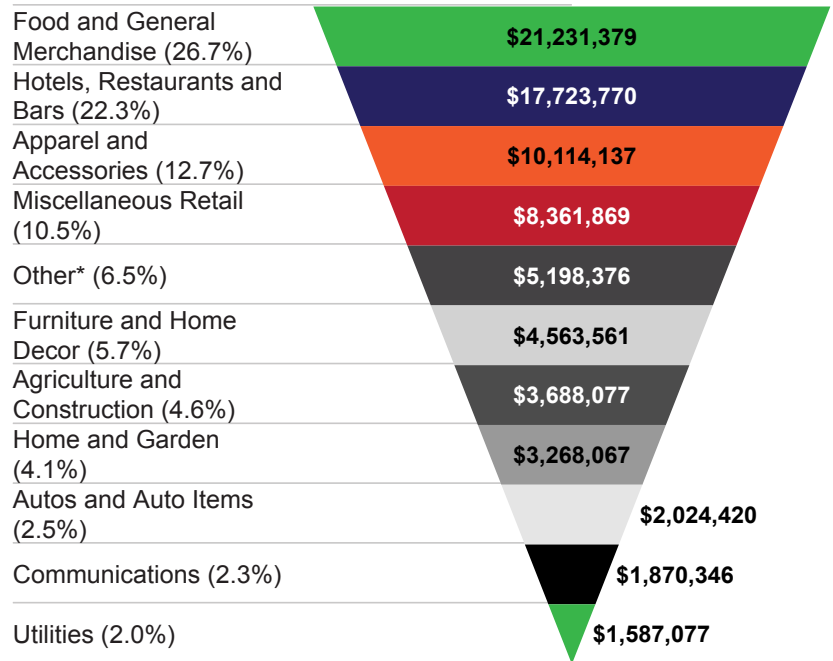


Supporting local businesses builds community character. Castle Rock strives to maintain a high-quality business environment that includes unique locally-owned stores in historic Downtown.



▲ Supporting Local Business

## Which Industries Generate the Most Sales Tax?



\*Other: Leasing and Rentals, Audit & Collections Revenue, Services, Wholesale and Manufacturing

**Total: \$79,631,079**

Source: Town of Castle Rock Revenue Division

## Terminology Explained

**Assets:** resources with economic value that the Town owns

**Liabilities:** claims against the Town's assets

**Restricted:** funds set aside for a specific purpose or project and not available for use

**Unrestricted:** one-time funds available to use for operations or capital

**Deferred Inflow of Resources:** acquisition of net assets applicable to a future reporting period. For example advance collections

**Deferred Outflow of Resources:** consumption of net assets applicable to a future reporting period. For example deferred charges

**Governmental-type Activities:** include most of the Town's services such as general government, public safety (police and fire), public works (transportation and streets), and culture and recreation (parks and open space). Taxes and intergovernmental revenues normally support these services

**Business-type Activities:** include water, water resources, stormwater and wastewater utilities, a golf course, a community center (recreation), and development services. These activities rely to a significant extent on fees and charges for services

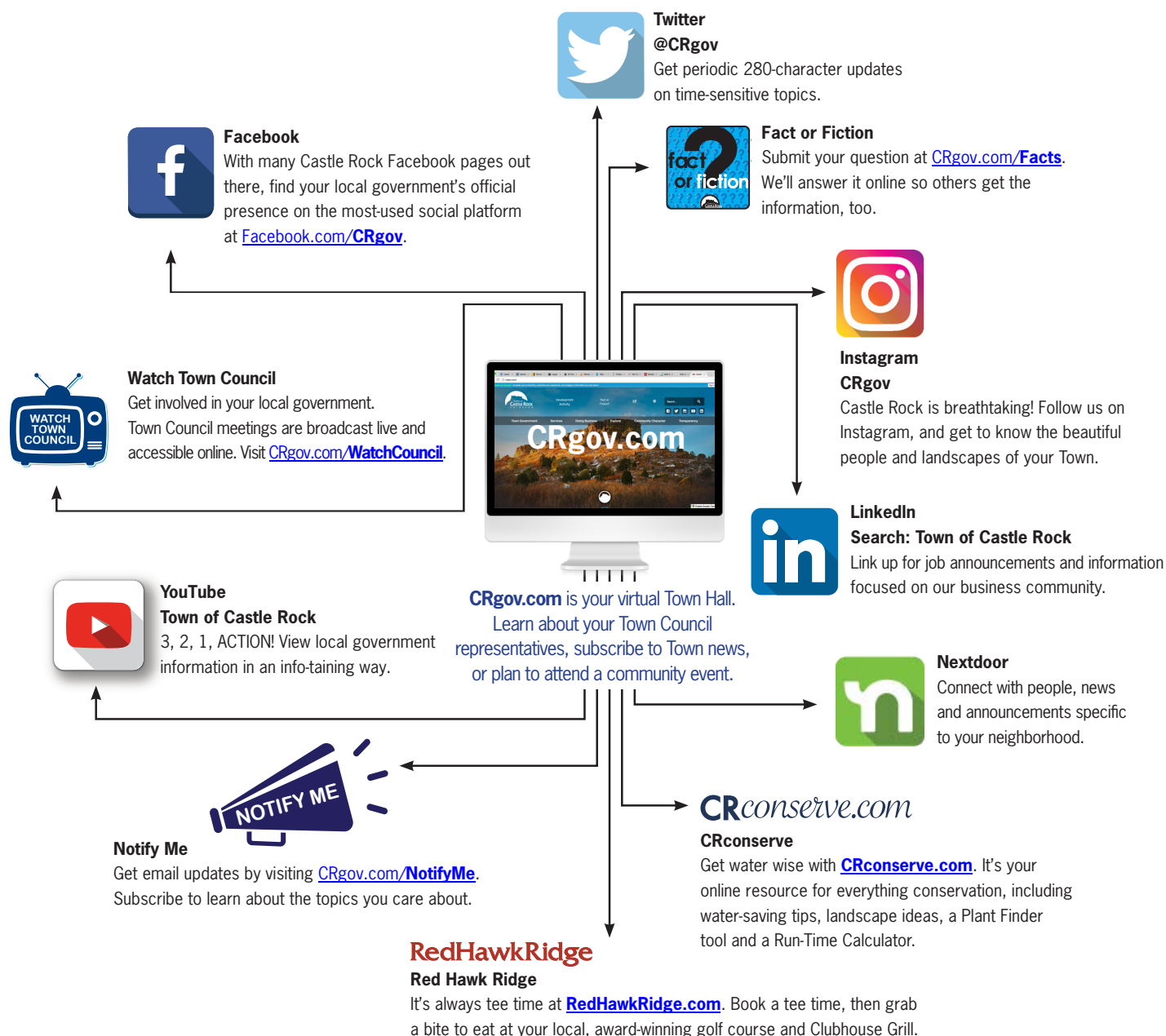
**Primary Government:** the main focus of financial reports. It can be a state or local government, or a special-purpose government that has its own elected leaders, is legally separate, and handles its own finances.

**Net Position:** difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – in this case, the Town's net worth

# How Do Residents Connect with the Town?

The Town of Castle Rock demonstrates its [values](#) through clear, direct, honest communication. Residents and business owners have more ways than ever to access information. Your Town government strives to engage residents regarding news, events, programs and services. In its commitment to keep everyone informed, the Town deploys various tools and resources including [Your Town Talk](#), printed monthly and distributed with water bills.

## CONNECTING IN CASTLE ROCK





# **2024 ANNUAL COMPREHENSIVE REPORT (ACFR) AND 2024 POPULAR ANNUAL FINANCIAL REPORT (PAFR)**

TOWN COUNCIL MEETING  
JUNE 17, 2025



# ANNUAL AUDIT PROCESS

COLORADO STATE LAW AND THE TOWN OF CASTLE ROCK HOME RULE CHARTER REQUIRE AN ANNUAL AUDIT OF THE TOWN'S FINANCIAL STATEMENTS



- Audit was performed by Forvis Mazar, LLP
- Unqualified or “clean” opinion on the financial statement for the year ended December 31, 2024
- Unqualified or “clean” opinion on Audit of Federal Funds performed.



# REPORT TO GOVERNANCE

- Forvis Mazar issued a comment related to the number of journal entries needed to adjust accounts for the year end.
  - Entries identified during the audit process that were deemed immaterial
  - Significant staff turn over in the accounting department
    - Staff shortage / Loss of institutional knowledge
    - Process of rebuilding team
- Presented to the Audit Committee on June 13, 2025.

# ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

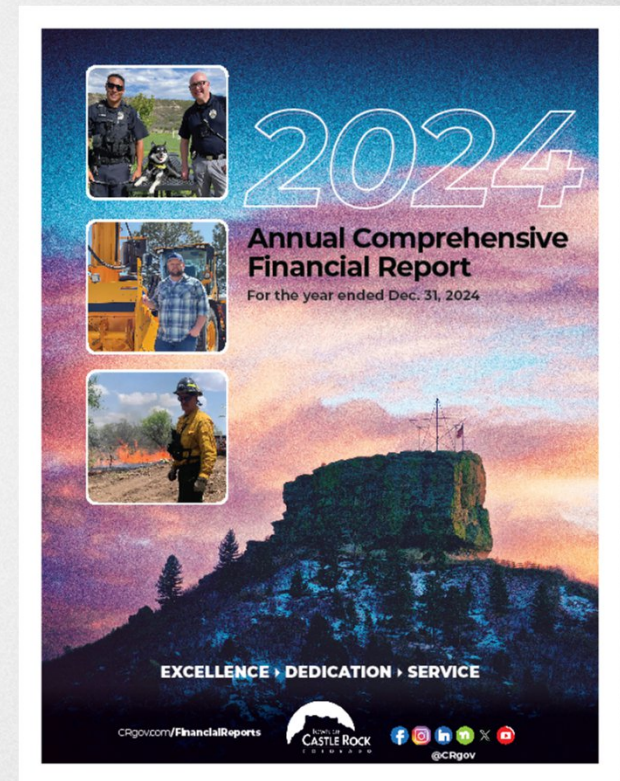
- Positive net income for the Town as a whole
- Continued modest growth in sales tax revenues
- Decrease in growth related revenues (impact fees)
- Certain adjusting entries noted during the audit – deemed immaterial to the financial statements as a whole.





# POPULAR ANNUAL FINANCIAL REPORT (PAFR)

- Quick facts and accomplishments for each strategic priority.
- Provides an overview of the Town's financial position as reported in the 2024 ACFR
- Easily understandable version for the general public and other interested parties.





**QUESTIONS?**

**THANK YOU**





# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 6. **File #:** ID 2025-075

---

**To:** Honorable Mayor and Members of Town Council

**From:** David L. Corliss, Town Manager

**Presentation:** Chief Jack Cauley Special Events Presentation

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### **Executive Summary**

Police Chief Jack Cauley will provide information and make a presentation to Town Council on special events.

# SPECIAL EVENT SECURITY

JUNE 17, 2025



# SPECIAL EVENT SECURITY

## CASTLE ROCK POLICE STAFFED EVENTS

- First Friday's (Festival Park)
- Summer Concert Series (MAC)
- Tunes for Trails (MAC)
- Spring Kickoff Concert (Festival Park)
- Ducky Derby (Festival Park)
- Car Show Concert (Wilcox Square)
- Car Show (Wilcox Square)
- July 4<sup>th</sup> (Downtown)
- July 4<sup>th</sup> (Meadows Neighborhood Company)
- Cattle Drive (Rock Park to PD)
- DC Parade (Plum Creek Pkwy to Downtown)
- Boots and Brews (Festival Park)
- Sip & Savor- formerly the Winefest (MAC)
- Music Under the Lights (Wilcox Square)
- National Night Out (MAC)
- Tri The Rock (Butterfield Park)
- Touch a Truck (Fairgrounds)
- Oktoberfest (Wilcox Square)
- Artfest (Downtown)
- Pumpkin Fest (Meadows)
- VetFest (Festival Park)
- Starlighting (Downtown)
- Turkey Trot (Downtown)
- Heroes and Helpers (Christmas Shopping)
- Music in the Meadows (Meadows)
- Meadows Trash Bash (Meadows)
- BrewFest (MAC)
- Central Bible Church Security
- Central Bible Summer Sports Camp
- Plum Creek Church Security
- Front Range Church Security
- DC Library Board meetings security
- Town Council security
- Menorah Lighting (Festival Park)
- DC Oakesgiving (DC Oakes)
- Outlet Mall (Black Friday, Tree Lighting)



# SPECIAL EVENT SECURITY

## EVOLVING SAFETY AND SECURITY OPERATIONS

- Increased officer presence and watchfulness
- Drone technology
- Early threat detection/ situational awareness
- Real-Time Crime Center
- Ingress and egress points reinforced
  - ✓ Vehicles
  - ✓ Portable steel barriers

# SPECIAL EVENT SECURITY

## EVOLVING SAFETY AND SECURITY OPERATIONS

### 1. Event Set-up and Schedule

- Street Closures and Park Control
- Vendor Access
- Command Post Activation

### 2. Safety and Security

- Real-Time Crime Center
- Officer Deployment
- Egress/Ingress Reinforcement
- Drone Operations
- Lost person procedure

### 3. Emergency Preparedness

- Primary Route
- Secondary Route
- Mass Casualty Incident

### 4. Event Flow and Demobilization

- Ingress/egress Routes
- Street Reopening

### 5. Communication & Coordination

- Command Post
- Public Works and CRFD



# SPECIAL EVENT SECURITY

IN RESPONSE TO NATIONAL AND REGIONAL EVENT INCIDENTS

## Questions



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 7. **File #:** ID 2025-076

---

**To:** Honorable Mayor and Members of Town Council

**Through:** Tara Vargish, Director of Development Services

**From:** Kevin Wrede, Planning Manager

**Update: Quasi-Judicial Projects**

---

### **Executive Summary**

The purpose and intent of this report is to provide Town Council with a summary of quasi-judicial projects. In order to provide all parties with due process under law, decision makers must be fair and impartial when considering quasi-judicial applications such as those included in this memorandum. Many of these projects do not have public hearing dates yet, but Town Council could be asked to consider them in the future.

### **New Applications**

#### **810 Wilcox Street: 7-11 Rezoning**

Staff has received a new Quasi-judicial application from Ardeshier and Sylvia Delsouz to rezone 810 N Wilcox, an existing 7-11 convenience store and gas station. The applicant is proposing to rezone the property from a Planned Development (PD) to the straight zone Business/Commercial - B. The rezoning of the property would make the Downtown Overlay District (DOD) apply to the property. The property is located at the north east corner of Wilcox and Eighth Streets. Please see the attached vicinity map. The rezoning will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This project is located in Councilmember Davis' district.

### **On-going Quasi-Judicial Applications (currently under review)**

The full list of on-going quasi-judicial projects along with vicinity maps can be found on the attached Staff Memorandum.





Meeting Date: June 17, 2025

## **AGENDA MEMORANDUM**

**To:** David L. Corliss, Town Manager

**Through:** Tara Vargish, Director Development Services

**From:** Kevin Wrede, Planning Manager

**Title:** **Update: Quasi-Judicial Projects**

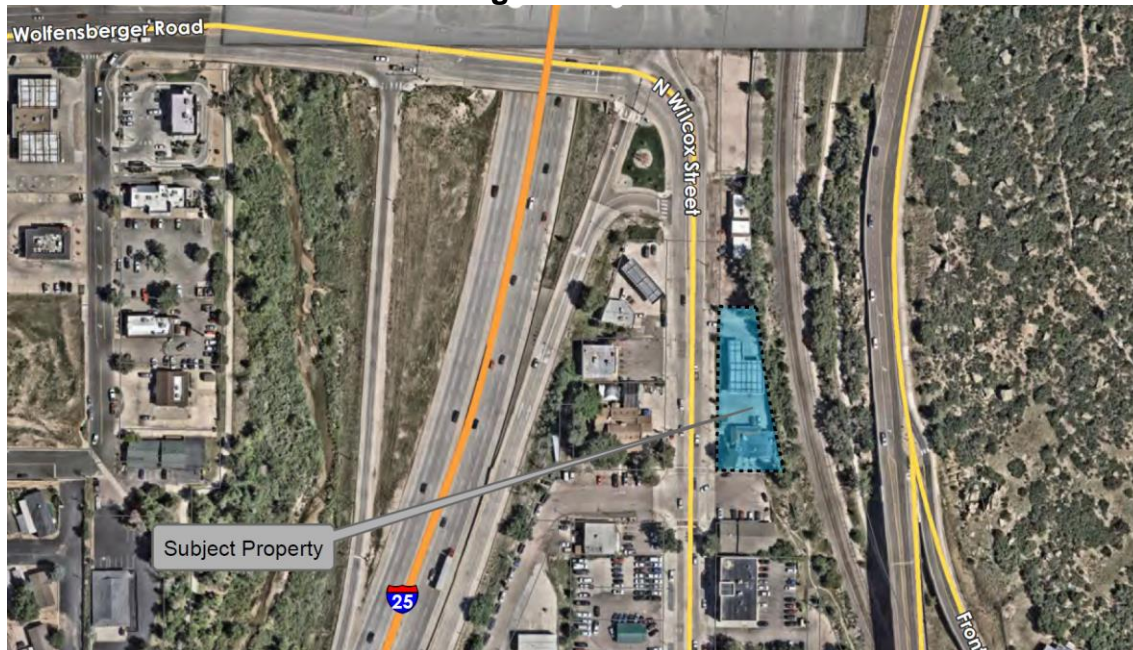
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### **Executive Summary**

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### **New Quasi-Judicial Applications:**

#### **810 Wilcox Street: 7-11 Rezoning**



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Business/Commercial – B. The rezoning of the property would make the Downtown Overlay District (DOD) apply to the property. The property is located at the north east corner of Wilcox and Eighth Streets. Please see the attached vicinity map. The rezoning will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This project is located in Councilmember Davis' district.

**On-going Quasi-Judicial Applications (currently under review):**

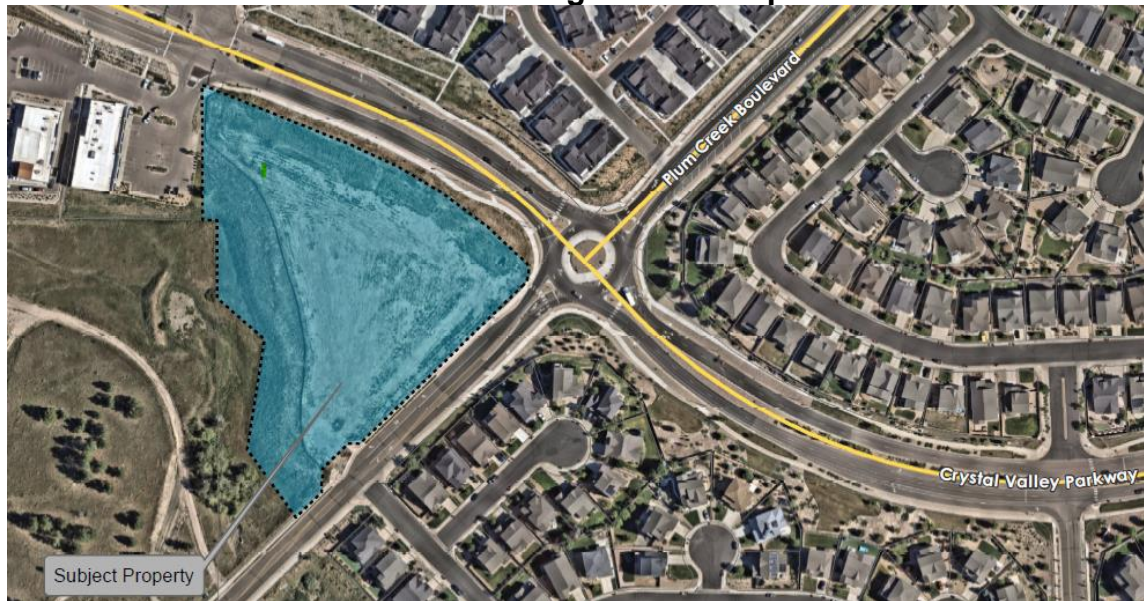
**24 S. Cantril Street Site Development Plan (Residential Tri-Plex)**



Zaga Design Group, on behalf of property owner Cottonwood Row, LLC, has submitted a Site Development Plan application and a Historic Preservation Design Review application for a three-story, 36-foot-tall triplex building at 24 South Cantril Street. Located within the Craig & Gould neighborhood, 24 South Cantril Street is a 0.288-acre property located at the end of South Cantril Street on the east side of the street. Each unit has a two-car garage accessed from the alleyway. The proposal will require hearings in front of the Historic Preservation Board, Planning Commission and Town Council. The property is located in Councilmember Davis' district.

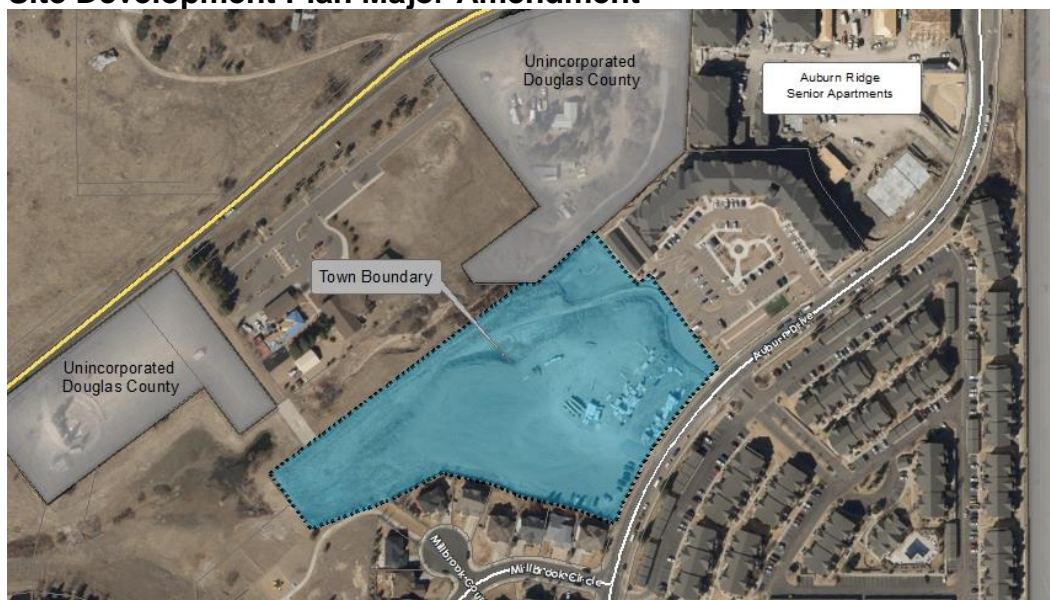


### **Advent Health Medical Office Building Site Development Plan**



Boulder Associates has submitted a quasi-judicial application for a Site Development Plan for AdventHealth Medical Office Building. The applicant is proposing a new medical office building to include a freestanding emergency department on a 5.17-acre site. The proposed project is located west of the intersection of Plum Creek Boulevard and Crystal Valley Parkway. The Site Development Plan will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This project is located in Councilmember Dietz's district.

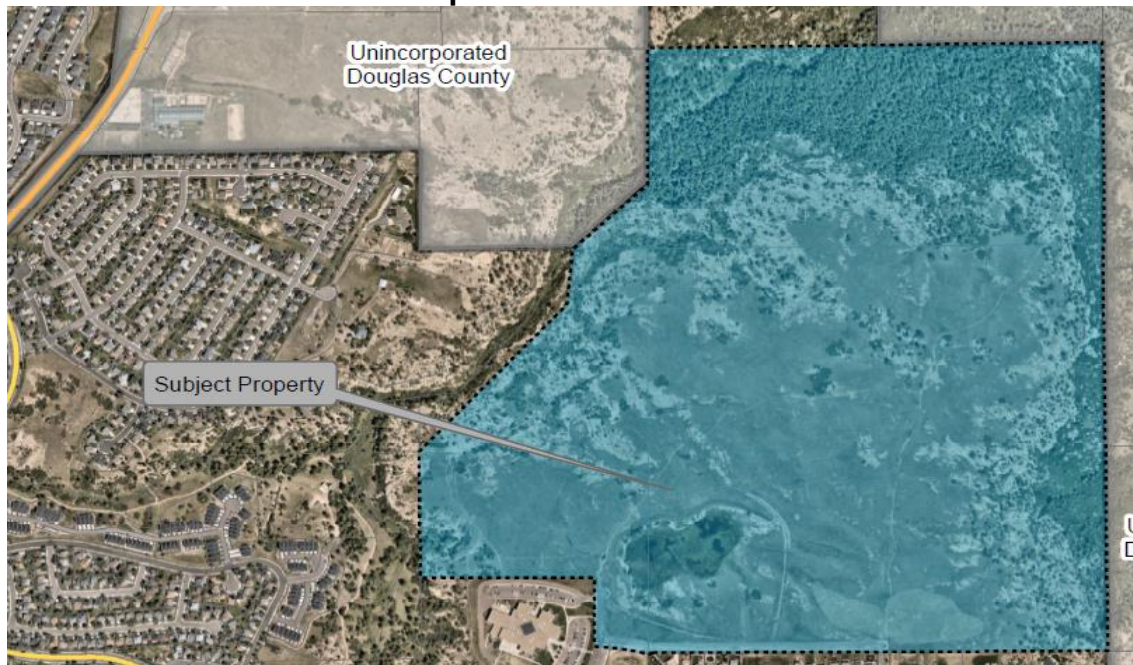
### **Auburn Heights Apartments Planned Development Plan Zoning Major Amendment and Site Development Plan Major Amendment**



The property owner has submitted an application to amend the zoning and the currently approved site development plan for lot 2 of Auburn Ridge, and is generally located in the southwest quadrant of E. Wolfensberger Road and Auburn Drive, southwest of the Auburn

Ridge Senior Apartments. Currently, the zoning permits 100 multi-family units for seniors. The zoning amendment seeks to permit 104 multi-family units for people of all ages. The proposed parking is a combination of attached garages, detached garages, and surface parking. Both the PDP Amendment and the SDP Amendment will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. The project is located within Councilmember Bracken's district.

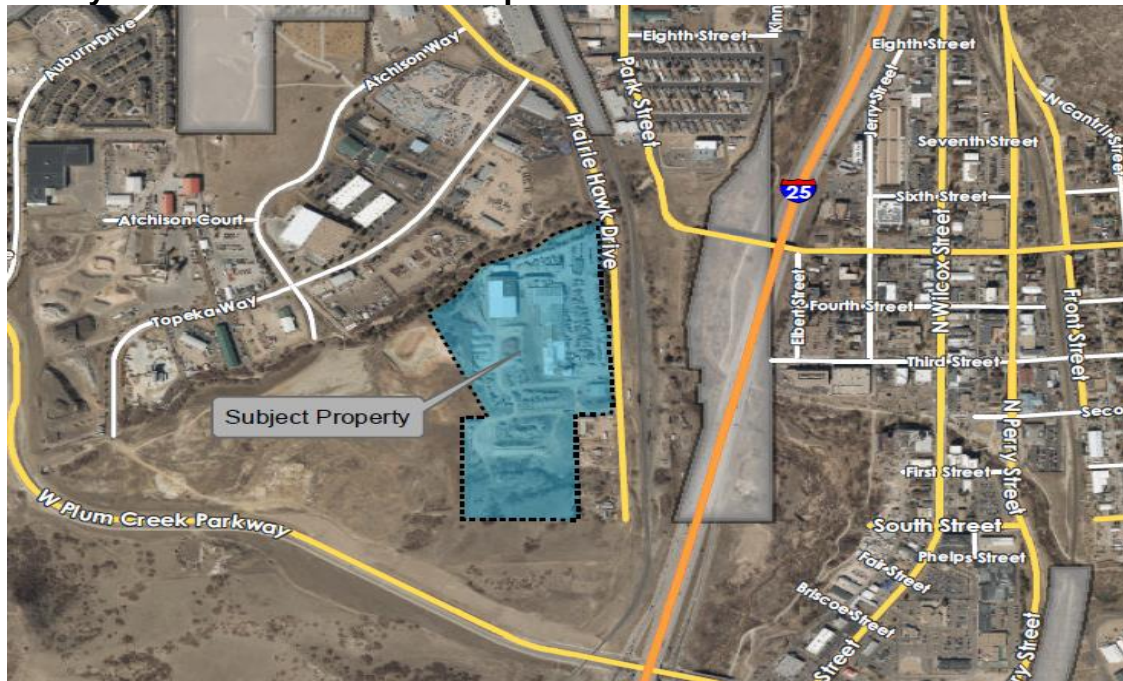
### **Bella Mesa North Site Development Plan**



Cardel Homes has submitted a Site Development Plan application for Bella Mesa North. The applicant is proposing a residential neighborhood consisting of 525 single-family homes. The general location is northeast of the intersection of Mitchell Street and Mikelson Boulevard. The Site Development Plan will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This project is located in Councilmember Brooks' district.

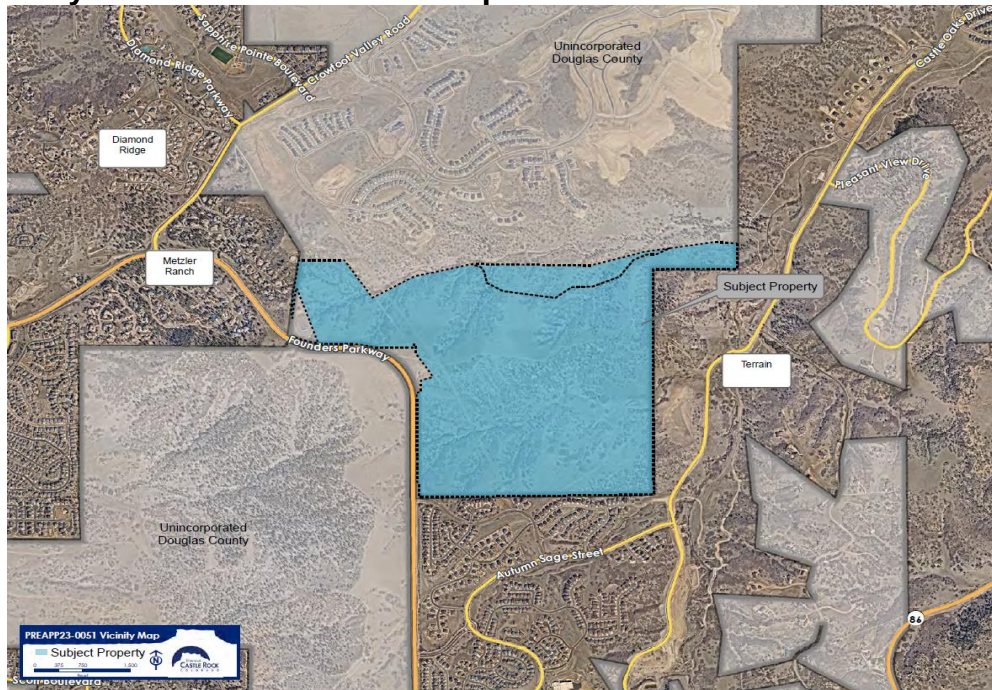


## Brickyard Mixed Use Site Development Plan



Confluence Companies has submitted a quasi-judicial Site Development Plan (SDP) application for the 18.8-acre Brickyard mixed-use development located at 401 Prairie Hawk Drive. The site plan proposed both vertical and horizontal mix of uses, to include 506 multifamily residential units. The units will be a for-lease product, primarily apartments/condo style, with 24 townhomes. Approximately 178,000 square feet of non-residential uses will include a destination hotel with pool, shops and bar, as well as, restaurants, retail, office, and conference venue space throughout the development. Parking will be provided through a combination of on-street and structured garages, and will comply with the Municipal Code requirements for joint use of parking spaces. Two points of access to the development will be provided from the east, via existing Prairie Hawk Drive, and one connection will be made on the west through Miller's Landing to Plum Creek Parkway. This property is located within Councilmember Bracken's district.

## Canyons Far South Site Development Plan



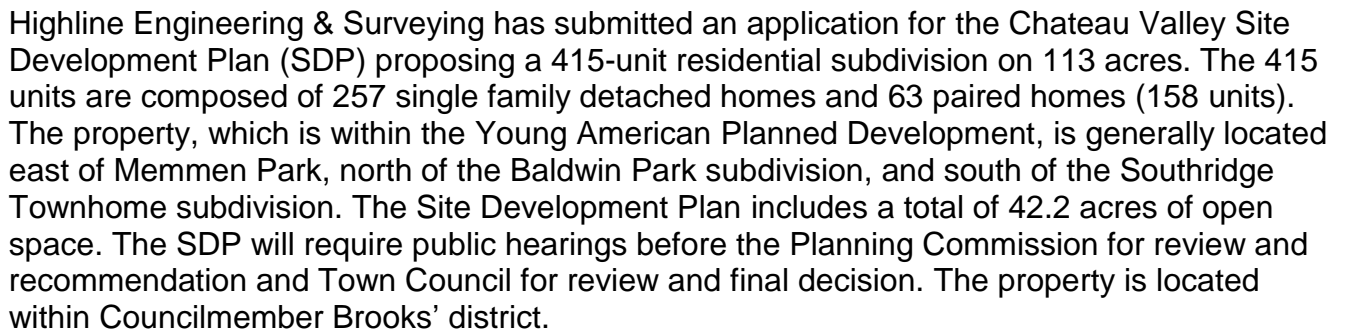
PCS Group has submitted a Site Development Plan application for Canyons Far South. The applicant is proposing a residential and commercial development on 409-acre site that aligns with the recent annexation and zoning approval for 515 single family homes, 12.5 acres of commercial and over 217 acres of open space. The general location is southeast of the intersection of Crowfoot Valley Road and Founders Parkway. The Site Development Plan will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This project is located in Mayor Pro Tem Cavey's district.

## Castleton Heights Multifamily Site Development Plan





# Chateau Valley Site Development Plan





## Crystal Valley Mixed-Use Site Development Plan



Henry Design Group on behalf of Dan Kauffman, Pinnacle View Development, LLC, has submitted an application for a Site Development Plan. The applicant is proposing a mixed-use development on the 4-acre property located at the southeast corner of Crystal Valley Parkway and West Loop Road. The proposal includes 24 townhomes, with attached two car garages, and a single two-story building with 7,376 square feet of commercial space on the 1<sup>st</sup> floor and seven condominium units on the 2<sup>nd</sup> floor. The Site Development Plan will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. The project is located in Councilmember Dietz's district.

## Dawson Trails E2 Townhomes Site Development Plan



Norris Design has a new Quasi-judicial application for a Site Development Plan for Dawson Trails E2 Townhomes. The applicant is proposing to construct 104 townhomes within the Dawson Trails PD. The townhomes would vary between two and three stories in height. The general location is west of the proposed intersections of Quandary Peak Drive and Dawson Trails Boulevard. The site development plan will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This project is located in Councilmember Dietz's district.

### **Eternal Rock Evangelical Lutheran Church Site Development Plan Amendment**



The property owner has submitted an application for a Site Development Plan known as Eternal Rock Evangelical Lutheran Church for approval of new landscaping, new signage, new storage facility, and to reconfigure the parking lot with the addition of a second entrance together with new curb/gutter/sidewalk along Phelps Street on the 0.63-acre property. The Downtown Site Development Plan will require a public hearing before the Design Review Board for review and final decision. The property is located in Councilmember Davis' district.

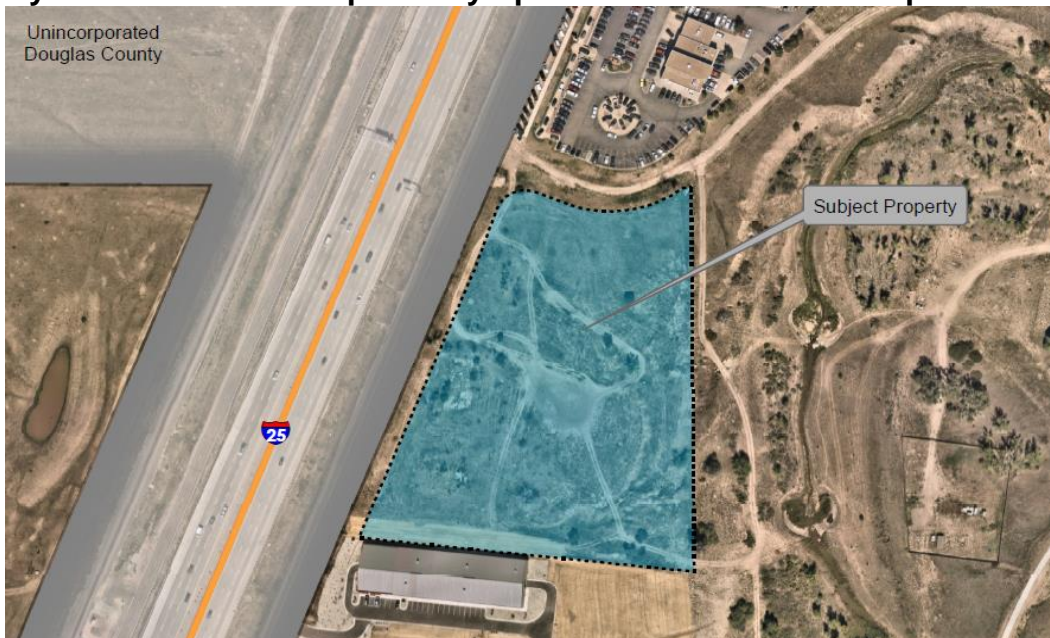


### Front Street Triplexes Site Development Plan



Total Development Corporation, on behalf of Front & Center, LLC, has submitted an application for a Site Development Plan for approval of two triplex residential buildings on a 0.273-acre lot on Front Street between Fifth and Sixth Streets. Each unit will be two bedrooms and 2.5 bathrooms and a total of 14 parking spaces will be provided on the property. The applicant has also submitted an application for architectural review by the Historic Preservation Board as the property is within the Craig & Gould neighborhood. A public hearing will be held before the Historic Preservation Board for review and approval of the project's architecture. The property is located in Councilmember Davis' district.

### Hyundai Car Dealership Use By Special Review Site Development Plan



Adragna Architecture and Development on behalf of Foundation Auto Group has submitted an application for a Use by Special Review Site Development Plan application for a new Hyundai Car Dealership. The proposal is for an approximately 33,000 square foot automotive dealership and service center on a 6.4-acre vacant lot. The property is located at the corner of S Wilcox St and Brookside Circle. The proposal is a Use by Special Review and requires public hearings before Planning Commission and Town Council. The property is located in Councilmember Dietz's district.

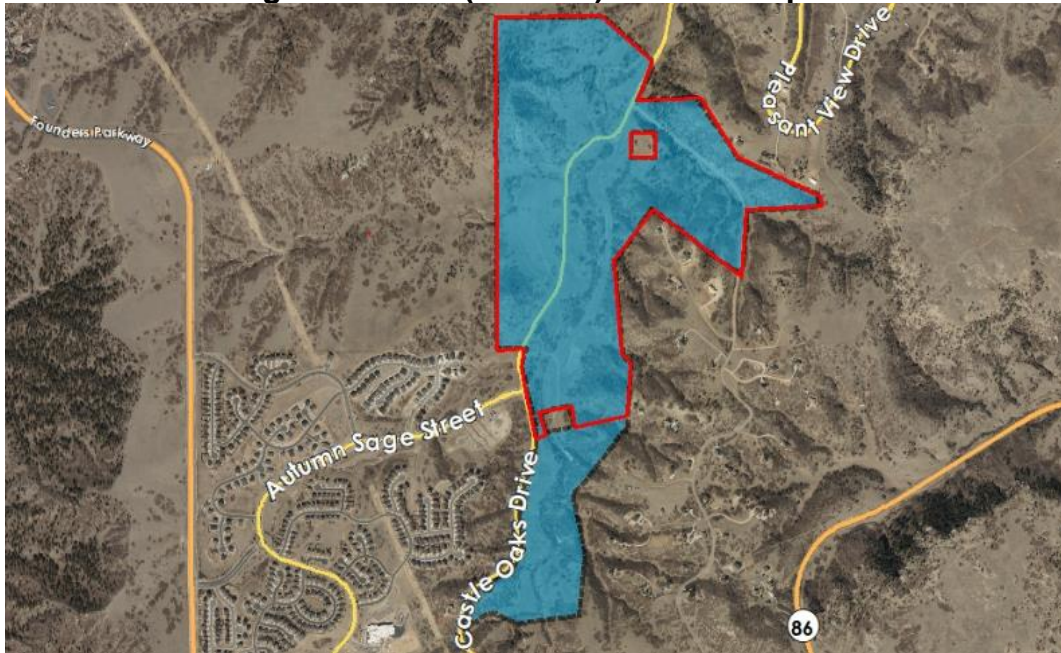
### **New Hope Church Rezoning**



YOW Architects has submitted an application for a rezoning for New Hope Church. The applicant is proposing a new Planned Development Plan to allow for a medical office building on 1.5 acres in the northwest corner of the New Hope Church property. The proposed project is located south of the intersection of Prairie Hawk Drive and Meadows Boulevard. The rezoning will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This project is located in Councilmember Bracken's district.

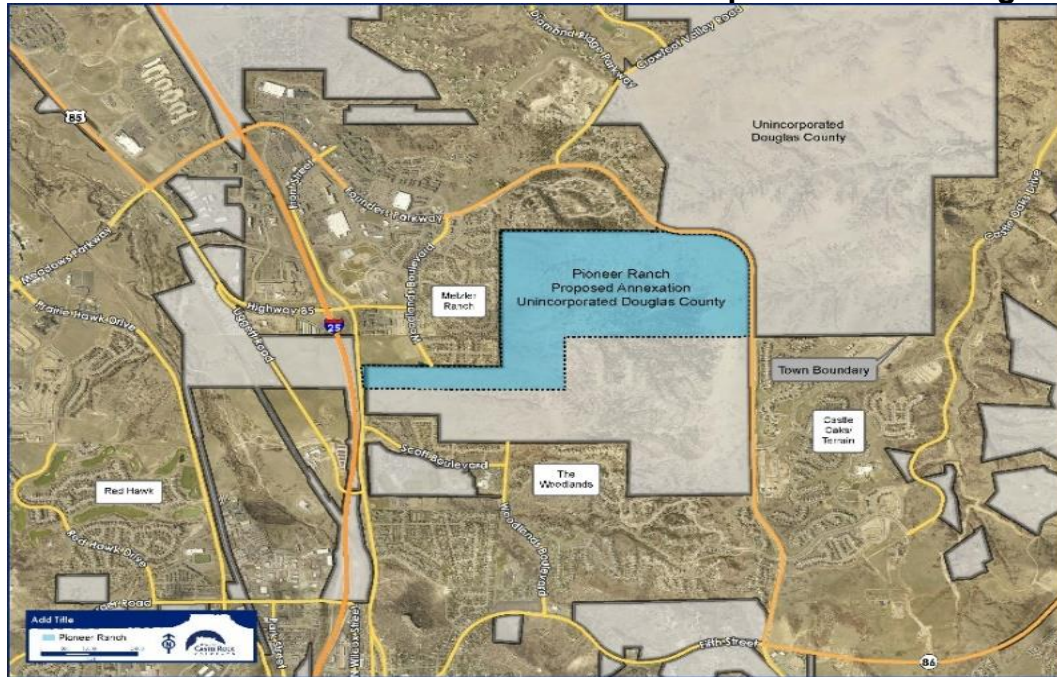


## North Basin Village at Terrain (Phase 2) Site Development Plan



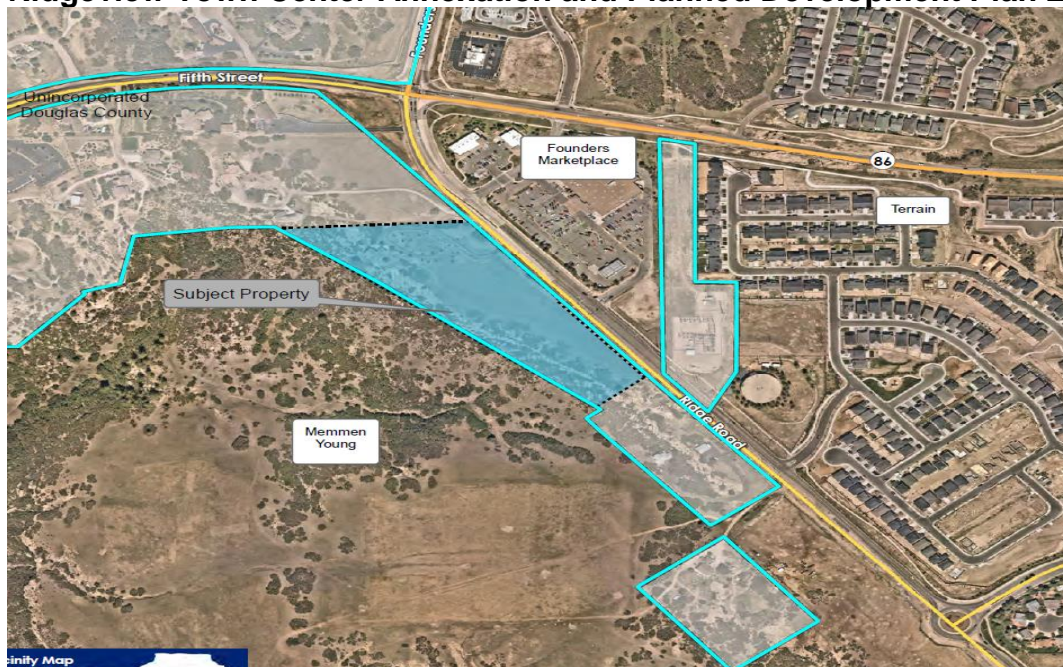
The property owner has submitted an application for a Site Development Plan (SDP) for 29 single family homes on approximately 42 acres within the Terrain North Basin Phase 2 development. The proposed development also includes approximately 35.6 acres of open space dedication. The project is located along Castle Oaks Drive. The SDP will require public hearings before the Planning Commission for review and recommendation, and Town Council for review and final decision. The project is located within Mayor Pro Tem Cavey's district.

## Pioneer Ranch Annexation and Planned Development Plan Zoning



The property owner has submitted an annexation petition to annex a 388-acre site located west of Founders Parkway and east of Front Street into the Town of Castle Rock. The applicant is proposing the Pioneer Ranch Planned Development Plan zoning to allow 1,123 dwelling units (a mix of single-family and multi-family), 78 acres of open space, and 39 acres dedicated for public uses, such as schools and parks. The annexation and planned development plan require public hearings before Planning Commission for review and recommendation and Town Council for review and final decision. The property is adjacent to Councilmember Davis' and Mayor Pro Tem Cavey's districts.

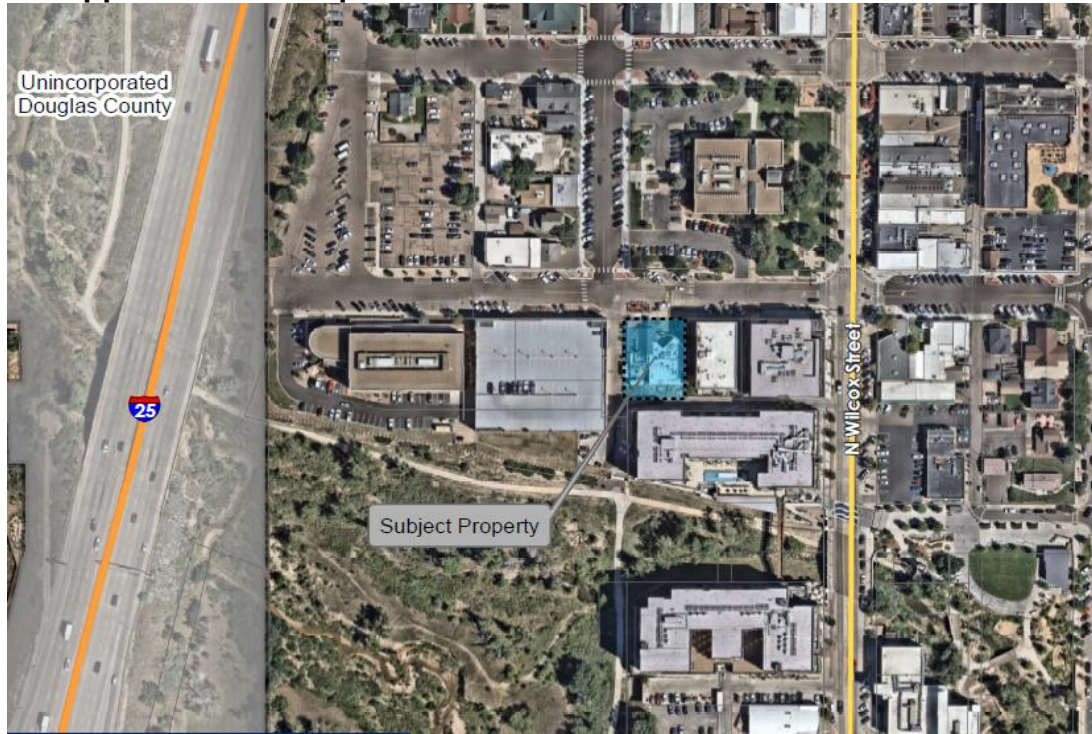
## Ridgeview Town Center Annexation and Planned Development Plan Zoning





The property owner has submitted an application for annexation and zoning for a 10-acre parcel located at 895 N. Ridge Road, southwest of the intersection of State Highway 86 and N. Ridge Road. The owner proposes to zone the property to allow commercial uses, such as retail, office, restaurant, clinic and personal services. Uses by special review include day care, fast food with drive-thru, and doggy day care. Prohibited uses include fueling station, vehicle storage, and auto repair. Approximately 29% of the site is designated open space. The property is adjacent to Mayor Pro Tem Cavey's and Councilmember Brooks' districts.

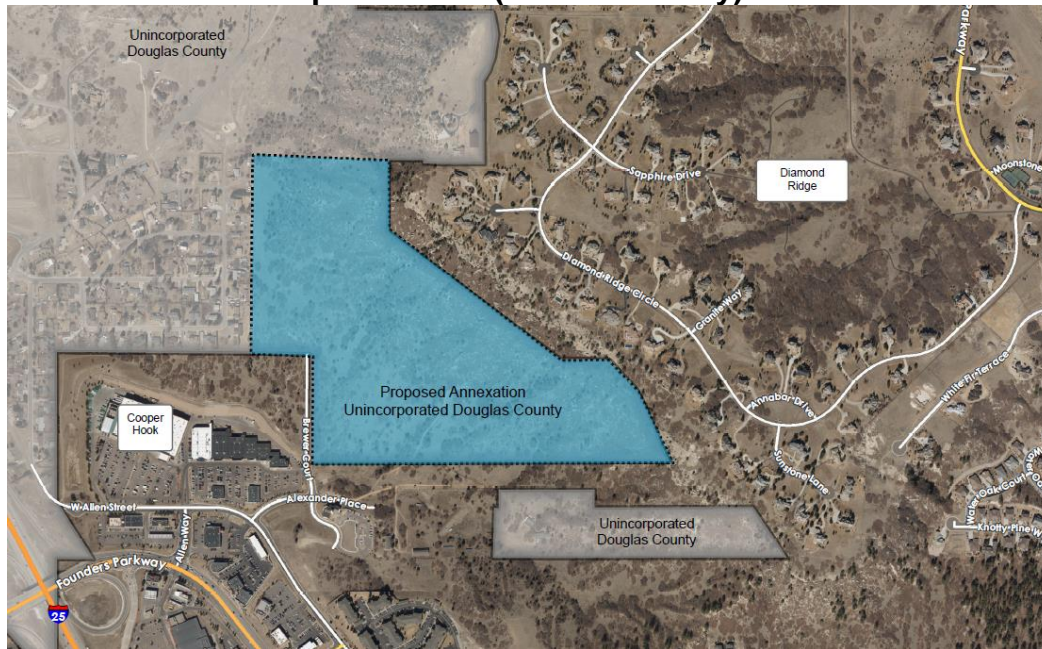
### Scileppi's Site Development Plan



DLH Architecture has submitted a Site Development Plan application for the second phase of the Scileppi's at the Old Stone Church expansion and remodel, located at 210 Third Street. The application is proposing to demolish the existing 1980s addition on the west site of the Old Stone Church and build a new addition within the same footprint. The Site Development Plan will require a public hearing before the Design Review Board for review and final decision. An initial neighborhood meeting was held on March 19. This project is located in Councilmember Davis' district.



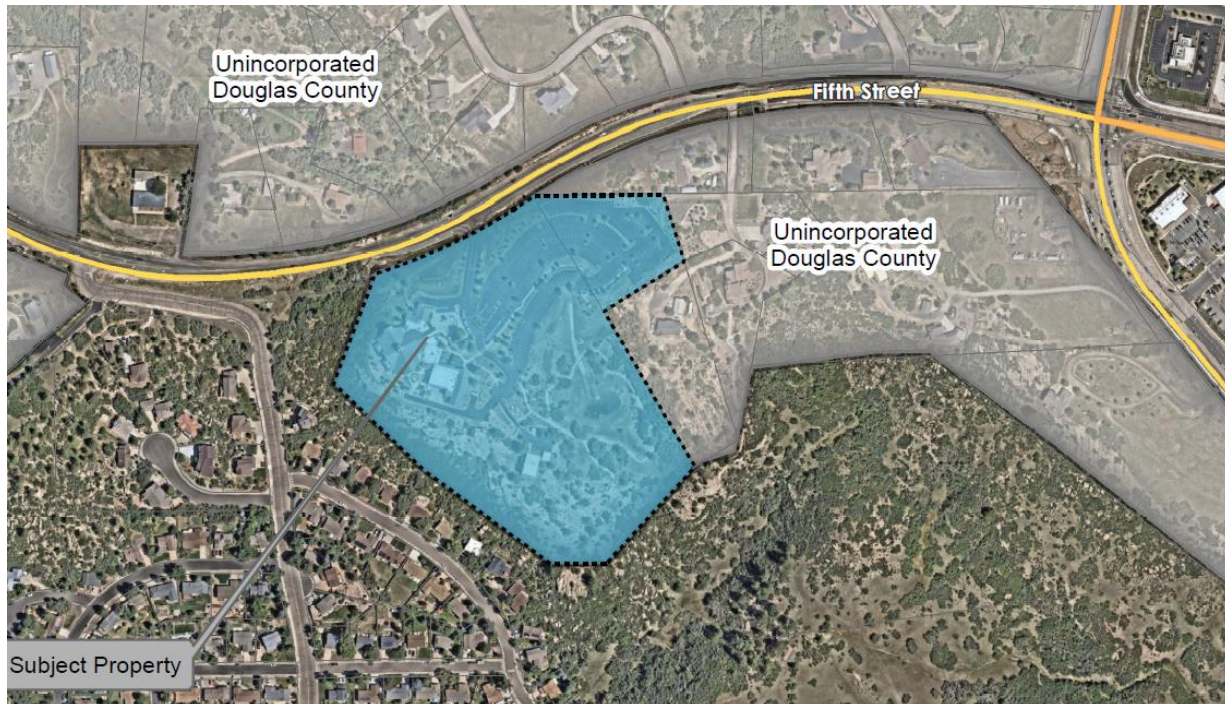
## Soleana Site Development Plan (Alexander Way)



The Henry Design Group Inc. on behalf of the property owners Tierra Investors, LLC and Alexander 455, LLC has submitted a Site Development Plan application for Soleana, which includes 55 custom home sites on half acre or larger lots, as well as 22 live/work homes and a pocket park in the Alexander Way PD. The property was recently annexed in to the Town and is approximately 77.96 acres located east of the Silver Heights neighborhood and west of the Diamond Ridge estates neighborhood. The proposal is a residential neighborhood and requires public hearings before Planning Commission and Town Council. The property is located adjacent to Councilmember Davis' and Mayor Pro Tem Cavey's districts.



## Saint Francis of Assisi Annexation



St Francis Church has submitted a new Quasi-judicial application for an Annexation. The applicant is proposing an annexation of the two lots that the existing church is located on, along with the adjacent right-of-way. The general location is southeast of the intersection of N Valley Drive and Fifth Street. The Annexation will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This project is located adjacent to Councilmember Davis' and Brooks' districts.

## Territorial Road Annexation



ACM Dawson Trails VIII JV LLC and the Town of Castle Rock have submitted an application for the annexation and zoning of several parcels of land, totaling 2.9 acres, that are within, or adjacent to, the current Territorial Road right-of-way. Most of the parcels will be zoned for mixed use development within the Dawson Trails Planned Development and



will be assimilated into the adjacent planning area. Parcels remaining in future right-of-way will be zoned as public land. The property is adjacent to Councilmember Dietz's district.

### **Unity on Wolfensberger Site Development Plan**



Wellspring Community and Matrix Design has submitted a Site Development Plan for Unity on Wolfensberger. The applicant is proposing to convert the existing 70-unit Quality Inn Hotel into a 24-unit “for sale” condominiums facility. This residential facility would become a neuro-inclusive housing option for adults with Intellectual and Development Disabilities. This project is located at 200 Wolfensberger Road. The Site Development Plan will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This project is located in Councilmember Davis' district.

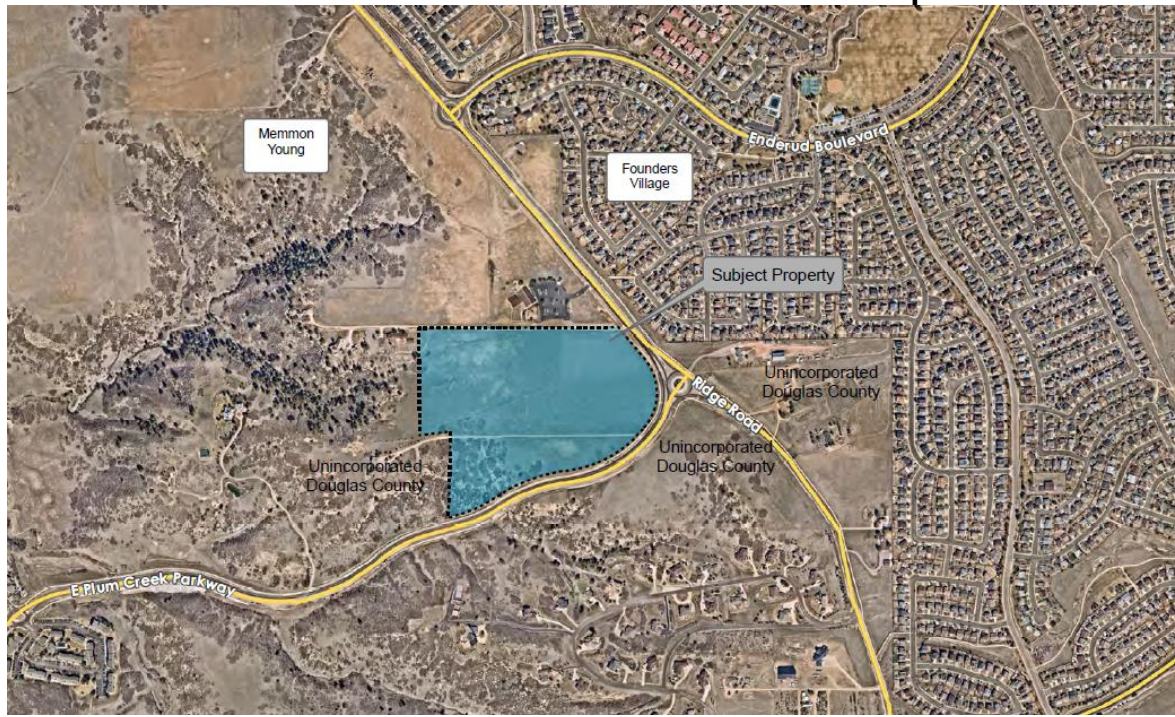
## Wellspring and Castle Oaks Covenant Church Annexation and Planned Development Plan Zoning



The property owner has submitted an application for annexation and zoning of a parcel of land for Wellspring Community Center. The annexation petition is to annex approximately 2.07 acres located at 498 E. Wolfensberger Road, for future Wellspring facilities. The Planned Development (PD) zoning application is proposing to allow for operation of the Wellspring Community Center Monday through Friday and the Castle Oaks Covenant Church on Sundays. The annexation and planned development zoning will require public hearings before the Planning Commission for review and recommendation and Town Council for review and final decision. This property is located adjacent to Councilmember Bracken's district.



## YardHomes at Castle Rock Annexation and Planned Development Plan Zoning



Norris Design, on behalf of the property owner, Mike Morley, Castle Rock Ventures has submitted applications for annexation and zoning of a 32.29 acre parcel located at the northwest corner of Plum Creek Parkway and South Ridge Road. The Planned Development zoning application proposes 165 single family units, consisting of one-, two- and three-bedroom one-story homes. The units will have private yards, and the community will have a clubhouse, indoor fitness facility, community pool, a dog park and picnic area. Approximately 50% of the site is planned for active and passive recreational space and .5 acres will provide future community-oriented retail use. Annexation and zoning require public hearings before the Planning Commission for recommendation and then public hearings at Town Council for final action. The property is adjacent to Councilmember Brooks' district.

The Town's Development Activity map provides additional information on these quasi-judicial applications, as well as projects that are under administrative (non quasi-judicial) review. This map is available at: [CRgov.com/developmentactivity](http://CRgov.com/developmentactivity).



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 8. **File #:** ID 2025-077

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**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Tara Vargish, Director of Development Services

### **Development Services Project Updates**

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The high-growth nature of Castle Rock results in numerous and diverse questions from individuals seeking information about existing conditions and future plans. Information on community development activity and formal land use applications are located on the Town website under the Development Activity Map link.

Development activity continues to be strong, with continued interest for a variety of project types in Castle Rock. Permit activity remains steady, and homebuilders and commercial builders remain active.

Please see the attached Staff Memorandum for project details.





Meeting Date: June 17, 2025

## AGENDA MEMORANDUM

**To:** David L. Corliss, Town Manager

**From:** Tara Vargish, PE, Director of Development Services

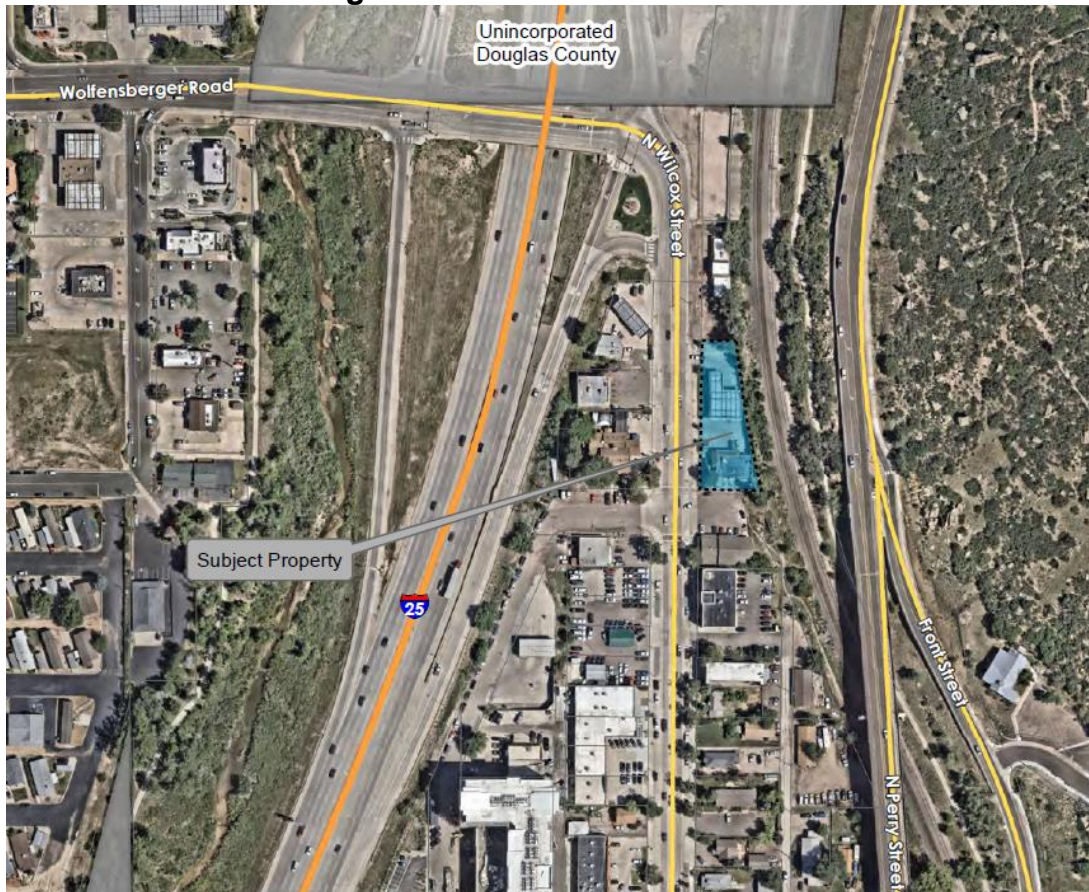
**Title:** Town Manager Report – Development Project Updates

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This report contains development updates and new submittals or requests submitted to staff since the last update to Town Council. The high-growth nature of Castle Rock results in numerous and diverse questions from individuals seeking information about existing conditions and future plans and formal applications for development. More information on community development activity and formal land use applications are located on the Town website under the Development Activity Map link, which can be accessed at [CRGov.com/DevelopmentActivityMap](https://CRGov.com/DevelopmentActivityMap)

### **New Quasi-Judicial Applications Requiring Public Hearings**

#### **810 N. Wilcox Rezoning**

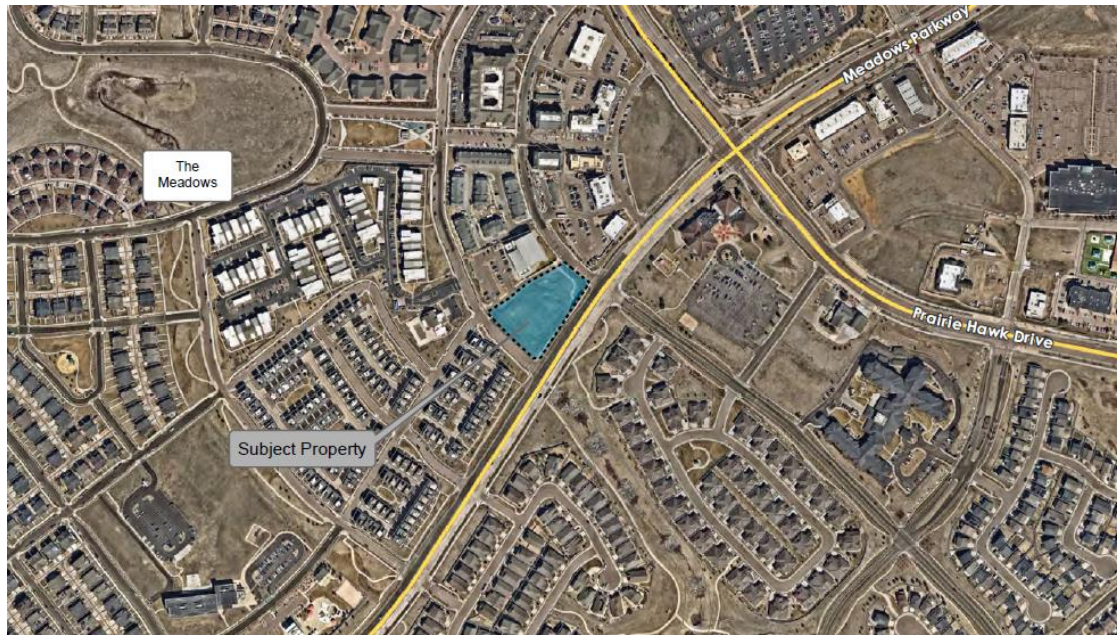




Staff has received a new Quasi-judicial application from Ardeshier and Sylvia Delsouz to rezone 810 N Wilcox, an existing 7-11 convenience store and gas station. The applicant is proposing to rezone the property from a Planned Development (PD) to the straight zone Business/Commercial – B. The rezoning of the property would make the Downtown Overlay District (DOD) apply to the property. The property is located at the north east corner of Wilcox and Eighth Streets. This project is located in Councilmember Davis' district.

### **New Pre-Application Meeting Requests**

#### **Castle Rock Collective**



A pre-application request was received seeking information on application and submittal requirements to build a two story restaurant and bar in the Meadows. The restaurant will offer a full commercial kitchen, coffee bar and ice cream shop, as well as a full-service bar, and outdoor seating. The proposed project is located southwest of the intersection of Future Street and Meadows Boulevard, in Councilmember Bracken's district.

## Front Range Construction Services Revisions



A pre-application request was received seeking information on application and submittal requirements to build an office/shop space for Front Range Construction Services on the lot located at 661 Prairie Hawk Drive. The building would include 2,000sqft of office space and 3,000 sq ft of shop space. The proposed project is located southwest of the intersection of Topeka Way and Prairie Hawk Drive, in Councilmember Bracken's district.

### **Ongoing Development Activity:**

#### **Commercial Development Activity**

- **Promenade:**
  - Brinkerhoff & Bar Hummingbird, site plan amendment under review and building construction for two restaurants with outdoor plaza, located between La Loma Restaurant and Starbucks, southwest of Castle Rock Parkway and Promenade Parkway.
  - Lazy Dog Restaurant site and building construction for a new stand-alone restaurant, located on the northeast corner of Castlegate Drive West and Promenade Parkway.
- **Meadows:**
  - Kiddie Academy, site and building construction for a 10,000-square-foot child daycare building, located on the northwest corner of Carnaby Lane and Lombard Lane.
  - Little Sunshine's Playhouse, site and building construction for 11,000 square-foot childcare center, located on the northeast corner of Limelight Avenue and Prairie Hawk Drive.
  - Meadows Town Center Townhomes/Mixed-use, site and building construction for 85 residential units with approximately 6,248 square feet of

- retail, located on three lots off Future Street.
  - New Hope Church Rezoning, new PDP to allow for a medical office building, located south of the intersection of Prairie Hawk Drive and Meadows Boulevard.
  - Prairie Hawk Dental, site and building construction for a new 5,100-square-foot dental office building, located at the northeast corner of Prairie Hawk Drive and Limelight Avenue.
  - StorHaus Garage Condos, site and building construction for 3 buildings and a clubhouse, consisting of 38 garage condo units, located on the northeast corner of Regent Street and Carnaby Lane.
- **Downtown:**
    - Circle K, site plan amendment under review and construction documents approved for a new 3,700-square-foot convenience store to replace the existing building on the site, located at 310 S. Wilcox Street.
    - City Hotel, historic preservation and site plan approved for 33 room hotel, located at 415 N. Perry Street.
    - Eternal Rock Church, site plan review for new landscaping, signage, and storage, located at 2 Phelps Street.
    - Little School on Perry Street, site and building construction for a 1,300-square-foot addition to the landmarked Saunders House, for a daycare center located at 203 Perry Street.
    - Perry Street Social, site development plan amendment and construction document review to create a mini entertainment district, located at 404 N. Perry Street.
    - Scileppi's 2<sup>nd</sup> Phase, site development plan to demolish the 1980 addition and build a new addition, located at 210 Third Street.
    - The View, site and building construction for a 6-story building with mixed-uses including 218 residential units, located at Sixth Street and Jerry Street.
- **Dawson Trails Residential/Commercial:**
    - Costco, Dawson Trails, site plan approved for 161,000-square-foot retail warehouse with fueling station on 18.4 acres, located east of Dawson Trails Boulevard, north of the future Crystal Valley Interchange.
    - Dawson Trails E2 Townhomes, 104 townhomes west of the proposed intersections of Quandary Peak Drive and Dawson Trails Boulevard.
    - Dawson Trails Filing No. 1 Infrastructure and Right-of-Way, construction plan approved for the northern segment of Dawson Trails Boulevard.
    - Dawson Trails Filing No. 2 Infrastructure, plat and construction plan review for 97-acre area.
    - Dawson Trails Planning Area D, site plan review for 254 single-family residential lots, and 13 acres of open space.
    - Dawson Trails North, Phases 1-4 under construction for grading only for approximately 134 acres, located north of Territorial Road.
    - Dawson Trails Red Zone Tanks and Pump House, construction drawings under review for red zone water infrastructure in Dawson Trails.



- Dawson Trails Residential Neighborhood, Planning area B-1, site plan approved and construction documents under review for 230 detached residential lots, a 1-acre neighborhood park, located in the north-central area of the Dawson Trails PD, adjacent to the Twin Oaks subdivision in Douglas County
  - Dawson Trails South, construction for grading only for approximately 338 acres, located south of Territorial Road.
  - Off-site Sanitary Sewer, Dawson Trails, construction document review for 17,000+ feet of sanitary sewer main from south of Territorial Road to Plum Creek Parkway.
  - Off-site Water Line, Dawson Trails, under construction for approximately 3,100 linear feet of water main, extending north and west from the fire station on Crystal Valley Parkway across railroad properties and I-25.
  - Territorial Road Annexation, totaling 2.9 acres of land, to remain ROW.
- **Other Commercial Projects throughout Town:**
    - 218 Front Street Office Building, site plan review for a two-story, 2,800-square-foot office building, located on the east side of Front Street between Second and Third Streets.
    - 282 Malibu commercial buildings, building and site construction for two 4,000-square-foot commercial buildings, uses are unknown at this time, located at 282 Malibu Street.
    - AdventHealth Medical Office Building, proposing a new medical office building to include a freestanding emergency department, west of the intersection of Plum Creek Boulevard and Crystal Valley Parkway.
    - Calvary Chapel, site and building construction of new church building, located on the northwest corner of Fifth Street and Woodlands Boulevard.
    - Castle Rock Auto Dealerships, site and building construction of 1<sup>st</sup> and 2<sup>nd</sup> phase for service center expansion, located at 1100 S. Wilcox Street.
    - Castle Rock Automotive Repair Shop, site construction for new 26,000-square-foot auto body shop, located at 1184 and 1288 Brookside Circle.
    - Discount Tire, site plan and construction documents approved for 530-square-foot storage addition, located at 102 E. Allen Street.
    - Founders Marketplace, Dunkin Donuts, site plan approved for a new restaurant with drive-through, located at the northeast corner of Founders Parkway and Aloha Court.
    - Garage Condos, site and building construction, located on Liggett Road.
    - Hyundai auto dealership, site plan and plat review for use by special review for a new 33,000 sf building and sales lot, located at 550 S Interstate 25.
    - Murphy Express, site plan approved for 2,800 sf convenience store and gas station, located at 186 Metzler Drive.
    - Outlets at Castle Rock, site plan and construction documents approved, two new pad sites on the mall's west side on Factory Shops Boulevard.
    - Outlets at Castle Rock, Site plan and construction documents approved for new bank with drive-thru, located north of the existing Starbucks/Qdoba.
    - Ridgeview Town Center, PD Zoning review for a 10-acre parcel located at

- 895 Ridge Road.
- Saint Francis of Assisi Annexation, annexation of the two lots the existing church is located on, along with the adjacent ROW, southeast of the intersection of N Valley Drive and Fifth Street.
- Sanders Business Park, site construction for a 2.4-acre site, located south of The Plum Creek Community Church.
- The Brickyard Planned Development Plan, Zoning Regulations, site plan and construction document review for a mixed-use development with a maximum of 600 multi-family dwelling units, located on the south end of Prairie Hawk Drive.
- Unity on Wolfensberger Planned Development Plan, proposed zoning and parking changes, located at 200 Wolfensberger and 826 Park Street.
- Verizon small cell sites, construction documents for multiple locations in public right-of-way: 1) Factory Shops Boulevard and New Beale Street, 2) Promenade Parkway and Castle Rock Parkway (under construction), 3) Promenade Parkway (under construction), 4) Castlegate Drive West (under construction), 5) Castlegate Drive West and Castle Rock Parkway (approved plans), 6) Factory Shops Boulevard and Meadows Boulevard, 7) Mitchell Street near Mesa Middle School, 8) S. Valley Drive north of Plum Creek Parkway, 9) Low Meadow Boulevard and Night Song Way, 10) S. Gilbert Street between Gilbert and Sellers Drive at Birch Avenue, (under construction) 11) Foothills Drive and Soaring Eagle Lane, (under construction) 12) Foothills Drive and Morning View Drive.
- Wal-Mart fuel station, site plan review for new 1,600 sf fuel center, located in the southwest corner of the Wal-Mart parking lot.
- Wellspring and Castle Oaks Covenant Church, annexation petition is to annex approximately 2.07 acres, and proposed zoning for church and Wellspring facility uses, located at 498 East Wolfensberger Road, for future Wellspring and Castle Oaks Covenant Church facilities

#### **Residential Development Activity:**

- 626 Sixth Street, Historic Preservation Board review for a new single-family home on 0.14 acres.
- Auburn Heights Apartments, rezoning application to amend the zoning and the currently approved site development plan for Lot 2 of Auburn Ridge.
- Bella Mesa North, site development plan for 525 single-family homes, located north of Mesa Middle School off Mitchell Street.
- Canyons Far South, site development plan review for a residential development with 515 single family homes, located southeast of Crowfoot Valley Road and Founders Parkway.
- Castleton Heights Multifamily, new four-story multifamily building with 80 units, located southwest of the intersection of W Castleton Road and Castleton Court.
- Chateau Valley, site plan review for 415 residential units, located north of East Plum Creek Parkway and east of Gilbert Street
- Crystal Valley Ranch Mixed-Use site plan review for 24 townhomes and a

- mixed-use building, located at the southeast corner of Crystal Valley Parkway and W. Loop Road.
- Crystal Valley Ranch, site construction, single-family subdivisions, located southeast and southwest of Crystal Valley Parkway and W. Loop Road. Also, in the southern interior portion of Loop Road, south of Loop Road, and between W. Loop Road and the Lanterns property.
  - Founders Village Pool, site plan review for new pool pavilion, located at 4501 Enderud Blvd.
  - Front Street Triplexes, site plan review for two triplex buildings, located on Front Street between Fifth and Sixth Streets.
  - Hillside, building construction, single-family attached and detached age 55 and older, located at the northeast corner of Coachline Road and Wolfensberger Road.
  - Lanterns/Montaine, Subdivision construction for various phases for a total of 1,200 single-family residential lots, located off Montaine Circle.
  - Liberty Village, site construction for amended lot layout due to floodplain for 42 single-family lots, located on the south side of Castle Oaks Drive and Pleasant View Drive.
  - Meadows, site and home construction for 77 single-family detached homes on the west sides of Coachline Road north of Wolfensberger Road.
  - Pine Canyon PDP, Annexation and Zoning, proposing a maximum of 1,800 mixed residential units, to include single family and multifamily, as well as commercial uses to include a hotel/resort with up to 225 rooms, and other business and industrial uses on the 535-acre site. The project area is generally located on both the east and west sides of I-25, west of Founders Parkway.
  - The Oaks Filing 2A, site plan approved and construction document review for 114 single-family lots on 165+/- acres, located south of Plum Creek Parkway and east of Eaton Circle.
  - Ridge at Crystal Valley, site construction for 142 single-family home project, located southwest of Loop Road in Crystal Valley Ranch. SIA amendment submitted to address modification to phasing plan for lots to be Temporary Green Zone.
  - Soleana, site plan review for 55 custom home sites and 22 live/work units on 77.96 acres, located east of the Silver Heights neighborhood and west of the Diamond Ridge Estates neighborhood.
  - Terrain North Basin, Phase 1, building construction for approximately 96 single-family home project, located along Castle Oaks Drive.
  - Terrain North Basin, Phase 2, site development plan, plat and construction document review for approximately 29 single-family home project, located along Castle Oaks Drive.
  - Unity on Wolfensberger SDP, converting the existing 70-unit Quality Inn Hotel into a 50-unit "for sale" condominiums facility for adults with Intellectual and Development Disabilities at 200 Wolfensberger Road.
  - YardHomes, Annexation and Zoning request for 165 single family units on 32.29 acres, located at Plum Creek Parkway and South Ridge Road.



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 9. **File #:** ORD 2025-021

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**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Michael J. Hyman, Town Attorney  
Trish Muller, CPA Finance Director

**Ordinance Concerning the Financing of the Acquisition and Construction of a Recreation Center with Associated Amenities and Supporting Public Improvements, and in Connection Therewith Authorizing the Execution and Delivery by the Town of a Site Lease Agreement, a Lease Purchase Agreement, and Other Documents Related Thereto; and Providing Other Matters Related Thereto (Second Reading - Approved on First Reading on June 3, 2025 by a vote 7-0)**

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### **Executive Summary**

The proposed ordinance approves the parameters of the tax-exempt lease-backed financing for the construction of the Castle Rock Sports Center Project.

### **History of Past Town Council, Boards & Commissions, or Other Discussions**

On February 18, 2025, Town Council voted unanimously to finally adopt Ordinance No. 2025-007 approving the Brickyard Planned Development Plan and Zoning Regulations and Ordinance No. 2025-008 approving the Brickyard Development Agreement.

On March 4, 2025, Town Council voted unanimously to adopt Resolution No. 2025-032 approving the Consolidated Service Plan for Brickyard Metropolitan District Nos. 1-3.

On March 18, 2025, Town Council voted unanimously to adopt Resolution No. 2025-037 approving the letter agreement between CD-Acme, LLC, and the Town regarding the early procurement of trade agreements and materials for the Castle Rock Sports Center Project.

On May 6, 2025, Town Council voted unanimously to adopt Resolution No. 2025-059 expressing the intent of the Town to be reimbursed for certain expenses relating to the construction of the Castle Rock Sports Center Project.

On June 3, 2025, Town Council will consider the adoption of Resolution No. 2025-068 approving the Rec Center Agreement by and between CD-Acme, LLC, and the Town regarding the development



and construction of the Castle Rock Sports Center Project.

### **Discussion**

The Town of Castle Rock (the “Town”) has been in negotiations with CD-Acme, LLC (the “Developer”), regarding the redevelopment of the former site of the Acme Brick Company at 401 Prairie Hawk Drive (the “Property”). The Developer is proposing a mixed-use development, with a maximum of 583 multi-family dwelling units consisting of townhomes and apartments, 92,000 square feet of non-residential uses including office, retail, and restaurant, a 99,000-square foot, 125 room hotel with a conference center and an outdoor performance venue (the “Brickyard”). In addition, a 145,177-square foot recreation center and related improvements (the “Sports Development Center”) is planned to be constructed by the Developer for the Town on 10.36 acres of public land (the “SDC Parcel”) to be dedicated by the Developer within the boundaries of the Property (collectively, the Sports Development Center and the SDC Parcel shall be referred to as the “Leased Property”).

The proposed ordinance sets forth the parameters of a tax-exempt lease-backed structure for financing the costs associated with the acquisition and construction of the Sports Development Center. The Town, as lessor, will enter into a Site Lease Agreement (the “Site Lease”) with the Trustee, UMB Bank, as lessee, whereby the Town will lease the Leased Property to the Trustee. In turn, the Trustee, as lessor, will enter into a Lease Purchase Agreement (the “Lease”) with the Town, as lessee, whereby the Trustee will lease the Leased Property back to the Town.

The Trustee will execute and deliver an Indenture of Trust, pursuant to which the Trustee will issue certain certificates of participation (the “2025 Certificates”) evidencing proportionate interests in the right to receive rentals under the Lease (the “Base Rentals”). The Trustee will then enter into a Certificate Purchase Agreement with the Underwriter, Stifel, Nicolaus & Company, who will offer the 2025 Certificates for sale to the public. The net proceeds from the sale of the 2025 Certificates shall be used by the Town to finance the Sports Development Center.

Per the ordinance, the Town Council is electing to apply the provisions of the Supplemental Public Securities Act, Title 11, Article 57, Part 2, C.R.S. (the “Supplemental Act”), to this transaction. Pursuant to the Supplemental Act, the Town Council is delegating to the Town Manager and Finance Director the authority to approve the final terms of the financing, subject to the following parameters:

- (a) the Site Lease termination date shall be no later than December 31, 2064;
- (b) the Lease term shall not extend beyond December 31, 2054;
- (c) the aggregate principal amount of the Base Rentals payable by the Town pursuant to the Lease shall not exceed \$75,500,000;
- (d) the maximum annual repayment amount of Base Rentals payable by the Town pursuant to the Lease shall not exceed \$7,400,000;
- (e) the maximum total repayment amount of Base Rentals payable by the Town pursuant to the Lease shall not exceed \$155,000,000;

- (f) the Lease shall be subject to prepayment at the option of the Town, without penalty, no later than December 1, 2036; and
- (g) the maximum net effective interest rate on the interest component of the Base Rentals relating to the 2025 Certificates shall not exceed 5.25%.

In addition, the ordinance authorizes the execution and delivery of the following documents in relation to the financing:

- (a) the Site Lease Agreement;
- (b) the Lease Purchase Agreement;
- (c) the Continuing Disclosure Certificate;
- (d) the Preliminary Official Statement;
- (e) the Certificate Purchase Agreement; and
- (f) the final Official Statement.

The ordinance further approves the form of the about documents, subject to such revisions as deemed necessary or appropriate by the Town Manager, in consultation with the Town Attorney.

It should be noted that nothing in the ordinance either creates or constitutes a general obligation or other indebtedness or multiple fiscal year financial obligation of the Town within the meaning of any constitutional, statutory or Charter provision, or a mandatory charge or requirement against the Town in any ensuing fiscal year beyond the then current fiscal year. Accordingly, the Town is not obligated to make any payments under the Lease beyond those budgeted and appropriated by the Town Council for the Town's then current fiscal year.

### **Budget Impact**

The Town will be utilizing lease-backed financing to finance a maximum of \$75,500,000 of costs for the construction of the sports development center and associated public infrastructure. The maximum total repayment amount will not exceed \$155,000,000, while the maximum annual repayment amount will not exceed \$7,400,000.

### **Staff Recommendation**

Town staff recommends that the Town Council adopt the ordinance.

### **Proposed Motion**

*"I move to approve the Ordinance on first reading as introduced by title."*

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**Item #: 9. File #: ORD 2025-021**

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**Attachments**

Attachment A - Ordinance

Attachment B - Site Lease

Attachment C - Lease

Attachment D - Indenture

Attachment E - Certificate Purchase Agreement

Attachment F - 2020 Official Statement (serving as the form of the 2025 Preliminary Official Statement)

Attachment G - Continuing Disclosure Certificate

Attachment H - Presentation

## **ORDINANCE NO. 2025-021**

### **AN ORDINANCE CONCERNING THE FINANCING OF THE ACQUISITION AND CONSTRUCTION OF A RECREATION CENTER WITH ASSOCIATED AMENITIES AND SUPPORTING PUBLIC IMPROVEMENTS, AND IN CONNECTION THEREWITH AUTHORIZING THE EXECUTION AND DELIVERY BY THE TOWN OF A SITE LEASE AGREEMENT, A LEASE PURCHASE AGREEMENT, AND OTHER DOCUMENTS RELATED THERETO; AND PROVIDING OTHER MATTERS RELATED THERETO**

**WHEREAS**, the Town of Castle Rock, Colorado (the “Town”), is a duly organized and existing home rule municipality of the State of Colorado (the “State”), created and operating pursuant to Article XX of the Constitution of the State and the home rule charter of the Town (the “Charter”); and

**WHEREAS**, the members of the Town Council of the Town (the “Council”) have been duly elected or appointed and qualified; and

**WHEREAS**, pursuant to the Charter and Article XX of the State Constitution, the Town is authorized to enter into leases or lease-purchase agreements for land, buildings, equipment and other property for governmental or proprietary purposes; and

**WHEREAS**, the Council hereby determines that it is in the best interest of the Town and its inhabitants to finance the acquisition, construction, installation, equipping and improvement of a recreation center with associated amenities and supporting public improvements needed or desired in connection therewith (collectively, the “Project”); and

**WHEREAS**, the Council hereby determines that it is in the best interests of the Town and its inhabitants to finance the Project by entering into a lease financing as hereinafter provided; and

**WHEREAS**, the Town hereby determines that the leased property under the Site Lease (hereinafter defined) and the Lease (hereinafter defined) will consist of the real property where the recreation center will be constructed and the buildings and improvements located thereon (as more particularly described in Exhibit A to the Site Lease and the Lease, the “Leased Property”); and

**WHEREAS**, the Council has determined and hereby determines that it is in the best interests of the Town and its inhabitants to provide for the financing of the Project by entering into a Site Lease Agreement between the Town, as lessor, and UMB Bank, n.a. (the “Trustee”), acting solely in its capacity of trustee, as lessee (the “Site Lease”), pursuant to which the Town will lease the Leased Property to the Trustee, and a Lease Purchase Agreement between the Trustee, as lessor, and the Town, as lessee (the “Lease”), pursuant to which the Trustee will lease the Leased Property back to the Town; and

**WHEREAS**, pursuant to the Lease, and subject to the right of the Town to terminate the Lease and other limitations as therein provided, the Town will pay certain Base Rentals and

Additional Rentals (as such terms are defined in the Lease) in consideration for the right of the Town to use the Leased Property; and

**WHEREAS**, the Town's obligation under the Lease to pay Base Rentals and Additional Rentals shall be from year to year only; shall constitute currently budgeted expenditures of the Town; shall not constitute a mandatory charge or requirement in any ensuing budget year; and shall not constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the Town within the meaning of any constitutional, statutory or Charter limitation or requirement concerning the creation of indebtedness or multiple fiscal year financial obligation, nor a mandatory payment obligation of the Town in any ensuing fiscal year beyond any fiscal year during which the Lease shall be in effect; and

**WHEREAS**, contemporaneously with the execution and delivery of the Site Lease and the Lease, the Trustee will execute and deliver an Indenture of Trust (the "Indenture") pursuant to which there will be executed and delivered certain certificates of participation (the "Certificates") dated as of their date of delivery that shall evidence proportionate interests in the right to receive certain Revenues (as defined in the Lease) under the Lease, shall be payable solely from the sources therein provided and shall not directly or indirectly obligate the Town to make any payments beyond those appropriated for any fiscal year during which the Lease shall be in effect; and

**WHEREAS**, the Certificates will be executed and delivered pursuant to the Indenture and a Certificate Purchase Agreement between the Trustee and Stifel, Nicolaus & Company, Incorporated, as purchaser of the Certificates (the "Purchase Agreement"), which Purchase Agreement will be acknowledged by the Town; and

**WHEREAS**, the net proceeds of the Certificates, together with other available money of the Town, will be used to finance the Project; and

**WHEREAS**, Section 11-57-204 of the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, C.R.S., as amended (the "Supplemental Act"), provides that a public entity, including the Town, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act; and

**WHEREAS**, there has been presented to the Council and are on file with the Town Clerk of the Town (the "Town Clerk") the following: (i) the proposed form of the Site Lease; (ii) the proposed form of the Lease; (iii) the proposed form of the Continuing Disclosure Certificate to be executed by the Town in connection with the execution and delivery of the Certificates (the "Disclosure Certificate"); (iv) the Official Statement delivered by the Town in connection with execution and delivery of its Certificates of Participation, Series 2020, which shall serve as the form of the Preliminary Official Statement relating to the Certificates (the "Preliminary Official Statement"); and (v) the form of Purchase Agreement; each of which is approved by this Ordinance with such changes as are approved by the Town Manager of the Town (the "Town Manager") or the Finance Director of the Town (the "Finance Director"), upon consultation with the Town Attorney; and

**WHEREAS**, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Lease.

**NOW THEREFORE, IT IS ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK:**

**Section 1. Ratification and Approval of Prior Actions.** All action heretofore taken (not inconsistent with the provisions of this ordinance) by the Council or the officers, agents or employees of the Council or the Town relating to the Site Lease, the Lease, the implementation of the Project, and the sale, execution and delivery of the Certificates is hereby ratified, approved and confirmed.

**Section 2. Finding of Best Interests.** The Council hereby finds and determines, pursuant to the Constitution, the laws of the State and the Charter, that undertaking and implementing the Project and financing the costs thereof pursuant to the terms set forth in the Site Lease and the Lease are necessary, convenient, and in furtherance of the Town's purposes and are in the best interests of the inhabitants of the Town and the Council hereby authorizes and approves the same.

**Section 3. Supplemental Act Election; Parameters.** The Council hereby elects to apply all of the provisions of the Supplemental Act to the Site Lease and the Lease and in connection therewith delegates to the Town Manager or the Finance Director the independent authority to make any determination delegable pursuant to Section 11-57-205 of the Supplemental Act in relation to the Site Lease and the Lease, and to execute a sale certificate (the "Sale Certificate") setting forth such determinations, including without limitation, the term of the Site Lease, the term of the Lease and the rental amount to be payable by the Town pursuant to the Lease, subject to the following parameters and restrictions:

- (a) the Site Lease Termination Date shall be no later than December 31, 2064;
- (b) the Lease Term shall not extend beyond December 31, 2054;
- (c) the aggregate principal amount of the Base Rentals payable by the Town pursuant to the Lease shall not exceed \$75,500,000;
- (d) the maximum annual repayment amount of Base Rentals payable by the Town pursuant to the Lease shall not exceed \$7,400,000;
- (e) the maximum total repayment amount of Base Rentals payable by the Town pursuant to the Lease shall not exceed \$155,000,000;
- (f) the Lease shall be subject to prepayment at the option of the Town, without penalty, no later than December 1, 2036; and
- (g) the maximum net effective interest rate on the interest component of the Base Rentals relating to the Certificates shall not exceed 5.25%.

Pursuant to Section 11-57-205 of the Supplemental Act, the Council hereby delegates to the Mayor, the Town Manager or the Finance Director the independent authority to sign the Certificate Purchase Agreement for the purchase of the Certificates, in substantially the form presented to the Council and on file with the Town and as approved as to form by the Town Attorney; provided that the Certificate Purchase Agreement may be completed, corrected, or revised as deemed necessary or appropriate by the parties thereto in order to carry out the purposes of this Ordinance. In addition, the Town Manager or the Finance Director is independently authorized to determine if obtaining an insurance policy for all or a portion of the Certificates is in the best interests of the Town, and if so, to select an insurer to issue an insurance policy, execute a commitment relating to the same and execute any related documents or agreements required by such commitment; provided that any such commitment, documents or agreements are first approved as to form by the Town Attorney. The Town Manager or the Finance Director is independently authorized to determine if obtaining a reserve fund insurance policy for the Certificates is in the best interests of the Town, and if so, to select a surety provider to issue a reserve fund insurance policy and execute any related documents or agreements required by such commitment; provided that any such documents or agreements are first approved as to form by the Town Attorney.

The delegation set forth in this Section 4 shall be effective for one year following the date hereof.

The Council hereby agrees and acknowledges that the net proceeds of the Certificates, together with other available money of the Town, will be used to finance the Project.

**Section 4. Approval of Documents.** The Site Lease, the Lease, the Disclosure Certificate, the Preliminary Official Statement, and the Purchase Agreement in substantially the forms presented to the Council and on file with the Town Clerk, are in all respects approved, authorized and confirmed. The Mayor is hereby authorized and directed for and on behalf of the Town to execute and deliver the Site Lease, the Lease, and the Disclosure Certificate in substantially the forms and with substantially the same contents as on file with the Town Clerk, provided that such documents may be completed, corrected or revised as deemed necessary or appropriate by the Town Manager, in consultation with the Town Attorney, in order to carry out the purposes of this ordinance and to comply with the terms of the Sale Certificate. The execution of the Site Lease, the Lease, and the Disclosure Certificate by the Mayor shall be conclusive evidence of the approval by the Council of such documents in accordance with the terms hereof and thereof.

**Section 5. Approval of Official Statement.** The Town Manager and the Finance Director are hereby independently authorized to deem the Preliminary Official Statement, in substantially the form of the Official Statement delivered by the Town in connection with the execution and delivery of its Certificates of Participation, Series 2020, with such changes as are approved by the Finance Director or the Town Manager, as final for purposes of Rule 15c2-12 of the Securities and Exchange Commission. A final Official Statement, in substantially the form of the Preliminary Official Statement, is in all respects approved and authorized. The Town Manager or the Finance Director is independently authorized and directed to execute and deliver the final Official Statement, for and on behalf of the Town, in substantially the form and with substantially the same content as the Preliminary Official Statement, provided that such document may be



completed, corrected, or revised as deemed necessary or appropriate by the Town Manager, the Finance Director, or the Town Attorney of the Town. The distribution of the Preliminary Official Statement and the final Official Statement (in substantially the form of the Preliminary Official Statement) to prospective purchasers of the Certificates is hereby ratified, approved, and authorized.

**Section 6. Authorization to Execute Collateral Documents.** The Town Clerk is hereby authorized and directed to attest all signatures and acts of any official of the Town in connection with the matters authorized by this Ordinance and to place the seal of the Town on any document authorized and approved by this Ordinance. The Mayor, the Town Clerk, the Town Manager, the Finance Director and other appropriate employees and officials of the Town are hereby authorized and directed to execute and deliver for and on behalf of the Town any and all additional certificates, documents, instruments and other papers, and to perform all other acts that they deem necessary or appropriate in order to implement and carry out the transactions and other matters authorized by this Ordinance; provided that any such certificate, document, instrument or other paper is first approved as to form by the Town Attorney. The approval hereby given to the various documents referred to above includes an approval of such additional details therein as may be necessary and appropriate for their completion, deletions therefrom and additions thereto as may be approved by bond counsel prior to the execution of the documents. The execution of any document or instrument by the aforementioned officials or employees of the Town or members of the Council shall be conclusive evidence of the approval by the Council of such document or instrument in accordance with the terms hereof and thereof.

The Mayor, the Town Clerk, the Town Manager, the Finance Director and all other employees and officials of the Town that are authorized or directed to execute any agreement, document, certificate, instrument or other paper in accordance with this Ordinance (collectively, the "Authorized Documents") are hereby authorized to execute Authorized Documents electronically via facsimile or email signature. Any electronic signature so affixed to any Authorized Document shall carry the full legal force and effect of any original, handwritten signature. This provision is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. It is hereby determined that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 7. No General Obligation Debt.** No provision of this ordinance, the Site Lease, the Lease, the Indenture, the Certificates, the Disclosure Certificate, the Certificate Purchase Agreement, the Preliminary Official Statement, or the final Official Statement shall be construed as creating or constituting a general obligation or other indebtedness or multiple fiscal year financial obligation of the Town within the meaning of any constitutional, statutory or Charter provision, nor a mandatory charge or requirement against the Town in any ensuing fiscal year beyond the then current fiscal year. The Town shall have no obligation to make any payment with respect to the Certificates except in connection with the payment of the Base Rentals (as defined in the Lease) and certain other payments under the Lease, which payments may be terminated by the Town in accordance with the provisions of the Lease. Neither the Lease nor the Certificates shall constitute a mandatory charge or requirement of the Town in any ensuing fiscal year beyond

the then current fiscal year or constitute or give rise to a general obligation or other indebtedness or multiple fiscal year financial obligation of the Town within the meaning of any constitutional, statutory or Charter debt limitation and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation whatsoever. No provision of the Site Lease, the Lease or the Certificates shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the Town within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. Neither the Lease nor the Certificates shall directly or indirectly obligate the Town to make any payments beyond those budgeted and appropriated for the Town's then current fiscal year.

**Section 8. Reasonableness of Rentals.** The Council hereby determines and declares that the Base Rentals due under the Lease, in the maximum amounts authorized pursuant to Section 3 hereof, constitute the fair rental value of the Leased Property and do not exceed a reasonable amount so as to place the Town under an economic compulsion to renew the Lease or to exercise its option to purchase the Trustee's leasehold interest in the Leased Property pursuant to the Lease. The Council hereby determines and declares that the period during which the Town has an option to purchase the Trustee's leasehold interest in the Leased Property (i.e., the entire maximum term of the Lease) does not exceed the useful life of the Leased Property. The Council hereby further determines that the amount of rental payments to be received by the Town from the Trustee pursuant to the Site Lease is reasonable consideration for the leasing of the Leased Property to the Trustee for the term of the Site Lease as provided therein.

**Section 9. Town Representatives.** The Council hereby authorizes each of the Town Manager, the Finance Director and the Town Attorney to act as Town Representatives under the Lease, or such other person or persons who may be so designated in writing from time to time by the Mayor, as further provided in the Lease.

**Section 10. No Recourse against Officers and Agents.** Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Council, or any officer or agent of the Town acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the Certificates. Such recourse shall not be available either directly or indirectly through the Council or the Town, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the Certificates and as a part of the consideration of their sale or purchase, any person purchasing or selling the Certificates specifically waives any such recourse.

**Section 11. Repealer.** All bylaws, orders, resolutions and ordinances of the Town, or parts thereof, inconsistent with this ordinance or with any of the documents hereby approved are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance of the Town, or part thereof, heretofore repealed.

**Section 12. Severability.** If any section, subsection, paragraph, clause or other provision of this Ordinance for any reason is invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Ordinance, the intent being that the same are severable.

**Section 13. Charter Controls.** Pursuant to Article XX of the State Constitution and the Charter, all State statutes that might otherwise apply in connection with the provisions of this ordinance are hereby superseded to the extent of any inconsistencies or conflicts between the provisions of this ordinance and the Sale Certificate authorized hereby and such statutes. Any such inconsistency or conflict is intended by the Council and shall be deemed made pursuant to the authority of Article XX of the State Constitution and the Charter.

**Section 14. Effective Date.** Pursuant to Section 7-3 of the Charter and 2.02.100 of the Municipal Code of the Town, this ordinance is effective 30 days following its adoption on second reading.

**Section 15. Safety Clause.** The Council finds and declares that this Ordinance is promulgated and adopted for the public peace, health or safety and this Ordinance bears a rational relation to the legislative object sought to be obtained.

**Section 16. Disposition of Ordinance.** This Ordinance, as adopted by the Council, shall be numbered and recorded by the Town Clerk in the official records of the Town. The adoption and publication shall be authenticated by the signatures of the Mayor or Mayor Pro Tem, and Town Clerk, and by the certificate of publication.

**APPROVED ON FIRST READING** this 3<sup>rd</sup> day of June, 2025, by the Town Council of the Town of Castle Rock, Colorado, by a vote of 7 for and 0 against, after publication in compliance with Section 2.02.100.C of the Castle Rock Municipal Code; and

**PASSED, APPROVED AND ADOPTED ON SECOND READING** this 17<sup>th</sup> day of June, 2025, by the Town Council of the Town of Castle Rock, Colorado, by a vote of \_\_\_\_ for and \_\_\_\_ against as required by Section 2.02.100 of the Castle Rock Municipal Code.

**ATTEST:**

**TOWN OF CASTLE ROCK**

\_\_\_\_\_  
Lisa Anderson, Town Clerk

\_\_\_\_\_  
Jason Gray, Mayor

**Approved as to form:**

**Approved as to content:**

\_\_\_\_\_  
Michael J. Hyman, Town Attorney

\_\_\_\_\_  
Trish Muller, CPA, Finance Director

STATE OF COLORADO                 )  
  )  
COUNTY OF DOUGLAS                 ) SS.  
  )  
TOWN OF CASTLE ROCK                 )

I, Lisa Anderson, the duly appointed, qualified and acting Town Clerk of the Town of Castle Rock, Colorado (the “Town”) do hereby certify that:

1. The foregoing pages are a true, correct, and complete copy of an ordinance adopted by the Town Council (the “Council”) of the Town (i) on first reading at a regular meeting of the Council held at the Town Hall on June 3, 2025, and (ii) on second and final reading at a regular meeting of the Council held at the Town Hall on June 17, 2025.

2. The ordinance has been signed by the Mayor, sealed with the corporate seal of the Town, attested by me as Town Clerk, and duly recorded in the books of the Town; and that the same remains of record in the book of records of the Town.

3. The passage of the ordinance on first reading was duly moved and seconded and the ordinance was passed on first reading by an affirmative vote of a majority of the members of the Council as follows:

Name	“Yes”	“No”	Absent	Abstain
Jason Gray, Mayor				
Laura Cavey, Mayor Pro Tem				
Ryan Hollingshead				
Kevin Bracken				
Mark Davis				
Max Brooks				
Tim Dietz				

4. The passage of the ordinance on second and final reading was duly moved and seconded and the ordinance was passed on second and final reading by an affirmative vote of a majority of the members of the Council as follows:

Name	“Yes”	“No”	Absent	Abstain
Jason Gray, Mayor				
Laura Cavey, Mayor Pro Tem				
Ryan Hollingshead				
Kevin Bracken				
Mark Davis				
Max Brooks				
Tim Dietz				

5. Notice of the regular meetings of June 3, 2025, and June 17, 2025, in the form attached hereto as **Exhibit A**, were posted and published prior to first reading pursuant to Section 2.02.100.C of the Municipal Code.

6. Prior to adoption on first reading, the Ordinance was posted on the Town’s website (www.CRgov.com) on \_\_\_\_\_, 2025, at \_\_\_\_\_, which is not later than 12:00 p.m., five (5) calendar days prior to the meeting of June 3, 2025, along with a notice containing the title of the ordinance; a brief summary of the subject matter of the ordinance; where the ordinance can be inspected; The full text of the proposed ordinance; and the date, time and place of the meeting at which the ordinance will be considered and public comment taken.

7. Following adoption after first reading and second reading and final adoption, the Ordinance was posted on the Town’s website on \_\_\_\_\_, 2025, at \_\_\_\_\_, along with a notice containing a summary of the subject matter of the ordinance and identifying the location where the ordinance is available for public inspection. Such post-adoption notice shall be posted no later than five (5) business days after adoption and remain posted for thirty (30) days post-adoption which date is not later than five (5) business days after adoption, and such ordinance shall remain posted for thirty (30) days post adoption.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said  
Town this \_\_\_\_ day of \_\_\_\_\_, 2025.

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Town Clerk

(SEAL)



## EXHIBIT A

(Attach Notice of Meetings – June 3, 2025, and June 17, 2025)

93795530.v2

AFTER RECORDATION PLEASE RETURN TO:

Butler Snow LLP  
1801 California Street, Suite 5100  
Denver, Colorado 80202  
Attention: Kimberley K. Crawford, Esq.

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SITE LEASE AGREEMENT

DATED [CLOSING DATE, 2025]

BETWEEN

TOWN OF CASTLE ROCK, COLORADO,  
AS LESSOR

AND

UMB BANK, N.A.,  
SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE INDENTURE,  
AS LESSEE

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This SITE LEASE AGREEMENT, dated [CLOSING DATE, 2025] (this “Site Lease”), is by and between the Town of Castle Rock, Colorado, a home rule municipality duly organized and validly existing under the Constitution and laws of the State of Colorado (the “Town”), as lessor, and UMB Bank, n.a., Denver, Colorado, a national banking association duly organized and validly existing under the laws of the United States of America, solely in its capacity as trustee under the Indenture (the “Trustee”), as lessee.

## PREFACE

Unless the context otherwise requires, capitalized terms used herein have the meanings ascribed to them herein and in the Lease Purchase Agreement, dated [CLOSING DATE, 2025] (the “Lease”), between the Trustee, as lessor, and the Town, as lessee.

## RECITALS

1. The Town has been duly organized and is validly existing as a home rule municipality and municipal corporation under the Constitution of the State of Colorado and the home rule charter of the Town (the “Charter”).

2. Pursuant to Article XX, Section 6 of the Colorado Constitution and the Charter, the Town is authorized to enter into long-term rental or leasehold agreements in order to provide necessary land, buildings, equipment, and other property for governmental or proprietary purposes.

3. The Town Council has determined that it is in the best interests of the Town and its inhabitants to finance the acquisition, construction, installation, equipping and improvement of a recreation center with associated amenities and supporting public improvements needed or desired in connection therewith (collectively, the “Project”).

4. The Town Council has determined that it is in the best interests of the Town and its inhabitants to provide for the financing of the Project by entering into this Site Lease and the Lease.

5. The Town owns, in fee title, the real property and the buildings and improvements located thereon (as more particularly described in Exhibit A attached hereto, the “Leased Property”).

6. To finance the Project, the Trustee will acquire a leasehold interest in the Leased Property by leasing the Leased Property from the Town pursuant to this Site Lease and will lease the Leased Property back to the Town pursuant to the Lease.

7. Contemporaneously with the execution and delivery of this Site Lease and the Lease, the Trustee will execute and deliver an Indenture of Trust (the “Indenture”) pursuant to which there will be executed and delivered certain certificates of participation (the “Certificates”) that will be dated as of their date of delivery, will evidence proportionate interests in the right to receive Base Rentals and other Revenues (as defined in the Lease), will be payable solely from the sources therein provided, and shall not directly or indirectly obligate the Town to make any payments beyond those appropriated for any fiscal year during which the Lease shall be in effect.

8. The net proceeds from the sale of the Certificates, together with other available money of the Town, will be used to finance the Project and pay the Costs of Execution and Delivery of the Certificates.

9. The Trustee and the Town intend that this Site Lease set forth their entire understanding and agreement regarding the terms and conditions upon which the Trustee is leasing the Leased Property from the Town.

10. The Town is entering into this Site Lease with the Trustee as material consideration for the Trustee's agreement to lease the Leased Property to the Town pursuant to the Lease. The Trustee will prepay in full its rental payments due under this Site Lease which rental payments shall be used by the Town to effect the Project, all pursuant to this Site Lease, the Lease and the Indenture.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

**Section 1. Site Lease and Terms.** The Town hereby demises and leases to the Trustee and the Trustee hereby leases from the Town, on the terms and conditions hereinafter set forth, the Leased Property, subject to Permitted Encumbrances as described in Exhibit B hereto.

The term of this Site Lease (the "Site Lease Term") shall commence on the date hereof and shall end on December 31, 20[ ] (the "Site Lease Termination Date"), unless such term is sooner terminated as hereinafter provided. If, prior to the Site Lease Termination Date, the Trustee has transferred and conveyed the Trustee's leasehold interest in all of the Leased Property pursuant to Article 12 of the Lease as a result of the Town's payment of (a) the applicable Purchase Option Price thereunder; or (b) all Base Rentals and Additional Rentals, all as further provided in Section 12.2 of the Lease, then the term of this Site Lease shall end in connection with such transfer and conveyance.

In the event that the Lease is terminated and this Site Lease remains in effect, and the Trustee exercises its remedies pursuant to this Site Lease and the Indenture, then the term of this Site Lease shall end when the outstanding remaining principal amount of the Certificates, plus accrued interest thereon, have been paid or provision has been made for such payment, provided that in the event that the payment of such Certificates has been made from a sale or assignment of the Trustee's leasehold interest herein, then this Site Lease shall remain in effect in accordance with the terms and provisions of any such sublease or assignment. Notwithstanding the foregoing or any provision to the contrary contained herein or in the Indenture, the term of any sublease of the Leased Property or any portion thereof, or any assignment of the Trustee's interest in this Site Lease, pursuant to Section 5 hereof, the Lease and the Indenture, shall not extend beyond December 31, 20[ ].

At the end of the term of this Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee, in and to the Leased Property, shall terminate. Upon such termination, the Trustee and any sublessee or assignee shall execute and deliver to the Town any necessary documents releasing, assigning, transferring and conveying the Trustee's, sublessee's or assignee's respective interests in the Leased Property.

**Section 2. Rental.** The Trustee has paid to the Town and the Town hereby acknowledges receipt from the Trustee as and for rental hereunder, paid in advance, the sum of \$[PURCHASE PRICE], as and for all rent due hereunder, and other good and valuable consideration, the receipt and the sufficiency of which are hereby acknowledged. The Town hereby determines that such amount is reasonable consideration for the leasing of the Leased Property to the Trustee for the term of this Site Lease.

**Section 3. Purpose.** The Trustee shall use the Leased Property solely for the purpose of leasing the Leased Property back to the Town pursuant to the Lease and for such purposes as may be incidental thereto; provided, that upon the occurrence of an Event of Nonappropriation or an Event of Lease Default and the termination of the Lease, the Town shall vacate the Leased Property, as provided in the Lease, and the Trustee may exercise the remedies provided in this Site Lease, the Lease and the Indenture.

**Section 4. Owner in Fee.** The Town represents that (a) it is the owner in fee of the Leased Property, subject only to Permitted Encumbrances as described in Exhibit B hereto, and (b) the Permitted Encumbrances do not and shall not interfere in any material way with the Leased Property. The Trustee acknowledges that it is only obtaining a leasehold interest in the Leased Property pursuant to this Site Lease.

**Section 5. Sales, Assignments and Subleases.** Unless an Event of Nonappropriation or an Event of Lease Default shall have occurred and be continuing and except as may otherwise be provided in the Lease, the Trustee may not sell or assign its rights and interests under this Site Lease or sublet all or any portion of the Leased Property without the prior written consent of the Town. Any such assignment without the Town's prior written consent shall be deemed null and void and of no effect.

In the event that (a) the Lease is terminated for any reason and (b) this Site Lease is not terminated, the Trustee may sublease the Leased Property or any portion thereof, or sell or assign the Trustee's leasehold interests in the Leased Property, pursuant to the terms of the Lease and the Indenture, and any purchasers from or sublessees or assignees of the Trustee may sell or assign its respective interests in the Leased Property, subject to the terms of this Site Lease, the Lease, and the Indenture. The Town and the Trustee (or any purchasers from or assignees or sublessees of the Trustee) agree that, except as permitted by this Site Lease, the Lease, and the Indenture and except for Permitted Encumbrances (including purchase options under the Lease), neither the Town, the Trustee, nor any purchasers from or sublessees or assignees of the Trustee will sell, mortgage, or encumber the Leased Property or any portion thereof during the term of this Site Lease.

The Trustee and any other person who has the right to use the Leased Property under this Site Lease, at its own expense, may install machinery, equipment, and other tangible property in or on any portion of the Leased Property. All such machinery, equipment, and other tangible property shall remain the sole property of the Trustee or such other person; provided, however, that title to any such machinery, equipment, and other tangible property shall become part of the Leased Property and be included under the terms of this Site Lease to the extent that (a) any such machinery, equipment, or other tangible property is permanently affixed to the Leased Property or

(b) the removal of such machinery, equipment, or other tangible property would damage or impair the Leased Property.

**Section 6. Right of Entry.** To the extent that the Lease is terminated and this Site Lease is still in effect, the Town reserves the right for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements, or changes necessary for the preservation thereof.

**Section 7. Termination.** The Trustee agrees, upon the termination of this Site Lease, to quit and surrender all of the Leased Property, and agrees that any permanent improvements and structures existing upon the Leased Property at the time of the termination of this Site Lease shall remain thereon.

**Section 8. Default.** In the event the Trustee shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for 30 days following notice and demand for correction thereof to the Trustee, the Town may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease shall be deemed to occur as a result thereof and that so long as any Certificates are Outstanding and unpaid under the Indenture, the Base Rentals due under the Lease shall continue to be paid to the Trustee except as otherwise provided in the Lease. In addition, so long as any of the Certificates are Outstanding, this Site Lease shall not be terminated except as described in Section 1 hereof.

**Section 9. Quiet Enjoyment and Acknowledgment of Ownership.** The Trustee at all times during the term of this Site Lease shall peaceably and quietly have, hold, and enjoy the Leased Property, subject to the provisions of this Site Lease, the Lease, and the Indenture. The Town and the Trustee acknowledge that the Town owns the Leased Property in fee title and that the Trustee shall have a leasehold in the Leasehold Property pursuant to this Site Lease.

**Section 10. Trustee's Disclaimer.** It is expressly understood and agreed that (a) this Site Lease is executed by UMB Bank, n.a. solely in its capacity as Trustee under the Indenture, and (b) nothing herein shall be construed as creating any liability on UMB Bank, n.a. other than in its capacity as Trustee under the Indenture. All financial obligations of the Trustee under this Site Lease, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate.

**Section 11. Taxes; Maintenance; Insurance.** During the Lease Term of the Lease and in accordance with the provisions of the Lease, including Sections 9.1 and 9.3 thereof, the Town covenants and agrees to pay any and all taxes, assessments, or governmental charges due in respect of the Leased Property and all maintenance costs and utility charges in connection with the Leased Property. In the event that (a) the Lease is terminated for any reason and (b) this Site Lease is not terminated, the Trustee, or any purchaser, sublessee, or assignee of the Leased Property (including the leasehold interests of the Trustee resulting from this Site Lease) shall pay or cause to be paid when due, all such taxes, assessments, or governmental charges and maintain the Leased Property in good condition and working order, and shall not demolish any building or other improvements constituting the Leased Property. Any such payments that are to be made by the Trustee shall be made solely from (a) the proceeds of such sale, subleasing, or assignment, (b) from the Trust

Estate, or (c) from other moneys furnished to the Trustee under Section 8.02(m) of the Indenture, and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to pay or cause to be paid when due, all such taxes, assessments, or governmental charges and to maintain the Leased Property in good condition and working order.

The provisions of the Lease shall govern with respect to the maintenance of insurance hereunder during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason and (b) this Site Lease is not terminated, the Trustee, or any sublessee, purchaser, or assignee of the Leased Property shall obtain and keep in force, (i) commercial general liability insurance against claims for personal injury, death, or damage to property of others occurring on or in the Leased Property in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10, Title 24, Colorado Revised Statutes, as heretofore or hereafter amended), and (ii) property insurance in an amount not less than the full replacement value of the improvements and structures constituting the Leased Property. Any such insurance that is to be obtained by the Trustee shall be paid for solely from (a) the proceeds of such subleasing, sale, or assignment, (b) from the Trust Estate, or (c) from other moneys furnished to the Trustee under Section 8.02(m) of the Indenture and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to obtain or keep in force such insurance coverages. All such insurance shall name the Town as insured and the Trustee as an additional insured or loss payee. The Town and the Trustee shall waive any rights of subrogation with respect to the Trustee, any sublessee, purchaser, or assignee, and the Town, and their members, directors, officers, agents, and employees, while acting within the scope of their employment and each such insurance policy shall contain such a waiver of subrogation by the issuer of such policy.

Nothing in the preceding paragraphs or in this Site Lease shall be interpreted or construed to require the Trustee to sublease all or any portion of the Leased Property or sell or assign its interests in this Site Lease, in the event that the Lease is terminated for any reason and this Site Lease is not terminated.

**Section 12. Damage, Destruction or Condemnation.** The provisions of the Lease shall govern with respect to any damage, destruction, or condemnation of the Leased Property during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason and (b) this Site Lease is not terminated, and either (i) the Leased Property or any portion thereof is damaged or destroyed, in whole or in part, by fire or other casualty, or (ii) title to or use of the Leased Property or any part thereof shall be taken under the exercise of the power of eminent domain, the Town, and the Trustee, or any sublessee, purchaser, or assignee of the Leased Property from the Trustee shall cause the Net Proceeds of any insurance claim or condemnation award to be applied in accordance with the provisions of Article 10 of the Lease.

**Section 13. Hazardous Substances.** Except for customary materials necessary for operation, cleaning, and maintenance of the Leased Property, none of the Town, the Trustee, or any sublessee, purchaser, or assignee of the Leased Property from the Trustee shall cause or permit any Hazardous Substance to be brought upon, generated at, stored, or kept or used in or about the Leased Property without prior written notice to the Town and the Trustee and all Hazardous Substances, including customary materials necessary for construction, operation, cleaning, and



maintenance of the Leased Property, will be used, kept, and stored in a manner that complies with all laws regulating any such Hazardous Substance so brought upon or used or kept on or about the Leased Property, provided that unless the Trustee has exercised its right to take possession of the Leased Property after the occurrence and continuance of an Event of Lease Default, the Trustee shall have no responsibility under this Section to monitor or investigate whether the Leased Property complies with environmental laws or is subject to any Hazardous Substance. If the presence of Hazardous Substance on the Leased Property is caused or permitted by the Town, the Trustee or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, results in contamination of the Leased Property, or if contamination of the Leased Property by Hazardous Substance otherwise occurs for which the Town, the Trustee or any sublessee or assignee of the Leased Property, as the case may be, is legally liable for damage resulting therefrom, then the Town, the Trustee, or any sublessee, purchaser or assignee of the Leased Property from the Trustee, as the case may be, shall reimburse the other party for its reasonable and necessary legal expenses to defend the parties hereto or assignees hereof that have not caused or permitted such contamination and are not so legally liable with respect to this Site Lease from claims for damages, penalties, fines, costs, liabilities or losses; provided that the cost of such defense, (a) in the case of the Trustee, shall be payable solely from the Trust Estate, or (b) in the case of the Town, shall be payable only if the cost of such defense has been annually appropriated by the Town. This duty to reimburse legal expenses is not an indemnification. It is expressly understood that none of the Town, the Trustee, or any sublessee, purchaser, or assignee is indemnifying any other person with respect to this Site Lease. Without limiting the foregoing, if the presence of any Hazardous Substance on the Leased Property is caused or permitted by:

(a) the Trustee after the Trustee has exercised its right to take possession of the Leased Property after the occurrence and continuance of an Event of Lease Default, or any sublessee, purchaser, or assignee of the Leased Property from the Trustee, as the case may be, results in any contamination of the Leased Property, then the Trustee or any sublessee, purchaser, or assignee of the Leased Property from the Trustee, as the case may be, shall provide prior written notice to the Town and the Trustee and shall promptly take all actions, solely at the expense of the Trust Estate as are necessary to effect remediation of the contamination in accordance with legal requirements; or

(b) the Town results in any contamination of the Leased Property, then the Town shall provide prior written notice to the Trustee and promptly take all actions, solely at the expense of the Town, which expenses shall constitute Additional Rentals, as are necessary to effect remediation of the contamination in accordance with legal requirements.

**Section 14. Third Party Beneficiaries.** It is expressly understood and agreed that the Owners of the outstanding Certificates are third party beneficiaries to this Site Lease and enforcement of the terms and conditions of this Site Lease, and all rights of action relating to such enforcement, shall be strictly reserved to the Town, as Lessor, and the Trustee, as Lessee, and their respective successors and assigns, and to the Owners of the Certificates. Except as hereinafter provided, nothing contained in this Site Lease shall give or allow any such claim or right of action by any other or third person on this Site Lease. It is the express intention of the Town and the Trustee that any person other than the Town, the Trustee, or the Owners of the Certificates

receiving services or benefits under this Site Lease shall be deemed to be an incidental beneficiary only.

**Section 15. Amendments.** This Site Lease may only be amended, changed, modified, or altered in accordance with the provisions of the Indenture.

**Section 16. Partial Invalidity.** If any one or more of the terms, provisions, covenants, or conditions of this Site Lease shall to any extent be declared invalid, unenforceable, void, or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants, and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

**Section 17. No Merger.** The Town and the Trustee intend that the legal doctrine of merger shall have no application to this Site Lease and that neither the execution and delivery of the Lease by the Trustee and the Town nor the exercise of any remedies under this Site Lease or the Lease shall operate to terminate or extinguish this Site Lease or the Lease, except as specifically provided herein and therein.

**Section 18. Notices.** All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if (i) delivered personally, (ii) mailed by United States certified or registered mail, return receipt requested, postage prepaid, at the addresses indicated in the Lease, or to such other addresses as the respective parties may from time to time designate in writing, (iii) sent by electronic transmission which produces evidence of transmission, or (iv) in such other manner as authorized by the Town or the Trustee, as the case may be.

**Section 19. Recitals.** The Recitals set forth in this Site Lease are hereby incorporated by this reference and made a part of this Site Lease.

**Section 20. Section Headings.** All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

**Section 21. Execution.** This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same Site Lease.

**Section 22. Governing Law.** This Site Lease shall be governed by and construed in accordance with the law of the State of Colorado without regard to choice of law analysis.

**Section 23. No Waiver of Governmental Immunity.** Notwithstanding any other provisions of this Site Lease to the contrary, no term or condition of this Site Lease shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, limitations to liability or other provisions of the Colorado Governmental Immunity Act, Section 24-10-101, et. seq., C.R.S., as now or hereafter amended, or under any other law.

**Section 24. Annual Appropriation.** Consistent with Article X, §20 of the Colorado Constitution, any financial obligation of the Town under this Site Lease shall be from year to year only, shall be subject to annual appropriation, shall extend only to monies currently appropriated, and shall not constitute a mandatory charge, requirement, debt, or liability beyond the current fiscal year. To the extent that any of the Town's obligations under this Site Lease are deemed to constitute a multiple fiscal-year financial obligation, the Town's performance will be conditioned upon annual appropriation by the Town Council, in its sole discretion.

**Section 25. Electronic Transactions.** The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Town and the Trustee have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

TOWN OF CASTLE ROCK,  
COLORADO, as Lessor

UMB BANK, N.A., solely in its capacity as  
Trustee under the Indenture, as Lessee

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Senior Vice President

[SEAL]

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Town Clerk

\_\_\_\_\_  
Michael J. Hyman, Town Attorney

STATE OF COLORADO            )  
  )  
COUNTY OF SAN MIGUEL       ) ss.  
  )  
TOWN OF CASTLE ROCK         )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of [\_\_\_\_], 2025,  
by [\_\_\_\_], as Mayor of the Town of Castle Rock, Colorado.

WITNESS my hand and official seal.

(SEAL)

\_\_\_\_\_  
Notary Public

STATE OF COLORADO )  
 ) ss.  
CITY AND COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of [\_\_\_\_], 2025,  
by [\_\_\_\_], as Senior Vice President of UMB Bank, n.a., as Trustee.

WITNESS my hand and official seal.

(SEAL)

Notary Public

## EXHIBIT A

### DESCRIPTION OF THE LEASED PROPERTY:

The Leased Property consists of the real property and the buildings and improvements located thereon as set forth below, as amended from time to time.

[Legal Description]

Description of premises, buildings and improvements



## EXHIBIT B

### PERMITTED ENCUMBRANCES

“Permitted Encumbrances” means, as of any particular time: (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of the Lease; (b) this Site Lease, the Lease, the Indenture and any related fixture filing and any liens arising or granted pursuant to the Lease or the Indenture; (c) utility, access and other easements and rights of way, licenses, permits, party wall and other agreements, restrictions and exceptions which the Town Representative certifies will not materially interfere with or materially impair the Leased Property, including rights or privileges in the nature of easements, licenses, permits, and agreements as provided in the Lease; (d) any sublease of the Leased Property that is permitted pursuant to the terms and provisions of Section 13.2 of the Lease; and (e) the easements, covenants, restrictions, liens and encumbrances to which title to the Leased Property was subject when leased to the Trustee pursuant to this Site Lease, as shown below, and which the Town Representative hereby certifies do not and will not interfere in any material way with the Leased Property.

The easements, covenants, restrictions, liens, and encumbrances to which title to the Leased Property was subject when leased to the Trustee pursuant to this Site Lease are as follows:

- 1) Liens for ad valorem taxes and special assessments not then delinquent, if applicable.
- 2) This Site Lease.
- 3) The Lease.
- 4) All other encumbrances appearing of record on the date hereof.

AFTER RECORDATION PLEASE RETURN TO:

Butler Snow LLP  
1801 California Street, Suite 5100  
Denver, Colorado 80202  
Attention: Kimberley K. Crawford, Esq.

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**LEASE PURCHASE AGREEMENT**

**DATED [CLOSING DATE], 2025**

**BETWEEN**  
**UMB BANK, N.A.,**  
**SOLELY IN ITS CAPACITY AS TRUSTEE UNDER THE INDENTURE IDENTIFIED HEREIN,**  
**AS LESSOR**

**AND**

**TOWN OF CASTLE ROCK, COLORADO,**  
**AS LESSEE**

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**This Table of Contents is not a part of this Lease and is only for convenience of reference.**

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This LEASE PURCHASE AGREEMENT, dated [CLOSING DATE], 2025 (this “Lease”), is by and between UMB Bank, n.a., Denver, Colorado, a national banking association duly organized and validly existing under the laws of the United States of America, solely in its capacity as trustee under the Indenture (the “Trustee”), as lessor, and the Town of Castle Rock, Colorado, a home rule municipality duly organized and validly existing under the Constitution and laws of the State of Colorado (the “Town”), as lessee.

## **PREFACE**

All capitalized terms used herein will have the meanings ascribed to them in Article 1 of this Lease.

## **RECITALS**

1. The Town has been duly organized and is validly existing as a home rule municipality and municipal corporation under the Constitution of the State of Colorado and the home rule charter of the Town (the “Charter”).

2. Pursuant to Article XX, Section 6 of the Colorado Constitution and the Charter, the Town is authorized to enter into long-term rental or leasehold agreements in order to provide necessary land, buildings, equipment, and other property for governmental or proprietary purposes.

3. The Town Council has determined that it is in the best interests of the Town and its inhabitants to finance the acquisition, construction, installation, equipping and improvement of a recreation center with associated amenities and supporting public improvements needed or desired in connection therewith (collectively, the “Project”).

4. The Town Council has determined that it is in the best interests of the Town and its inhabitants to provide for the financing of the Project by entering into the Site Lease Agreement with the Trustee, solely in its capacity of trustee (the “Site Lease”) and the Lease.

5. The Town owns, in fee title, the real property and the buildings and improvements located thereon (as more particularly described in Exhibit A attached hereto, the “Leased Property”).

6. To finance the Project, the Trustee will acquire a leasehold interest in the Leased Property by leasing the Leased Property from the Town pursuant to the Site Lease and will lease the Leased Property back to the Town pursuant to this Lease.

7. Contemporaneously with the execution and delivery of the Site Lease and the Lease, the Trustee will execute and deliver an Indenture of Trust (the “Indenture”) pursuant to which there will be executed and delivered certain certificates of participation (the “Certificates”) that will be dated as of their date of delivery, will evidence proportionate interests in the right to receive Base Rentals and other Revenues (as defined herein), will be payable solely from the sources herein provided, and shall not directly or indirectly obligate the Town to make any payments beyond those appropriated for any fiscal year during which the Lease shall be in effect.



8. The net proceeds of the Certificates, together with other available money of the Town, will be used to finance the Project and pay the Costs of Execution and Delivery of the Certificates.

9. The payment by the Town of Base Rentals and Additional Rentals hereunder in any future Fiscal Year is subject to specific Appropriations and renewal by the Town Council of this Lease for such future Fiscal Year. The Base Rentals and Additional Rentals payable by the Town under this Lease shall constitute current expenditures of the Town.

10. Neither this Lease nor the payment by the Town of Base Rentals or Additional Rentals hereunder shall be deemed or construed as creating an indebtedness of the Town within the meaning of any provision of the Colorado Constitution, the Charter, or the laws of the State of Colorado concerning or limiting the creation of indebtedness by the Town, and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the Town within the meaning of Article X, Section 20(4) of the Colorado Constitution or a mandatory charge or requirement against the Town in any ensuing Fiscal Year beyond the then current Fiscal Year. The obligation of the Town to pay Base Rentals and Additional Rentals hereunder shall be from year to year only, shall constitute currently budgeted expenditures of the Town, shall not constitute a mandatory charge or requirement in any ensuing budget year, nor a mandatory payment obligation of the Town in any ensuing Fiscal Year beyond any Fiscal Year during which this Lease shall be in effect. In the event that this Lease is not renewed, the sole security available to the Trustee, as lessor hereunder, shall be the Leased Property.

11. The Trustee is executing this Lease solely in its capacity as trustee under the Indenture, and subject to the terms, conditions and protections provided for herein and therein.

12. The Trustee and the Town intend that this Lease set forth their entire understanding and agreement regarding the terms and conditions upon which the Town is leasing the Leased Property from the Trustee.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the Trustee and the Town agree as follows:

## **ARTICLE 1 DEFINITIONS**

**Section 1.1 Certain Funds and Accounts.** All references herein to any funds and accounts mean the funds and accounts so designated which are established under the Indenture.

**Section 1.2 Definitions.** All capitalized terms used herein and not otherwise defined have the meanings given to them in the Indenture, unless the context otherwise requires. Capitalized terms used herein have the following meanings under this Lease:

“Additional Certificates” means Additional Certificates which may be executed and delivered pursuant to the Indenture.

“Additional Rentals” means the payment or cost of all:

(a) (i) reasonable expenses and fees of the Trustee related to the performance or discharge of its responsibilities under the provisions of the Lease, the Site Lease or the Indenture, including the reasonable fees and expenses of any person or firm employed by the Town to make rebate calculations under the provisions of Section 3.05 of the Indenture and the expenses of the Trustee in respect of any policy of insurance or surety bond obtained in respect of the Certificates executed and delivered pursuant to the Indenture, (ii) the cost of insurance premiums and insurance deductible amounts under any insurance policy reasonably deemed necessary by the Trustee to protect the Trustee from any liability under the Lease, and approved by the Town Representative, which approval shall not be unreasonably withheld, (iii) reasonable legal fees and expenses incurred by the Trustee to defend the Trust Estate or the Trustee from and against any legal claims related to the performance or discharge of its responsibilities under the provisions of the Lease, the Site Lease or the Indenture, and (iv) reasonable expenses and fees of the Trustee incurred at the request of the Town Representative;

(b) taxes, assessments, insurance premiums, utility charges, maintenance, upkeep, repair and replacement with respect to the Leased Property or as otherwise required under the Lease;

(c) payments into the Rebate Fund for rebate payments as provided in the Lease; and

(d) all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the Town shall fail to pay the same, as specifically set forth in the Lease) which the Town agrees to assume or pay as Additional Rentals under the Lease.

Additional Rentals do not include Base Rentals.

“Appropriation” means the action of the Town Council in annually making moneys available for all payments due under this Lease, including the payment of Base Rentals and Additional Rentals.

“Approval of Special Counsel” means an opinion of Special Counsel to the effect that the matter proposed will not adversely affect the excludability from gross income for federal income tax purposes of the Interest Portion of the Base Rentals paid by the Town under this Lease and attributable to the Certificates.

“Base Rentals” means the rental payments payable by the Town during the Lease Term, which constitute payments payable by the Town for and in consideration of the right to possess and use the Leased Property as set forth in Exhibit C (Base Rentals Schedule) hereto. Base Rentals does not include Additional Rentals.

“Base Rentals Payment Dates” means the Base Rentals Payment Dates set forth in Exhibit C (Base Rentals Schedule) hereto.

“Business Day” means any day, other than a Saturday, Sunday or legal holiday or a day (a) on which banks located in Denver, Colorado are required or authorized by law or executive order to close or (b) on which the Federal Reserve System is closed.

“Certificates” means the “Certificates of Participation, Series 2025, Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated [CLOSING DATE], 2025, between UMB Bank, n.a., solely in its capacity as trustee under the Indenture, as lessor, and the Town of Castle Rock, Colorado, as lessee” dated as of their date of delivery, executed and delivered pursuant to the Indenture.

“Certificate of Completion” means the Certificate of Completion in substantially the form attached hereto as Exhibit F to be delivered by the Town Representative to the Trustee pursuant to Section 7.3 hereof.

“Charter” means the home rule charter of the Town, and any amendments or supplements thereto.

“Completion Date” means the earlier of (a) [CLOSING DATE, 2028], or such later date established by the Town with the Approval of Special Counsel, or (b) any date on which the Certificate of Completion is delivered by the Town Representative to the Trustee pursuant to Section 7.3 of this Lease.

“Construction Fund” means the Construction Fund created under the Indenture.

“Continuing Disclosure Certificate” means the certificate executed by the Town of even date herewith which constitutes an undertaking pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

“Costs of Execution and Delivery” means all items of expense directly or indirectly payable by the Trustee related to the authorization, execution and delivery of the Site Lease and this Lease and related to the authorization, sale, execution and delivery of the Certificates, as further defined in the Indenture.

“Costs of the Project” means all costs and expenses incurred in connection with the Project, including without limitation:

- (a) any costs paid or incurred for the acquisition of any real estate acquired as part of the Leased Property;
- (b) obligations paid, incurred or assumed for labor, materials and equipment in connection with the construction, acquisition, installation, equipping and improvement of the Project;
- (c) the cost of performance and payment bonds and of insurance of all kinds (including, without limitation, title insurance) that may be necessary or appropriate in connection with the Project;
- (d) the costs of engineering, architectural and other professional and technical services including obligations incurred or assumed for preliminary design and development work, test borings, soils tests, surveys, environmental review, estimates and plans and specifications;
- (e) administrative costs incurred in connection with the leasing of the Leased Property and the construction of the Project incurred prior to the Completion Date, including supervision of the construction, acquisition, installation and equipping as well as the performance of all of the other duties required by or consequent upon the construction, acquisition, installation and equipping of the Project, including, without limitation, costs of preparing and securing all Project Documents, architectural, engineering and other professional and technical fees, building permit fees, water tap fees, sanitary sewer and wastewater fees, legal fees and expenses, appraisal fees, independent inspection fees, auditing fees and advertising expenses in connection with the Project;
- (f) costs incurred in connection with the Certificates, including the initial compensation and expenses of the Trustee, legal fees and expenses, costs incurred in obtaining ratings from rating agencies, the premium for a qualified surety bond, if any, and accounting fees;
- (g) all costs which are required to be paid under the terms of any Project Contract;
- (h) any costs associated with the leasing of the Site pursuant to the Site Lease;
- (i) costs related to the preparation of the Site for construction of the Project, including, but not limited to, the costs of demolition and cleanup of any existing improvements on the Site and costs associated with the provision of sewer, water, gas, electricity and other infrastructure improvements and services to the Site;
- (j) payments to a reserve fund to the extent necessary to establish or maintain a reserve requirement, if any;
- (k) all other costs which are considered to be a part of the costs of the Project in accordance with generally accepted accounting principles and which will not adversely affect the excludability from gross income for federal income tax purposes of the Interest

Portion of Base Rentals due under this Lease and attributable to the Certificates, as evidenced by delivery of an Approval of Special Counsel; and

(l) any and all other costs necessary to effect the Trustee's leasing of the Site and the implementation and completion of the Project to the extent the same are permitted by the laws of the State of Colorado and will not adversely affect the excludability from gross income for federal income tax purposes of the Interest Portion of Base Rentals due under this Lease and attributable to the Certificates, as evidenced by delivery of an Approval of Special Counsel.

"Counsel" means an attorney at law or law firm (who may be counsel for the Trustee) who is satisfactory to the Town.

"C.R.S." means Colorado Revised Statutes, as amended from time to time.

"Event(s) of Lease Default" means any event as defined in Section 14.1 of this Lease.

"Event of Nonappropriation" means the termination and non-renewal of this Lease by the Town, determined by the Town Council's failure, for any reason, to appropriate by the last day of each Fiscal Year, (a) sufficient amounts to be used to pay Base Rentals due in the next Fiscal Year and (b) sufficient amounts to pay such Additional Rentals as are estimated to become due in the next Fiscal Year, as provided in Section 6.4 of this Lease. An Event of Nonappropriation may also occur under certain circumstances described in Section 10.3(c) of this Lease. The term also means a notice under this Lease of the Town's intention to not renew and therefore terminate this Lease or an event described in this Lease relating to the exercise by the Town of its right to not appropriate amounts due as Additional Rentals in excess of the amounts for which an Appropriation has been previously effected.

"Finance Director" means the Finance Director of the Town or such person's successor in functions, if any.

"Fiscal Year" means any 12-month period adopted by the Town as its fiscal year.

"Force Majeure" means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America, the State of Colorado or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; pandemics or other declared health emergencies; or any other cause or event not within the control of the Town in its capacity as lessee hereunder or the Trustee.

"Hazardous Substance" means and includes: (a) the terms "hazardous substance," "release" and "removal" which, as used herein, shall have the same meaning and definition as set forth in paragraphs (14), (22) and (23), respectively, of Title 42 U.S.C. §9601 and in Colorado law, provided, however, that the term "hazardous substance" as used herein shall also include "hazardous waste" as defined in paragraph (5) of 42 U.S.C. §6903 and "petroleum" as defined in paragraph (8) of 42 U.S.C. §6991; (b) the term "superfund" as used herein means the Comprehensive Environmental Response, Compensation and Liability Act, as amended, being

Title 42 U.S.C. §9601 et seq., as amended, and any similar State of Colorado statute or local ordinance applicable to the Leased Property, including, without limitation, Colorado rules and regulations promulgated, administered, and enforced by any governmental agency or authority pursuant thereto; and (c) the term “underground storage tank” as used herein shall have the same meaning and definition as set forth in paragraph (1) of 42 U.S.C. §6991.

“Indenture” means the Indenture of Trust, dated [CLOSING DATE], 2025, executed and delivered by the Trustee, as the same may be amended or supplemented.

“Initial Term” means the period which commences on the date of delivery of this Lease and terminates on December 31, 2025.

“Interest Portion” means the portion of each Base Rentals payment that represents the payment of interest set forth in Exhibit C (Base Rentals Schedule) hereto.

“Lease” means this Lease Purchase Agreement, dated [CLOSING DATE], 2025, between the Trustee, as lessor, and the Town, as lessee, as the same may be amended.

“Lease Remedy” or “Lease Remedies” means any or all remedial steps provided in this Lease whenever an Event of Lease Default or an Event of Nonappropriation has happened and is continuing, which may be exercised by the Trustee as provided in this Lease and in the Indenture.

“Lease Term” means the Initial Term and any Renewal Terms as to which the Town may exercise its option to renew this Lease by effecting an Appropriation of funds for the payment of Base Rentals and Additional Rentals hereunder, as provided in and subject to the provisions of this Lease. “Lease Term” refers to the time during which the Town is the lessee of the Leased Property under this Lease.

“Leased Property” means the real property and the premises, buildings, and improvements situated thereon, including all fixtures attached thereto, as more particularly described in Exhibit A to this Lease, together with any and all additions and modifications thereto, substitutions and replacements thereof, and any New Facility.

“Mayor” means the Mayor of the Town or such person’s successor in functions, if any.

“Net Proceeds” means the proceeds of any performance or payment bond, or proceeds of insurance, including self-insurance, required by this Lease or proceeds from any condemnation award, or any proceeds resulting from default or breaches of warranty under any Project Contract, or proceeds derived from the exercise of any Lease Remedy or otherwise following termination of this Lease by reason of an Event of Nonappropriation or an Event of Lease Default, allocable to the Leased Property, less (a) all related expenses (including, without limitation, attorney’s fees and costs) incurred in the collection of such proceeds or award; and (b) all other related fees, expenses and payments due to the Town and the Trustee.

“New Facility” means any real property, buildings or equipment leased by the Town to the Trustee pursuant to a future amendment to the Site Lease and leased back by the Town from the Trustee pursuant to a future amendment to this Lease in connection with the execution and delivery of Additional Certificates.

“Owners” means the registered owners of any Certificates.

“Permitted Encumbrances” means, as of any particular time: (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of this Lease; (b) the Site Lease, this Lease, the Indenture and any related fixture filing and any liens arising or granted pursuant to the Site Lease, this Lease or the Indenture; (c) utility, access and other easements and rights of way, licenses, permits, party wall and other agreements, restrictions and exceptions which the Town Representative certifies will not materially interfere with or materially impair the Leased Property, including rights or privileges in the nature of easements, licenses, permits, and agreements as provided in this Lease or other Project Contracts; (d) any sublease of the Leased Property that is permitted pursuant to the terms and provisions of Section 13.2 hereof; and (e) the easements, covenants, restrictions, liens and encumbrances to which title to the Leased Property was subject when leased to the Trustee pursuant to the Site Lease, as shown on Exhibit B hereto, and which the Town Representative hereby certifies do not and will not interfere in any material way with the intended use of the Leased Property.

“Prepayment” means any amount paid by the Town pursuant to the provisions of this Lease as a prepayment of the Base Rentals due hereunder.

“Principal Portion” means the portion of each Base Rentals payment that represents the payment of principal set forth in Exhibit C (Base Rentals Schedule) hereto.

“Project” means, collectively, the acquisition, construction, installation, equipping and improvement of a recreation center with associated amenities and supporting public improvements needed or desired in connection therewith.

“Project Contract” means any contract entered into before the Completion Date by the Town regarding the design, acquisition, construction, improvement or installation of any portion of the Project, including, without limitation, the design contracts between the Town and the design consultants, the construction contracts between the Town and the contractors, and any other contracts between the Town and anyone performing work or providing services in connection with the implementation and completion of the Project.

“Project Documents” means the following: (a) plans, drawings and specifications for the Project, when and as they are approved by the Town, including change orders, if any; (b) any necessary permits for the Project, including any building permits and certificates of occupancy; (c) the Project Contracts; (d) policies of title insurance, insurance policies required under the Project Contracts, including general liability, property damage and automobile, worker’s compensation and builders’ risk insurance policies in respect of the general contractor for construction of the Project and, on and after the Completion Date of the Project, insurance policies required under Article 9 of this Lease, including commercial general liability and public liability, property and worker’s compensation insurance policies, or certificates of insurance for any of such policies thereof, as required by this Lease; (e) contractor’s performance and payment bonds with respect to the Project; and (f) any and all other documents executed by or furnished to the Town or the Trustee in connection with the Project.



“Purchase Option Price” means the amount payable on any date, at the option of the Town, to prepay Base Rentals, terminate the Lease Term and purchase the Trustee’s leasehold interest in the Leased Property, as provided herein.

“Renewal Term” means any portion of the Lease Term commencing on January 1 of any calendar year and terminating on or before December 31 of such calendar year as provided in Article 4 of this Lease.

“Requisition” means the process by which the Town Representative will request the reimbursement to the Town or the payment to others of qualifying Costs of the Project, such Requisition to be initiated by the submission to the Trustee of a form substantially as set forth in **Exhibit E** hereto.

“Revenues” means (a) all amounts payable by or on behalf of the Town or with respect to the Leased Property pursuant to this Lease including, but not limited to, all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds, but not including Additional Rentals; (b) any portion of the proceeds of the Certificates deposited into the Base Rentals Fund created under the Indenture and the Construction Fund created under the Indenture; (c) any moneys which may be derived from any insurance in respect of the Certificates; and (d) any moneys and securities, including investment income, held by the Trustee in the Funds and Accounts established under the Indenture (except for moneys and securities held in the Rebate Fund or any defeasance escrow account).

“Site Lease” means the Site Lease Agreement, dated [CLOSING DATE], 2025, between the Town, as lessor, and the Trustee, as lessee, as the same may hereafter be amended.

“Special Counsel” means any counsel experienced in matters of municipal law and listed in the list of municipal bond attorneys, published by The Bond Buyer, or any successor publication. So long as the Lease Term is in effect, the Town shall have the right to select Special Counsel.

“Tax Certificate” means the Tax Compliance and No-Arbitrage Certificate entered into by the Town with respect to this Lease and the Certificates.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and all regulations and rulings promulgated thereunder.

“Town” means the Town of Castle Rock, Colorado.

“Town Attorney” means the Town Attorney of the Town or such person’s successor in functions, if any.

“Town Council” means the Town Council of the Town or any successor to its functions.

“Town Manager” means the Town Manager of the Town or such person’s successor in functions, if any.

“Town Representative” means the Town Manager, the Finance Director or the Town Attorney or such other person at the time designated to act on behalf of the Town for the purpose

of performing any act under this Lease, the Site Lease or the Indenture by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the Town by the Mayor or Mayor Pro Tem.

“Trustee” means UMB Bank, n.a., acting solely in the capacity of trustee pursuant to the Indenture for the benefit of the Owners of the Certificates and any Additional Certificates, and any successor thereto appointed under the Indenture.

**ARTICLE 2**  
**REPRESENTATIONS AND COVENANTS; RELATIONSHIP OF THE TOWN AND**  
**THE TRUSTEE**

**Section 2.1 Representations and Covenants of the Town.** The Town represents and covenants to the Trustee, to the extent allowed by law and subject to renewal of this Lease and Appropriation as set forth in Article 6 hereof, as follows:

(a) The Town is a home rule municipal corporation duly organized and existing within the State under the Constitution and laws of the State and its Charter. The Town is authorized to enter into this Lease and the Site Lease and to carry out its obligations under this Lease and the Site Lease. The Town has duly authorized and approved the execution and delivery of this Lease, the Site Lease and all other documents related to the execution and delivery of this Lease and the Site Lease.

(b) The Town owns the Leased Property in fee title, and the Trustee has a leasehold interest in the Leased Property pursuant to the Site Lease.

(c) The leasing of the Leased Property by the Town to the Trustee pursuant to the Site Lease, the leasing or subleasing of the Leased Property from the Trustee under the terms and conditions provided for in this Lease, and the financing of the Project by the Town and the Trustee under the terms and conditions provided for in this Lease, are necessary, convenient, and in furtherance of and are in the best interests of the citizens of the Town. The Town will apply the net proceeds of the Certificates, together with other available money of the Town, to finance the Project.

(d) Neither the execution and delivery of this Lease and the Site Lease, nor the fulfillment of or compliance with the terms and conditions of this Lease and the Site Lease, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Town is now a party or by which the Town or its property is bound, or violates any statute, regulation, rule, order of any court having jurisdiction, judgment or administrative order applicable to the Town, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien or encumbrance whatsoever upon any of the property or assets of the Town, except for Permitted Encumbrances.

(e) The Town agrees that, except for non-renewal and nonappropriation as set forth in Article 6 hereof, if the Town fails to perform any act which the Town is required to perform under this Lease, the Trustee may, but shall not be obligated to, perform or cause to be performed such act, and any reasonable expense incurred by the Trustee in connection therewith shall be an obligation owing by the Town (from moneys for which an Appropriation has been effected) to the Trustee shall be a part of Additional Rentals, and the Trustee shall be subrogated to all of the rights of the party receiving such payment.

(f) There is no litigation or proceeding pending against the Town affecting the right of the Town to execute this Lease or the Site Lease or the ability of the Town to make

the payments required hereunder or to otherwise comply with the obligations contained herein, or which, if adversely determined, would, in the aggregate or in any case, materially adversely affect the property, assets, financial condition or business of the Town or materially impair the right or ability of the Town to carry on its operations substantially as now conducted or anticipated to be conducted in the future.

(g) Except for customary materials necessary for construction, operation, cleaning and maintenance of the Leased Property, the Town shall not cause or permit any Hazardous Substance to be brought upon, generated at, stored or kept or used in or about the Leased Property without prior written notice to the Trustee, and all Hazardous Substances, including, customary materials necessary for construction, operation, cleaning, and maintenance of the Leased Property, will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Substance so brought upon or used or kept in or about the Leased Property. If the presence of any Hazardous Substance on the Leased Property caused or permitted by the Town results in contamination of the Leased Property, or if contamination of the Leased Property by any Hazardous Substance otherwise occurs for which the Town is legally liable for damage resulting therefrom, then the Town shall include as an Additional Rental any amount necessary to reimburse the Trustee for legal expenses incurred to defend (to the extent that an Appropriation for the necessary moneys has been effected by the Town) the Trustee from claims for damages, penalties, fines, costs, liabilities or losses. The reimbursement of the Trustee's legal expenses is not an indemnification. It is expressly understood that the Town is not indemnifying the Trustee and expenses of such defense shall constitute Additional Rentals. Without limiting the foregoing, if the presence of any Hazardous Substance on the Leased Property caused or permitted by the Town results in any contamination of the Leased Property, the Town shall provide prior written notice to the Trustee and promptly take all actions at its sole expense (which expenses shall constitute Additional Rentals) as are necessary to effect remediation of the contamination in accordance with legal requirements.

(h) The Town covenants and agrees to comply with any applicable covenants and requirements of the Town set forth in the Tax Certificate.

**Section 2.2 Representations and Covenants of the Trustee.** The Trustee represents and covenants as follows:

(a) The Trustee is a national banking association duly organized and existing under the laws of the United States of America. The Trustee is authorized to enter into the Site Lease and this Lease, and to execute and deliver the Indenture, and to carry out its obligations hereunder and thereunder.

(b) So long as no Event of Indenture Default has occurred and is then continuing or existing, except as specifically provided in the Site Lease or this Lease or as necessary to transfer the Trust Estate to a successor Trustee, the Trustee shall not pledge or assign the Trustee's right, title and interest in and to (i) this Lease or the Site Lease, (ii) the Base Rentals, other Revenues and collateral, security interests and attendant rights and obligations which may be derived under this Lease or the Site Lease, and/or (iii) the Leased Property and any reversion

therein or any of its or the Trustee's other rights under this Lease or the Site Lease or assign, pledge, mortgage, encumber or grant a security interest in its or the Trustee's right, title and interest in, to and under this Lease or the Site Lease or the Leased Property except for Permitted Encumbrances.

(c) Neither the execution and delivery of this Lease, the Site Lease or the Indenture by the Trustee, nor the fulfillment of or compliance with the terms and conditions thereof and hereof, nor the consummation of the transactions contemplated thereby or hereby conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitutes a default under any of the foregoing.

(d) To the Trustee's knowledge, there is no litigation or proceeding pending against the Trustee affecting the right of the Trustee to execute this Lease, the Site Lease, or the Indenture, or to perform its obligations thereunder or hereunder, except such litigation or proceeding as has been disclosed in writing to the Town on or prior to the date the Indenture is executed and delivered.

**Section 2.3 Nature of Lease.** The Town and the Trustee acknowledge and agree that the Base Rentals and Additional Rentals hereunder shall constitute currently budgeted and appropriated expenditures of the Town and may be paid from any legally available funds. The Town's obligations under this Lease shall be subject to the Town's annual right to terminate this Lease (as further provided herein), and shall not constitute a mandatory charge or requirement in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of this Lease shall be construed or interpreted as creating a general obligation, multiple fiscal year financial obligation, or other indebtedness of the Town within the meaning of any constitutional, Charter, or statutory debt limitation. No provision of this Lease shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the Town within the meaning of Article XI, Sections 1 or 2 of the Colorado Constitution. Neither this Lease nor the execution and delivery of the Certificates shall directly or indirectly obligate the Town to make any payments beyond those duly budgeted and appropriated for the Town's then current Fiscal Year. The Town shall be under no obligation whatsoever to exercise its option to purchase the Trustee's leasehold interest in the Leased Property. No provision of this Lease shall be construed to pledge or to create a lien on any class or source of Town moneys, nor shall any provision of this Lease restrict the future issuance of any Town bonds or obligations payable from any class or source of Town moneys (provided, however, certain restrictions in the Indenture shall apply to the issuance of Additional Certificates). In the event that this Lease is not renewed by the Town, the sole security available to the Trustee, as lessor hereunder, shall be the Leased Property.

**Section 2.4 Town Acknowledgment of Certain Matters.** The Town acknowledges the Indenture and the execution and delivery by the Trustee of the Certificates pursuant to the Indenture. The Town also acknowledges the Trustee's authority to act on behalf of the Owners of the Certificates with respect to all rights, title and interests of the Trustee in, to, and under this Lease, the Site Lease and the Leased Property.

**Section 2.5 Relationship of Town and Trustee.** The relationship of the Town and the Trustee under this Lease is, and shall at all times remain, solely that of lessee and lessor; and the Town neither undertakes nor assumes any responsibility or duty to the Trustee or to any third party with respect to the Trustee's obligations relating to the Leased Property; and the Trustee does not undertake or assume any responsibility or duty to the Town or to any third party with respect to the Town's obligations relating to the Leased Property. Notwithstanding any other provisions of this Lease: (a) the Town and the Trustee are not, and do not intend to be construed to be, partners, joint ventures, members, alter egos, managers, controlling persons or other business associates or participants of any kind of one another, and the Town and the Trustee do not intend to ever assume such status; and (b) the Town and the Trustee shall not be deemed responsible for, or a participant in, any acts, omissions or decisions of one another.

**ARTICLE 3**  
**LEASE OF THE LEASED PROPERTY**

The Trustee demises and leases the Leased Property to the Town and the Town leases the Leased Property from the Trustee, in accordance with the provisions of this Lease, subject only to Permitted Encumbrances, to have and to hold for the Lease Term.

The Town and the Trustee acknowledge that the Town owns the Leased Property in fee title and the Town has leased the Leased Property to the Trustee pursuant to the Site Lease; and the Town and the Trustee intend that there be no merger of the Town's interests as sublessee under this Lease and the Town's ownership interest the Leased Property so as to cause the cancellation of the Site Lease or this Lease, or an impairment of the leasehold and subleasehold interest intended to be created by the Site Lease and this Lease.



## **ARTICLE 4 LEASE TERM**

**Section 4.1 Duration of Lease Term.** The Lease Term shall commence as of the date hereof. The Initial Term shall terminate on December 31, 2025. This Lease may be renewed, solely at the option of the Town, for [ ] Renewal Terms, with the Lease Term terminating no later than December 31, 20[ ], except that the Renewal Term beginning on January 1, 20[ ] shall terminate upon the Town's payment of the final Base Rental payment as set forth in **Exhibit C**. The Town hereby finds that the maximum Lease Term hereunder does not exceed the weighted average useful life of the Leased Property. The Town further determines and declares that the period during which the Town has an option to purchase the Trustee's leasehold interest in the Leased Property (i.e., the entire maximum Lease Term) does not exceed the useful life of the Leased Property.

The Town Manager or other officer of the Town at any time charged with the responsibility of formulating budget proposals for the Town is hereby directed to include in the annual budget proposals submitted to the Town Council, in any year in which this Lease shall be in effect, items for all payments required for the ensuing Renewal Term under this Lease until such time, if any, as the Town may determine to not renew and terminate this Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the Town that any decision to effect an Appropriation for the Base Rentals and Additional Rentals shall be made solely by the Town Council in its absolute discretion and not by any other official of the Town, as further provided in the following paragraph. During the Lease Term, the Town shall in any event, whether or not the Lease is to be renewed, furnish the Trustee with copies of its annual budget promptly after the budget is adopted.

Not later than December 15 of the Initial Term or any then current Renewal Term, the Town Representative shall give written notice (in substantially the form set forth in **Exhibit D** attached hereto) to the Trustee that either:

- (a) the Town has effected or intends to effect on a timely basis an Appropriation for the ensuing Fiscal Year which includes (1) sufficient amounts authorized and directed to be used to pay all of the Base Rentals and (2) sufficient amounts to pay such Additional Rentals as are estimated to become due, all as further provided in Sections 6.2, 6.3, and 6.4 of this Lease, whereupon, this Lease shall be renewed for the ensuing Fiscal Year; or
- (b) the Town has determined, for any reason, not to renew this Lease for the ensuing Fiscal Year.

Subject to the provisions of Section 6.4(a) hereof, the failure to give such notice shall not constitute an Event of Lease Default, nor prevent the Town from electing not to renew this Lease, nor result in any liability on the part of the Town. The Town's option to renew or not to renew this Lease shall be conclusively determined by whether or not the applicable Appropriation has been made on or before December 31 of each Fiscal Year, all as further provided in Article 6 of this Lease.

The terms and conditions hereof during any Renewal Term shall be the same as the terms and conditions hereof during the Initial Term, except that the Purchase Option Price and the Base Rentals shall be as provided in Article 12 and Exhibit C (Base Rentals Schedule) hereof.

**Section 4.2 Termination of Lease Term.** The Lease Term shall terminate upon the earliest of any of the following events:

- (a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation pursuant to Section 4.1 and Article 6 of this Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.4 hereof);
- (b) the occurrence of an Event of Nonappropriation under this Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in Section 6.4 hereof);
- (c) the conveyance of the Trustee's leasehold interest in the Leased Property under this Lease to the Town upon payment of the Purchase Option Price or all Base Rentals and Additional Rentals, for which an Appropriation has been effected by the Town for such purpose, as provided in Section 12.2(a) or (b) of this Lease; or
- (d) an uncured Event of Lease Default and termination of this Lease under Article 14 of this Lease by the Trustee.

Except for an event described in subparagraph (c) above, upon termination of this Lease, the Town agrees to peacefully deliver possession of the Leased Property to the Trustee.

Termination of the Lease Term shall terminate all unaccrued obligations of the Town under this Lease, and shall terminate the Town's rights of possession under this Lease (except to the extent of the holdover provisions of Sections 6.5 and 14.2(c)(i) hereof, and except for any conveyance pursuant to Article 12 of this Lease). All obligations of the Town accrued prior to such termination shall be continuing until the Trustee gives written notice to the Town that such accrued obligations have been satisfied.

Upon termination of the Lease Term, any moneys received by the Trustee in excess of the amounts necessary to terminate and discharge the Indenture shall be paid to the Town.

The Town shall not have the right to terminate this Lease due to a default by the Trustee under this Lease.

## **ARTICLE 5**

### **ENJOYMENT OF THE LEASED PROPERTY**

**Section 5.1 Trustee's Covenant of Quiet Enjoyment.** The Trustee hereby covenants that the Town shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Trustee. The Trustee shall not interfere with the quiet use and enjoyment of the Leased Property by the Town during the Lease Term so long as no Event of Lease Default shall have occurred. The Trustee shall, at the request of the Town and at the cost of the Town, join and cooperate fully in any legal action in which the Town asserts against third parties its right to such possession and enjoyment, or which involves the imposition of any taxes or other governmental charges on or in connection with the Leased Property. In addition, the Town may at its own expense join in any legal action affecting its possession and enjoyment of the Leased Property and shall be joined in any action affecting its liabilities hereunder.

The provisions of this Article 5 shall be subject to the Trustee's right to inspect the Leased Property and the Town's books and records with respect thereto as provided in Section 11.8 hereof.

**Section 5.2 Town's Need for the Leased Property; Determinations as to Fair Value and Fair Purchase Price.** The Town has determined and hereby determines that it has a current need for the Leased Property. It is the present intention and expectation of the Town that this Lease will be renewed annually until the Trustee's interests in the Site Lease are released and unencumbered title to the Leased Property is acquired by the Town pursuant to this Lease; but this declaration shall not be construed as contractually obligating or otherwise binding the Town. The Town has determined and hereby determines that the Base Rentals under this Lease during the Lease Term for the Leased Property represent the fair value of the use of the Leased Property and that the Purchase Option Price for the Leased Property will represent the fair purchase price of the Trustee's leasehold interest in the Leased Property at the time of the exercise of the option. The Town has determined and hereby determines that the Base Rentals do not exceed a reasonable amount so as to place the Town under an economic compulsion to renew this Lease or to exercise its option to purchase the Trustee's leasehold interest in the Leased Property hereunder. In making such determinations, the Town has given consideration to the estimated current value of the Leased Property, the uses and purposes for which the Leased Property will be employed by the Town, the benefit to the citizens and inhabitants of the Town by reason of the use and occupancy of the Leased Property pursuant to the terms and provisions of this Lease, the Town's option to purchase the Trustee's leasehold interest in the Leased Property and the expected eventual vesting of unencumbered title to the Leased Property in the Town. The Town hereby determines and declares that the period during which the Town has an option to purchase the Trustee's leasehold interest in the Leased Property (i.e., the entire maximum Lease Term for the Leased Property) does not exceed the weighted average useful life of the Leased Property.

## **ARTICLE 6 PAYMENTS BY THE TOWN**

**Section 6.1     Payments to Constitute Currently Budgeted Expenditures of the Town.** The Town and the Trustee acknowledge and agree that the Base Rentals, Additional Rentals and any other obligations hereunder shall constitute currently budgeted expenditures of the Town, if an Appropriation has been effected for such purpose. The Town's obligations to pay Base Rentals, Additional Rentals and any other obligations under this Lease shall be from year to year only (as further provided in Article 4 and Sections 6.2 and 6.4 hereof), shall extend only to moneys for which an Appropriation has been effected by the Town, and shall not constitute a mandatory charge, requirement or liability in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of this Lease shall be construed or interpreted as a delegation of governmental powers or as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the Town or a general obligation or other indebtedness of the Town within the meaning of any constitutional, Charter, or statutory debt limitation, including without limitation Article X, Section 20 of the Colorado Constitution. No provision of this Lease shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the Town within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. Neither this Lease nor the Certificates shall directly or indirectly obligate the Town to make any payments beyond those for which an Appropriation has been effected by the Town for the Town's then current Fiscal Year. The Town shall be under no obligation whatsoever to exercise its option to purchase the Trustee's leasehold interest in the Leased Property. No provision of this Lease shall be construed to pledge or to create a lien on any class or source of Town moneys, nor shall any provision of this Lease restrict the future issuance of any Town bonds or obligations payable from any class or source of Town moneys (provided, however, that certain restrictions in the Indenture shall apply to the issuance of Additional Certificates).

### **Section 6.2     Base Rentals, Purchase Option Price and Additional Rentals.**

(a) The Town shall pay Base Rentals for which an Appropriation has been effected by the Town, directly to the Trustee during the Initial Term and any Renewal Term, on the Base Rentals Payment Dates and in the "Total Base Rentals" amounts set forth in Exhibit C (Base Rentals Schedule) attached hereto and made a part hereof. For federal and State income tax purposes, a portion of each payment of Base Rentals for the Certificates is designated and will be paid as interest, and Exhibit C (Base Rentals Schedule) hereto sets forth the Interest Portion of each payment of Base Rentals for the Certificates. The Town shall receive credit against its obligation to pay Base Rentals to the extent moneys are held by the Trustee on deposit in the Base Rentals Fund created under the Indenture and are available to pay Base Rentals. The Town acknowledges that upon receipt by the Trustee of each payment of Base Rentals, the Trustee, pursuant to the terms of the Indenture, is to deposit the amount of such Base Rentals in the Base Rentals Fund.

The Base Rentals set forth in Exhibit C shall be recalculated in the event of the execution and delivery of Additional Certificates as provided in the Indenture and shall also be recalculated in the event of a partial redemption of the Certificates.

(b) The Town may, on any date, pay the then applicable Purchase Option Price for the purpose of terminating this Lease and the Site Lease in whole and purchasing the Trustee's leasehold interest in the Leased Property as further provided in Article 12 of this Lease. Subject to the Approval of Special Counsel, the Town may also, at any time during the Lease Term, (1) prepay any portion of the Base Rentals due under this Lease and (2) in connection with such prepayment, recalculate the Base Rentals set forth in Exhibit C (Base Rentals Schedule). Any such revised Exhibit C (Base Rentals Schedule) shall be prepared by the Town Representative and delivered to the Trustee. The Town shall give the Trustee notice of its intention to exercise either of such options not less than 45 days in advance of the date of exercise and shall deposit with the Trustee by not later than the date of exercise an amount equal to the Purchase Option Price due on the date of exercise or the applicable amount of Base Rentals to be prepaid. If the Town shall have given notice to the Trustee of its intention to prepay Base Rentals but shall not have deposited the amounts with the Trustee on the date specified in such notice, the Town shall continue to pay Base Rentals which have been specifically appropriated by the Town Council for such purpose as if no such notice had been given. The Trustee may waive the right to receive 45 days advance notice and may agree to a shorter notice period in the sole determination of the Trustee.

(c) All Additional Rentals shall be paid by the Town on a timely basis directly to the person or entity to which such Additional Rentals are owed. Additional Rentals shall include, without limitation, the reasonable fees and expenses of the Trustee, reasonable expenses of the Trustee in connection with the Leased Property, and for the cost of taxes, insurance premiums, utility charges, maintenance and repair costs and all other expenses expressly required to be paid hereunder, including any amounts due to the insurer of any of the Certificates and any Rebate Fund payments required pursuant to this Lease and the Indenture. All of the payments required by this paragraph are subject to Appropriation by the Town; provided, however, a failure by the Town to budget and appropriate moneys for any of the payments required by this paragraph shall constitute an Event of Nonappropriation.

If the Town's estimates of Additional Rentals for any Fiscal Year are not itemized in the budget required to be furnished to the Trustee under Section 4.1 of this Lease, the Town shall furnish an itemization of such estimated Additional Rentals to the Trustee on or before the 15th day preceding such Fiscal Year.

**Section 6.3 Manner of Payment.** The Base Rentals, for which an Appropriation has been effected by the Town, and, if paid, the Purchase Option Price, shall be paid or prepaid by the Town to the Trustee at its designated corporate trust office by wire transfer of federal funds, certified funds or other method of payment acceptable to the Trustee in lawful money of the United States of America.

The obligation of the Town to pay the Base Rentals and Additional Rentals as required under this Article 6 and other sections hereof in any Fiscal Year for which an Appropriation has been effected by the Town for the payment thereof shall be absolute and unconditional and payment of the Base Rentals and Additional Rentals in such Fiscal Years shall not be abated through accident or unforeseen circumstances, or any default by the Trustee under this Lease, or under any other agreement between the Town and the Trustee, or for any other reason including without limitation, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Leased Property, commercial frustration of purpose, or failure of

the Trustee to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Lease, it being the intention of the parties that the payments required by this Lease will be paid in full when due without any delay or diminution whatsoever, subject only to the annually renewable nature of the Town's obligation hereunder as set forth in Section 6.1 hereof, and further subject to the Town's rights under Section 9.3 hereof. Notwithstanding any dispute between the Town and the Trustee, the Town shall, during the Lease Term, make all payments of Base Rentals and Additional Rentals in such Fiscal Years and shall not withhold any Base Rentals or Additional Rentals, for which an Appropriation has been effected by the Town, pending final resolution of such dispute (except to the extent permitted by Sections 8.2 and 9.3 hereof with respect to certain Additional Rentals), nor shall the Town assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Trustee shall affect the Town's obligation to pay all Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, in such Fiscal Years subject to this Article (except to the extent provided by Sections 8.2 and 9.3 hereof with respect to certain Additional Rentals).

**Section 6.4 Nonappropriation.** In the event that the Town gives notice that it intends to not renew this Lease as provided by Section 4.1 hereof or the Town shall not effect an Appropriation, on or before December 31 of each Fiscal Year, of moneys to pay all Base Rentals and reasonably estimated Additional Rentals coming due for the next ensuing Renewal Term as provided in Section 4.1 hereof and this Article, or in the event that the Town is proceeding under the provisions of Section 10.3(c) hereof (when applicable), an Event of Nonappropriation shall be deemed to have occurred; subject, however, to each of the following provisions:

(a) In the event the Trustee does not receive the written notice provided for by Section 4.1 hereof or evidence that an Appropriation has been effected by the Town on or before December 31 of a Fiscal Year, then the Trustee shall declare an Event of Nonappropriation on the first Business Day of the February following such Fiscal Year or such declaration shall be made on any earlier date on which the Trustee receives official, specific written notice from the Town that this Lease will not be renewed; provided that the Trustee's failure to declare an Event of Nonappropriation on such date shall not be construed as a waiver of the Event of Nonappropriation or the consequences of an Event of Nonappropriation under this Lease. In order to declare an Event of Nonappropriation, the Trustee shall send written notice thereof to the Town.

(b) The Trustee shall waive any Event of Nonappropriation which is cured by the Town, within 30 days of the receipt by the Town of notice from the Trustee as provided in (a) above, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term.

(c) Pursuant to the terms of the Indenture, the Trustee may waive any Event of Nonappropriation which is cured by the Town within a reasonable time with the procedure described in (b) above.

In the event that during the Initial Term or any Renewal Term, any Additional Rentals shall become due which were not included in a duly effected Appropriation and moneys are not

specifically budgeted and appropriated or otherwise made available to pay such Additional Rentals within 60 days subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation shall be deemed to have occurred, upon notice by the Trustee to the Town to such effect (subject to waiver by the Trustee as hereinbefore provided).

If an Event of Nonappropriation occurs, the Town shall not be obligated to make payment of the Base Rentals or Additional Rentals or any other payments provided for herein which accrue after the last day of the Initial Term or any Renewal Term during which such Event of Nonappropriation occurs; provided, however, that, subject to the limitations of Sections 6.1 and 14.3 hereof, the Town shall continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the Town shall continue to occupy, use or retain possession of the Leased Property.

Subject to Section 6.5 hereof, the Town shall in all events vacate or surrender possession of the Leased Property by March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred.

After March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred, the Trustee may proceed to exercise all or any Lease Remedies.

The Town acknowledges that, upon the occurrence of an Event of Nonappropriation (a) the Trustee shall be entitled to all moneys then being held in all funds created under the Indenture (except the Rebate Fund and any defeasance escrow accounts) to be used as described therein and (b) all property, funds and rights then held or acquired by the Trustee upon the termination of this Lease by reason of an Event of Nonappropriation are to be held by the Trustee in accordance with the terms of the Indenture.

**Section 6.5 Holdover Tenant.** If the Town fails to vacate the Leased Property after termination of this Lease, whether as a result of the occurrence of an Event of Nonappropriation or an Event of Lease Default as provided in Section 14.2(a) hereof, with the written permission of the Trustee it will be deemed to be a holdover tenant on a month-to-month basis, and will be bound by all of the other terms, covenants and agreements of this Lease. Any holding over by the Town without the written permission of the Trustee shall be at sufferance. The amount of rent to be paid monthly during any period when the Town is deemed to be a holdover tenant will be equal to (a) one-sixth of the Interest Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date plus one-twelfth of the Principal Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date on which a Principal Portion of the Base Rentals would have been payable with appropriate adjustments to ensure the full payment of such amounts on the due dates thereof in the event termination occurs during a Renewal Term plus (b) Additional Rentals as the same shall become due.

**Section 6.6 Prohibition of Adverse Budget or Appropriation Modifications.** To the extent permitted by law, the Town shall not, during any Fiscal Year of the Lease Term, make any budgetary transfers or other modifications to its then existing budget and appropriation measures relating to the Leased Property or this Lease which would adversely affect the Town's ability to meet its obligation to pay Base Rentals and duly budgeted and appropriated Additional Rentals hereunder.



**ARTICLE 7**  
**LEASING OF THE LEASED PROPERTY; DESIGN, ACQUISITION, CONSTRUCTION**  
**AND IMPROVEMENT OF THE PROJECT**

**Section 7.1 Leasing of the Leased Property. Design, Acquisition, Construction and Improvement of the Project.** As further provided in Section 8.1 hereof, fee simple title to the Leased Property is held by the Town. Pursuant to the Site Lease, the Town has leased the Leased Property to the Trustee and pursuant to this Lease, the Town leases the Leased Property back from the Trustee.

The Town hereby agrees that it will make all contracts, orders, receipts, writings and instructions, including all Project Contracts, with any other persons, firms or corporations and in general do all things that may be necessary, requisite or proper for the acquisition, construction, installation and completion of the Project. The Town agrees to comply with all applicable federal, State of Colorado and local law in connection with the making of contracts for the Project. The administration of the Project is to comply with all policies and procedures and all standard contractual and procedural documents required by the Town, except that pursuant to Section 7.5 upon termination of this Lease due to the occurrence of an Event of Nonappropriation or an Event of Lease Default, all Project Contracts shall be fully and freely assignable to the Trustee. Notwithstanding anything to the contrary contained in this Lease or the Indenture, all Project Documents shall be made and approved by the Town. The Town hereby further agrees:

- (a) The Town shall cause the Project to be completed as herein provided; and
- (b) The Town agrees to complete the Project with all reasonable dispatch, and to use its best efforts to have all of the Project completed by the Completion Date or as soon thereafter as may be practicable.

So long as this Lease is in full force and effect and no Event of Nonappropriation or Event of Lease Default shall have occurred and be continuing, the Town shall have full power to carry out the acts and agreements provided in this Section 7.1, and such power shall not be terminated or restricted by act of the Trustee, except as provided in this Section 7.1.

The Town agrees to implement and complete the Project pursuant to this Article 7, through the application of moneys to be disbursed by the Trustee from the Construction Fund pursuant to the Indenture. If, for any reason, the Project is not completed by the Completion Date, there shall be no resulting liability on the part of the Town or the Trustee or an Event of Lease Default hereunder, and there shall be no diminution in or postponement of the Base Rentals and Additional Rentals required to be paid by the Town and for which an Appropriation has been effected by the Town during the Lease Term. However, in the event that the Trustee does not receive a Certificate of Completion in respect of the Project, as required in Section 7.3 of this Lease, by the Completion Date, and unless the Town opts to complete the Project and submits a reasonable schedule of completion to the Trustee, the Trustee shall, upon 30 days written notice to the Town, be authorized, but not required, to complete the remainder of the Project from any moneys remaining in the Construction Fund for the Project.

This Lease will not be construed to make the Trustee personally liable to materialmen, contractors, subcontractors, craftsmen, laborers or others for goods or services delivered by them

in connection with the Project, or for debts or claims accruing to the Leased Property against the Town. Except as provided in Section 3.5 hereof, this Lease will not create any contractual relationship either expressed or implied between the Trustee and any materialmen, contractors, subcontractors, craftsmen, laborers or any other person supplying any work, labor or materials in connection with the Project. Notwithstanding anything herein or in the Indenture to the contrary, during the Lease Term, the Trustee will not be deemed to exercise control over or be an operator of the Project and will not be responsible or liable for the operation, use and maintenance of the Project or the Leased Property.

**Section 7.2 Disbursements for Costs of the Project.** So long as no Event of Nonappropriation or Event of Lease Default has occurred and be continuing, the Trustee shall disburse the moneys in the Construction Fund created under the Indenture to pay the Costs of the Project. Such disbursements from the Construction Fund shall be made upon receipt by the Trustee of a Requisition signed by the Town Representative, in substantially the form set forth in **Exhibit E** hereto, specifying in reasonable detail the nature of the obligation. The Trustee shall have no duty to review or examine the accompanying bill, invoice or statement of account, but may conclusively rely on the properly executed Requisition.

If an Event of Nonappropriation or an Event of Lease Default shall occur after the execution and delivery of this Lease, but prior to the Completion Date, any moneys held in funds and accounts created under the Indenture (other than moneys on deposit in the Rebate Fund and any defeasance escrow funds) may be utilized by the Trustee to complete, repair or modify the Project, or may be disbursed for the payment of Certificates executed and delivered pursuant to the Indenture or other charges as the Trustee may deem appropriate in accordance with the standards concerning the Trustee contained in the Indenture, subject to Section 11.5 hereof.

Under the Indenture, the Trustee is authorized and directed to issue its checks or drafts or transmit wire payments for each disbursement to pay Costs of the Project provided for herein. The Town hereby consents to such disbursements by the Trustee. The Trustee shall keep and maintain accurate records pertaining to the Construction Fund established under the Indenture and all disbursements therefrom in accordance with the Requisitions. After the Project has been completed and the Certificate of Completion has been filed with the Trustee as provided in Section 7.3 of this Lease, and after any amounts remaining on deposit in the Construction Fund have been applied in accordance with Section 7.3 hereof, the Trustee shall provide account statements to the Town.

**Section 7.3 Completion of Construction.** Upon the substantial completion of the Project, the Town Representative shall execute and deliver to the Trustee a Certificate of Completion in substantially the form of **Exhibit F** hereto.

In the event that, after the delivery of the Certificate of Completion, there remains in the Construction Fund created under the Indenture any unreserved balance, such balance shall be used, as directed in writing by the Town, to:

- (a) add to, modify or alter the Project or add new components thereto provided that such addition, modification or alteration shall be consistent with, and shall not violate the covenants contained in, the Tax Certificate and in Section 11.5 hereof,

(b) make a transfer to the Base Rentals Fund created under the Indenture in amounts consistent with, and not in violation of the covenants contained in, the Tax Certificate, for a credit against the Base Rentals as the same shall become due, or

(c) effect a combination of the foregoing.

**Section 7.4 Title Insurance.** The Trustee shall be provided with an owner's or a leasehold owner's title insurance policy insuring the Trustee's leasehold interest in the Site pursuant to the Site Lease, subject only to Permitted Encumbrances, in an amount not less than the aggregate principal amount of the Certificates or such lesser amount as shall be the maximum insurable value of the Site. Such policy, or a binding commitment therefor, shall be provided to the Trustee concurrently with the issuance of the Certificates. The Trustee shall have no duty to review any policy or commitment to determine compliance with this Section 7.4.

**Section 7.5 Project Contracts.** The Town represents that, in the opinion of the Town, based upon an examination of the property, estimated design, construction, acquisition and installation costs and the configuration of the Project, the Project can, to the best of the Town's present knowledge, be constructed, acquired and installed for a total cost within the amount of funds to be available in the Construction Fund created under the Indenture, including anticipated investment income. In the event of cost overruns resulting in the Costs of the Project exceeding the amount available in the Construction Fund created under the Indenture the Town shall, all in connection with the leasing of the Site and the implementation and completion of the Project, upon written consent of the Trustee, either (a) make such modifications to the plans and specifications for the Project as will permit the Project to be provided from the amounts available therefor under the Indenture or (b) upon the Approval of Special Counsel, the Town shall deposit additional funds sufficient to complete the Project, received from appropriations by the Town or from the proceeds of Additional Certificates, in the Construction Fund created under the Indenture. If the Town pays any portion of the Costs of the Project pursuant to this Section, it shall not be entitled to any reimbursement therefor from the Trustee or any Owner of Certificates, nor shall it be entitled to any diminution in or postponement of the Base Rentals and the Additional Rentals payable under this Lease.

Upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the Trustee as lessee of the Leased Property under the Site Lease, may complete the Project, utilizing any moneys available therefor (except for any moneys on deposit in the Rebate Fund and any defeasance escrow funds). All Project Contracts shall provide that, upon a termination of the Lease Term by reason of the occurrence of an Event of Nonappropriation or an Event of Lease Default or upon the Trustee's assuming control over completion of the Project as provided in Section 7.1 of this Lease, and upon written notice by the Trustee to the party or parties to the Project Contracts that any of such event has occurred: (a) such contracts shall be fully and freely assignable to the Trustee, without the consent of any other person and the Trustee may choose to assume or not assume such contracts; and (b) if the Trustee does so assume such contracts, the other party or parties thereto shall perform the agreements contained therein for the Trustee. All Project Contracts shall also provide that, upon an Event of Nonappropriation or an Event of Lease Default and upon written notice from the Trustee, the Trustee may, in its sole discretion, terminate some or all of such Project Contracts; and the other party or parties thereto shall then be entitled to payment only from amounts available therefor under the Indenture and only for work done prior

to such termination. Upon the occurrence of an Event of Nonappropriation or an Event of Lease Default or upon the Trustee's assuming control over the implementation and completion of the Project as provided in Section 7.1 hereof, and upon receipt of a written request from the Trustee, the Town shall assign all of its right, title and interest in and to any or all Project Contracts to the Trustee and shall deliver all such Project Documents held by it to the Trustee.

**Section 7.6 Project Documents.** The Town Representative shall furnish to the Trustee upon request (though the Trustee shall have no duty to review) copies of the Project Documents, as soon after the commencement of the Lease Term as such Project Documents shall become available to the Town and from time to time thereafter. Neither the Project Documents nor any change or amendment thereto shall (a) cause the Project to be used for any purpose prohibited hereby or by the Constitution or laws of the State; (b) result in a material reduction in the value of the Project (except as provided in Section 7.5 hereof); (c) adversely affect the ability of the Town to meet its obligations hereunder; or (d) cause the Town to violate its tax covenant in Section 11.5 hereof.

**Section 7.7 Defaults Under Project Contracts.** In the event of any material default by a design consultant or construction contractor under any of the Project Contracts, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the Town shall promptly proceed, either separately or in conjunction with others, to diligently pursue its remedies against such design consultant or contractor and/or against each surety of any bond securing the performance of such Project Contracts. The Net Proceeds of any amounts recovered by way of damages, liquidated damages, refunds, adjustments, or otherwise in connection with the foregoing, remaining after deduction of expenses incurred in such recovery (including without limitation, attorneys' fees and costs) shall be paid to the Trustee for deposit to the Construction Fund created under the Indenture if prior to the Completion Date, or if after the Completion Date, to the Trustee for deposit in a separate trust fund in accordance with Section 10.2 of this Lease.

**Section 7.8 Performance and Payment Bonds.** Each contractor entering into a Project Contract for the construction of the Project shall be required to furnish a performance and payment bond in a form acceptable to the Town, copies of which shall be provided to the Town and the Trustee upon request. Such bonds shall be made payable to the Town and the Trustee as co-obligees, subject to the provisions of the Indenture, shall be executed by a corporate surety licensed to transact business in the State and acceptable to the Town, and shall be in an amount equal to the contract price for such contractor's Project Contract. If, at any time during the construction of the Project, the surety on such bond shall be disqualified from doing business within the State, or shall otherwise become incapable of performing its obligations under such bond, an alternate surety acceptable to the Town shall be selected. In the event of any change order resulting in the performance of additional work in connection with the Project, the amounts of such bonds pertaining thereto shall be increased to include the cost of such additional work or materials or fixtures to be incorporated in the Project.

**Section 7.9 Professional Errors and Omissions Liability Insurance.** The Town shall require in its contracts with the design consultants for the Project that they obtain and maintain professional liability insurance for damages for claims by reasons of any negligent act, error or omission committed or alleged to have been committed by them or anyone for whom they are liable, in an amount of not less than \$2,000,000 per claim and \$2,000,000 aggregate.

Professional liability insurance coverage may be structured to provide coverage on a “claims-made” basis; provided, however, the professional liability insurance coverage shall remain in effect for the period set out in C.R.S. §13-80-104. Deductibles for such insurance shall be paid by the design consultants. The limits of this insurance shall not be reduced unless approved by the Town and the Trustee in writing.

**Section 7.10 Contractor’s Commercial General Liability Insurance.** Each contractor entering into a Project Contract for the construction of any portion of the Project shall be required to procure and maintain Commercial General Liability Insurance during the duration of such contractor’s Project Contract in the amount of at least \$2,000,000 per each occurrence and \$4,000,000 general aggregate. The policies shall be applicable to all premises and operations. Such policies shall include the Town and the Trustee as additional named insureds and shall include a provision prohibiting cancellation or termination without 30 days prior written notice to the Town and the Trustee. A certificate of insurance in a form acceptable to the Town shall be provided to the Town and the Trustee with respect to each contractor. Such insurance shall provide protection from all claims for bodily injury, including death, property damage, contractual liability and completed operations.

**Section 7.11 Design Consultant’s General Liability Insurance.** Each design consultant entering into a Project Contract for the design of any portion of the Project shall be required to procure and maintain Commercial General Liability Insurance during the duration of such design consultant’s Project Contract in the amount of at least \$1,000,000 per each occurrence, and \$2,000,000 general aggregate. The policies shall be applicable to all premises and operations. Such policies shall include the Town and the Trustee as additional named insureds and shall include a provision prohibiting cancellation or termination without 30 days prior written notice to the Town and the Trustee. A certificate of insurance in a form acceptable to the Town shall be provided to the Town and Trustee with respect to each design consultant. Such insurance shall provide protection from all claims for bodily injury, including death, property damage, contractual liability and completed operations.

**Section 7.12 Contractor’s Automobile Liability Insurance.** Each contractor entering into a Project Contract for the construction of any portion of the Project shall be required to procure and maintain automobile liability insurance with minimum combined single limits for bodily injury and property damage of not less than \$1,000,000 for any one occurrence as well as a \$10,000,000 umbrella policy with respect to each of the contractor’s owned, hired or non-owned vehicles assigned to or used in performance of its work.

**Section 7.13 Builder’s Risk Insurance.** Each contractor entering into a Project Contract for the construction of any portion of the Project shall be required to provide Builder’s Risk Insurance with minimum limits of \$30,000,000. A certificate of insurance shall be provided to the Trustee and the Town within seven Business Days of the effective date of the policies. The policies shall be written on an “all risk” basis and shall name the Town and the Trustee as insureds. The policies shall contain a waiver of subrogation by the issuer of such policies with respect to the Town and the Trustee, and their respective officers, agents and employees while acting within the scope of their employment.

**Section 7.14 Design Consultant's and Contractor's Worker's Compensation Insurance.** Each design consultant and contractor entering into a Project Contract shall be required to procure and maintain, at its own cost and expense, worker's compensation insurance during the term of its Project Contract covering its employees working thereunder. Such insurance, if issued by a private carrier, shall contain a provision that such coverage shall not be canceled without 30 days' prior written notice to the Town and the Trustee. A certificate issued by the state compensation insurance fund evidencing such coverage shall be provided to the Town or, if such insurance is provided by a private carrier, a completed certificate of insurance, in a form acceptable to the Town, shall be provided to the Town with respect to each design consultant and contractor. Minimum limits of Worker's Compensation Insurance shall be \$500,000 each accident; \$500,000 disease policy and \$500,000 disease each employee.

**Section 7.15 Proceeds of Certain Insurance Policies and Performance Bonds.** The Net Proceeds of any performance or payment bond or insurance policy required by Sections 7.8 through 7.13 and any Net Proceeds received as a consequence of default under a Project Contract as provided by Section 7.7 of this Lease, shall be deposited into the Construction Fund if received prior to the Completion Date and, if received after the Completion Date, remitted to the Trustee for deposit in a separate trust fund in accordance with Section 10.2 of this Lease.

**ARTICLE 8**  
**TITLE TO LEASED PROPERTY;**  
**LIMITATIONS ON ENCUMBRANCES**

**Section 8.1 Title to the Leased Property.** At all times during the Lease Term, title to the Leased Property shall remain in the Town, subject to the Site Lease, this Lease, the Indenture and any other Permitted Encumbrances. Except for personal property purchased by the Town at its own expense pursuant to Section 9.2 of this Lease, a leasehold estate in the Leased Property and any and all additions and modifications thereto and replacements thereof shall be held in the name of the Trustee until the Trustee has exercised Lease Remedies or until the Trustee's leasehold interest in the Leased Property is conveyed to the Town as provided in Article 12 of this Lease, or until termination of the Site Lease, notwithstanding (a) the occurrence of an Event of Nonappropriation; (b) the occurrence of one or more Events of Lease Default; (c) the occurrence of any event of damage, destruction, condemnation, or construction, manufacturing or design defect or title defect, as provided in Article 10 of this Lease; (d) termination of the right of the Town to direct the acquisition, construction and equipping of the Project pursuant to Section 7.1 of this Lease, or (d) the violation by the Trustee of any provision of the Site Lease or this Lease. The Trustee shall not, in any way, be construed as the owner of the Leased Property.

**Section 8.2 No Encumbrance, Mortgage or Pledge of the Leased Property.** Except as may be permitted by this Lease, the Town shall not permit any mechanic's or other lien to be established or remain against the Leased Property; provided that, if the Town shall first notify the Trustee of the intention of the Town to do so, the Town may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the Town that, in the opinion of Counsel, by nonpayment of any such items the Trustee's leasehold interest in the Leased Property will be materially endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the Town shall promptly pay and cause to be satisfied and discharged all such unpaid items (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such items). The Trustee will cooperate in any such contest. Except as may be permitted by this Lease, the Town shall not directly or indirectly create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Leased Property, except Permitted Encumbrances. The Town shall promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, or claim not excepted above.



## **ARTICLE 9**

### **MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES**

**Section 9.1 Maintenance of the Leased Property by the Town.** Subject to its right to not appropriate and as otherwise provided in Section 10.3 hereof, the Town agrees that at all times during the Lease Term, the Town will maintain, preserve, and keep the Leased Property or cause the Leased Property to be maintained, preserved, and kept, in good repair, working order, and condition, and from time to time make or cause to be made all necessary and proper repairs, including replacements, if necessary. The Trustee shall have no responsibility in any of these matters or for the making of any additions, modifications, or replacements to the Leased Property.

**Section 9.2 Modification of the Leased Property; Installation of Furnishings and Machinery of the Town.** The Town shall have the privilege of making substitutions, additions, modifications and improvements to the Leased Property, at its own cost and expense, as appropriate and any such substitutions, additions, modifications and improvements to the Leased Property shall be the property of the Town, subject to the Site Lease, this Lease and the Indenture and shall be included under the terms of the Site Lease, this Lease and the Indenture; provided, however, that such substitutions, additions, modifications and improvements shall not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than lawful governmental functions of the Town (except to the extent of subleasing permitted under Section 13.2 hereof) or cause the Town to violate its tax covenant in Section 11.5 hereof; and provided that the Leased Property, as improved or altered, upon completion of such substitutions, additions, modifications and improvements, shall be of a value not less than the value of the Leased Property immediately prior to such making of substitutions, additions, modifications and improvements.

The Town may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on the Leased Property. All such machinery, equipment and other tangible property shall remain the sole property of the Town in which the Trustee shall have no interests; provided, however, that title to any such machinery, equipment and other tangible property shall become part of the Leased Property and be included under the terms of this Lease to the extent that (a) any such machinery, equipment, or other tangible property is permanently affixed to the Leased Property or (b) the removal of such machinery, equipment, or other tangible property would damage or impair the Leased Property.

The Town shall have the right to make substitutions to the Leased Property upon compliance with the provisions set forth in Section 11.4 hereof.

**Section 9.3 Taxes, Other Governmental Charges and Utility Charges.** In the event that the Leased Property shall, for any reason, be deemed subject to taxation, assessments, or charges lawfully made by any governmental body, the Town shall pay the amount of all such taxes, assessments and governmental charges then due, as Additional Rentals. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Town shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during the upcoming Fiscal Year. Except for Permitted Encumbrances, the Town shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property (including, without limitation, any taxes levied upon the Leased Property which, if not paid, will become a charge on the rentals and receipts from the

Leased Property, or any interest therein, including the leasehold interests of the Trustee), or the rentals and revenues derived therefrom or hereunder. The Town shall also pay as Additional Rentals, as the same respectively become due, all utility and other charges and fees and other expenses incurred in the operation, maintenance, and upkeep of the Leased Property.

The Town may, at its expense, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the Town that, in the opinion of Counsel, by nonpayment of any such items the value of the Leased Property will be materially endangered or the Leased Property will be subject to loss or forfeiture, or the Trustee will be subject to liability, in which event such taxes, assessments, utility or other charges shall be paid forthwith (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such taxes, assessments, utility or other charges).

**Section 9.4 Provisions Regarding Casualty, Public Liability and Property Damage Insurance.** During the Initial Term and each Renewal Term and until termination of the Lease Term pursuant to Section 4.2 hereof, the Town shall, at its own expense, cause casualty and property damage insurance to be carried and maintained with respect to the Leased Property in an amount at least equal to the estimated replacement cost of the buildings and improvements comprising the Leased Property. Such insurance policy or policies may have a deductible clause in an amount deemed reasonable by the Town. The Town may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other buildings and equipment as well, as long as such blanket insurance policies comply with the requirements hereof.

If the Town shall insure against similar risks by self-insurance, the Town may, at its election, provide for casualty and property damage insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. If the Town shall elect to self-insure, the Town Representative shall annually furnish to the Trustee a certification of the adequacy of the Town's reserves.

Upon the execution and delivery of this Lease and until termination of the Lease Term pursuant to Section 4.2 hereof, the Town shall, at its own expense, cause public liability insurance to be carried and maintained with respect to the activities to be undertaken by the Town in connection with the use of the Leased Property, in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10 of Title 24, Colorado Revised Statutes, as amended). The public liability insurance required by this Section may be by blanket insurance policy or policies. The Town, at its election, may provide for such public liability insurance, partially or wholly by means of a self-insurance fund as provided by applicable law, in compliance with the requirements hereof. Any such self-insurance shall be deemed to be insurance coverage hereunder.

Any casualty and property damage insurance policy required by this Section shall be so written or endorsed as to make losses, if any, payable to the Town and the Trustee, as their respective interests may appear. All insurance policies issued pursuant to this Section, or certificates evidencing such policies, shall be deposited with the Trustee. No employee of the

Town shall have the power to adjust or settle any casualty or property damage loss with respect to the Leased Property that reduces the value of the Leased Property, whether or not covered by insurance, without the prior written consent of the Trustee; except that losses not exceeding \$100,000 may be adjusted or settled by the Town without the Trustee's consent. The Trustee shall have no responsibility for the monitoring, renewing, or receiving of the insurance policies, or the certificates evidencing such policies, or the documents pertaining thereto, except as provided herein.

Upon completion of the Project, the Town shall provide the Trustee with evidence that the insurance required pursuant to this Section 9.4 is in effect. A certification by the Town Representative that such insurance is in effect shall be sufficient evidence of insurance. A certificate of insurance from the Town or the Town's insurance agent will also be acceptable evidence of insurance.

**Section 9.5 Advances.** If the Town fails to pay any Additional Rentals during the Lease Term as such Additional Rentals become due, the Trustee may (but shall not be obligated to) pay such Additional Rentals and the Town agrees to reimburse the Trustee to the extent permitted by law and subject to Appropriation as provided under Article 6 hereof.

**Section 9.6 Granting of Easements.** As long as no Event of Nonappropriation or Event of Lease Default shall have happened and be continuing, the Trustee shall upon the request of the Town, (a) grant or enter into easements, permits, licenses, party wall and other agreements, rights-of-way (including the dedication of public roads), and other rights or privileges in the nature of easements, permits, licenses, party wall and other agreements, and rights of way with respect to any property or rights included in this Lease (whether such rights are in the nature of surface rights, sub-surface rights or air space rights), free from this Lease and any security interest or other encumbrance created hereunder or thereunder; (b) release existing easements, permits, licenses, party wall and other agreements, rights-of-way, and other rights and privileges with respect to such property or rights, with or without consideration; and (c) execute and deliver any instrument necessary or appropriate to grant, enter into or release any such easement, permit, license, party wall or other agreement, right-of-way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant, agreement or release, and (ii) a written application signed by the Town Representative requesting such grant, agreement or release and stating that such grant, agreement, or release will not materially impair the effective use or materially interfere with the operation of the Leased Property.

**ARTICLE 10**  
**DAMAGE, DESTRUCTION AND CONDEMNATION;**  
**USE OF NET PROCEEDS**

**Section 10.1 Damage, Destruction and Condemnation.** If, during the Lease Term,

- (a) the Leased Property shall be destroyed (in whole or in part), or damaged by fire or other casualty; or
- (b) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate or any interest of the Town or the Trustee in the Leased Property is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or entity acting under governmental authority; or
- (c) a breach of warranty or a material defect in the construction, manufacture, or design of the Leased Property becomes apparent; or
- (d) title to or the use of all or a portion of the Leased Property is lost by reason of a defect in title thereto;

then the Town shall be obligated to continue to pay Base Rentals and Additional Rentals (subject to Article 6 hereof).

**Section 10.2 Obligation to Repair and Replace the Leased Property.** The Town and the Trustee, to the extent Net Proceeds are within their respective control, shall cause such Net Proceeds of any insurance policies, performance bonds or condemnation awards received prior to the Completion Date to be deposited in the Construction Fund and after the Completion Date to be deposited in a separate trust fund held by the Trustee. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the Town, upon receipt by the Trustee of requisitions signed by the Town Representative stating with respect to each payment to be made:

- (a) the requisition number;
- (b) the name and address of the person, firm, or entity to whom payment is due;
- (c) the amount to be paid; and
- (d) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation.

The Trustee shall have no duty to review or examine the accompanying bill, invoice or statement of account, but may conclusively rely on the properly executed disbursement request. The Town and the Trustee shall agree to cooperate and use their best reasonable efforts subject to the terms of the Indenture to enforce claims which may arise in connection with material defects in the construction, manufacture or design of the Leased Property or otherwise. If there is a balance

of any Net Proceeds allocable to the Leased Property remaining after such repair, restoration, modification, improvement or replacement has been completed, this balance shall be used by the Town, to:

- (a) add to, modify or alter the Leased Property or add new components thereto,  
or
- (b) prepay the Base Rentals with a corresponding adjustment in the amount of Base Rentals payable under Exhibit C (Base Rentals Schedule) to this Lease, or
- (c) accomplish a combination of (a) and (b).

Any repair, restoration, modification, improvement or replacement of the Leased Property paid for in whole or in part out of Net Proceeds allocable to the Leased Property shall be the property of the Town, subject to the Site Lease, this Lease and the Indenture and shall be included as part of the Leased Property under this Lease.

**Section 10.3 Insufficiency of Net Proceeds.** If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required under Section 10.2 of this Lease, the Town may elect to:

- (a) complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such portion of the Leased Property and pay as Additional Rentals, to the extent amounts for Additional Rentals which have been specifically appropriated by the Town are available for payment of such cost, any cost in excess of the amount of the Net Proceeds allocable to the Leased Property, and the Town agrees that, if by reason of any such insufficiency of the Net Proceeds allocable to the Leased Property, the Town shall make any payments pursuant to the provisions of this paragraph, the Town shall not be entitled to any reimbursement therefor from the Trustee, nor shall the Town be entitled to any diminution of the Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, payable under Article 6 of this Lease; or
- (b) apply the Net Proceeds allocable to the Leased Property to the payment of the Purchase Option Price in accordance with Article 12 of this Lease, or an appropriate portion thereof. In the event of an insufficiency of the Net Proceeds for such purpose, the Town shall, subject to the limitations of Section 6.1 hereof, pay such amounts as may be necessary to equal that portion of the Purchase Option Price which is attributable to the Leased Property for which Net Proceeds have been received (as certified to the Trustee by the Town); and in the event the Net Proceeds shall exceed such portion of the Purchase Option Price, such excess shall be used as directed by the Town in the same manner as set forth in Section 10.2 hereof; or
- (c) if the Town does not timely budget and appropriate sufficient funds to proceed under either (a) or (b) above, an Event of Nonappropriation will be deemed to have occurred and, subject to the Town's right to cure, the Trustee may pursue remedies available to it following an Event of Nonappropriation.

The above referenced election shall be made by the Town within 90 days of the occurrence of an event specified in Section 10.1 of this Lease. It is hereby declared to be the Town's present intention that, if an event described in Section 10.1 hereof should occur and if the Net Proceeds shall be insufficient to pay in full the cost of repair, restoration, modification, improvement or replacement of the Leased Property, the Town would use its best efforts to proceed under either paragraph (a) or paragraph (b) above; but it is also acknowledged that the Town must operate within budgetary and other economic constraints applicable to it at the time, which cannot be predicted with certainty; and accordingly the foregoing declaration shall not be construed to contractually obligate or otherwise bind the Town.

**Section 10.4 Cooperation of the Trustee.** The Trustee shall cooperate fully with the Town, at the expense of the Town to be paid as Additional Rentals, in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 10.1 of this Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Property and in the enforcement of all warranties relating to the Leased Property. So long as no Event of Lease Default or Event of Nonappropriation has occurred and is then existing, the Trustee shall not voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, or prospective or pending condemnation proceeding with respect to the Leased Property without the written consent of the Town.

## **ARTICLE 11**

### **DISCLAIMER OF WARRANTIES; OTHER COVENANTS**

**Section 11.1 Disclaimer of Warranties.** THE TRUSTEE HAS NOT MADE AND WILL NOT MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY. THE TOWN HEREBY ACKNOWLEDGES AND DECLARES THAT THE TOWN IS SOLELY RESPONSIBLE FOR THE MAINTENANCE, REPAIR AND OPERATION OF THE LEASED PROPERTY, AND THAT THE TRUSTEE HAS NO RESPONSIBILITY THEREFOR. For the purpose of enabling the Town to discharge such responsibility, the Trustee constitutes and appoints the Town as its attorney in fact for the purpose of asserting and enforcing, at the sole cost and expense of the Town, all contractor's and manufacturer's warranties and guaranties, express or implied, with respect to the Leased Property, as well as any claims or rights the Trustee may have in respect of the Leased Property against any manufacturer, supplier, contractor or other person. Except as otherwise provided in this Lease, the Trustee shall not be liable for any direct or indirect, incidental, special, punitive or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or use by the Town of any item, product, or service provided for herein except that nothing shall relieve the Trustee's liability for any claims, damages, liability or court awards, including costs, expenses and attorney fees, relating to or arising from the Trustee's actions or omissions that result from the negligence, bad faith or intentional misconduct of the Trustee or its employees.

**Section 11.2 Further Assurances and Corrective Instruments.** The Trustee and the Town agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such amendments hereof or supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property.

**Section 11.3 Compliance with Requirements.** During the Lease Term, the Town and the Trustee shall observe and comply promptly to the extent possible with all current and future orders of all courts having jurisdiction over the Leased Property, provided that the Town and the Trustee may contest or appeal such orders so long as they are in compliance with such orders during the contest or appeal period, and all current and future requirements of all insurance companies writing policies covering the Leased Property.

**Section 11.4 Substitution of Leased Property.** So long as no Event of Lease Default or Event of Nonappropriation shall have occurred and be continuing, the Town shall be entitled to substitute any improved or unimproved real estate (collectively, the "Replacement Property"), for any Leased Property then subject to the Site Lease, this Lease, and the Indenture, upon receipt by the Trustee of a written request of the Town Representative requesting such release and substitution, provided that:

- (a) such Replacement Property shall have an equal or greater value and utility (but not necessarily the same function) to the Town as the Leased Property proposed to be released, as determined by a certificate from the Town to that effect;



(b) the insured replacement value of Replacement Property, together with the insured replacement value of any portion of the Leased Property that remains after such substitution, shall be not less than the aggregate principal amount of the Outstanding Certificates, as certified in writing by the Town Representative; and

(c) the execution and delivery of such supplements and amendments to the Site Lease, this Lease and the Indenture, as applicable, and any other documents necessary to subject the Replacement Property to the encumbrance of the Site Lease, this Lease and the Indenture, and to release the portion of the Leased Property to be released from the encumbrance Site Lease, this Lease and the Indenture.

The Trustee shall cooperate with the Town in implementing the Town's rights to release and substitute property pursuant to this Section 11.4 and shall execute any and all conveyances, releases, or other documents necessary or appropriate in connection therewith.

**Section 11.5 Tax Covenants.** The Town acknowledges that the moneys in all funds and accounts expected to be created under the Indenture are to be invested or deposited by the Trustee, at the written direction of the Town.

The Town covenants for the benefit of the Owners of the Certificates that it will not take any action or omit to take any action with respect to the Certificates, the proceeds thereof, any other funds of the Town, or any facilities financed or refinanced with the proceeds of the Certificates (except for the possible exercise of the Town's right to terminate this Lease as provided herein) if such action or omission (i) would cause the interest on the Certificates to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Certificates to become a specific preference item for purposes of federal alternative minimum tax under the Tax Code, except as such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations, or (iii) would cause interest on the Certificates to lose its exclusion from Colorado taxable income or to lose its exclusion from Colorado alternative minimum taxable income under present Colorado law. Subject to the Town's right to terminate this Lease as provided herein, the foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the Certificates, until the date on which all obligations of the Town in fulfilling the above covenant under the Tax Code and Colorado law have been met.

In addition, the Town covenants that its direction of investments pursuant to Article 5 of the Indenture shall be in compliance with the procedures established by the Tax Certificate to the extent required to comply with its covenants contained in the foregoing provisions of this Section. The Town hereby agrees that, to the extent necessary, it will, during the Lease Term, pay to the Trustee such sums as are required for the Trustee to pay the amounts due and owing to the United States Treasury as rebate payments. Any such payment shall be accompanied by directions to the Trustee to pay such amounts to the United States Treasury. Any payment of Town moneys pursuant to the foregoing sentence shall be Additional Rentals for all purposes of this Lease.

The Town is to execute the Tax Certificate in connection with the execution and delivery of this Lease, which Tax Certificate shall provide further details in respect of the Town's tax covenants herein.

**Section 11.6 Undertaking to Provide Ongoing Disclosure.** The Town covenants for the benefit of the Owners and the Beneficial Owners of the Certificates to comply with the terms of the Continuing Disclosure Certificate, provided that a failure of the Town to do so shall not constitute an Event of Lease Default. The Trustee shall have no power or duty to enforce this Section. No Certificate Owner or Beneficial Owner shall be entitled to damages for the Town's non-compliance with its obligations under this Section.

**Section 11.7 Covenant to Reimburse Legal Expenses.** To the extent permitted by law and subject to Appropriation by the Town Council, the Town shall defend and hold harmless the Trustee against claims arising from the alleged negligent acts or omissions of the Town's public employees, which occurred or are alleged to have occurred during the performance of their duties and within the scope of their employment, unless such acts or omissions are, or are alleged to be, willful and wanton. Such claims shall be subject to the limitations of the Colorado Governmental Immunity Act, § 24-10-101, et. seq., C.R.S., as now or hereafter amended. The Town shall include as Additional Rentals, the reimbursement of reasonable and necessary expenses incurred by the Trustee to defend the Trustee from and against all claims, by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of the Leased Property or from any work or thing done on the Leased Property during the Lease Term requested by the Town, or from any condition of the Leased Property caused by the Town. This duty to reimburse the Trustee's legal expenses is not an indemnification and it is expressly understood that the Town is not indemnifying the Trustee and, as previously stated, is limited to Net Proceeds and moneys, if any, in excess of such Net Proceeds, for which an Appropriation has been effected.

**Section 11.8 Access to the Leased Property; Rights to Inspect Books.** The Town agrees that the Trustee shall have the right at all reasonable times to examine and inspect the Leased Property (subject to such regulations as may be imposed by the Town for security purposes) and all of the Town's books and records with respect thereto, but the Trustee has no duty to inspect the Leased Property or such books or records. The Town further agrees that the Trustee shall have such rights of access to the Leased Property as may be reasonably necessary to cause the proper maintenance of the Leased Property in the event of failure by the Town to perform its obligations under this Lease. The Indenture allows the Town to have the right at all reasonable times to examine and inspect all of the Trustee's books and records with respect to the Leased Property and all funds and accounts held under the Indenture.

The Town and its representatives shall have the right to examine and inspect the books and records of the Trustee relating to the Leased Property at all reasonable times from the date of this Lease and until three years after the termination date of this Lease.

## **ARTICLE 12**

### **PURCHASE OPTION**

**Section 12.1 Purchase Option.** The Town shall have the option to purchase the Trustee's leasehold interest in the Leased Property at any time, but only if an Event of Lease Default or an Event of Nonappropriation has not occurred and is then continuing. The Town may exercise its option on any date by complying with one of the conditions set forth in Section 12.2.

The Town shall give the Trustee notice of its intention to exercise its option not less than 45 days in advance of the date of exercise and shall deposit the required moneys with the Trustee on or before the date selected to pay the Purchase Option Price. The Trustee may waive such notice or may agree to a shorter notice period in the sole determination of the Trustee.

If the Town shall have given notice to the Trustee of its intention to purchase the Trustee's leasehold interest in the Leased Property or prepay Base Rentals, but shall not have deposited the amounts with the Trustee on the date specified in such notice, the Town shall continue to pay Base Rentals, which have been specifically appropriated by the Town for such purpose, as if no such notice had been given.

**Section 12.2 Transfer and Release of Leased Property After Payment of Purchase Option Price or all Base Rentals.** The Trustee shall transfer and release the Trustee's leasehold interests in the Leased Property to the Town in the manner provided for in Section 12.3 of this Lease; provided, however, that prior to such transfer and release, either:

(a) the Town shall have paid the then applicable Purchase Option Price which shall equal the sum of the amount necessary to defease and discharge the Indenture as provided therein (i.e., provision for payment of all principal and interest portions of any and all Certificates which may have been executed and delivered pursuant to the Indenture shall have been made in accordance with the terms of the Indenture) plus any fees and expenses then owing to the Trustee or any other Additional rentals required to be paid hereunder; or

(b) the Town shall have paid all Base Rentals set forth in Exhibit C (Base Rentals Schedule) hereto, for the entire maximum Lease Term, and all then current Additional Rentals required to be paid hereunder.

At the Town's option, amounts then on deposit in any fund held under the Indenture (except the Rebate Fund and excluding any defeasance escrow funds) may be credited toward the Purchase Option Price.

**Section 12.3 Manner of Conveyance.** At the closing of the purchase or other conveyance of all of the Trustee's leasehold interest in the Leased Property pursuant to Section 12.2 of this Lease, the Trustee shall release and terminate the Site Lease, this Lease and the Indenture and execute and deliver to the Town any necessary documents releasing, assigning, transferring and conveying the Trustee's leasehold interest in the Leased Property, as they then exist, subject only to the following:

(a) Permitted Encumbrances, other than the Site Lease, this Lease and the Indenture;

(b) all liens, encumbrances and restrictions created or suffered to exist by the Trustee as required or permitted by the Site Lease, this Lease or the Indenture or arising as a result of any action taken or omitted to be taken by the Trustee as required or permitted by the Site Lease, this Lease or the Indenture;

(c) any lien or encumbrance created or suffered to exist by action of the Town;  
and

(d) those liens and encumbrances (if any) to which title to the Leased Property was subject when leased to the Trustee.

## **ARTICLE 13**

### **ASSIGNMENT AND SUBLEASING**

**Section 13.1 Assignment by the Trustee; Replacement of the Trustee.** Except as otherwise provided in this Lease and the Indenture, this Lease may not be assigned by the Trustee for any reason other than to a successor by operation of law or to a successor trustee under the Indenture or with the prior written consent of the Town which consent shall not be unreasonably withheld. The Trustee will notify the Town of any assignment to a successor by operation of law.

If an Event of Lease Default or Event of Nonappropriation has occurred and is continuing, the Trustee may act as herein provided, including exercising the remedies set forth in Section 14.2, without the prior written direction of the Town.

**Section 13.2 Assignment and Subleasing by the Town.** This Lease may not be assigned by the Town for any reason other than to a successor by operation of law. However, the Leased Property may be subleased, as a whole or in part, by the Town, without the necessity of obtaining the consent of the Trustee or any owner of the Certificates subject to each of the following conditions:

(a) The Leased Property may be subleased, in whole or in part, only to an agency or department of, or a political subdivision of, the State, or to another entity or entities with Approval of Special Counsel;

(b) This Lease, and the obligations of the Town hereunder, shall, at all times during the Lease Term remain obligations of the Town, and the Town shall maintain its direct relationships with the Trustee, notwithstanding any sublease;

(c) The Town shall furnish or cause to be furnished to the Trustee a copy of any sublease agreement;

(d) Any sublease of the Leased Property shall provide that it is subject to the terms and conditions of this Lease and that, except as hereinafter provided, it shall automatically terminate upon a termination of this Lease; provided, however, that upon a termination of this Lease due to an Event of Lease Default or an Event of Nonappropriation, the Trustee may, upon notification to the sublessee, keep any such sublease in full force and effect as a direct lease by the Trustee to the sublessee and, upon notice to the Town, the Town shall cooperate with the Trustee to effectuate the assignment of all its right, title and interest in and to all subleases to the Trustee e; and

(e) No sublease by the Town shall cause the Leased Property to be used for any purpose which would cause the Town to violate its tax covenant in Section 11.5 hereof.

## **ARTICLE 14**

### **EVENTS OF LEASE DEFAULT AND REMEDIES**

**Section 14.1 Events of Lease Default Defined.** Each of the following shall be an Event of Lease Default under this Lease:

- (a) failure by the Town to pay any Base Rentals or Additional Rentals, which have been specifically appropriated by the Town for such purpose, during the Initial Term or any Renewal Term, within five Business Days of the date on which they are due; or
- (b) subject to the provisions of Section 6.5 hereof, failure by the Town to vacate or surrender possession of the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation has occurred; or
- (c) failure by the Town to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in (a) or (b), (and other than a failure to comply with Section 11.6 hereof) for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be received by the Town from the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold its consent to an extension of such time if, in the Trustee's reasonable judgment, corrective action can be instituted by the Town within the applicable period and diligently pursued until the default is corrected; or
- (d) failure by the Town to comply with the terms of the Site Lease.

The foregoing provisions of this Section 14.1 are subject to the following limitations:

- (i) the Town shall be obligated to pay the Base Rentals and Additional Rentals, which have been specifically appropriated by the Town for such purpose, only during the then current Lease Term, except as otherwise expressly provided in this Lease; and
- (ii) if, by reason of Force Majeure, the Town or the Trustee shall be unable in whole or in part to carry out any agreement on their respective parts herein contained other than the Town's agreement to pay the Base Rentals and Additional Rentals due hereunder, the Town or the Trustee shall not be deemed in default during the continuance of such inability. The Town and the Trustee each agree, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the Town or the Trustee from carrying out their respective agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Town.

**Section 14.2 Remedies on Default.** Whenever any Event of Lease Default shall have happened and be continuing beyond any applicable cure period, the Trustee may, or shall at the request of the owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to costs and expenses as provided in the Indenture,

without any further demand or notice, take one or any combination of the following remedial steps:

(a) terminate the Lease Term and give notice to the Town to vacate and surrender possession of the Leased Property, which vacation and surrender the Town agrees to complete within 60 days from the date of such notice; provided, in the event the Town does not vacate and surrender possession on the termination date, the provisions of Section 6.5 hereof shall apply;

(b) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property;

(c) recover from the Town:

(i) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable hereunder, during any period in which the Town continues to occupy, use, or possess the Leased Property; and

(ii) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable by the Town hereunder during the remainder, after the Town vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or

(d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, this Lease and the Indenture.

Upon the occurrence of an Event of Nonappropriation, the Trustee shall be entitled to recover from the Town the amounts set forth in Section 14.2(c)(i) hereof if the Town continues to occupy the Leased Property after December 31 of the Fiscal Year in which such Event of Nonappropriation occurs.

The Trustee shall also be entitled, upon any Event of Lease Default, to any moneys in any funds or accounts created under the Indenture (except the Rebate Fund or any defeasance escrow accounts).

**Section 14.3 Limitations on Remedies.** The remedies in connection with an Event of Lease Default shall be limited as set forth in this Section. A judgment requiring a payment of money may be entered against the Town by reason of an Event of Lease Default only as to the Town's liabilities described in paragraph (c) of Section 14.2 hereof. A judgment requiring a payment of money may be entered against the Town by reason of an Event of Nonappropriation only to the extent that the Town fails to vacate and surrender possession of the Leased Property as required by Section 6.4 of this Lease, and only as to the liabilities described in paragraph (c)(i)



of Section 14.2 hereof. The remedy described in paragraph (c)(ii) of Section 14.2 of this Lease is not available for an Event of Lease Default consisting of failure by the Town to vacate and surrender possession of the Leased Property by March 1 following an Event of Nonappropriation.

**Section 14.4 No Remedy Exclusive.** Subject to Section 14.3 hereof, no remedy herein conferred upon or reserved to the Trustee, is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved in this Article 14, it shall not be necessary to give any notice, other than such notice as may be required in this Article 14.

**Section 14.5 Waivers.** The Trustee may waive any Event of Lease Default under this Lease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. Payment of Base Rentals or Additional Rentals by the Town shall not constitute a waiver of any breach or default by the Trustee hereunder.

**Section 14.6 Agreement to Pay Attorneys' Fees and Expenses.** In the event that either party hereto shall default under any of the provisions hereof and the non-defaulting party shall employ attorneys or incur other expenses for the collection of Base Rentals or Additional Rentals, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay to the non-defaulting party, to the extent permitted by law, the reasonable fees of such attorneys and such other reasonable expenses so incurred by the non-defaulting party. Notwithstanding the foregoing, any such fees and expenses owed by the Town hereunder shall constitute Additional Rentals for all purposes of this Lease and shall be subject to Appropriation.

**Section 14.7 Waiver of Appraisement, Valuation, Stay, Extension and Redemption Laws.** To the extent permitted by law, in the case of an Event of Nonappropriation or an Event of Lease Default neither the Trustee nor the Town nor any one claiming through or under either of them shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of the Indenture; and the Trustee and the Town, for themselves and all who may at any time claim through or under either of them, each hereby waives, to the full extent that it may lawfully do so, the benefit of all such laws. Notwithstanding the foregoing, it is expressly understood that the Town cannot and does not hereby waive its right to set up, claim or seek to take advantage of its police powers or its Colorado constitutional or statutory right of eminent domain.

## **ARTICLE 15 MISCELLANEOUS**

**Section 15.1 Sovereign Powers of Town.** Nothing in this Lease shall be construed as diminishing, delegating, or otherwise restricting any of the sovereign powers or immunities of the Town. Nothing in this Lease shall be construed to require the Town to occupy and operate the Leased Property other than as lessee, or to require the Town to exercise its right to purchase the Trustee's leasehold interest in the Leased Property as provided in Article 12 hereof.

**Section 15.2 Notices.** All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if (i) delivered personally, (ii) mailed by United States certified or registered mail, return receipt requested, postage prepaid, at the addresses indicated below, or to such other addresses as the respective parties may from time to time designate in writing, (iii) sent by electronic transmission which produces evidence of transmission, or (iv) in such other manner as authorized by the Town or the Trustee, as the case may be.

if to the Town,

Town of Castle Rock, Colorado  
100 N. Wilcox St.  
Castle Rock, Colorado 80104  
Attention: Finance Director

with a copy to,

Town of Castle Rock, Colorado  
100 N. Wilcox St.  
Castle Rock, Colorado 80104  
Attention: Town Attorney

if to the Trustee,

UMB Bank, n.a.  
1670 Broadway  
Denver, Colorado 80202  
Attention: Corporate Trust and Escrow Services

The Town and the Trustee may, by written notice, designate any further or different means of communication or addresses to which subsequent notices, certificates or other communications shall be sent.

**Section 15.3 Third Party Beneficiaries.** It is expressly understood and agreed that the Owners of the outstanding Certificates are third party beneficiaries to this Lease and enforcement of the terms and conditions of this Lease, and all rights of action relating to such enforcement, shall be strictly reserved to the Town, as lessee and the Trustee, as lessor, and their respective successors

and assigns, and to the Owners of the Certificates. Except as hereinafter provided, nothing contained in this Lease shall give or allow any such claim or right of action by any other or third person on this Lease. It is the express intention of the Town and the Trustee that any person other than the Town, the Trustee or the Owners of the Certificates receiving services or benefits under this Lease shall be deemed to be an incidental beneficiary only.

**Section 15.4 Binding Effect.** This Lease shall inure to the benefit of and shall be binding upon the Trustee and the Town and their respective successors and assigns, subject, however, to the limitations contained in Article 13 of this Lease.

**Section 15.5 Amendments.** This Lease may only be amended, changed, modified, or altered as provided in the Indenture.

**Section 15.6 Amounts Remaining in Funds.** It is agreed by the parties hereto that any amounts remaining in the Base Rentals Fund, the Construction Fund, the Costs of Execution and Delivery Fund, or any other fund or account created under the Indenture (except the Rebate Fund and any defeasance escrow account), upon termination of the Lease Term, and after payment in full of the Certificates (or provision for payment thereof having been made in accordance with the provisions of this Lease and the Indenture) and fees and expenses of the Trustee in accordance with this Lease and the Indenture, shall belong to and be paid to the Town by the Trustee, as an overpayment of Base Rentals.

**Section 15.7 Triple Net Lease.** This Lease shall be deemed and construed to be a “triple net lease” and, subject to the prior Appropriation requirements hereof, the Town shall pay absolutely net during the Lease Term, the Base Rentals, the Additional Rentals and all expenses of, or other payments in respect of, the Leased Property as required to be paid by the Town under this Lease, for which a specific Appropriation has been effected by the Town for such purpose, free of any deductions, and without abatement, deduction or setoff (other than credits against Base Rentals expressly provided for in this Lease).

**Section 15.8 Computation of Time.** In computing a period of days, the first day is excluded and the last day is included. If the last day of any period is not a Business Day, the period is extended to include the next day which is a Business Day. If a number of months is to be computed by counting the months from a particular day, the period ends on the same numerical day in the concluding month as the day of the month from which the computation is begun, unless there are not that many days in the concluding month, in which case the period ends on the last day of that month. Notwithstanding the foregoing, Base Rentals shall be recalculated in the event of any Prepayment of Base Rentals as provided in Section 6.2(b) hereof.

**Section 15.9 Payments Due on Holidays.** If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall be a day other than a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Lease.

**Section 15.10 Severability.** Except for the requirement of the Town to pay Base Rentals for which a specific Appropriation has been effected by the Town for such purpose and the

requirement of the Trustee to provide quiet enjoyment of the Leased Property and to convey the Trustee's leasehold interest in the Leased Property to the Town under the conditions set forth in Article 12 of this Lease (which, if held invalid or unenforceable by any court of competent jurisdiction, may have the effect of invalidating or rendering unenforceable the other provisions of this Lease), in the event that any other provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 15.11 Execution in Counterparts.** This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 15.12 Applicable Law.** This Lease shall be governed by and construed in accordance with the law of the State of Colorado without regard to choice of law analysis.

**Section 15.13 The Trustee is Independent of the Town.** Neither the Trustee nor any agent or employee of the Trustee shall be or shall be deemed to be an agent or employee of the Town. The Trustee acknowledges that the Trustee and its employees are not entitled to unemployment insurance benefits of the Town unless the Trustee or a third party otherwise provides such coverage and that the Town does not pay for or otherwise provide such coverage. The Trustee shall have no authorization, express or implied, to bind the Town to any agreements, liability or understanding except as expressly set forth herein.

**Section 15.14 Governmental Immunity.** Notwithstanding any other provisions of this Lease to the contrary, no term or condition of this Lease shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions of the Colorado Governmental Immunity Act, Section 24-10-101, et. seq., C.R.S., as now or hereafter amended.

**Section 15.15 Recitals.** The Recitals set forth in this Lease are hereby incorporated by this reference and made a part of this Lease.

**Section 15.16 Captions.** The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease.

**Section 15.17 Trustee's Disclaimer.** It is expressly understood and agreed that (a) the Lease is executed by UMB Bank, n.a., solely in its capacity as Trustee under the Indenture, and (b) nothing herein shall be construed as creating any liability on UMB Bank, n.a. other than in its capacity as Trustee under the Indenture. All financial obligations of the Trustee under this Lease, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate.

**Section 15.18 Electronic Transactions.** The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

IN WITNESS WHEREOF, the parties have executed this Lease Purchase Agreement as of the day and year first above written.

TOWN OF CASTLE ROCK, COLORADO, as Lessee      UMB BANK, N.A., solely in its capacity of  
Trustee under the Indenture, as Lessor

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Senior Vice President

[SEAL]

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Town Clerk

\_\_\_\_\_  
Michael J. Hyman, Town Attorney

STATE OF COLORADO                    )  
  )  
COUNTY OF DOUGLAS                ) ss.  
  )  
TOWN OF CASTLE ROCK                )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2025, by \_\_\_\_\_, as Mayor of the Town Council of the Town of Castle Rock, Colorado.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

(SEAL)

STATE OF COLORADO )  
 ) ss.  
CITY AND COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2025, by \_\_\_\_\_, as Senior Vice President of UMB Bank, n.a., as Trustee.

WITNESS my hand and official seal.

Notary Public

(SEAL)



## **EXHIBIT A**

### **DESCRIPTION OF LEASED PROPERTY**

The Leased Property consists of the real property and the buildings and improvements located thereon as set forth below, as amended from time to time.

[Legal Description]

Description of premises, buildings and improvements

[ADD DESCRIPTION]

**EXHIBIT B**  
**PERMITTED ENCUMBRANCES**

“Permitted Encumbrances” as defined in Section 1.2 of this Lease and the following:

- 1) Liens for ad valorem taxes and special assessments not then delinquent, if applicable.
- 2) The Site Lease.
- 3) This Lease.
- 4) All other encumbrances appearing of record on the date hereof.

**EXHIBIT C**  
**BASE RENTALS SCHEDULE**

<u>Date</u>	<u>Base Rentals Principal Component</u>	<u>Base Rentals Interest Component</u>	<u>Total Base Rentals</u>	<u>Annual Base Rentals</u>
11/15/2025	\$	\$	\$	\$
5/15/2026	--			--
11/15/2026				
5/15/2027	--			--
11/15/2027				
5/15/2028	--			--
11/15/2028				
5/15/2029	--			--
11/15/2029				
5/15/2030	--			--
11/15/2030				
5/15/2031	--			--
11/15/2031				
5/15/2032	--			--
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5/15/2044	--			--
11/15/2044				
5/15/2045	--			--
11/15/2045				
5/15/2046	--			--
11/15/2046				
5/15/2047	--			--

<u>Date</u>	<u>Base Rentals Principal Component</u>	<u>Base Rentals Interest Component</u>	<u>Total Base Rentals</u>	<u>Annual Base Rentals</u>
11/15/2047				
5/15/2048	--			--
11/15/2048				
5/15/2049	--			--
11/15/2049				
5/15/2050	--			--
11/15/2050				
5/15/2051	--			--
11/15/2051				
5/15/2052	--			--
11/15/2052				
5/15/2053	--			--
11/15/2053				
5/15/2054	--			--
11/15/2054				
	\$	\$	\$	\$

---

Base Rental payments are due on May 15 and November 15 of each year during the Lease Term. The Base Rentals have been calculated on the basis of a 360-day year of twelve 30-day months and any recalculation of Base Rentals under Section 6.2(a) hereof shall be done on the same basis. If Base Rentals are stated to be due on any date that is not a Business Day, such Base Rentals shall be due on the next day that is a Business Day without the accrual of interest on Base Rentals between such dates.

#### Statement Regarding the Leased Property

The duration of the Lease, throughout the maximum Lease Term, does not exceed the weighted average useful life of the Leased Property.

**EXHIBIT D**

**FORM OF NOTICE OF LEASE RENEWAL**

To: UMB Bank, n.a., as Trustee  
Attention: Corporate Trust Services

The undersigned is the Town Representative of the Town of Castle Rock, Colorado (the “Town”). The Town is the lessee under that certain Lease Purchase Agreement, dated [CLOSING DATE], 2025 (the “Lease”), between the Town and UMB Bank, n.a., solely in its capacity of Trustee under the Indenture, as the lessor thereunder. I am familiar with the facts herein certified and am authorized and qualified to certify the same. The undersigned hereby states and certifies:

(a) the Town has effected or intends to effect on a timely basis an Appropriation for the ensuing Fiscal Year which includes (1) sufficient amounts authorized and directed to be used to pay all the Base Rentals and (2) sufficient amounts to pay such Additional Rentals as are estimated to become due, all as further provided in Sections 6.2, 6.3 and 6.4 of the Lease, whereupon, the Lease shall be renewed for the ensuing Fiscal Year;

\_\_\_\_\_  
Initial

or

(b) the Town has determined not to renew the Lease for the ensuing Fiscal Year.

\_\_\_\_\_  
Initial

**TOWN OF CASTLE ROCK, COLORADO**

By: \_\_\_\_\_  
Town Representative

## EXHIBIT E

### FORM OF REQUISITION

REQUISITION NO. \_\_\_\_\_

To: UMB Bank, n.a., as Trustee  
Attention: Corporate Trust and Escrow Services

The undersigned Town Representative (the “Town Representative”) of and for the Town of Castle Rock, Colorado (the “City”), as the lessee’s representative under the Lease Purchase Agreement, dated as of [CLOSING DATE, 2025] (the “Lease”), between UMB Bank, n.a., as trustee (the “Trustee”), as lessor, and the Town, as lessee, hereby requisitions the following sum from the Construction Fund established under the Indenture of Trust, dated as of [CLOSING DATE, 2025] (the “Indenture”), entered into by the Trustee, and in connection with such request, certifies as follows:

Amount: \$ \_\_\_\_\_

Name and Address of Payee:

The Town has attached hereto a copy of each Payee’s Form W-9 or Form W-8, as applicable (unless previously provided). The Town further acknowledges the Trustee cannot process such requisition until the Trustee is in receipt of a valid Form W-9 or W-8, as applicable, in accordance with the Internal Revenue Service regulations and the Foreign Account Tax Compliance Act.

Describe Nature of Obligation:

The Town Representative further certifies that:

- (a) the obligation described above has been properly incurred, is a proper charge against the Construction Fund and has not been the basis of any previous withdrawal or requisition;
- (b) all conditions required by the Lease and the Indenture to be met prior to the disbursement of the above amount have been satisfied;
- (c) the disbursement requested is due and payable and will be used for the “Costs of the Project” permitted under the Lease and the Indenture;
- (d) the Town is not in breach of any of the agreements contained in the Lease;
- (e) no Event of Lease Default or Event of Nonappropriation has occurred and is continuing; and

(f) with respect to the disbursement of funds by the Trustee from the Construction Fund pursuant to this Construction Fund Requisition, on behalf of the Town, the undersigned Town Representative hereby: (a) certifies that the Town has reviewed the wire instructions set forth in this Construction Fund Requisition, and confirms that, to the best of the Town's knowledge, such wire instructions are accurate; (b) agrees that, to the extent permitted by law, the Town will indemnify and hold harmless the Trustee from and against any and all claims, demands, losses, liabilities, and expenses sustained, including, without limitation, attorney fees, arising directly or indirectly from the Trustee's disbursement of funds from the Construction Fund in accordance with this Construction Fund Requisition and the wiring instructions provided herein; and (iii) agrees that the Town will not seek recourse from the Trustee as a result of losses incurred by the Town arising from the Trustee's disbursement of funds in accordance with this Construction Fund Requisition.

**TOWN OF CASTLE ROCK, COLORADO**

By: \_\_\_\_\_  
Town Representative



**EXHIBIT F**

**CERTIFICATE OF COMPLETION**

To: UMB Bank, n.a., as Trustee  
Attention: Corporate Trust and Escrow Services

The undersigned hereby states and certifies that:

1. I am the Town Representative (the “Town Representative”) of and for the Town of Castle Rock, Colorado (the “Town”), acting as the lessee’s representative under the Lease Purchase Agreement, dated as of [CLOSING DATE, 2025] (the “Lease”), between UMB Bank, n.a., as trustee, as lessor, and the Town, as lessee. I am familiar with the facts herein certified and am authorized and qualified to certify the same.

2. The Project described in the Lease is substantially complete and all Costs of the Project relating to the Project as described therein have been paid except for the following amounts to be set aside by the Trustee to pay remaining Costs of the Project relating to the Project: \$\_\_\_\_\_. This Certificate shall constitute the Certificate of Completion for the purposes of the Lease and the definition of “Certificate of Completion” therein.

3. Notwithstanding the foregoing, this Certificate shall not prejudice any rights against third parties which exist at the date hereof or which may subsequently come into being.

4. In accordance with Section 7.3 of the Lease and Section 3.07 of the Indenture, the Town hereby directs the Trustee to apply any balance remaining in the Construction Fund as follows: \_\_\_\_\_  
\_\_\_\_\_.

**TOWN OF CASTLE ROCK, COLORADO**

By: \_\_\_\_\_  
Town Representative

93796121.v3

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**INDENTURE OF TRUST**

**DATED [CLOSING DATE], 2025**

**BY**

**UMB BANK, N.A.,  
As Trustee**

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This Table of Contents is not a part of this Indenture and is only for convenience of reference.

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated [CLOSING DATE], 2025 (this “Indenture”), is executed and delivered by UMB Bank, n.a., a national banking association duly organized and existing under the laws of the United States of America, solely in its capacity as trustee (the “Trustee”) for the benefit of the Owners of the Certificates as set forth in this Indenture.

### PREFACE

All capitalized terms used herein will have the meanings ascribed to them in Article 1 of this Indenture.

### RECITALS

1. This Indenture is being executed and delivered to provide for the execution, delivery, and payment of and security for the Certificates, the net proceeds of which, together with other available funds of the Town, will be used to finance the Project. The Certificates evidence undivided interests in the right to receive Revenues under the Lease.

2. Pursuant to the Lease, and subject to the rights of the Town to not appropriate the Base Rentals and Additional Rentals thereunder and, therefore, to not renew and to terminate the Lease and other limitations as therein provided, the Town is to pay certain Base Rentals directly to the Trustee, for the benefit of the Owners of the Certificates, in consideration of the Town’s right to possess and use the Leased Property.

3. The Trustee has entered into this Indenture for and on behalf of the Owners of the Certificates and the Trustee will hold the Revenues and the Leased Property and will exercise the Trustee’s rights under the Site Lease and the Lease for the equal and proportionate benefit of the Owners of the Certificates as described herein, and will disburse money received by the Trustee in accordance with this Indenture.

4. The net proceeds from the sale of the Certificates to the Owners will be disbursed by the Trustee to implement the Project, as described herein and in the Lease and for other purposes set forth herein.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that the Trustee, in consideration of the premises, the purchase of the Certificates by the Owners and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Certificates and all other amounts payable to the Owners with respect to the Certificates, to secure the performance and observance of all the covenants and conditions set forth in the Certificates and this Indenture, and to declare the terms and conditions upon and subject to which the Certificates are executed, delivered and secured, has executed and delivered this Indenture and has granted, assigned, pledged, bargained, sold, alienated, remised, released, conveyed, set over and confirmed, and by these presents does grant, assign, pledge, bargain, sell, alienate, remise, release, convey, set over and confirm, in trust upon the terms set forth herein all and singular the following described



property, franchises and income, including any title or interest therein acquired after these presents, all and singular the following described property, franchises and income, including any title therein acquired after these presents (collectively, the “Trust Estate”):

(a) all rights, title and interest of the Trustee in, to and under the Site Lease and the Lease relating to the Leased Property, subject to Permitted Encumbrances (other than the Trustee’s rights to payment of its fees and expenses under the Site Lease and the Lease and the rights of third parties to Additional Rentals payable to them under the Lease);

(b) all Revenues and any other receipts receivable by or on behalf of the Trustee pursuant to the Lease, including without limitation, all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds;

(c) the Project Documents, including all extensions and renewals of the terms thereof, if any, together with the rights, titles and interests of the Town in and to the Project Documents, including, but not limited to, the present and continuing right to make claim for, collect, receive and receipt for any of the sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Project Documents, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Town under the Project Documents is or may become entitled to; provided, however, that for so long as the Lease is in effect, the Town shall retain the right to bring actions and proceedings under the Project Documents and enforce the provisions thereof against the parties thereto other than the Town; and

(d) all money and securities from time to time held by the Trustee under this Indenture in the Base Rentals Fund, the Construction Fund, and the Costs of Execution and Delivery Fund (but not the Rebate Fund or any defeasance escrow fund or account), any and all other property, revenues or funds from time to time hereafter by delivery or by writing of any kind specially granted, assigned or pledged as and for additional security hereunder, by any Person in favor of the Trustee, which shall accept any and all such property and hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD IN TRUST, NEVERTHELESS, the Trust Estate for the equal and ratable benefit and security of all Owners of the Certificates, without preference, priority or distinction as to lien or otherwise of any one Certificate over any other Certificate upon the terms and subject to the conditions hereinafter set forth.

PROVIDED, HOWEVER, that if the principal of the Certificates, the premium, if any, and the interest due or to become due thereon, shall be paid at the times and in the manner mentioned in the Certificates, according to the true intent and meaning thereof, and if there are paid to the Trustee all sums of money due or to become due to the Trustee in accordance with the terms and provisions hereof, then, upon such final payments, this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture shall be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that all Certificates are to be executed and delivered and all said property, rights, interests, revenues and

receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Trustee has agreed and covenanted, and does hereby agree and covenant, for the benefit of the Owners, as follows:

## **ARTICLE 1 DEFINITIONS**

**Section 1.01 Certain Funds and Accounts.** All references herein to any Funds and Accounts shall mean the Funds and Accounts so designated which are established pursuant to Article 3 hereof.

**Section 1.02 Definitions.** All capitalized terms defined in Article 1 of the Lease have the same meaning in this Indenture. In addition, the following capitalized terms have the following meanings under this Indenture, provided, however, that in the event of any inconsistency, any term defined below shall have the meaning ascribed to it in the Lease:

“Additional Certificates” means Additional Certificates which may be executed and delivered pursuant to this Indenture.

“Additional Rentals” means the payment or cost of all:

(a) (i) reasonable expenses and fees of the Trustee related to the performance or discharge of its responsibilities under the provisions of the Lease, the Site Lease or this Indenture, including the reasonable fees and expenses of any person or firm employed by the Town to make rebate calculations under the provisions of Section 3.05 of this Indenture and the expenses of the Trustee in respect of any policy of insurance or surety bond obtained in respect of the Certificates executed and delivered with respect to this Indenture, (ii) the cost of insurance premiums and insurance deductible amounts under any insurance policy reasonably deemed necessary by the Trustee to protect the Trustee from any liability under the Lease, and approved by the Town Representative, which approval shall not be unreasonably withheld, (iii) reasonable legal fees and expenses incurred by the Trustee to defend the Trust Estate or the Trustee from and against any legal claims related to the performance or discharge of its responsibilities under the provisions of the Lease, the Site Lease or this Indenture, and (iv) reasonable expenses and fees of the Trustee incurred at the request of the Town Representative;

(b) taxes, assessments, insurance premiums, utility charges, maintenance, upkeep, repair and replacement with respect to the Leased Property or as otherwise required under the Lease;

(c) payments into the Rebate Fund for rebate payments as provided in the Lease; and

(d) all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the Town shall fail to pay the same, as specifically set forth in the Lease) which the Town agrees to assume or pay as Additional Rentals under the Lease.

Additional Rentals do not include Base Rentals.

“Approval of Special Counsel” means an opinion of Special Counsel to the effect that the matter proposed will not adversely affect the excludability from gross income for federal income

tax purposes of the Interest Portion of the Base Rentals paid by the Town under the Lease and attributable to the Certificates.

“Authorized Denominations” means \$5,000 or integral multiples of \$5,000.

“Base Rentals” means the rental payments payable by the Town during the Lease Term, which constitute payments payable by the Town for and in consideration of the right to possess and use the Leased Property as set forth in Exhibit C (Base Rentals Schedule) of the Lease, as it may be amended from time to time. Base Rentals does not include Additional Rentals.

“Base Rentals Fund” means the fund created under Section 3.03 hereof.

“Beneficial Owners” means any person for which a DTC Participant acquires an interest in Certificates.

“Business Day” means any day, other than a Saturday, Sunday or legal holiday or a day (a) on which banks located in Denver, Colorado are required or authorized by law or executive order to close or (b) on which the Federal Reserve System is closed.

“Cede & Co.” means DTC’s nominee or any new nominee of DTC.

“Certificate of Completion” means the Certificate of Completion in substantially the form attached as Exhibit F to the Lease to be delivered by the Town Representative to the Trustee pursuant to Section 7.3 of the Lease.

“Certificate Purchase Agreement” means the Certificate Purchase Agreement dated [\_\_\_\_\_, 2025], between the Underwriter and the Trustee and acknowledged by the Town relating to the Certificates.

“Certificates” means the “Certificates of Participation, Series 2025, Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated [CLOSING DATE], 2025, between UMB Bank, n.a., solely in its capacity as trustee under the Indenture, as lessor, and the Town of Castle Rock, Colorado, as lessee” dated as of their date of delivery, executed and delivered pursuant to this Indenture.

“Charter” means the home rule charter of the Town, and any amendments or supplements thereto.

“Closing” means the date of execution and delivery of the Certificates.

“Completion Date” means the earlier of (a) [CLOSING DATE, 2028], or such later date established by the Town with the Approval of Special Counsel, or (b) any date on which the Certificate of Completion is delivered by the Town Representative to the Trustee pursuant to Section 7.3 of the Lease.

“Construction Fund” means the Town of Castle Rock, Colorado, Project Construction Fund created under the Indenture.

“Costs of Execution and Delivery” means all items of expense directly or indirectly payable by the Trustee related to the authorization, execution and delivery of the Site Lease and the Lease and related to the authorization, sale, execution and delivery of the Certificates and to be paid from the Costs of Execution and Delivery Fund, including but not limited to, survey costs, title insurance premiums, closing costs and other costs relating to the leasing of the Leased Property under the Site Lease and the Lease, costs of preparation and reproduction of documents, costs of printing the Certificates and the Preliminary Official Statement and final Official Statements prepared in connection with the offering of the Certificates, costs of Rating Agencies and costs to provide information required by Rating Agencies for the rating or proposed rating of Certificates, initial fees and charges of the Trustee and Paying Agent, legal fees and charges, including fees and expenses of Special Counsel, Special (Disclosure) Counsel, Counsel to the Trustee, and Counsel to the Underwriter, fees and disbursements of professionals and the Underwriter, fees and charges for preparation, execution and safekeeping of the Certificates, premiums for insurance on the Certificates, and any other cost, charge or fee in connection with the original sale and the execution and delivery of the Certificates; provided, however, that Additional Rentals shall not be Costs of Execution and Delivery of the Certificates and are to be paid by the Town as provided in the Lease.

“Costs of the Project” means all costs and expenses incurred in connection with the Project, including without limitation:

- (a) any costs paid or incurred for the acquisition of any real estate acquired as part of the Leased Property;
- (b) obligations paid, incurred or assumed for labor, materials and equipment in connection with the construction, acquisition, installation, equipping and improvement of the Project;
- (c) the cost of performance and payment bonds and of insurance of all kinds (including, without limitation, title insurance) that may be necessary or appropriate in connection with the Project;
- (d) the costs of engineering, architectural and other professional and technical services including obligations incurred or assumed for preliminary design and development work, test borings, soils tests, surveys, environmental review, estimates and plans and specifications;
- (e) administrative costs incurred in connection with the leasing of the Leased Property and the construction of the Project incurred prior to the Completion Date, including supervision of the construction, acquisition, installation and equipping as well as the performance of all of the other duties required by or consequent upon the construction, acquisition, installation and equipping of the Project, including, without limitation, costs of preparing and securing all Project Documents, architectural, engineering and other professional and technical fees, building permit fees, water tap fees, sanitary sewer and wastewater fees, legal fees and expenses, appraisal fees, independent inspection fees, auditing fees and advertising expenses in connection with the Project;
- (f) costs incurred in connection with the Certificates, including the initial compensation and expenses of the Trustee, legal fees and expenses, costs incurred in

obtaining ratings from rating agencies, the premium for a qualified surety bond, if any, and accounting fees;

(g) all costs which are required to be paid under the terms of any Project Contract;

(h) any costs associated with the leasing of the Site pursuant to the Site Lease;

(i) costs related to the preparation of the Site for construction of the Project, including, but not limited to, the costs of demolition and cleanup of any existing improvements on the Site and costs associated with the provision of sewer, water, gas, electricity and other infrastructure improvements and services to the Site;

(j) payments to a reserve fund to the extent necessary to establish or maintain a reserve requirement, if any;

(k) all other costs which are considered to be a part of the costs of the Project in accordance with generally accepted accounting principles and which will not adversely affect the excludability from gross income for federal income tax purposes of the Interest Portion of Base Rentals due under this Lease and attributable to the Certificates, as evidenced by delivery of an Approval of Special Counsel; and

(l) any and all other costs necessary to effect the Trustee's leasing of the Site and the implementation and completion of the Project to the extent the same are permitted by the laws of the State of Colorado and will not adversely affect the excludability from gross income for federal income tax purposes of the Interest Portion of Base Rentals due under this Lease and attributable to the Certificates, as evidenced by delivery of an Approval of Special Counsel.

"Costs of Execution and Delivery Fund" means the fund created under Section 3.06 hereof.

"Counsel" means an attorney at law or law firm (who may be counsel for the Trustee) who is satisfactory to the Town.

"C.R.S." means Colorado Revised Statutes, as amended from time to time.

"Depository" means any securities depository as the Trustee may provide and appoint pursuant to Section 2.03 hereof, in accordance with then current guidelines of the Securities and Exchange Commission, which shall act as securities depository for the Certificates.

"DTC" means the Depository Trust Company, New York, New York, and its successors and assigns.

"DTC Participant(s)" means any broker-dealer, bank, or other financial institution from time to time for which DTC holds Certificates as Depository.

"electronic means" means telecopy, facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission.

“Event(s) of Indenture Default” means those defaults specified in Section 7.01 of this Indenture.

“Extraordinary Mandatory Redemption” means any redemption made pursuant to Section 4.03 hereof.

“Federal Securities” means non-callable bills, certificates of indebtedness, notes or bonds which are direct obligations of, or the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Finance Director” means the Finance Director of the Town or such person’s successor in functions, if any.

“Fiscal Year” means any 12-month period adopted by the Town as its fiscal year.

“Indenture” means this Indenture of Trust dated [CLOSING DATE], 2025, executed and delivered by the Trustee, as the same may be hereafter amended or supplemented.

“Interest Payment Date” means, in respect of the Certificates, each June 1 and December 1, commencing [December 1, 2025].

“Lease” means the Lease Purchase Agreement, dated [CLOSING DATE], 2025, between the Trustee, as lessor, and the Town, as lessee, as the same may be amended.

“Leased Property” means the real property and the premises, buildings, and improvements situated thereon, including all fixtures attached thereto, as more particularly described in Exhibit A to the Lease, together with any and all additions and modifications thereto, substitutions and replacements thereof, and any New Facility.

“Mayor” means the Mayor of the Town, or such person’s successor in duties.

“New Facility” means any real property, buildings or equipment leased by the Town to the Trustee pursuant to a future amendment to the Site Lease and leased back by the Town from the Trustee pursuant to a future amendment to the Lease in connection with the execution and delivery of Additional Certificates.

“Optional Redemption” means any redemption made pursuant to Section 4.01 hereof.

“Optional Redemption Date” means the date of redemption of Certificates upon the Prepayment of Base Rentals or the payment of the Purchase Option Price under the Lease.

“Outstanding” means, with respect to the Certificates, all Certificates executed and delivered pursuant to this Indenture as of the time in question, except:

- (a) All Certificates theretofore canceled or required to be canceled under Section 2.07 of this Indenture;
- (b) Certificates in substitution for which other Certificates have been executed and delivered under Section 2.05 or 2.06 of this Indenture;



- (c) Certificates which have been redeemed as provided in Article 4 of this Indenture;
- (d) Certificates for the payment or redemption of which provision has been made in accordance with Article 6 of this Indenture; provided that, if such Certificates are being redeemed, the required notice of redemption has been given or provision satisfactory to the Trustee has been made therefor; and
- (e) Certificates deemed to have been paid pursuant to Section 6.01 of this Indenture.

“Owners” means the registered owners of any Certificates.

“Paying Agent” means the Trustee or any successor or additional paying agent appointed pursuant to this Indenture.

“Permitted Investments” means those investments the Town is authorized to enter into under the Charter and the laws of the State of Colorado.

“Prepayment” means any amount paid by the Town pursuant to the provisions of the Lease as a prepayment of the Base Rentals due thereunder.

“Project” means, collectively, the acquisition, construction, installation, equipping and improvement of a recreation center with associated amenities and supporting public improvements needed or desired in connection therewith.

“Project Contract” means any contract entered into before the Completion Date by the Town regarding the design, acquisition, construction, improvement or installation of any portion of the Project, including, without limitation, the design contracts between the Town and the design consultants, the construction contracts between the Town and the contractors, and any other contracts between the Town and anyone performing work or providing services in connection with the implementation and completion of the Project.

“Project Documents” means the following: (a) plans, drawings and specifications for the Project, when and as they are approved by the Town, including change orders, if any; (b) any necessary permits for the Project, including any building permits and certificates of occupancy; (c) the Project Contracts; (d) policies of title insurance, insurance policies required under the Project Contracts, including general liability, property damage and automobile, worker’s compensation and builders’ risk insurance policies in respect of the general contractor for construction of the Project and, on and after the Completion Date of the Project, insurance policies required under Article 9 of this Lease, including commercial general liability and public liability, property and worker’s compensation insurance policies, or certificates of insurance for any of such policies thereof, as required by this Lease; (e) contractor’s performance and payment bonds with respect to the Project; and (f) any and all other documents executed by or furnished to the Town or the Trustee in connection with the Project.

“Rating Agency” or “Rating Agencies” means any nationally recognized securities rating agency or agencies as may be directed by the Town in writing to the Trustee.

“Rebate Fund” means the fund created under Section 3.05 hereof.

“Regular Record Date” means the close of business on the 15th day of the calendar month (whether or not a Business Day) immediately preceding the Interest Payment Date.

“Revenues” means (a) all amounts payable by or on behalf of the Town or with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds, but not including Additional Rentals; (b) any portion of the proceeds of the Certificates deposited into the Base Rentals Fund created under this Indenture; (c) any moneys which may be derived from any insurance in respect of the Certificates; and (d) any moneys and securities, including investment income, held by the Trustee in the Funds and Accounts established under this Indenture (except for moneys and securities held in the Rebate Fund or any defeasance escrow account).

“Site Lease” means the Site Lease Agreement, dated [CLOSING DATE], 2025, between the Town, as lessor, and the Trustee, as lessee, as the same may hereafter be amended.

“Special Counsel” means any counsel experienced in matters of municipal law and listed in the list of municipal bond attorneys, published by *The Bond Buyer*, or any successor publication. So long as the Lease Term is in effect, the Town shall have the right to select Special Counsel.

“Supplemental Act” means the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, C.R.S.

“Tax Certificate” means the Tax Compliance and No-Arbitrage Certificate entered into by the Town with respect to the Lease and the Certificates.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and all regulations and rulings promulgated thereunder.

“Town” means the Town of Castle Rock, Colorado.

“Town Council” means the Town Council of the Town or any successor to its functions.

“Town Manager” means the Town Manager of the Town or such person’s successor in functions, if any.

“Town Representative” means the Mayor, the Town Manager or the Finance Director or such other person at the time designated to act on behalf of the Town for the purpose of performing any act under the Lease, the Site Lease or this Indenture by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the Town by the Mayor or Mayor Pro Tem of the Town Council.

“Trust Estate” means all of the property placed in trust by the Trustee pursuant to the Granting Clauses hereof.

“Trustee” means UMB Bank, n.a., acting solely in its capacity of trustee pursuant to this Indenture for the benefit of the Owners of the Certificates and any Additional Certificates, and any successor thereto appointed hereunder.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated.

## ARTICLE 2 THE CERTIFICATES

**Section 2.01 Amount of the Certificates; Nature of the Certificates.** Except as provided in Section 2.08 hereof, the aggregate original principal amount of Certificates that may be executed and delivered pursuant to this Indenture shall be \$[\_\_\_\_\_].

The Certificates shall constitute proportionate interests in the Trustee's right to receive the Base Rentals under the Lease and other Revenues. The Certificates shall constitute a contract between the Trustee and the Owners. In no event shall any decision by the Town Council not to appropriate any amounts payable under the Lease be construed to constitute an action impairing such contract.

The Certificates shall not constitute a mandatory charge or requirement of the Town in any ensuing Fiscal Year beyond the current Fiscal Year, and shall not constitute or give rise to a general obligation or other indebtedness of the Town or a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the Town, within the meaning of any constitutional, Charter or statutory debt provision or limitation. No provision of the Certificates shall be construed or interpreted as creating a delegation of governmental powers nor as a donation by or a lending of the credit of the Town within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. The execution and delivery of the Certificates shall not directly or indirectly obligate the Town to renew the Lease from Fiscal Year to Fiscal Year or to make any payments beyond those appropriated for the Town's then current Fiscal Year.

**Section 2.02 Form, Denominations, Maturities and Other Terms of Certificates.** The Certificates shall be in substantially the form attached hereto as Exhibit A, and all provisions and terms of the Certificates set forth therein are incorporated in this Indenture.

The Certificates shall be executed and delivered in fully registered form in Authorized Denominations not exceeding the aggregate principal amount stated to mature on any given date. The Certificates shall be numbered consecutively in such manner as the Trustee shall determine; provided that while the Certificates are held by a Depository, one Certificate shall be executed and delivered for each maturity bearing interest at the same interest rate of the Outstanding Certificates.

The Certificates are executed and delivered under the authority of the Supplemental Act and shall so recite. Pursuant to Section 11-57-210 of the Supplemental Act, such recital shall be conclusive evidence of the validity and the regularity of the execution and delivery of the Certificates after their delivery for value.

The Certificates shall be dated [CLOSING DATE], 2025.

The Certificates shall mature on the dates and in the amounts, and shall bear interest at the rates, set forth below:

<u>Years</u> <u>(December 1)</u>	<u>Principal</u> <u>Amounts</u>	<u>Interest</u> <u>Rates</u>
2025	\$	%
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
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The Certificates shall bear interest from their date to maturity or prior redemption at the rates per annum set forth above, payable on each Interest Payment Date and calculated on the basis of a 360-day year of twelve 30-day months.

The payment of principal, premium, if any, and interest represented by the Certificates shall be made in lawful money of the United States of America.

The Certificates are subject to redemption prior to maturity, all as provided in Article 4 hereof.

Except for any Certificates for which DTC is acting as Depository or for an Owner of \$1,000,000 or more in aggregate principal amount of Certificates, the principal of, premium, if

any, and interest on all Certificates shall be payable to the Owner thereof at its address last appearing on the registration books maintained by the Trustee. In the case of any Certificates for which DTC is acting as Depository, the principal of, premium, if any, and interest on such Certificates shall be payable as directed in writing by the Depository. In the case of an Owner of \$1,000,000 or more in aggregate principal amount of Certificates, the principal of, premium, if any, and interest on such Certificates shall be payable by wire transfer of funds to a bank account located in the United States designated by the Certificate Owner in written instructions to the Trustee.

Interest shall be paid to the Owner of each Certificate, as shown on the registration books kept by the Trustee, as of the close of business on the Regular Record Date, irrespective of any transfer of ownership of Certificates subsequent to the Regular Record Date and prior to such Interest Payment Date, or on a special record date, which shall be fixed by the Trustee for such purpose, irrespective of any transfer of ownership of Certificates subsequent to such special record date and prior to the date fixed by the Trustee for the payment of such interest. Notice of the special record date and of the date fixed for the payment of such interest shall be given by providing a copy thereof by electronic means or by first class mail postage prepaid at least ten days prior to the special record date, to the Owner of each Certificate upon which interest will be paid, determined as of the close of business on the day preceding the giving of such notice.

**Section 2.03 Execution; Global Book-Entry System.** Each Certificate shall be executed with the manual signature of a duly authorized representative of the Trustee. It shall not be necessary that the same authorized representative of the Trustee sign all of the Certificates executed and delivered hereunder. In case any authorized representative of the Trustee whose signature appears on the Certificates ceases to be such representative before delivery of the Certificates, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such authorized representative had remained as such authorized representative until delivery.

No Certificate shall be valid or obligatory for any purpose or entitled to any security or benefit hereunder unless and until executed in the manner prescribed by this Section, and such execution of any Certificate shall be conclusive evidence that such Certificate has been properly executed and delivered hereunder.

DTC may act as Depository for any Certificates. The Certificates for which DTC is acting as Depository shall be initially executed and delivered as set forth herein with a separate fully registered certificate (in printed or type-written form) for each of the maturities bearing interest at the same interest rate of the Certificates. Upon initial execution and delivery, the ownership of any Certificates for which DTC is acting as Depository shall be registered in the registration books kept by the Trustee, in the name of Cede & Co., as the nominee of DTC or such other nominee as DTC shall appoint in writing.

The Trustee is hereby authorized to take any and all actions as may be necessary and not inconsistent with this Indenture in order to qualify any Certificates for the Depository's book-entry system, including the execution of the Depository's form of Representation Letter.

With respect to any Certificates which shall or may be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Trustee shall not have any

responsibility or obligation to any DTC Participants or to any Beneficial Owners. Without limiting the immediately preceding sentence, the Trustee shall not have any responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Certificates, (b) the delivery to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any notice with respect to the Certificates, including any notice of redemption, or (c) the payment to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any amount with respect to the principal of and premium, if any, or interest on the Certificates; except that so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, any Beneficial Owner of \$1,000,000 or more in aggregate principal amount of Certificates who has filed a written request to receive notices, containing such Beneficial Owner's name and address, with the Trustee shall be provided with all notices relating to such Certificates by the Trustee.

Except as set forth above, the Trustee may treat as and deem DTC to be the absolute Owner of each Certificate for which DTC is acting as Depository for all purposes, including payment of the principal of and premium and interest on such Certificate, giving notices of redemption and registering transfers with respect to such Certificates. The Trustee shall pay all principal of and interest on the Certificates only to or upon the order of the Owners as shown on the registration books kept by the Trustee or their respective attorneys duly authorized in writing and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to the principal of and interest on the Certificates to the extent of the sum or sums so paid.

No person other than an Owner, as shown on the registration books kept by the Trustee, shall receive a Certificate. Upon delivery by DTC to the Beneficial Owner and the Trustee of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.06 hereof, references to "Cede & Co." in this Section shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to any Certificates at any time after giving written notice to the Trustee and discharging its responsibilities with respect thereto under applicable law. The Trustee, upon the written direction of the Town, may terminate the services of DTC with respect to any Certificates if it determines that DTC is unable to discharge its responsibilities with respect to such Certificates or that continuation of the system of book-entry transfers through DTC is not in the best interests of the Beneficial Owners, and the Trustee shall provide notice of such termination to the Depository.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions of DTC in respect of the Certificates can be found which, in the opinion of the Town, is willing and able to undertake such functions upon reasonable or customary terms, or if the Town determines that it is in the best interests of the Beneficial Owners of the Certificates that they be able to obtain certificated Certificates, the Certificates shall no longer be restricted to being registered in the registration books of the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Owners shall designate at that time, in accordance with Section 2.06. To the extent that the Beneficial Owners are designated as the transferee by the Owners, in accordance with Section 2.06, the Certificates will be delivered to the Beneficial Owners.



**Section 2.04 Delivery of Certificates.** Upon the execution and delivery of this Indenture, the Trustee is authorized to execute and deliver the Certificates either to DTC or to the purchasers thereof in the aggregate principal amounts, maturities and interest rates set forth in Section 2.01 hereof, as provided in this Section:

(a) Before or upon the delivery by the Trustee of any of the Certificates, there shall be filed with the Trustee an originally executed counterpart of this Indenture, the Lease, the Site Lease and a title insurance commitment or commitments (with a title insurance policy or policies to be delivered in a timely fashion after the delivery of the Certificates) under which the Trustee's leasehold interest in the Leased Property is insured; and

(b) Thereupon, the Trustee shall execute and deliver the Certificates to DTC or the purchasers thereof, upon payment to the Trustee of the purchase price set forth in the Certificate Purchase Agreement. Notwithstanding anything herein to the contrary, the Trustee is authorized to execute and transfer or cause to be transferred to DTC in advance of the date of execution and delivery of the Certificates, Certificates to effect the registration and delivery thereof to the Owners pending and subject to the delivery of the opinion of Special Counsel necessary to effect the delivery of the Certificates.

**Section 2.05 Mutilated, Lost, Stolen or Destroyed Certificates.** In the event the Certificates are in the hands of DTC or Owners and one or more of the Certificates is mutilated, lost, stolen or destroyed, a new Certificate of the same series shall be executed by the Trustee, of like date, maturity, interest rate and denomination as that mutilated, lost, stolen or destroyed; provided that the Trustee shall have received indemnity from DTC or the Owner of the Certificate, as the case may be, satisfactory to it and provided further, in case of any mutilated Certificate, that such mutilated Certificate shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Certificate, that there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee. In the event that any such Certificate shall have matured, instead of executing and delivering a duplicate Certificate, the Trustee may pay the same without surrender thereof. The Trustee may charge DTC or the Owner of the Certificate, as the case may be, with its reasonable fees and expenses in connection herewith.

**Section 2.06 Registration of Certificates; Persons Treated as Owners; Transfer and Exchange of Certificates.** Books for the registration and for the transfer of Certificates shall be kept by the Trustee which is hereby appointed the registrar. Upon surrender for transfer of any Certificate at the principal corporate trust office of the Trustee or at such other location as it shall designate, the Trustee shall execute and deliver in the name of the transferee or transferees a new Certificate or Certificates of the same series, of a like aggregate principal amount and interest rate and of the same maturity.

Certificates may be exchanged at the principal corporate trust office of the Trustee or at such other location as it shall designate for an equal aggregate principal amount of Certificates of the same series, interest rate and the same maturity of other Authorized Denominations. The Trustee shall execute and deliver Certificates which the Owner making the exchange is entitled to receive, bearing numbers not contemporaneously outstanding.

All Certificates presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner or by his or her attorney duly authorized in writing.

The Trustee shall not be required to transfer or exchange any Certificate during the period of 15 days next preceding any Interest Payment Date nor to transfer or exchange any Certificate after the sending of notice calling such Certificate for redemption has been made as herein provided, nor during the period of 15 days next preceding the sending of such notice of redemption.

New Certificates delivered upon any transfer or exchange shall evidence the same obligations as the Certificates surrendered, shall be secured by this Indenture and entitled to all of the security and benefits hereof to the same extent as the Certificates surrendered. The person in whose name any Certificate shall be registered shall be deemed and regarded as the absolute Owner thereof for all purposes, and payment of or on account of either principal or interest on any Certificate shall be made only to or upon the written order of the Owner thereof or his, her, or its legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge such Certificate to the extent of the sum or sums paid.

The Trustee shall require the payment, by any Owner requesting exchange or transfer of Certificates, of any transfer fees, tax, fee or other governmental charge required to be paid with respect to such exchange or transfer as a precondition to such exchange or transfer.

**Section 2.07 Cancellation of Certificates.** Whenever any Outstanding Certificates shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment thereof or for or after replacement pursuant to Sections 2.05 or 2.06 hereof, such Certificates shall be promptly canceled and destroyed by the Trustee in accordance with customary practices of the Trustee and applicable record retention requirements.

**Section 2.08 Additional Certificates.** So long as no Event of Indenture Default, Event of Nonappropriation or Event of Lease Default has occurred and is continuing and the Lease Term is in effect, one or more series of Additional Certificates may be executed and delivered upon the terms and conditions set forth herein. The principal of any Additional Certificates shall mature on December 1 and the interest payment dates therefor shall be the same as the Interest Payment Dates for the Certificates; otherwise the times and amounts of payment of Additional Certificates shall be as provided in the supplemental ordinance or indenture and amendment to the Lease entered into in connection therewith.

Additional Certificates may be executed and delivered without the consent of or notice to the Owners of Outstanding Certificates, to provide moneys to pay any one or more of the following:

(a) the costs of acquiring, constructing, improving, installing and equipping any capital improvements or capital projects of the Town, or any New Facility, or of acquiring real property for Town use or a site for any capital projects or New Facility (and costs reasonably related thereto);

(b) the costs of completing the Project or making, at any time or from time to time, such substitutions, additions, modifications and improvements for or to the Leased Property as the Town may deem necessary or desirable, and as in accordance with the provisions of the Lease; or

(c) for the purpose of refunding or refinancing all or any portion of Outstanding Certificates or Additional Certificates.

In such case, the Costs of Execution and Delivery of the Additional Certificates, the amount, if any, to be deposited to a separate reserve fund for such Additional Certificates, and other costs reasonably related to the purposes for which Additional Certificates are being executed and delivered may be included.

Additional Certificates may be executed and delivered only upon there being furnished to the Trustee:

(a) Originally executed counterparts of a supplemental Indenture and related and necessary amendments to the Site Lease and the Lease (including any necessary amendment to the Base Rentals Schedule); and

(b) A commitment or other evidence that the amount of the title insurance policy delivered in respect of the Certificates will be increased, if necessary, to reflect the amount of the Additional Certificates and all other Outstanding Certificates (or such lesser amount) as shall be the maximum insurable value of the real property included in the Leased Property); and

(c) A written opinion of Special Counsel to the effect that:

(i) the execution and delivery of Additional Certificates have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled;

(ii) the excludability of interest from gross income for federal income tax purposes on the Outstanding Certificates will not be adversely affected by the execution and delivery of the Additional Certificates being executed and delivered; and

(iii) the sale, execution and delivery of the Additional Certificates, in and of themselves, will not constitute an Event of Indenture Default or an Event of Lease Default and will not cause any violation of the covenants or representations herein, in the Site Lease or in the Lease; and

(d) Written directions from the underwriter, placement agent or financial advisor with respect to the Additional Certificates, together with written acknowledgment of the Town Representative, to the Trustee to deliver the Additional Certificates to the purchaser or purchasers therein identified upon payment to the Trustee of a specified purchase price.

Each Additional Certificate executed and delivered pursuant to this Section shall evidence a proportionate interest in the rights to receive the Revenues under this Indenture and shall be ratably secured with all Outstanding Certificates and in respect of all Revenues, and shall be ranked *pari passu* with such Outstanding Certificates and with Additional Certificates that may be executed and delivered in the future, if any.

Nothing herein shall be construed to prohibit or restrict the Town's right to enter into lease purchase agreements or execute and deliver certificates of participation that are not secured by the Leased Property or the Revenues.

**Section 2.09 Uniform Commercial Code; Negotiability.** Subject to the registration provisions hereof, the Certificates shall be fully negotiable and shall have all the qualities of negotiable paper, and the Owner or Owners thereof shall possess all rights enjoyed by the holders or owners of investment securities under the provisions of the Uniform Commercial Code-Investment Securities. The principal of and interest on the Certificates shall be paid, and the Certificates shall be transferable, free from and without regard to any equities, set-offs or cross-claims between or among the Town, the Trustee and the original or any intermediate Owner of any Certificates.

### ARTICLE 3 REVENUES AND FUNDS

**Section 3.01 Segregation and Disposition of Proceeds of Certificates.** The net proceeds of the Certificates shall be accounted for as follows:

(a) \$[\_\_\_\_\_] shall be deposited into the Construction Fund and used to pay the Costs of the Project for the Project in accordance with this Indenture and the Tax Certificate.

(b) \$[\_\_\_\_\_] shall be deposited in the Costs of Execution and Delivery Fund and applied to the Costs of Execution and Delivery of the Lease, the Site Lease and the Certificates.

**Section 3.02 Application of Revenues and Other Moneys.**

(a) All Base Rentals payable under the Lease and other Revenues shall be paid directly to the Trustee. If the Trustee receives any other payments on account of the Lease, the Trustee shall immediately deposit the same as provided below.

(b) Except as otherwise provided in the Lease, the Trustee shall deposit all Revenues and any other payments received in respect of the Lease, immediately upon receipt thereof, to the Base Rentals Fund in an amount required to cause the aggregate amount on deposit therein to equal the amount then required to make the principal and interest payments due on the Certificates on the next Interest Payment Date. In the event that the Trustee receives Prepayments under the Lease, the Trustee shall apply such Prepayments to the Optional Redemption of the Certificates or portions thereof in accordance with Section 4.01 hereof.

**Section 3.03 Base Rentals Fund.** A special fund is hereby created and established with the Trustee designated the “Town of Castle Rock, Colorado, 2025 Lease Purchase Agreement, Base Rentals Fund” which shall be used for the deposit of all Revenues, upon receipt thereof by the Trustee, except as otherwise provided in the Lease. Moneys in the Base Rentals Fund shall be used solely for the payment of the principal of and interest on the Certificates whether on an Interest Payment Date, at maturity or upon prior redemption, except as provided in Section 3.05 hereof.

The Base Rentals Fund shall be in the custody of the Trustee. Base Rental payments are due and payable to the Trustee on or before each May 15 and November 15 annually. The Trustee shall withdraw sufficient funds from the Base Rentals Fund to pay the principal of and interest on the Certificates as the same become due and payable whether on an Interest Payment Date, at maturity or upon prior redemption, which responsibility, to the extent of the moneys therein, the Trustee hereby accepts.

Any moneys held in the Base Rentals Fund shall be invested by the Trustee in accordance with Article 5 hereof.

**Section 3.04 Reserved.**

**Section 3.05 Rebate Fund.** A special fund is hereby created and established to be held by the Trustee, and to be designated the “Town of Castle Rock, Colorado, 2025 Lease Purchase

Agreement, Rebate Fund” (the “Rebate Fund”). To the extent necessary to comply with the provisions of the Tax Certificate, the Trustee shall transfer into the Rebate Fund investment income on moneys in any fund created hereunder (except defeasance escrows). In addition to the deposit of investment income as provided herein, there shall be deposited into the Rebate Fund moneys received from the Town as Additional Rentals for rebate payments pursuant to the Lease; moneys transferred to the Rebate Fund from any other fund created hereunder pursuant to the provisions of this Section 3.05; and all other moneys received by the Trustee when accompanied by directions not inconsistent with the Lease or this Indenture that such moneys are to be paid into an account of the Rebate Fund. The Town will cause (or direct the Trustee to cause) amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury at the address and times provided in the Tax Certificate, and in the amounts calculated to ensure that the Town’s rebate obligations are met, in accordance with the Town’s tax covenants in Section 11.5 of the Lease. Amounts on deposit in the Rebate Fund shall not be subject to the lien of this Indenture to the extent that such amounts are required to be paid to the United States Treasury.

If, at any time after the Trustee receives instructions by the Town to make any payments from the Rebate Fund, the Trustee determines that the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, and if the Trustee does not receive Additional Rentals or there is insufficient investment income on moneys in any fund created hereunder so as to make the amount on deposit in the appropriate account in the Rebate Fund sufficient for its purpose, the Trustee may transfer moneys to the Rebate Fund from the Base Rentals Fund. Any moneys so advanced shall be included in the Town’s estimates of Additional Rental for the ensuing Fiscal Year pursuant to the Lease and shall be repaid to the fund from which advanced upon payment to the Trustee of such Additional Rentals. Upon receipt by the Trustee of an opinion of Special Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be therein pursuant to the provisions of the Tax Certificate, such excess shall be transferred to the Base Rentals Fund.

The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report. The Town may, at its own expense, retain an independent firm of professionals in such area to calculate such rebate amounts.

Notwithstanding the foregoing, in the event that the Lease has been terminated or the Town has failed to comply with Section 11.5 thereof so as to make the amount on deposit in the Rebate Fund sufficient for its purpose, the Trustee shall make transfers of investment income or of moneys from the above-described funds in such combination as the Trustee shall determine to be in the best interests of the Certificate Owners.

**Section 3.06 Costs of Execution and Delivery Fund.** A special fund is hereby created and established with the Trustee and designated the “Town of Castle Rock, Colorado, 2025 Lease Purchase Agreement, Costs of Execution and Delivery Fund.” Upon the delivery of the Certificates there shall be deposited into the Costs of Execution and Delivery Fund from the net proceeds of the Certificates the amount directed by Section 3.01(b) hereof. Payments from the Costs of Execution and Delivery Fund shall be made by the Trustee upon either (i) receipt of a requisition for the provision of Costs of Execution and Delivery of the Certificates approved in writing by the Town Representative in accordance with the closing memorandum prepared by the Underwriter and (a) stating the payee, the amount to be paid, method of payment, and the purpose

of the payment and (b) certifying that the amount to be paid is due and payable, has not been the subject of any previous requisition and is a proper charge against the Costs of Execution and Delivery Fund or (ii) as provided in a closing memorandum signed by the Town Representative. The Trustee may conclusively rely on requisitions (or the closing memorandum) submitted in accordance with this Section as complete authorization for the disbursements made pursuant thereto and shall not be responsible for any representations or certifications made therein.

Any moneys held in the Costs of Execution and Delivery Fund shall be invested by the Trustee in accordance with Article 5 hereof.

Upon the final payment of all Costs of Execution and Delivery, as certified in writing by the Town Representative, the Trustee shall transfer all moneys remaining in the Costs of Execution and Delivery Fund to the Town to be used to pay costs of the Project, or shall credit such moneys to the Base Rentals Fund, as directed in writing by the Town Representative. Any amounts remaining in the Costs of Execution and Delivery Fund 90 days after the execution and delivery of the Certificates shall be credited to the Base Rentals Fund or used to pay costs of the Project, as directed in writing by the Town Representative.

### **Section 3.07 Construction Fund.**

(a) A special fund is hereby created and established with the Trustee to be designated as the “Town of Castle Rock, Colorado, Recreation Center Project Construction Fund.”

(b) Moneys on deposit in the Construction Fund shall be disbursed by the Trustee, upon the written direction of the Town Representative, to pay the Costs of the Project for the Project as set forth in Article 7 of the Lease.

(c) Prior to the Completion Date, (i) all income earned from the investment of moneys in the Construction Fund shall be retained in the Construction Fund; provided, however, income from the Construction Fund may be transferred to the Rebate Fund if required by Section 3.05 hereof, and (ii) all such income shall be reinvested or used for purposes of the Construction Fund until transferred, if applicable, as provided in subsections (d) and (e) of this Section.

(d) Any moneys remaining in the Construction Fund on the Completion Date, except for amounts set aside by the Trustee to pay remaining Costs of the Project relating to the Project as provided in the Certificate of Completion (in form provided in **Exhibit F** to the Lease) filed with the Trustee by the Town Representative, shall be transferred to the Town to be used to pay any other Costs of the Project of the Project or to the Base Rentals Fund and used for the purposes of such Fund.

(e) Any moneys held in the Construction Fund shall be invested by the Trustee in accordance with Article 5 hereof.

**Section 3.08 Moneys to be Held in Trust.** The ownership of the Base Rentals Fund, the Construction Fund, the Costs of Execution and Delivery Fund and all accounts within such Funds and any other fund or account created hereunder (except for any defeasance escrow account) shall



be held in trust by the Trustee for the benefit of the Owners of the Certificates; provided that moneys in the Rebate Fund shall be used only for the specific purpose provided in Section 3.05 hereof.

**Section 3.09 Nonpresentment of Certificates.** Any moneys deposited with the Trustee pursuant to the terms of this Indenture to be used for the payment of principal of, premium, if any, or interest on any of the Certificates and remaining unclaimed by the Owners of such Certificates for a period of three years after the final due date of any Certificate (during which three year period such moneys shall not be required to be invested by the Trustee), whether the final date of maturity or the final redemption date, shall, upon the written request of the Town, and if the Town shall not at the time, to the knowledge of the Trustee, be in default with respect to any of the terms and conditions contained in this Indenture, in the Certificates or under the Lease, be paid to the Town and such Owners shall thereafter look only to the Town for payment and then only (a) to the extent of the amounts so received by the Town from the Trustee without interest thereon, (b) subject to the defense of any applicable statute of limitations, and (c) subject to the Town's Appropriation of such payment. After payment by the Trustee of all of the foregoing, if any moneys are then remaining under this Indenture, the Trustee shall pay such moneys to the Town as an overpayment of Base Rentals.

**Section 3.10 Repayment to the Town from the Trustee.** After payment in full of the Certificates, the interest thereon, any premium thereon, the fees, charges and expenses of the Trustee, any amount required to be deposited to the Rebate Fund, and all other amounts required to be paid hereunder, any amounts remaining in the Base Rentals Fund, the Construction Fund, and the Costs of Execution and Delivery Fund, or otherwise held by the Trustee pursuant hereto (but excluding the Rebate Fund and any defeasance escrow accounts) shall be paid to the Town upon the expiration or sooner termination of the Lease Term as a return of an overpayment of Base Rentals. After payment of all amounts due and owing the federal government held in the Rebate Fund, if any, any excess amounts in the Rebate Fund shall be paid to the Town.

**ARTICLE 4**  
**REDEMPTION OF CERTIFICATES**

**Section 4.01 Optional Redemption.**

(a) The Certificates maturing on or prior to December 1, 20[\_\_], are not subject to optional redemption prior to their respective maturity dates. The Certificates maturing on and after December 1, 20[\_\_], are subject to redemption prior to their respective maturity dates at the option of the Town, in whole or in part, in integral multiples of \$5,000, and if in part in such order of maturities as the Town shall determine and by lot within a maturity, on December 1, 20[\_\_], and on any date thereafter, at a redemption price equal to the principal amount of the Certificates so redeemed plus accrued interest to the redemption date without a premium.

(b) In the case of a Prepayment in part of Base Rentals under the Lease, the Trustee shall confirm that the revised Base Rentals Schedule to be provided by the Town Representative pursuant to Section 6.2(a) of the Lease sets forth Principal Portions and Interest Portions of Base Rentals that are equal to the principal and interest due on the Certificates that remain Outstanding after such Optional Redemption. For such confirmation, the Trustee may rely on a certification of the Town Representative or other person as provided in Section 8.07.

**Section 4.02 Mandatory Sinking Fund Redemption.**

(a) The Certificates maturing on December 1, 20[\_\_], and December 1, 20[\_\_] (the "Term Certificates") are subject to mandatory sinking fund redemption at a price equal to the principal amount so redeemed plus accrued interest thereon to the redemption date. Such Term Certificates are to be selected by lot in such manner as the Town shall determine (giving proportionate weight to Certificates in denominations larger than \$5,000).

As and for a sinking fund for the redemption of the Term Certificates maturing on December 1, 20[\_\_], the Town shall deposit in the Base Rentals Fund moneys which are sufficient to redeem (after any credit as hereinafter provided) the following principal amounts of the Term Certificates maturing on December 1, 20[\_\_], on the dates shown below:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal Amount</u>
20__	\$
20__	

The remaining \$[\_\_\_\_] of the Term Certificates maturing on December 1, 20[\_\_], shall be paid upon presentation and surrender at maturity.

As and for a sinking fund for the redemption of the Term Certificates maturing on December 1, 20[\_\_], the Town shall deposit in the Base Rentals Fund moneys which are sufficient to redeem (after any credit as hereinafter provided) the following principal amounts of the Term Certificates maturing on December 1, 20[\_\_], on the dates shown below:

Redemption Date	
(December 1)	Principal Amount
20__	\$
20__	

The remaining \$[\_\_\_\_] of the Term Certificates maturing on December 1, 20[\_\_\_\_], shall be paid upon presentation and surrender at maturity.

(b) On or before the 30th day prior to each such sinking fund payment date, the Trustee shall proceed to call the Term Certificates indicated above (or any Term Certificate or Certificates issued to replace such Term Certificates) for redemption from the sinking fund on the next December 1 and give notice of such call without other instruction or notice from the Town. The amount of each sinking fund installment may be reduced by the principal amount of any Term Certificates of the maturity and interest rate which are subject to sinking fund redemption on such date and which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) or otherwise canceled and not theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the Town.

**Section 4.03 Extraordinary Mandatory Redemption.** If the Lease is terminated by reason of the occurrence of:

- (a) an Event of Nonappropriation, or
- (b) an Event of Lease Default, or

(c) in the event that (1) the Leased Property is damaged or destroyed in whole or in part by fire or other casualty, or (2) title to, or the temporary or permanent use of, the Leased Property has been taken by eminent domain by any governmental body, or (3) breach of warranty or any material defect with respect to the Leased Property becomes apparent, or (4) title to or the use of all or any part of the Leased Property is lost by reason of a defect in title thereto, and the Net Proceeds of any insurance, performance bond or condemnation award, or Net Proceeds received as a consequence of defaults under contracts relating to the Leased Property, made available by reason of such occurrences, shall be insufficient to pay in full, the cost of repairing or replacing the Leased Property, and the Town does not appropriate sufficient funds for such purpose or cause the Lease to be amended in order that Additional Certificates may be executed and delivered pursuant to this Indenture for such purpose, then all Outstanding Certificates are required to be called for redemption, except as hereinafter provided. If called for redemption, as described herein, the Outstanding Certificates are to be redeemed in whole on such date or dates as the Trustee may determine, for a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date (subject to the availability of funds as described below).

If the Net Proceeds, including the Net Proceeds from the exercise of any Lease Remedy under the Lease, otherwise received and other moneys then available under this Indenture are insufficient to pay in full the principal of and accrued interest on all Outstanding Certificates, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the

Certificates Outstanding, and upon indemnification as provided in Section 8.01(d) of this Indenture, without any further demand or notice, shall exercise all or any combination of Lease Remedies as provided in the Lease and the Outstanding Certificates shall be redeemed by the Trustee from the Net Proceeds resulting from the exercise of such Lease Remedies and all other moneys, if any, then on hand and being held by the Trustee for the Owners of the Certificates.

If the Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are insufficient to redeem the Outstanding Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys shall be allocated proportionately among the Outstanding Certificates, according to the principal amount thereof Outstanding. In the event that such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are in excess of the amount required to redeem the Outstanding Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such excess moneys shall be paid to the Town as an overpayment of the Purchase Option Price. Prior to any distribution of the Net Proceeds resulting from the exercise of any of such remedies, the Trustee shall be entitled to payment of its reasonable and customary fees for all services rendered in connection with such disposition, as well as reimbursement for all reasonable costs and expenses, including attorneys' fees, incurred thereby, from proceeds resulting from the exercise of such Lease Remedies and other moneys.

IF THE CERTIFICATES ARE REDEEMED PURSUANT TO THIS SECTION 4.03 FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, SUCH PARTIAL PAYMENT SHALL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES, AND UPON SUCH A PARTIAL PAYMENT NO OWNER OF SUCH CERTIFICATES SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE TRUSTEE OR THE TOWN.

Notwithstanding the foregoing or any other provisions to the contrary in the Lease or this Indenture, if the Net Proceeds resulting from the exercise of such Lease Remedies are insufficient to redeem the Outstanding Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Outstanding Certificates, and upon indemnification as provided in Section 8.01(d) of this Indenture, shall determine that the Certificates shall not be subject to extraordinary mandatory redemption under this Section 4.03, in which event the Trustee will not apply any Net Proceeds or other available moneys to the redemption of any Outstanding Certificates prior to their respective maturity dates. In such event, the Trustee shall (a) allocate such Net Proceeds (together with any other available moneys held under this Indenture), proportionately among all Outstanding Certificates, and (b) apply such allocation of Net Proceeds to the payment of the principal of and interest on the Outstanding Certificates on the regularly scheduled maturity and Interest Payment Dates of the Certificates.

**Section 4.04 Partial Redemption.** The Certificates shall be redeemed only in integral multiples of \$5,000. The Trustee shall treat any Certificate of denomination greater than \$5,000 as representing that number of separate Certificates each of the denomination of \$5,000 as can be obtained by dividing the actual principal amount of such Certificate by \$5,000.

Upon surrender of any Certificate for redemption in part, the Trustee shall execute and deliver to the Owner thereof, at no expense of the Owner, a new Certificate or Certificates of Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Certificates so surrendered.

**Section 4.05 Notice of Redemption.** Whenever Certificates are to be redeemed under any provision of this Indenture, the Trustee shall, not less than 30 and not more than 60 days prior to the redemption date (except for Extraordinary Mandatory Redemption under Section 4.03, which notice shall be immediate), give notice of redemption to all Owners of all Certificates to be redeemed by electronic means or by first class mail, postage prepaid, at their registered addresses or in the event that the Certificates to be redeemed are registered in the name of the Depository, such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Depository. In addition, the Trustee shall at all reasonable times make available to the Town and any Certificate Owner, including the Depository, if applicable, information as to Certificates which have been redeemed or called for redemption. Any notice of redemption shall:

- (1) identify the Certificates to be redeemed;
- (2) specify the redemption date and the redemption price;
- (3) in the event the redemption is occurring under Section 4.01 hereof, state that the Town has given notice of its intent to exercise its option to purchase the Trustee's leasehold interest or prepay Base Rentals under the Lease;
- (4) state that such redemption is subject to the deposit of the funds related to such option by the Town on or before the stated redemption date; and
- (5) state that on the redemption date the Certificates called for redemption will be payable at the principal corporate trust office of the Trustee and that from that date interest will cease to accrue.

The Trustee may use "CUSIP" numbers in notices of redemption as a convenience to Certificate Owners, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Certificates or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established pursuant to this Indenture.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Certificates so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the Owners of the Certificates called for redemption in the same manner as the original redemption notice was given.

**Section 4.06 Redemption Payments.** On or prior to the date fixed for redemption, funds shall be deposited with the Trustee to pay the Certificates called for redemption, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to

this Indenture (which, in certain cases as set forth above may be less than the full principal amount of the Outstanding Certificates and accrued interest thereon to the redemption date), interest on the Certificates or portions thereof thus called shall no longer accrue after the date fixed for redemption. Payments in full redemption shall be accompanied by a written designation prepared by the Trustee stating the portions of the payment representing principal, interest, and premium, if any.

## ARTICLE 5 INVESTMENTS

**Section 5.01 Investment of Moneys.** The Trustee shall be entitled to assume that any investment, which at the time of purchase is a Permitted Investment, remains a Permitted Investment absent receipt of written notice or information to the contrary. All moneys held as part of the Base Rentals Fund, the Construction Fund, the Rebate Fund, the Costs of Execution and Delivery Fund, or any other fund or account created hereunder (other than any defeasance escrow accounts) shall be deposited or invested and reinvested by the Trustee, at the written direction of the Town Representative, in Permitted Investments; provided, however, that the Trustee shall make no deposits or investments of any fund or account created hereunder which shall interfere with or prevent withdrawals for the purpose for which the moneys so deposited or invested were placed in trust hereunder or for payment of the Certificates at or before maturity or interest thereon as required hereunder. The Trustee may make any and all such deposits or investments through its own investment department or the investment department of any bank or trust company under common control with the Trustee. Except as otherwise provided herein and in Section 3.05 hereof, deposits or investments shall at all times be a part of the fund or account from which the moneys used to acquire such deposits or investments shall have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account. Any interest or other gain from any fund or account created hereunder (except defeasance escrows) shall be deposited to the Rebate Fund to the extent required and permitted pursuant to Section 3.05 hereof. The Trustee shall sell and reduce to cash a sufficient amount of such deposits or investments whenever the cash balance in the Base Rentals Fund is insufficient to pay the principal of and interest on the Certificates when due, or whenever the cash balance in any fund or account created hereunder is insufficient to satisfy the purposes of such fund or account.

The Trustee hereby agrees to secure and retain the documentation with respect to investments of moneys in the funds and accounts created under this Indenture as required by and as described in the Tax Certificate.

The Trustee may rely upon the Town Representative's written direction as to both the suitability and the legality of the directed investments. The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investment made in accordance with the provisions of this Article 5.

The Trustee may transfer investments from any Fund or Account to any other Fund or Account in lieu of cash when a transfer is required or permitted by the provisions of this Indenture.

If the Trustee is not provided written directions concerning investment of moneys held in the Funds, the Trustee shall invest in a money market fund available to the Trustee that qualifies as a Permitted Investment, provided such investment matures or are subject to redemption prior to the date such funds will be needed. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the Town shall confirm that the investment transactions identified therein accurately reflect the investment directions of the Town, unless the Town notifies the Trustee in writing to the contrary within 30 days of the date of delivery of such statement.

It is specifically provided herein that the Trustee may purchase or invest in shares of any investment company provided that such investments are Permitted Investments at the time of such investment and that such investment: (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial or other services for compensation); (ii) invests substantially all of its assets in short term high quality money market instruments, limited to obligations issued or guaranteed by the United States, or repurchase agreements backed by such obligations; and (iii) maintains a constant asset value per share.

The Trustee is specifically authorized to implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments.

The Town acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant a right to receive brokerage confirmations of security transactions relating to the funds held pursuant to this Indenture, the Town waives receipt of such confirmations, to the extent permitted by law. The Trustee shall furnish a statement of security transactions on its regular monthly reports to the Town.

**Section 5.02 Method of Valuation and Frequency of Valuation.** In computing the amount in any fund or account (except defeasance escrows), Permitted Investments shall be valued at the market price, exclusive of accrued interest. With respect to all funds and accounts (except defeasance escrows, and except as otherwise provided in the Tax Certificate with respect to the Rebate Fund), valuation shall occur as of December 31 of each year. The Town, at the written request of the Trustee, shall calculate the value of investments in all funds and accounts held pursuant to this Indenture.



## **ARTICLE 6 DEFEASANCE AND DISCHARGE**

### **Section 6.01 Defeasance and Discharge.**

(a) When the principal or redemption price (as the case may be) of, and interest on, all the Certificates executed and delivered hereunder have been paid or provision has been made for payment of the same (or, in the case of redemption of the Certificates pursuant to Section 4.03 of this Indenture, if full or partial payment of the Certificates and interest thereon is made as provided in Section 4.03 of this Indenture), together with all other sums payable hereunder relating to the Certificates, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Trustee to the Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall (1) release the Site Lease and transfer and convey the Trustee's leasehold interest in the Leased Property to the Town as provided by Article 12 of the Lease, (2) release the Lease and this Indenture, (3) execute such documents to evidence such releases as may be reasonably required by the Town, and (4) turn over to the Town all balances then held by the Trustee in the Funds or Accounts hereunder except for amounts held in the Rebate Fund or in any defeasance escrow accounts. If payment or provision therefor is made with respect to less than all of the Certificates, the particular Certificates (or portion thereof) for which provision for payment shall have been considered made shall be selected by the Town.

(b) Provision for the payment of all or a portion of the Certificates shall be deemed to have been made when the Trustee holds in the Base Rentals Fund, or there is on deposit in a separate escrow account or trust account held by a trust bank or escrow agent, either moneys in an amount which shall be sufficient, and/or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, concurrently deposited in trust, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificates on and prior to the redemption date or maturity date thereof, as the case may be. Prior to any discharge of this Indenture pursuant to this Section or the defeasance of any Certificates pursuant to this Section becoming effective, there shall have been delivered to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the applicable Certificates in full on the maturity or redemption date thereof unless fully funded with cash.

(c) Neither the Federal Securities nor the moneys deposited in the Base Rentals Fund or separate escrow account or trust account pursuant to this Section shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal of, premium, if any, and interest on the Certificates or portions thereof; provided, however, that other Federal Securities and moneys may be substituted for the Federal Securities and moneys so deposited prior to their use for such purpose.

(d) Whenever moneys or Federal Securities shall be deposited with the Trustee or a separate escrow agent for the payment or redemption of any Certificates more than 45 days prior to the date that such Certificates are to mature or be redeemed, the Trustee shall give a notice by electronic or other means stating that such moneys or Federal Securities have been deposited and

identifying the Certificates for the payment of which such moneys or Federal Securities are being held, to all Owners of Certificates for the payment of which such moneys or Federal Securities are being held, or if such Certificates are registered in the name of the Depository, such notice may be sent, in the alternative, by electronic means in accordance with the regulations of the Depository.

(e) At such time as any Certificate shall be deemed paid as provided in (b) above, such Certificate shall no longer be secured by or entitled to the benefits of this Indenture, the Lease or the Site Lease, except for the purpose of exchange and transfer and any payment from such cash or Federal Securities deposited with the Trustee.

## ARTICLE 7 EVENTS OF INDENTURE DEFAULT AND REMEDIES

**Section 7.01 Events of Indenture Default Defined.** Each of the following shall be an Event of Indenture Default:

- (a) failure to pay the principal of or premium, if any, on any Certificate when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption;
- (b) failure to pay any installment of interest on any Certificate when the same shall become due and payable;
- (c) the occurrence of an Event of Nonappropriation; or
- (d) the occurrence of an Event of Lease Default.

Upon the occurrence of any Event of Indenture Default of which the Trustee is required to take notice or receive notice pursuant to Section 8.05, the Trustee shall give notice thereof to the Owners of the Certificates. The Trustee shall waive any Event of Nonappropriation which is cured by the Town within 30 days of the receipt of notice by the Trustee as provided by Section 6.4(b) of the Lease, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term. The Trustee may waive any Event of Nonappropriation which is cured by the Town within a reasonable time with the procedure described in the preceding sentence.

**Section 7.02 Remedies.** If any Event of Indenture Default occurs and is continuing, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as provided in Section 8.01(d) of this Indenture, without any further demand or notice, enforce for the benefit of the Owners of the Certificates each and every right of the Trustee as the lessee under the Site Lease and the lessor under the Lease. In exercising such rights of the Trustee and the rights given the Trustee under this Article 7 and Article 8, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as provided in Section 8.01(d) of this Indenture, take such action as, in the judgment of the Trustee upon advice of its counsel, would best serve the interests of the Owners of the Certificates, including calling the Certificates for redemption prior to their maturity in the manner and subject to the provisions of Article 4 hereof and exercising the Lease Remedies provided in the Lease, provided however that such action shall not include consequential or punitive damages against the Town.

**Section 7.03 Legal Proceedings by Trustee.** If any Event of Indenture Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Outstanding Certificates and receipt of indemnity to its satisfaction, shall, in its capacity as Trustee hereunder:

- (a) By mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners of the Certificates, including enforcing any rights of the Trustee in respect of

the Trustee's leasehold interests in the Leased Property including its rights as lessor under the Lease and as lessee under the Site Lease and its rights under this Indenture and to enforce the provisions of this Indenture and any collateral rights hereunder for the benefit of the Owners of the Certificates; or

(b) By action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Certificates; or

(c) Take any other action at law or in equity that may appear necessary or desirable to enforce the rights of the Owners of the Certificates.

**Section 7.04 Discontinuance of Proceedings by Trustee.** If any proceeding commenced by the Trustee on account of any Event of Indenture Default is discontinued or is determined adversely to the Trustee, then the Owners of the Certificates shall be restored to their former positions and rights hereunder as though no such proceeding had been commenced.

**Section 7.05 Owners of Certificates May Direct Proceedings.** The Owners of a majority in aggregate principal amount of Outstanding Certificates shall have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee hereunder, provided that such direction shall not be in conflict with any rule of law or with this Indenture or unduly prejudice the rights of minority Owners of the Certificates.

**Section 7.06 Limitations on Actions by Owners of Certificates.** No Owner of the Certificates shall have any right to pursue any remedy hereunder unless:

- (a) the Trustee shall have been given written notice of an Event of Indenture Default;
- (b) the Owners of at least a majority in aggregate principal amount of all Outstanding Certificates shall have requested the Trustee, in writing, to exercise the powers hereinabove granted to or pursue such remedy in its or their name or names;
- (c) the Trustee shall have been offered indemnity satisfactory to Trustee as provided in Section 8.01(d) hereof; and
- (d) the Trustee shall have failed to comply with such request within a reasonable time.

Notwithstanding the foregoing provisions of this Section or any other provision of this Indenture, the obligation of the Trustee shall be absolute and unconditional to pay hereunder, but solely from the Revenues pledged under this Indenture, the principal of, premium, if any, and interest on the Certificates to the respective Owners thereof on the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Owners to enforce such payment.

**Section 7.07 Trustee May Enforce Rights Without Possession of Certificates.** All rights under this Indenture and the Certificates may be enforced by the Trustee without the possession of any Certificates or the production thereof at the trial or other proceedings relative

thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Owners of the Certificates.

**Section 7.08 Remedies Not Exclusive.** Subject to any express limitations contained herein, no remedy herein conferred is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

**Section 7.09 Delays and Omissions Not to Impair Rights.** No delays or omissions in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by this Article 7 may be exercised from time to time and as often as may be deemed expedient.

**Section 7.10 Application of Moneys in Event of Indenture Default.** Any moneys received, collected or held by the Trustee following an Event of Indenture Default and any other moneys held as part of the Trust Estate (except for moneys held in the Rebate Fund or any defeasance escrow account) shall be applied in the following order:

(a) To the payment of the reasonable costs of the Trustee, including, but not limited to, its Counsel fees, and disbursements of the Trustee, and the payment of its reasonable compensation, including any amounts remaining unpaid;

(b) To the payment of interest then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of interest ratably, without preference or priority of one Certificate over another or of any installment of interest over any other installment of interest; and

(c) To the payment of principal or redemption price (as the case may be) then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Certificate over another.

The surplus, if any, shall be paid to the Town.

## **ARTICLE 8 CONCERNING THE TRUSTEE**

### **Section 8.01 Duties of the Trustee.**

(a) The Trustee hereby accepts the provisions of the Site Lease, the Lease and this Indenture and accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture, but only upon and subject to the express terms and conditions set forth in the Site Lease, the Lease and this Indenture, and no implied covenants or obligations shall be read into this Indenture, the Site Lease or the Lease against the Trustee.

(b) The Trustee hereby covenants for the benefit of the Owners of the Certificates that the Trustee will observe and comply with its obligations under the Site Lease, the Lease and this Indenture.

(c) The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect its interest in the Leased Property and the other property or property rights included in the Trust Estate and all the rights of the Owners under this Indenture against all claims and demands of all persons whomsoever.

(d) Before taking any action hereunder the Trustee may require that satisfactory indemnity be furnished to it by the Certificate Owners for the reimbursement of all costs and expenses which it may incur and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or resolution related to the protection of the environment or hazardous substances, except liability which is adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

(e) The Trustee, prior to the occurrence of an Event of Indenture Default and after the curing of all Events of Indenture Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture.

### **Section 8.02 Liability of Trustee; Trustee's Use of Agents.**

(a) The Trustee shall be liable only for its own negligence or willful misconduct. However, the Trustee shall not be liable for any error of judgment made in good faith, provided the Trustee was not negligent in ascertaining the pertinent facts.

(b) The Trustee may exercise any powers under this Indenture and perform any duties required of it through attorneys, agents, receivers, officers or employees, and shall be entitled to the advice or opinion of Counsel concerning all matters involving the Trustee's duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers, and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney engaged by the Trustee in the exercise of reasonable care without liability for any loss or damage resulting from any action or omission taken in good faith reliance upon that opinion or advice. The Trustee shall not be liable for any loss or damage resulting from any action or omission taken by its agents, officers, and employees to whom

discretion or authority hereunder has been delegated by the Trustee, provided the Trustee was not negligent in its selection of or delegation to the agent, officer, or employee.

(c) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(d) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the Leased Property.

(e) The Trustee shall not be liable for actions taken at the direction of Owners pursuant to the provisions of Article 7.

(f) Any person hired by the Trustee to enforce Lease Remedies shall be considered the Trustee's agent for the purposes of this Section.

(g) The Trustee shall not be responsible for any recital herein or in the Certificates (except in respect to the execution of the Certificates on behalf of the Trustee), or for the recording or rerecording, filing or refiling of the Site Lease, the Lease or this Indenture or of any supplements thereto or hereto or instruments of further assurance, or collecting any insurance moneys, or for the sufficiency of the security for the Certificates issued hereunder or intended to be secured hereby, or for the value of or title to the Leased Property, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Town, except as provided herein; but the Trustee may require of the Town full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee shall have no obligation to perform any of the duties of the Town under the Site Lease or the Lease; and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

(h) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof (except for funds and investments held by the Trustee), or the validity or sufficiency of this Indenture or of the Certificates. The Trustee shall not be accountable for the use of any proceeds of any Certificates executed and delivered hereunder, provided that the Trustee shall comply with the provisions of this Indenture related to the requisition of such proceeds that are deposited in the Costs of Execution and Delivery Fund and the Construction Fund. The Trustee shall not be accountable for the use or application of any Certificates or the proceeds thereof or of any money paid to or upon the order of the Town under any provisions of this Indenture or the Lease.

(i) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Town by the Town Representative or such other person as may be designated for such purpose by ordinance or resolution of the Council, as sufficient evidence of the facts therein

contained, and before the occurrence of a default of which the Trustee has been notified as provided in Section 8.05 hereof, or of which by said subsection it is deemed to have been notified, the Trustee may rely upon a similar certificate to the effect that any particular dealing, transaction, or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(j) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. The Trustee shall not be under any liability for interest on any moneys received hereunder except that the Trustee is responsible for investing moneys in funds held hereunder in compliance with the written investment direction of the Town Representative.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand in respect of the execution and delivery of any Certificates, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Town to the execution and delivery of any Certificates, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Notwithstanding any other provision hereof, the Trustee shall not be required to advance any of its own funds in the performance of its obligations hereunder or any other documents related to this Indenture unless it has received assurances from the Owners of the Certificates or indemnity from the Owners of the Certificates satisfactory to it that it will be repaid.

(n) The Trustee shall have no responsibility with respect to any information, statement or recital in any preliminary official statement, official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Certificates except to the extent that such statement was provided by the Trustee or describes the Trustee's duties under this Indenture.

(o) Notwithstanding any other provision of this Indenture to the contrary, any provision relating to the conduct of, intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Trustee, shall be interpreted to include any action of the Trustee, whether it is deemed to be in its capacity as Trustee, registrar, or Paying Agent.

(p) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but shall not be required, to inspect any and all books, papers and records of the Town pertaining to the Leased Property and the Certificates, and to take such memoranda from and in regard thereto as may be desired.



(q) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

(r) The Trustee is authorized and directed to enter into the Site Lease and the Lease, solely in its capacity as Trustee under this Indenture.

(s) None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur liability, financial or otherwise, in performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

**Section 8.03 Representations and Covenants of Trustee.** The Trustee represents, warrants and covenants as follows:

(a) So long as no Event of Indenture Default has occurred and is then continuing or existing, except as specifically provided in the Site Lease or the Lease or as necessary to transfer the Trust Estate to a successor Trustee, the Trustee shall not pledge or assign the Trustee's right, title and interest in and to (i) the Lease or the Site Lease, (ii) the Base Rentals, other Revenues and collateral, security interests and attendant rights and obligations which may be derived under the Lease or the Site Lease, and/or (iii) the Leased Property and any reversion therein or any of the Trustee's other rights under the Lease or the Site Lease or assign, pledge, mortgage, encumber or grant a security interest in the Trustee's right, title and interest in, to and under the Lease or the Site Lease or the Leased Property except for Permitted Encumbrances.

(b) Neither the execution and delivery of the Lease, the Site Lease and this Indenture by the Trustee, nor the fulfillment of or compliance with the terms and conditions thereof and hereof, nor the consummation of the transactions contemplated thereby or hereby conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitutes a default under any of the foregoing.

(c) To the Trustee's knowledge, there is no litigation or proceeding pending against the Trustee affecting the right of the Trustee to execute the Lease and the Site Lease or to execute this Indenture, and perform its obligations thereunder or hereunder, except such litigation or proceeding as has been disclosed in writing to the Town on or prior to the date this Indenture is executed and delivered.

(d) The Trustee covenants and agrees to comply with any applicable requirements for the Trustee set forth in the Tax Certificate as directed in writing by the Town.

**Section 8.04 Compensation.** The Trustee shall be entitled to payment and reimbursement for its reasonable fees for its ordinary services rendered hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a

trustee of an express trust) and all advances, agent and Counsel fees and other ordinary expenses for its services rendered hereunder as and when the same become due and all expenses reasonably and necessarily made or incurred by the Trustee in connection with such services as and when the same become due, as provided in Section 6.2 of the Lease. In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefore. The Trustee shall be entitled to payment and reimbursement of the reasonable fees and charges of the Trustee as Paying Agent and as registrar for the Certificates.

**Section 8.05 Notice of Default; Right to Investigate.** If an Event of Indenture Default occurs of which the Trustee is by this Section required to take notice, the Trustee shall, within 30 days after it receives notice thereof, give written notice by electronic means or by first class mail to the Owners of the Certificates of all Events of Indenture Default known to the Trustee and send a copy of such notice to the Town, unless such defaults have been remedied. The Trustee shall not be required to take notice or be deemed to have notice of any Event of Indenture Default unless it has actual knowledge thereof or has been notified in writing of such Event of Indenture Default by the Town or the Owners of at least 25% in aggregate principal amount of the Outstanding Certificates. The Trustee may, however, at any time request the Town to provide full information as to the performance of any covenant under the Lease; and, if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made an investigation into any matter related to the Site Lease, the Lease and the Leased Property.

**Section 8.06 Obligation to Act on Defaults.** If any Event of Indenture Default shall have occurred and be continuing of which the Trustee has actual knowledge or notice pursuant to Section 8.05, the Trustee shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in their exercise as a prudent person would exercise or use in the circumstances in the conduct of his or her own affairs; provided, that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

**Section 8.07 Reliance on Requisition, etc.** The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any written requisition, resolution, notice, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of this Indenture; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement. The Trustee may rely conclusively on any such certificate or other document and shall not be required to make any independent investigation in connection therewith.

The Trustee shall be entitled to rely upon the advice and opinions of Counsel and shall not be responsible for any loss or damage resulting from reliance in good faith thereon, except for its own negligence or willful misconduct.

Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates delivered in exchange therefor or upon transfer or in substitution thereof.

**Section 8.08 Trustee May Own Certificates.** The Trustee, in its individual or any other capacity, may in good faith buy, sell, own and hold any of the Certificates and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not the party to this Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the Town provided that if the Trustee determines that any such relation is in conflict with its duties under this Indenture, it shall eliminate the conflict or resign as Trustee.

**Section 8.09 Construction of Ambiguous Provisions.** The Trustee may construe any ambiguous or inconsistent provisions of this Indenture, and any such construction by the Trustee shall be binding upon the Owners. In construing any such provision, the Trustee will be entitled to rely upon opinions of Counsel and will not be responsible for any loss or damage resulting from reliance in good faith thereon, except for its own negligence or willful misconduct.

**Section 8.10 Resignation of Trustee.** The Trustee may resign and be discharged of the trusts created by this Indenture by written resignation filed with the Town not less than 60 days before the date when it is to take effect; provided notice of such resignation is sent by electronic means or mailed by registered or certified mail to the Owner of each Outstanding Certificate at the address shown on the registration books. Such resignation shall take effect only upon the appointment of a successor Trustee. If no successor Trustee is appointed within 60 days following the date designated for the resignation of the Trustee, the resigning Trustee may apply to a court of competent jurisdiction to appoint a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds, or to other amounts due arising prior to the date of such resignation shall survive resignation.

**Section 8.11 Removal of Trustee.** Any Trustee hereunder may be removed at any time, after payment of all outstanding fees and expenses of the Trustee being so removed, by the Town or by the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, upon written notice being filed with the Trustee, the Town and the Owner of each Outstanding Certificate at the address shown on the registration books. Such removal shall take effect only upon the appointment of a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds or to other amounts due arising prior to the date of such removal shall survive removal.

**Section 8.12 Appointment of Successor Trustee.** If the Trustee or any successor trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the Town shall appoint a successor and shall cause a notice of such appointment to be sent by electronic means or mailed by registered or certified mail to the Owners of all Outstanding Certificates at the address shown on the registration books. If the Town fails to make such appointment within 30 days after the date notice of resignation is filed, the Owners of a majority in aggregate principal amount of the Certificates then Outstanding may do so. If the

Owners have failed to make such appointment within 60 days after the date notice of resignation is filed, the Trustee may petition a court of competent jurisdiction to make such appointment.

**Section 8.13 Qualification of Successor.** Any successor trustee shall be a national or State bank with trust powers or a bank and trust company or a trust company, in each case having capital and surplus of at least \$50,000,000, if there be one able and willing to accept the trust on reasonable and customary terms.

**Section 8.14 Instruments of Succession.** Any successor trustee shall execute, acknowledge and deliver to the Town an instrument accepting such appointment under this Indenture; and thereupon such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in the trust under this Indenture, with like effect as if originally named Trustee herein and thereupon the duties and obligations of the Trustee ceasing to act shall cease and terminate. The Trustee ceasing to act under this Indenture shall pay over to the successor trustee all moneys held by it under this Indenture; and, upon request of the successor trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to the successor trustee all the estates, properties, rights, powers, and trusts under this Indenture of the Trustee ceasing to act.

**Section 8.15 Merger of Trustee.** Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any sale, merger or consolidation of its corporate trust business to which any Trustee hereunder shall be a party, shall be the successor trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

**Section 8.16 Intervention by Trustee.** In any judicial proceeding to which the Trustee is not party and which in the opinion of the Trustee and its Counsel has a substantial bearing on the interests of Owners of the Certificates, the Trustee may intervene on behalf of the Owners and shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount of Outstanding Certificates and upon being furnished satisfactory indemnity. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

**Section 8.17 Books and Records of the Trustee; Trustee Record Keeping.** The Trustee shall keep such books and records relating to the Site Lease and the Lease and Funds and Accounts created under this Indenture as shall be consistent with industry practice and make such books and records available for inspection by the Town, at all reasonable times and for six years following the discharge of this Indenture according to Article 6 hereof.

**Section 8.18 Environmental Matters.** Any real property or interest in real property constituting any portion of the Trust Estate shall be subject to the following provisions:

(a) The Trustee's responsibilities for any interest in real property constituting any portion of the Trust Estate, prior to an Event of Indenture Default, shall be performed as Trustee on behalf of the Owners of the Certificates without any duty to monitor or investigate whether the

real property constituting any portion of the Trust Estate complies with environmental laws or is subject to any Hazardous Substance.

(b) Following an Event of Indenture Default, if the Trustee determines that the release, threatened release, use, generation, treatment, storage, or disposal of any Hazardous Substance on, under or about real property constituting any portion of the Trust Estate gives rise to any liability or potential liability under any federal, State of Colorado, local or common law, or devalues or threatens to devalue such real property, the Trustee may, after being adequately indemnified pursuant to Section 8.01(d), take whatever action is deemed necessary by the Trustee to address the threatened or actual releases of Hazardous Substances, or to bring about or maintain such real property's compliance with federal, State of Colorado, or local environmental laws and regulations. The Trustee has the right to take no action and, in such event no fiduciary duty exists which imposes any obligation for action with respect to the Trust Estate or any portion thereof if the Trustee determines to take no action for, including that any such action could adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified, or local environmental laws and regulations.

**ARTICLE 9**  
**SUPPLEMENTAL INDENTURES AND**  
**AMENDMENTS OF THE LEASE AND SITE LEASE**

**Section 9.01 Supplemental Indentures and Amendments Not Requiring Certificate Owners' Consent.** The Trustee may, with the written consent of the Town, but without the consent of or notice to the Owners, enter into such indentures or agreements supplemental hereto, for any one or more or all of the following purposes:

- (a) to grant additional powers or rights to the Trustee;
- (b) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency rating the Certificates;
- (c) to authorize the execution and delivery of Additional Certificates for the purposes and under the conditions set forth in Section 2.08 hereof;
- (d) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Certificates; or
- (e) for any purpose not inconsistent with the terms of this Indenture or to cure any ambiguity, or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein or to make such other amendments to this Indenture which do not materially adversely affect the interests of the Owners of the Certificates.

**Section 9.02 Supplemental Indentures and Amendments Requiring Certificate Owners' Consent.**

(a) Exclusive of supplemental indentures and amendments covered by Section 9.01 hereof, the written consent of the Town and the consent of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, shall be required for any indenture or indentures supplemental hereto.

(b) Notwithstanding the foregoing, without the consent of the Owners of all of the Certificates at the time Outstanding nothing herein contained shall permit, or be construed as permitting:

(i) A change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate or the rate of interest thereon, without the consent of the Owner of such Certificate;

(ii) The deprivation of the Owner of any Certificate then Outstanding of the interest created by this Indenture (other than as originally permitted hereby) without the consent of the Owner of such Certificate;

(iii) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates (except with respect to the possible subordination of Additional Certificates); or

(iv) A reduction in the aggregate principal amount of the Certificates required for consent to such supplemental indenture.

If at any time the Town shall request the Trustee to enter into a supplemental indenture which requires the consent of the Certificate Owners as provided herein, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by electronic means or mailed to the Owners of the Certificates at the addresses last shown on the registration records of the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Certificate Owners. If, within 60 days or such longer period as shall be prescribed by the Town following the giving of such notice, the required consents have been furnished to the Trustee as herein provided, no Certificate Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

### **Section 9.03 Amendment of the Lease and the Site Lease.**

(a) The Trustee and the Town shall have the right to amend the Lease and the Site Lease, without the consent of or notice to the Owners of the Certificates, for one or more of the following purposes:

(1) to add covenants of the Trustee or the Town or to grant additional powers or rights to the Trustee;

(2) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency of the Certificates;

(3) in order to more precisely identify the Leased Property, including any substitutions, additions or modifications to the Leased Property as the case may be, as may be authorized under the Site Lease and the Lease;

(4) to make additions to the Leased Property, amend the schedule of Base Rentals and make all other amendments necessary for the execution and delivery of Additional Certificates in accordance with Section 2.08 hereof;

(5) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Certificates; or

(6) for any purpose not inconsistent with the terms of this Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or herein

or in any amendment thereto or to make such other amendments to the Lease or the Site Lease which do not materially adversely affect the interests of the Owners of the Certificates.

(b) If the Trustee or the Town proposes to amend the Lease or the Site Lease in any way other than as set forth in Section 9.03(a) above, the Trustee shall notify the Owners of the Certificates of the proposed amendment and may consent thereto only with the consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates; provided, that the Trustee shall not, without the unanimous consent of the Owners of all Outstanding Certificates, consent to any amendment which would (1) decrease the amounts payable in respect of the Lease, or (2) change the Base Rentals Payment Dates, or (3) change any of the prepayment provisions of the Lease.

**Section 9.04 Notice to Rating Agencies.** The Trustee shall provide by electronic means or by mail a notice of any amendment or supplement to this Indenture, the Lease or the Site Lease to any Rating Agency then rating the Certificates.



## ARTICLE 10 MISCELLANEOUS

**Section 10.01 Evidence of Signature of Owners and Ownership of Certificates.** Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of Certificates shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Owner or his attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The fact of the owning by any person of Certificates and the amounts and numbers of such Certificates, and the date of the owning of the same, may be proved by a certificate executed by any trust company, bank or bankers, wherever situated, stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank or to such bankers, as the property of such party, the Certificates therein mentioned, if such certificate shall be deemed by the Trustee to be satisfactory. The Trustee may, in its discretion, require evidence that such Certificates have been deposited with a bank, bankers or trust company before taking any action based on such ownership. In lieu of the foregoing the Trustee may accept other proofs of the foregoing as it shall deem appropriate.

Any request or consent of the Owner of any Certificate shall be conclusive upon and shall bind all future Owners of such Certificate and of any Certificate issued upon the transfer or exchange of such Certificate in respect of anything done or suffered to be done by the Town, the Trustee in accordance therewith, whether or not notation of such consent or request is made upon any such Certificate.

**Section 10.02 Inspection of the Leased Property.** Under the Lease, the Trustee and its duly authorized agents (a) have the right, but not the duty, on reasonable notice to the Town, at all reasonable times, to examine and inspect the Leased Property (subject to such regulations as may be imposed by the Town for security purposes) and (b) are permitted, but have no obligation, at all reasonable times, to examine the books, records, reports and other papers of the Town with respect to the Leased Property.

**Section 10.03 Parties Interested Herein.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Town, the Trustee and the Owners, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation of this Indenture; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Trustee shall be for the sole and exclusive benefit of the Town, the Trustee and the Owners.

**Section 10.04 Titles, Headings, Etc.** The titles and headings of the articles, sections and subdivisions of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions of this Indenture.

**Section 10.05 Severability.** In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Indenture.

**Section 10.06 Governing Law.** This Indenture shall be governed and construed in accordance with the laws of the State of Colorado without regard to choice of law analysis.

**Section 10.07 Execution in Counterparts.** This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 10.08 Notices.** All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if (i) delivered personally, (ii) mailed by United States certified or registered mail, return receipt requested, postage prepaid, at the addresses indicated below, or to such other addresses as the respective parties may from time to time designate in writing, (iii) sent by electronic transmission which produces evidence of transmission, or (iv) in such other manner as authorized by the Town or the Trustee, as the case may be.

if to the Town,

Town of Castle Rock, Colorado  
100 N. Wilcox St.  
Castle Rock, Colorado 80104  
Attention: Finance Director

if to the Trustee,

UMB Bank, n.a.  
1670 Broadway  
Denver, Colorado 80202  
Attention: Corporate Trust and Escrow Services

The Town and the Trustee may, by written notice, designate any further or different means of communication or addresses to which subsequent notices, certificates or other communications shall be sent.

**Section 10.09 Successors and Assigns.** All the covenants, promises and agreements in this Indenture contained by or on behalf of the Trustee shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

**Section 10.10 Payments Due on Saturdays, Sundays and Holidays.** If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, shall be a day other than a Business Day such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture.

**Section 10.11 Undertaking to Provide Ongoing Disclosure.** The Town has covenanted in Section 11.6 of the Lease to comply with the terms of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure by the Town to comply with the Continuing Disclosure Certificate shall not be considered an Event of Indenture Default and the rights and remedies provided by this Indenture upon the occurrence of an Event of Indenture Default shall not apply to any such failure. The Trustee shall have no power or duty to enforce the obligations of the Town under the Continuing Disclosure Certificate.

**Section 10.12 Electronic Storage and Execution.** The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Without limiting the foregoing, the parties agree that any individual or individuals who are authorized to execute or consent to this Indenture on behalf of the Town, the Trustee or any Owner are hereby authorized to execute this the same electronically via facsimile or email signature. This agreement by the parties to use electronic signatures is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. Any electronic signature so affixed to this Indenture or any supplement or consent relating thereto shall carry the full legal force and effect of any original, handwritten signature.

IN WITNESS WHEREOF, the Trustee has caused this Indenture to be executed all as of the date first above written.

UMB BANK, N.A., as Trustee

By: \_\_\_\_\_  
Senior Vice President

**EXHIBIT A**  
**FORM OF CERTIFICATES**

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Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Trustee for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

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CERTIFICATE OF PARTICIPATION,  
SERIES 2025

Evidencing a Proportionate Interest in the  
Base Rentals and other Revenues under an Annually  
Renewable Lease Purchase Agreement, dated [CLOSING DATE], 2025, between  
UMB Bank, n.a.,  
solely in its capacity as trustee under the Indenture, as lessor,  
and the Town of Castle Rock, Colorado, as lessee

No. R-\_\_\_\_\_ \$\_\_\_\_\_

Interest Rate	Maturity Date	Dated Date	CUSIP Number
%	December 1, 20__	[CLOSING DATE], 2025	

Registered Owner: CEDE & CO.

Principal Amount: \_\_\_\_\_ DOLLARS

THIS CERTIFIES THAT the Registered Owner (specified above), or registered assigns, as the Registered Owner (the “Owner”) of this Certificate of Participation, Series 2025 (this “Certificate”), is the Owner of a proportionate interest in the right to receive certain designated Revenues, including Base Rentals, under and as defined in the Lease Purchase Agreement (the “Lease”) dated as of [CLOSING DATE], 2025, between UMB Bank, n.a., Denver, Colorado, as Trustee (the “Trustee”), as lessor, and the Town of Castle Rock, Colorado (the “Town”), as lessee. This Certificate is secured as provided in the Lease and the Indenture of Trust (the “Indenture”) dated as of [CLOSING DATE], 2025, by the Trustee, for the registered owners of the Certificates of Participation, Series 2025 (the “Certificates”). All terms capitalized but not defined herein shall have the meanings given to them in the Indenture.

This Certificate bears interest, matures, is payable, is subject to redemption and is transferable as provided in the Indenture.

Under the Site Lease, certain Leased Property described therein (the “Leased Property”) has been leased by the Town, as lessor, to the Trustee, as lessee. Under the Lease, the Leased Property has been leased back by the Trustee, as lessor, to the Town, as lessee, and the Town has agreed to pay, directly to the Trustee, Base Rentals in consideration of the Town’s right to possess and use the Leased Property. Certain Revenues, including Base Rentals, are required under the Indenture to be distributed by the Trustee for the payment of the Certificates and interest thereon. The Lease is subject to annual appropriation, non-renewal and, in turn, termination by the Town.

This Certificate has been executed and delivered pursuant to the terms of the Indenture. Reference is hereby made to the Site Lease, the Lease and the Indenture (copies of which are on file in the offices of the Trustee) for a description of the terms on which the Certificates are delivered, and the rights thereunder of the Owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the Town under the Site Lease and the Lease, and to all of the provisions of which Site Lease, Lease and Indenture the Owner of this Certificate, by acceptance hereof, assents and agrees.

Additional Certificates may be executed and delivered pursuant to the Indenture without consent of or notice to the owners of the Certificates and upon the satisfaction of certain conditions and limitations. Such Additional Certificates, together with the Certificates, are referred to herein as the “Certificates.” Additional Certificates will evidence interests in rights to receive Revenues, including Base Rentals, without preference, priority or distinction of any Certificates, including the Certificates, over any others, however, insurance and other credit facilities may be applicable only to particular series of Certificates or portions thereof.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture may be amended by the Trustee with the written consent of the Owners of a majority in aggregate principal amount of the Certificates outstanding, and may be amended without such consent under certain circumstances described in the Indenture but in no event such that the interests of the Owners of the Certificates are materially adversely affected, provided that no such amendment is to impair the right of any Owner to receive in any case such Owner’s proportionate share of any payment of Revenues in accordance with the terms of such Owner’s Certificate.

THE OWNER OF THIS CERTIFICATE IS ENTITLED TO RECEIVE, SUBJECT TO THE TERMS OF THE LEASE, THE PRINCIPAL AMOUNT (SPECIFIED ABOVE), ON THE MATURITY DATE (SPECIFIED ABOVE), AND IS ENTITLED TO RECEIVE INTEREST ON THE PRINCIPAL AMOUNT AT THE INTEREST RATE (SPECIFIED ABOVE). The interest hereon is payable at the interest rate from the Dated Date (specified above) on [\_\_\_\_\_ 1, 2025], and semiannually thereafter on June 1 and December 1 in each year (the “Interest Payment Dates”) and thereafter (A) from the Execution Date (specified below), if this Certificate is executed on an Interest Payment Date or (B) from the last preceding Interest Payment Date to which interest has been paid in all other cases, until the Principal Amount is paid as set forth herein. Interest is to be calculated on the basis of a 360-day year consisting of twelve 30-day months.

THIS CERTIFICATE IS PAYABLE SOLELY FROM THE BASE RENTALS PAYABLE TO THE TRUSTEE PURSUANT TO THE LEASE AND OTHER REVENUES AS DEFINED IN THE INDENTURE. NEITHER THE LEASE, THE CERTIFICATES, OR THE OBLIGATION OF THE TOWN TO PAY BASE RENTALS OR ADDITIONAL RENTALS CONSTITUTES A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE TOWN OR A MULTIPLE FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION WHATSOEVER OF THE TOWN, WITHIN THE MEANING OF ANY CONSTITUTIONAL, HOME RULE CHARTER OR STATUTORY DEBT LIMITATION. NEITHER THE LEASE NOR THE CERTIFICATES HAVE DIRECTLY OR INDIRECTLY OBLIGATED THE TOWN TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED FOR THE TOWN'S THEN CURRENT FISCAL YEAR.

This Certificate is issued under the authority of Part 2 of Article 57, Title 11, Colorado Revised Statutes (the "Supplemental Act"). Pursuant to Section 11-57-210 of the Supplemental Act, such recital shall be conclusive evidence of the validity and the regularity of the issuance of this Certificate after its delivery for value.

This Certificate is issued with the intent that the laws of the State of Colorado shall govern its legality, validity, enforceability, and construction. The Town has determined that this Certificate is authorized and issued under the authority of and in full conformity with the Constitution of the State of Colorado and all other laws of the State of Colorado thereunto enabling.

The Trustee has executed this Certificate solely in its capacity as Trustee under the Indenture and not in its individual or personal capacity. The Trustee is not liable for the obligations evidenced by the Certificates except from amounts held by it in its capacity as Trustee under the Indenture.

This Certificate shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Lease or the Indenture, until executed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all things, conditions, and acts required by the Constitution and the statutes of the State of Colorado and the Indenture to exist, to have happened and to have been performed precedent to and the execution and delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner, as required by law.

IN WITNESS WHEREOF, this Certificate has been executed with the manual signature of an authorized representative of the Trustee.

Execution Date: [CLOSING DATE], 2025.

UMB BANK, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Officer



(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Certificate and hereby irrevocably constitutes and appoints \_\_\_\_\_ Attorney, to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

\_\_\_\_\_  
Signature

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
Signature must be guaranteed by a member  
of a Medallion Signature Program

Address of Transferee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or other tax  
identification number of transferee:

\_\_\_\_\_

**NOTE:** The signature to this Assignment must correspond with the name as written on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

(End Form of Assignment)

## PREPAYMENT PANEL

The following installments of principal (or portions thereof) of this Certificate have been prepaid in accordance with the terms of the Indenture authorizing the execution and delivery of this Certificate.

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<u>Date of Prepayment</u>	<u>Principal Prepaid</u>	<u>Signature of Authorized Representative of DTC</u>

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(End Form of Certificates)

93796174.v1

## CERTIFICATE PURCHASE AGREEMENT

**[\$[PAR]**

### **CERTIFICATES OF PARTICIPATION, SERIES 2025**

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated [Closing Date], 2025, between UMB BANK, n.a., solely in its capacity as Trustee under the Indenture, as lessor, and the TOWN OF CASTLE ROCK, COLORADO, as lessee**

Town of Castle Rock, Colorado  
100 N. Wilcox Street  
Castle Rock, Colorado 80104

UMB Bank, n.a.  
1670 Broadway  
Denver, CO 80202

Ladies and Gentlemen:

On the basis of the representations, warranties, covenants and descriptions contained in this Certificate Purchase Agreement and the appendices hereto (this “Agreement”), and upon the terms and conditions contained in this Agreement, Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), acting on its own behalf and not acting as fiduciary or agent for you or for the Town of Castle Rock, Colorado (the “Town”), hereby agrees to purchase \$[PAR] aggregate principal amount of Certificates of Participation, Series 2025 (the “2025 Certificates”), evidencing proportionate interests in the base rentals and other revenues under an annually renewable Lease Purchase Agreement dated as of [Closing Date], 2025 (the “Lease”), between UMB Bank, n.a., solely in its capacity as trustee (the “Trustee”), as lessor, and the Town pursuant to an Indenture of Trust dated as of [Closing Date], 2025 (the “Indenture”), executed and delivered by the Trustee.

The Town will use the proceeds from the sale of the 2025 Certificates to: (i) finance the acquisition, construction, installation, equipping and improvement of a recreation center with associated amenities and supporting public improvements (the “Project”); and (ii) pay the costs of issuing the 2025 Certificates.

The 2025 Certificates will be executed and delivered under and secured as provided in the Indenture, and will be subject to redemption and will contain other terms as set forth in the Indenture and the hereinafter defined Official Statement. The 2025 Certificates will have the maturities, interest rates, optional redemption provisions, and mandatory sinking fund provisions as set forth in Appendix A to this Agreement.

All capitalized terms used but not defined herein shall have the meanings defined in the Lease and the Indenture, unless the context clearly indicates otherwise.

**Section 1. Purchase and Sale of the 2025 Certificates.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Trustee, and the Trustee hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the 2025 Certificates. Inasmuch as this purchase and sale represents a negotiated transaction, the Town acknowledges that: (i) the transaction contemplated by this Agreement is an arm’s length, commercial transaction between the Town and the Underwriter in which

the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Town; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Town with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Town on other matters); (iii) the Underwriter is acting solely in its capacity as underwriter for its own accounts, (iv) the only obligations the Underwriter has to the Town with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (v) the Town has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate. The Underwriter has been duly authorized to execute this Agreement and to act hereunder. The principal amount of the 2025 Certificates to be executed and delivered, the dated date therefor, the maturities, optional redemption provisions, mandatory sinking fund provisions, and interest rates per annum are set forth in Appendix A hereto. The 2025 Certificates shall be as described in, and shall be executed and delivered and secured under and pursuant to the Indenture, under the conditions set forth herein and the proceeds from the sale of the 2025 Certificates to the Underwriter shall be deposited as provided in the Indenture.

The purchase price for the 2025 Certificates is \$[\_\_\_\_\_], which amount includes the par amount of the 2025 Certificates of \$[PAR], [plus/less] a [net] original issue [premium/discount] of \$[\_\_\_\_\_], and less an underwriting discount of \$[\_\_\_\_\_].

**Section 2. Public Offering.** The Underwriter agrees to make a bona fide public offering of all of the 2025 Certificates at a price not to exceed the public offering price set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Certificates to certain dealers (including dealers depositing Certificates into investment trusts) and others at prices lower than the public offering price stated on the cover of the Official Statement.

With respect to the establishment of the issue price of the 2025 Certificates:

(a) The Underwriter agrees to assist the Town in establishing the issue price of the 2025 Certificates and shall execute and deliver to the Town on the Closing Date (as defined below) an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Town and Special Counsel (as defined below), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the 2025 Certificates. All actions to be taken by the Town under this section to establish the issue price of the 2025 Certificates may be taken on behalf of the Town by the Town’s municipal advisor, Hilltop Securities, Inc. (the “Municipal Advisor”) and any notice or report to be provided to the Town may be provided to the Town’s Municipal Advisor.

(b) [Except as otherwise set forth in Appendix A attached hereto,] the Town will treat the first price at which 10% of each maturity of the 2025 Certificates (the “10% test”), identified under the column “10% Test Used” in Exhibit A, is sold to the public as the issue price of that maturity. At or promptly after the execution of this Agreement, the Underwriter shall report to the Town the price or prices at which it has sold to the public each maturity of 2025 Certificates. If at that time the 10% test has not been satisfied as to any maturity of the 2025 Certificates, the Underwriter agrees to promptly report to the Town the prices at which it sells the unsold 2025 Certificates of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date (as defined below) has occurred, until either (i) the Underwriter has sold all 2025 Certificates of that maturity or (ii) the 10% test has been satisfied as to the 2025 Certificates of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Town or

Special Counsel. For purposes of this section, if 2025 Certificates mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the 2025 Certificates.

[(c) The Underwriter confirms that it has offered the 2025 Certificates to the public on or before the date of this Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, identified under the column “Hold the Offering Price Rule Used,” as of the date of this Agreement, the maturities, if any, of the 2025 Certificates for which the 10% test has not been satisfied and for which the Town and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Town to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the 2025 Certificates, the Underwriter will neither offer nor sell unsold 2025 Certificates of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following.

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the 2025 Certificates to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Town promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the 2025 Certificates to the public at a price that is no higher than the initial offering price to the public.]

(c) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the 2025 Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold 2025 Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all 2025 Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the 2025 Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of 2025 Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the 2025 Certificates to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(i) any selling group agreement relating to the initial sale of the 2025 Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the 2025 Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold 2025 Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all 2025 Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the 2025 Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(d) The Town acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the 2025 Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the 2025 Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2025 Certificates, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the 2025 Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the 2025 Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2025 Certificates, as set forth in the third-party distribution agreement and the related pricing wires. The Town further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the 2025 Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the 2025 Certificates.

(e) The Underwriter acknowledges that sales of any 2025 Certificates to any person that is a related party to an underwriter participating in the initial sale of the 2025 Certificates to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2025 Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2025 Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the 2025 Certificates to the public); and

(iii) a purchaser of any of the 2025 Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are

corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other)[; and

(iv) “sale date” means the date of execution of this Agreement by the Town and the Underwriter].

### **Section 3. The Official Statement.**

(a) Attached hereto as Appendix C is a copy of the Preliminary Official Statement dated [\_\_\_\_], 2025 (the “Preliminary Official Statement”), including the cover page and Appendices thereto, relating to the 2025 Certificates. The final Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes as are approved by the Underwriter and the Town. The final Official Statement, is hereinafter called the “Official Statement.”

(b) The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the 2025 Certificates. The Preliminary Official Statement is hereby deemed final by the Town as of its date, except for the omission of such information which is dependent upon the final pricing of the 2025 Certificates for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “Rule”).

(c) The Town authorizes the Official Statement and the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the 2025 Certificates. The Town hereby consents to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the 2025 Certificates. The Town shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Town’s acknowledgment of this Agreement (but, in any event, not later than within seven business days after the Town’s acknowledgment of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

(d) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) or (ii) the time when the Official Statement is available to any person from the Municipal Securities Rulemaking Board, but in no case less than 25 days after the “end of the underwriting period” for the 2025 Certificates), the Town becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Town will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Town will forthwith prepare and furnish, at the Town’s own expense (in a form and manner approved by

the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing Date, the Town shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Underwriter hereby agrees to file the Official Statement with the Municipal Securities Rulemaking Board. Unless otherwise notified in writing by the Underwriter, the Town can assume that the “end of the underwriting period” for purposes of the Rule is the Closing Date.

**Section 4. Representations, Warranties and Agreements of the Trustee.** By its acceptance hereof, the Trustee hereby represents, and warrants to, and agrees with, the Underwriter and the Town that:

(a) The Trustee is a national banking association that is duly organized, existing and in good standing under the laws of the United States of America, is qualified to do business in the State of Colorado and is authorized to exercise all of its corporate powers, rights and privileges, and has all necessary power to acquire a leasehold interest in the Leased Property and enter into the Lease, this Agreement, the Indenture and the Site Lease dated as of [Closing Date], 2025 (the “Site Lease”), between the Town, as lessor, and the Trustee, as lessee. The Trustee is possessed of full power to lease, own and hold real property and to lease and sublease the same as lessee from and sublessor to the Town, and has duly authorized and approved the execution and delivery of the Site Lease, the Lease, this Agreement and the Indenture. The Trustee has duly authorized or will duly authorize, prior to the Closing Date, the execution and delivery by the Trustee of the Indenture, the Site Lease, the Lease and this Agreement.

(b) The Trustee has taken or will have taken, prior to the Closing Date, as hereinafter defined, all necessary action for the execution and delivery and due performance by the Trustee of this Agreement, the Site Lease, the Lease and the Indenture, and the Trustee agrees to deliver executed counterparts of this Agreement, the Indenture, the Site Lease and the Lease to the Underwriter on the Closing Date.

(c) There is no action, suit, proceeding or, to the best knowledge of the Trustee any inquiry or investigation, at law or in equity or before or by any court, public board or body, pending or, to the best knowledge of the Trustee, threatened against or affecting the Trustee (or to the best knowledge of the Trustee, any basis therefor), wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Lease, the Site Lease, this Agreement or the Indenture, or the validity of the Lease, this Agreement, the Indenture, the Site Lease or any other agreement or instrument to which the Trustee is a party and which is used in the consummation of the transactions contemplated hereby or by the Site Lease, the Lease or the Indenture.

(d) The execution and delivery of this Agreement, the Indenture, the Lease, the Site Lease and the other agreements contemplated hereby, and compliance with the provisions thereof and hereof, do not conflict with or constitute on the part of the Trustee a default of or breach under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which the Trustee is subject or by which the Trustee is bound.

(e) the Trustee will cooperate with the Town and Special Counsel in the preparation of the Site Lease, the Lease and the Indenture, and the execution and delivery of the 2025 Certificates.



(f) Any certificate signed by any of the authorized officers of the Trustee and delivered to the Underwriter shall be deemed a representation and warranty by the Trustee to the Underwriter as to the statements made therein.

(g) The representations and warranties of the Trustee contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date as if made on the Closing Date.

**Section 5. Representations and Warranties of the Town.** On or prior to the date hereof, the Underwriter and the Trustee received representations and warranties from the Town in substantially the form provided in Appendix D to this Agreement.

**Section 6. Closing.** Payment of the purchase price of the 2025 Certificates shall be made by wire funds transfer, in immediately available funds, at the offices of Butler Snow LLP (“Special Counsel”), at 9:00 a.m., Denver Time, on [Closing Date], 2025, or such other place, time or date as shall be mutually agreed upon by the Town, the Trustee and the Underwriter. The date of such delivery and payment is herein called the “Closing Date,” and the hour and date of such delivery and payment is herein called the “Closing Time.” The delivery of the 2025 Certificates shall be made in definitive or temporary form, bearing CUSIP numbers (provided that neither the printing of a wrong CUSIP number on any Certificate nor the failure to print a CUSIP number thereon shall constitute cause to refuse delivery of any Certificate), all as provided in the Indenture on the Closing Date.

**Section 7. Closing Conditions.** The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the Trustee and the Town contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Town and the Trustee of their respective obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter’s obligation under this Agreement to purchase, to accept delivery of and to pay for the 2025 Certificates shall be conditioned upon the performance by the Town and the Trustee of their respective obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following additional conditions, including the delivery by the Town and the Trustee of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Town contained in Appendix D shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) The Town shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date;

(c) On the Closing Date, (i) the Site Lease, the Lease, this Agreement, the Official Statement, and the Continuing Disclosure Undertaking relating to the 2025 Certificates (the “Undertaking”), (collectively, the “Town Documents”) and the 2025 Certificates shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; and (ii) all actions of the Town and the Trustee required to be taken by the Town and the Trustee shall be performed in order for Special Counsel and other counsel to deliver their respective opinions referred to hereafter;

(d) On or prior to the Closing Date, the Lease and the Site Lease shall have been duly executed and delivered by the Town and the Trustee, and the Trustee shall have duly executed and delivered the 2025 Certificates;

(e) On the Closing Date, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Town, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the 2025 Certificates on the terms and in the manner contemplated in the Official Statement;

(f) The Town shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(h) On or prior to the Closing Date, the Underwriter shall have received copies of each of the following:

(i) the Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Town by the Finance Director of the Town, or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;

(ii) the Indenture with such supplements as may have been agreed to by the Underwriter;

(iii) the Undertaking of the Town satisfying requirements of section (b)(5)(i) of the Rule;

(iv) the approving opinion of Special Counsel (the "Approving Opinion"), addressed to the Town, substantially to the effect that:

(A) the Site Lease has been duly authorized by the Town, duly executed and delivered by authorized officials of the Town, is in full force and effect, and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Town.

(B) the Lease has been duly authorized, executed, and delivered, is in full force and effect, and is a valid and binding obligation of the Town;

(C) the portion of Base Rentals paid by the Town which is designated and paid as interest, as provided in the Lease, and received by the Owners of the 2025 Certificates, is not includible in gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax; and

(D) the portion of Base Rentals paid by the Town which is designated and paid as interest, as provided in the Lease, and received by the

Owners of the 2025 Certificates, is not includible in gross income for State of Colorado income tax purposes.

(v) a reliance letter addressed to the Underwriter to the effect that the Underwriter may rely on the Approving Opinion to the same extent as if such opinion were addressed to it;

(vi) a supplemental opinion of Special Counsel in the form and substance satisfactory to the Underwriter, with a reliance letter addressed to the Underwriter, to the effect that the 2025 Certificates are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(vii) a letter from Special Counsel, in form and substance satisfactory to the Underwriter, with a reliance letter addressed to the Underwriter, dated as of the Closing Date and addressed to the Town, stating, in substance, that nothing came to the attention of the attorneys at Butler Snow LLP rendering legal services in connection with such firm's representation of the Town that the Preliminary Official Statement, as of its date and the date hereof, and the Official Statement, as of its date and the Closing Date, (except for any financial statements, demographic, economic, engineering, financial, or statistical data and any statements of trends, forecasts, estimates, projections, assumptions, or any expressions of opinion and information concerning The Depository Trust Company and its procedures contained in the Preliminary Official Statement and Official Statement and their respective appendices, as to which no view is expressed) contained any untrue statement of a material fact or omitted any material fact required to be stated therein or necessary to make the statements in the Official Statement, in light of the circumstances under which they were made, not misleading;

(viii) a certificate of the Town signed by duly authorized officials of the Town relating to (A) the representations of the Town contained herein are true and correct in all material respects and as of Closing Date as if made on the Closing Date; (B) the due organization of the Town, (C) the absence of any material litigation against the Town, (D) the due authorization, execution, and delivery of the Site Lease, the Lease, this Agreement and the Undertaking by the Town, (E) the validity and enforceability of the Site Lease, the Lease, this Agreement and the Undertaking against the Town, and (F) all approvals, consents and orders of any governmental entity, authority, board, agency or commission having jurisdiction which would constitute conditions precedent to the performance of the Town of its obligations under this Agreement, the Site Lease, the Lease and the Undertaking and which can be reasonably obtained on the Closing Date have been obtained; together with a certificate executed by one or more officers of the Town, to the effect that the Official Statement, as then amended or supplemented, to the best of their knowledge, neither contains an untrue statement of any material fact nor omits to state any material fact necessary to make the statements made in the Official Statement, in light of the circumstances in which they are made, not misleading;

(ix) a certificate of the Trustee, dated the Closing Date and executed by an authorized officer of the Trustee, certifying that all of the representations and warranties of the Trustee herein and in the Indenture, Lease, and Site Lease are true, complete and correct on and as of the Closing Time with the same effect as if made at such time;

(x) evidence of the title insurance commitment required by Section 2.04(a) of the Indenture and Section 7.4 of the Lease;

(xi) evidence of the insurance required by Section 9.4 of the Lease;

(xii) evidence satisfactory to the Underwriter that the 2025 Certificates have been rated “[ ]” by S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC and that such rating is in effect as of the Closing Date; and

(xiii) such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the Town’s representations and warranties contained in Appendix D and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Town on or prior to the Closing Date of all the respective agreements then to be performed and conditions then to be satisfied by the Town.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Town and the Trustee shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the 2025 Certificates contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the 2025 Certificates shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and none of the Underwriter, the Town, or the Trustee shall be under any further obligation hereunder, except that the obligations of the Town set forth in Sections 5 and 11 hereof shall continue in full force and effect.

**Section 8. Termination.** The Underwriter shall have the right to cancel its obligation to purchase the 2025 Certificates if, between the date hereof and the Closing Date, the market price or marketability of the 2025 Certificates shall be materially adversely affected, in the sole judgment of the Underwriter, by any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the 2025 Certificates or, with respect to State taxation, of the interest on the 2025 Certificates as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the 2025 Certificates, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the 2025 Certificates, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the 2025 Certificates as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the 2025 Certificates or as to obligations of the general character of the 2025 Certificates, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Town, its property, income securities (or interest thereon), or the validity or enforceability of the levy of taxes to pay the principal of and interest on the 2025 Certificates;

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Town, except for changes which the Official Statement discloses are expected to occur;

(i) there shall have occurred (i) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (ii) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis;

(j) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Town's obligations;

(l) the purchase of and payment for the 2025 Certificates by the Underwriter, or the resale of the 2025 Certificates by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; and

(m) any legislation, ordinance, rule or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State or a decision by any court of competent jurisdiction within the State shall be rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the 2025 Certificates.

**Section 9. Expenses.** All expenses incident to the execution and delivery of the 2025 Certificates shall be paid from proceeds of the 2025 Certificates. Such expenses shall include, but shall not be limited to (a) the cost of preparing, printing or otherwise reproducing and distributing the 2025 Certificates, the Town Documents, the Preliminary Official Statement and the Official Statement with any amendment or supplement thereto; (b) the cost of preparing and executing the definitive Certificates; (c) the fees and expenses of Special Counsel, general counsel to the Town, independent auditors and any other experts and consultants retained in connection with the execution and delivery of the 2025 Certificates; (d) the initial fees and expenses of the Trustee; (e) fees charged by investment rating agencies for the rating of the 2025 Certificates, and all other expenses incurred by the Underwriter in connection with its purchase, offering and distribution of the 2025 Certificates; and (f) fees of obtaining insurance for the payment of the principal and interest due with respect to the 2025 Certificates, if any. All out-of-pocket expenses of the Underwriter, including travel and other expenses, shall be paid by the Underwriter.

**Section 10. Notices.** Any notice or other communication to be given to the Town under this Agreement may be given by delivering the same in writing to Town of Castle Rock, Colorado, 100 N. Wilcox Street, Castle Rock, Colorado 80104, Attention: Finance Director, any notice or other communication to be given to the Trustee under this Agreement may be given delivering the same in writing to UMB Bank, n.a., 1670 Broadway, Denver, Colorado 80202, Attention: Brett Glasgow, and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 1401 Lawrence Street, Suite 900, Denver, Colorado 80202, Attention: Josh Benninghoff.

**Section 11. Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Town, the Trustee and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Trustee or the Town. All of the Town's representations, warranties and agreements contained in Appendix D to this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the 2025 Certificates pursuant to this Agreement; and (iii) any termination of this Agreement.

**Section 12. Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Trustee and acknowledgment hereof by the Town and shall be valid and enforceable at the time of such acceptance and acknowledgment.

**Section 13. Choice of Law.** This Agreement shall be governed by and construed in accordance with the law of the State of Colorado.

**Section 14. Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

**Section 15. Business Day.** For purposes of this Agreement, “business day” means any day on which the New York Stock Exchange is open for trading.

**Section 16. Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

**Section 17. Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this Agreement shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED

By \_\_\_\_\_  
Authorized Officer

Accepted [BPA Date], 2025 at \_\_\_\_\_ p.m. MST

UMB Bank, n.a., acting solely  
in its capacity as Trustee under the Indenture

By \_\_\_\_\_  
Authorized Officer

Acknowledged [BPA Date], 2025 at \_\_\_\_\_ p.m. MST:

TOWN OF CASTLE ROCK, COLORADO

By \_\_\_\_\_  
Finance Director



## APPENDIX A

### MATURITY SCHEDULE

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Used	Hold the Offering Price Rule Used
	\$	%	%			

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<sup>T</sup> Term Certificate.

<sup>C</sup> Priced to first optional redemption date of December 1, 20[\_\_\_] at par.

The 2025 Certificates maturing on or prior to December 1, 20\_\_\_, shall not be subject to optional redemption prior to their respective maturity dates. The 2025 Certificates maturing on and after December 1, 20\_\_\_, shall be subject to redemption prior to their respective maturity dates at the option of the Town, in whole or in part, in integral multiples of \$5,000, and if in part in such order of maturities as the Town shall determine and by lot within a maturity, on December 1, 20\_\_\_, and on any date thereafter, at a redemption price equal to the principal amount of the 2025 Certificates so redeemed plus accrued interest to the redemption date without a premium.

[Sinking fund provisions to be inserted as necessary]

## APPENDIX B

### FORM OF ISSUE PRICE CERTIFICATE

#### CERTIFICATES OF PARTICIPATION, SERIES 2025

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated [Closing Date], 2025, between UMB BANK, n.a., solely in its capacity as Trustee under the Indenture, as lessor, and the TOWN OF CASTLE ROCK, COLORADO, as lessee**

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (“Stifel”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned certificates (the “2025 Certificates”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***[Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the 2025 Certificates is attached to this certificate as Schedule B.

(b) As set forth in the Certificate Purchase Agreement, dated [BPA Date], 2025, by and among Stifel, UMB Bank, n.a., solely in its capacity as trustee (the “Trustee”), and the Issuer, Stifel has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the 2025 Certificates of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the 2025 Certificates during the Holding Period.]

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the 2025 Certificates listed in Schedule A hereto as the “General Rule Maturities.”

(b) *[Hold-the-Offering-Price Maturities* means those Maturities of the 2025 Certificates listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([BPA Date, 2025), or (ii) the date on which Stifel has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means the Town of Castle Rock, Colorado.

(e) *Maturity* means 2025 Certificates with the same credit and payment terms. 2025 Certificates with different maturity dates, or 2025 Certificates with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) [Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2025 Certificates. The Sale Date of the 2025 Certificates is[BPA Date], 2025.]

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2025 Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2025 Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2025 Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the 2025 Certificates, and by Butler Snow LLP in connection with rendering its opinion that the interest on the 2025 Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the 2025 Certificates.

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, as Underwriter

By:\_\_\_\_\_

Name:\_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Dated: \_\_\_\_\_, 2025

## **APPENDIX C**

[Attach Preliminary Official Statement or Official Statement]

## APPENDIX D

The Town of Castle Rock, Colorado (the “Town”) hereby represents and warrants to and agrees with Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) and UMB Bank, N.A. (the “Trustee”) as follows:

(a) Capitalized terms used in this Appendix shall have the meanings ascribed to such terms elsewhere in this Agreement.

(b) The Town is a duly organized and validly political subdivision and body corporate of the State organized and existing under the Constitution and laws of the State and has, and at the Closing Date will have, full legal right, power and authority (i) to enter into this Agreement, the Indenture, the Site Lease, the Lease, and the Undertaking, (ii) to adopt the Town Ordinance (as defined below), and (iii) to carry out and consummate the transactions contemplated by this Agreement, the Town Ordinance, the Site Lease, the Lease, and the Official Statement;

(c) The Town has complied, and will on the Closing Date be in compliance, in all material respects insofar as related to the transactions contemplated hereby and by the Official Statement, with the Town Ordinance, the Site Lease, the Lease, and the Constitution and laws of the State;

(d) By official action prior to or concurrently with the acceptance hereof, the Town Council of the Town has duly adopted the ordinance (the “Town Ordinance”) authorizing the execution and delivery of the Site Lease, the Lease, the Undertaking, and the this Agreement, has duly authorized and approved the distribution of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the Town of the obligations on its part contained in, the Town Ordinance, the Indenture, the Site Lease, the Lease, the Undertaking and this Agreement, and assuming due authorization, execution and delivery by the other parties thereto, all such instruments constitute valid and binding obligations of the Town enforceable in accordance with their respective terms, and the Town Council of the Town has duly authorized and approved the consummation by it of all other transactions contemplated by this Agreement, the Undertaking, the Indenture, the Site Lease, the Lease and the Official Statement;

(e) The Town is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, ordinance, agreement or other instrument to which the Town is a party or to which the Town is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Town under any of the foregoing, which, to the best of the Town’s knowledge, may have a material adverse impact on the Town, the 2025 Certificates, the Town Ordinance, the Official Statement, the Site Lease, the Lease or this Agreement or the obligations of the Town with respect thereto;

(f) To the best of the Town’s knowledge, the execution and delivery of, and compliance with the provisions of, the Site Lease, the Lease, the Undertaking and this Agreement and the adoption of the Town Ordinance will not conflict or constitute a breach of or default under any constitutional provision, law, regulation, judgment, decree, order, agreement, bond, note, Ordinance, ordinance, or other instrument to which the Town is a party or is otherwise subject;

(g) Except as may be required under the securities laws of any state, all approvals, consents and orders of any governmental authority, board, agency or commission having jurisdiction

which would constitute a condition precedent to the performance by the Town of its obligations under this Agreement, the Site Lease, and the Lease have been obtained or will be obtained prior to the Closing Date;

(h) The Preliminary Official Statement, as of its date was, and the final Official Statement, as of its date, and if supplemented or amended pursuant to this Agreement, as of the date of such supplement or amendment, and as of the date hereof did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements and information contained therein, in light of the circumstances under which made, not misleading;

(i) No legal proceedings are pending or, to the best of the Town's knowledge, threatened: (i) contesting or affecting the validity or authority for the execution and delivery of the 2025 Certificates, the Site Lease, the Lease, or this Agreement, or seeking to restrain or enjoin the execution and delivery of the 2025 Certificates; (ii) seeking to prohibit, restrain or enjoin the issuance, delivery or sale of the 2025 Certificates; (iii) contesting the completeness or accuracy of the Official Statement; or (iv) contesting the power of the officials of the Town or their authority with respect to the Town Ordinance, the Undertaking, the Site Lease, the Lease, the Official Statement or this Agreement;

(j) The Town will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the 2025 Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, that the Town shall not be required to register as a dealer or broker in any state or jurisdiction or to subject itself to service of process in any jurisdiction in which the Town is not now subject to such service;

(k) The Town will not take or omit to take any action; which action or omission will in any way cause the proceeds from the sale of the 2025 Certificates to be applied in a manner contrary to that provided for in the Town Ordinance and the Indenture;

(l) Any certificate signed by an authorized officer of the Town and delivered to the Underwriter shall be deemed a representation and warranty to the Underwriter as to the statement made therein; and

(m) Except as disclosed in the Official Statement, the Town has not failed in the last five years to materially comply with any prior undertaking entered into pursuant to Rule 15c2-12.

Dated: [BPA Date], 2025

TOWN OF CASTLE ROCK, COLORADO

By \_\_\_\_\_  
Finance Director

*In the opinion of Butler Snow LLP, Special Counsel, assuming continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease as interest on the Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the "Tax Code"), and such interest is not a specific preference item for purposes of the federal alternative minimum tax, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Certificates as described herein. See "TAX MATTERS."*

**\$8,485,000**

**CERTIFICATES OF PARTICIPATION, SERIES 2020**

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated October 8, 2020, between  
UMB BANK, n.a., solely in its capacity as Trustee under the Indenture, as lessor,  
and the TOWN OF CASTLE ROCK, COLORADO, as lessee**

**Dated: Date of Delivery**

**Due: December 1, as shown herein**

The Certificates of Participation, Series 2020 (the "Certificates") evidence a proportionate interest in the base rentals and certain other revenues under an annually renewable Lease Purchase Agreement dated as of October 8, 2020 (the "Lease"), entered into between UMB Bank, n.a., solely in its capacity as trustee under the Indenture (the "Trustee"), as lessor, and the Town of Castle Rock, Colorado, as lessee (the "Town"). The Certificates are being executed and delivered pursuant to an Indenture of Trust dated as of October 8, 2020 (the "Indenture"), executed and delivered by the Trustee.

The Certificates are issued as fully registered certificates in denominations of \$5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the Certificates. Purchases of the Certificates are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Certificates. See "THE CERTIFICATES--Book-Entry Only System." The Certificates bear interest at the rates set forth herein, payable on June 1 and December 1 of each year, commencing on June 1, 2021, to and including the maturity dates shown herein (unless the Certificates are redeemed earlier), payable to the registered owner of the Certificates, initially Cede & Co. The principal of the Certificates will be payable upon presentation and surrender at the Trustee. See "THE CERTIFICATES."

**The maturity schedule for the Certificates appears on the inside cover page of this Official Statement.**

The Certificates are subject to redemption prior to maturity at the option of the Town and are also subject to mandatory sinking fund redemption as described in "THE CERTIFICATES--Redemption Provisions." The Certificates are subject to extraordinary mandatory redemption upon the occurrence of an Event of Nonappropriation or an Event of Lease Default as described in "THE CERTIFICATES--Redemption Provisions - Extraordinary Redemption Upon the Occurrence of Certain Events."

The proceeds from the issuance of the Certificates, together with other available moneys, will be used to: (i) acquire, construct, install and improve of certain public facilities, including, without limitation, the construction of a parking facility for Town purposes (the "Project"); and (ii) pay the costs of issuing the Certificates. See "SOURCES AND USES OF FUNDS."

**Neither the Lease nor the Certificates constitute a general obligation, a multiple fiscal year direct or indirect debt or other financial obligation or indebtedness of the Town within the meaning of any constitutional, or statutory debt limitation. None of the Lease, the Indenture or the Certificates directly or indirectly obligate the Town to make any payments beyond those appropriated for any fiscal year in which the Lease may be in effect. Except to the extent payable from the proceeds of the Certificates and income from the investment thereof, from the Net Proceeds (defined herein), from net proceeds from exercising certain remedies under the Lease or from other amounts made available under the Indenture, the Certificates are payable during the lease term solely from Base Rentals payable to the Trustee under the Lease and the income from certain investments under the Indenture. All payment obligations of the Town under the Lease are from year to year only. The Lease is subject to annual renewal by the Town. Upon termination of the Lease, the Certificates will be payable solely from moneys, if any, held by the Trustee under the Indenture and any amounts resulting from the exercise of various remedies by the Trustee under the Site Lease, the Lease and the Indenture, all as more fully described herein.**

**This cover page contains certain information for quick reference only. It is *not* a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision and should give particular attention to the section entitled "CERTAIN RISK FACTORS."**

The Certificates are offered when, as, and if issued, subject to the approval of validity by Butler Snow LLP, Denver, Colorado, Special Counsel, and certain other conditions. Butler Snow LLP also has acted as special counsel to the Town in connection with this Official Statement. Certain legal matters will be passed upon for the Town by the Town Attorney. Hilltop Securities Inc., Denver, Colorado, is acting as Municipal Advisor to the Town. Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado, is acting as counsel to the Underwriter. It is expected that the Certificates will be available for delivery through the facilities of DTC on or about October 8, 2020.

**STIFEL**

**Official Statement dated September 23, 2020.**

**MATURITY SCHEDULE**  
**(CUSIP© 6-digit issuer number: 14848P)**

**\$8,485,000**

**CERTIFICATES OF PARTICIPATION, SERIES 2020**

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an  
Annually Renewable Lease Purchase Agreement, dated October 8, 2020, between  
UMB BANK, n.a., solely in its capacity as Trustee under the Indenture, as lessor,  
and the TOWN OF CASTLE ROCK, COLORADO, as lessee**

Maturing (December 1)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP© Issue <u>Number</u>
2033	\$ 475,000	4.00%	1.73%†	BD2
2034	495,000	4.00	1.78†	BE0
2035	560,000	4.00	1.84†	BF7

\$3,025,000 4.00% Term Bond due December 1, 2040. Priced to Yield: 2.05%†. CUSIP© Issue No.: BG5.  
\$3,930,000 4.00% Term Bond due December 1, 2048. Priced to Yield: 2.26%†. CUSIP© Issue No.: BH3.

† Priced to the first par call date of December 1, 2030. See “THE CERTIFICATES--Redemption Provisions.”



## **USE OF INFORMATION IN THIS OFFICIAL STATEMENT**

This Official Statement, which includes the cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Certificates in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Certificates, and if given or made, such information or representations must not be relied upon as having been authorized by the Town. The Town maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates.

The information set forth in this Official Statement has been obtained from the Town and from the sources referenced throughout this Official Statement, which the Town believes to be reliable. No representation is made by the Town, however, as to the accuracy or completeness of information provided from sources other than the Town. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Certificates shall, under any circumstances, create any implication that there has been no change in the affairs of the Town, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the Certificates and may not be reproduced or used in whole or in part for any other purpose.

The Certificates have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The Certificates have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE CERTIFICATES ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE CERTIFICATES, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

## **TOWN OF CASTLE ROCK, COLORADO**

### **Town Council**

Jason Gray, Mayor  
Jason Bower, Mayor Pro Tem  
Kevin Bracken, Council Member  
Caryn Johnson, Council Member  
George Teal, Council Member  
James Townsend, Council Member

### **Town Administrative Officials**

David Corliss, Town Manager  
Trish Muller, Finance Director  
Michael J. Hyman, Town Attorney

## **MUNICIPAL ADVISOR TO THE TOWN**

Hilltop Securities Inc.  
Denver, Colorado

### **TRUSTEE**

UMB Bank, n.a.  
Denver, Colorado

### **SPECIAL COUNSEL**

Butler Snow LLP  
Denver, Colorado

### **UNDERWRITER**

Stifel, Nicolaus & Company, Incorporated  
Denver, Colorado

### **UNDERWRITER'S COUNSEL**

Stradling Yocca Carlson & Rauth, P.C.  
Denver, Colorado

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NOTE: Tables marked with an (\*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2 12, as amended. See Appendix D - Form of Continuing Disclosure Certificate.

The information to be updated may be reported in any format chosen by the Town; it is not required that the format reflected in this Official Statement be used in future years. The budget information contained in the General Fund budget summary and comparison table is to be satisfied with the current year budget information found in the CAFR.

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## OFFICIAL STATEMENT

**\$8,485,000**

### **CERTIFICATES OF PARTICIPATION, SERIES 2020**

**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated October 8, 2020, between UMB BANK, n.a., solely in its capacity as Trustee under the Indenture, as lessor, and the TOWN OF CASTLE ROCK, COLORADO, as lessee**

## INTRODUCTION

### **General**

This Official Statement, including the cover page, inside cover page and appendices, is furnished in connection with the execution, delivery and sale of \$8,485,000 aggregate principal amount of Certificates of Participation, Series 2020 (the “Certificates”), evidencing proportionate interests in the base rentals and other revenues under an annually renewable Lease Agreement dated as of October 8, 2020 (the “Lease”), between UMB Bank, n.a., Denver, Colorado, solely in its capacity of trustee under the Indenture (the “Trustee”), as lessor, and the Town of Castle Rock, Colorado, as lessee (the “Town”). The Certificates will be executed and delivered pursuant to the terms of an Indenture of Trust executed by the Trustee dated as of October 8, 2020 (the “Indenture”). Certain of the capitalized terms used herein and not otherwise defined are defined in Appendix B to this Official Statement.

*The offering of the Certificates is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Certificates. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, particularly the section entitled “CERTAIN RISK FACTORS.” Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page and appendices, is unauthorized.*

### **Changes Since the Date of the Preliminary Official Statement**

This Official Statement includes certain information which was not available for inclusion in the Preliminary Official Statement dated September 17, 2020 (the “POS”), including the final sources and uses of the Certificate proceeds and the principal amounts, maturity dates, interest rates, yields, redemption provisions and other terms of the Certificates. In addition, in the POS, in the table entitled “Monthly Use Tax Collections” (found in the section entitled “CURRENT SOURCES OF AVAILABLE REVENUE--Sales and Use Tax Collection Data”), the percentage changes in the Current Month column were incorrectly calculated. The percentage changes in the Cumulative column were correct. The table has been updated to reflect the correct calculations. In addition, information about a stormwater drawdown loan was unintentionally omitted from the section entitled “DEBT STRUCTURE--Other Obligations,” although it was described in the audited financial statements. That loan has no impact on legally available revenues.

## **The Town**

The Town was incorporated as a statutory town in 1881 and became a home rule municipality pursuant to Article XX of the Colorado constitution on September 22, 1987, upon the adoption of its home rule charter (the “Charter”). The Town is the county seat for Douglas County, Colorado (the “County”) and is located along Interstate 25 approximately 22 miles southeast of downtown Denver, Colorado, and approximately 40 miles north of Colorado Springs, Colorado. The Town encompasses approximately 34 square miles and, based upon home occupancy rates and the number of building permits issued, the Town estimates its current population to be approximately 72,168. See “THE TOWN.”

## **The Certificates; Prior Redemption**

The Certificates are issued solely as fully registered certificates in the denomination of \$5,000, or any integral multiple thereof. The Certificates are dated as of their date of delivery and mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the Certificates is described in “THE CERTIFICATES--Payment Provisions.” The Certificates initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), the securities depository for the Certificates. Purchases of the Certificates are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Certificates. See “THE CERTIFICATES--Book-Entry Only System.”

The Certificates are subject to redemption prior to maturity at the option of the Town and are also subject to mandatory sinking fund redemption as described in “THE CERTIFICATES--Redemption Provisions.” The Certificates are subject to extraordinary mandatory redemption upon the occurrence of an Event of Nonappropriation or an Event of Lease Default as described in “THE CERTIFICATES--Redemption Provisions - Extraordinary Redemption Upon the Occurrence of Certain Events.”

## **The Site Lease and the Leased Property Generally**

The Site Lease Generally. The Town and UMB Bank, n.a., solely in its capacity as Trustee under the Indenture, will enter into a Site Lease Agreement dated as of October 8, 2020 (the “Site Lease”), pursuant to which the Town will lease to the Trustee the Town Hall Site (as further described below, the “Site”) and the premises, buildings and improvements located thereon (the “Leased Property”). The Site Lease term expires on December 31, 2058. Concurrently with the execution of the Site Lease, the Trustee will lease the Leased Property back to the Town pursuant to the terms of the Lease. The Town will own fee title to the Leased Property and the Trustee will have a leasehold interest in the Leased Property, subject to the terms and provisions of the Lease and the Indenture.

The Town Hall Site. The Town Hall Site includes three parcels of land totaling approximately 1.1 acres of land within the Town and the improvements thereon. One portion of the Town Hall Site (approximately 0.641) acres includes the Town Hall, described below. The other portion of the Town Hall Site (approximately 0.452 acres) is located near Town Hall and includes a small portion of the Town Hall.



In addition to the land included in the Town Hall Site, the Leased Property includes the Town Hall, which is comprised of a 34,705 net square-foot building located in the Town. The original portion of Town Hall was constructed in 2000 and another portion of Town Hall was constructed in 2016. Town Hall currently houses the following Town functions: the Town Manager's Office (including Community Relations, Human Resources and the Town Clerk's office); the Town Attorney's office; the Finance Department; Information Technology and Development Services. The Leased Property also includes approximately 2,300 square feet of parking area in front of Town Hall (12 spaces).

## **Purpose**

The proceeds from the issuance of the Certificates, together with other Town funds, will be used to: (i) acquire, construct, install and improve of certain public facilities, including, without limitation, the construction of a parking facility for Town purposes (the "Project"); and (ii) pay the costs of issuing the Certificates. See "SOURCES AND USES OF FUNDS."

## **Security for the Certificates; Termination of Lease**

General. The Certificates and the interest thereon are payable solely from the Base Rentals paid by the Town pursuant to the Lease and other revenues (the "Revenues") received under the Lease, which include: (a) all amounts payable by or on behalf of the Town or with respect to the Leased Property pursuant to this Lease including, but not limited to, all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds, but not including Additional Rentals (except for payments made by the Town as Additional Rentals to initially fund or replenish the Reserve Fund, if any); (b) any portion of the proceeds of the Certificates deposited into Base Rentals Fund and the Reserve Fund, each created under the Indenture; (c) any moneys which may be derived from any insurance in respect of the Certificates; and (d) any moneys and securities, including investment income, held by the Trustee in the Funds and Accounts established under the Indenture (except for moneys and securities held in the Rebate Fund or any defeasance escrow account).

Under the Indenture, the Trustee, for the benefit of the Owners of the Certificates, is to receive Base Rentals payable by the Town under the Lease. The amount and timing of the Base Rentals are designed to provide sufficient money to the Trustee to pay the principal of and interest on the Certificates when due. The Trustee is to deposit to the Base Rentals Fund created under the Indenture all amounts payable by or on behalf of the Town or with respect to the Leased Property pursuant to the Lease, including all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds (but not Additional Rentals).

*Neither the Lease nor the Certificates constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the Town within the meaning of any constitutional, statutory, or Charter debt limitation. Neither the Certificates nor the Lease will directly or indirectly obligate the Town to make any payments other than those which may be appropriated by the Town for each fiscal year.*

The Trustee does not have any obligation to and will not make any payments on the Certificates pursuant to the Lease or otherwise.

Sources of Payment of Base Rentals. Amounts due under the Lease are payable from all general revenues of the Town and no particular revenues of the Town are pledged to the payment of Base Rentals. The Town currently intends to budget, appropriate and pay the Base Rentals (and Additional Rentals, if any) allocable to the Certificates from legally available funds in its General Fund. Notwithstanding the foregoing, Base Rentals and Additional Rentals may be budgeted, appropriated and paid from any of the Town's available funds in the future.

The major sources of the moneys deposited into the Town's General Fund are the Town's sales tax (the "Sales Tax") and the use tax (the "Use Tax," and together with the Sales Tax, the "Sales and Use Tax"), which are currently imposed at a rate of 4.0%. A portion of the Town's Sales and Use Tax (imposed at a rate of 1.35%) and sales and use tax revenues received from a shareback agreement with Douglas County (the "County shareback") must be used for voter-approved transportation purposes and are not available to pay Base Rentals. See "CURRENT SOURCES OF AVAILABLE REVENUES" for a description of the Town's Sales and Use Tax.

The Town expects to generate additional revenues from the Encore Project (defined in "SOURCES AND USES OF FUNDS--The Project) and may determine to use those revenues to pay Base Rentals under the Lease. The agreement describing the types of revenues expected to be available to the Town can be found in "CURRENT SOURCES OF AVAILABLE REVENUE--Existing Sales and Use Tax Agreements - Other Rebate/Development Agreements- - Encore Agreement."

Termination of Lease; Annual Appropriation. The Lease constitutes a one-year lease of the Leased Property which is annually renewable for additional one-year terms as described in the Lease. The Town must take action annually in order to renew the Lease term for another year. If the Town fails to take such action, the Lease automatically will be terminated. The Town's decision to terminate its obligations under the Lease will be determined by the failure of the Town Council of the Town (the "Council") to specifically budget and appropriate moneys to pay all Base Rentals and reasonably estimated Additional Rentals for the ensuing Fiscal Year. The Finance Director or other officer of the Town at any time charged with the responsibility of formulating budget proposals for the Town is directed in the Lease to include in the annual budget proposals submitted to the Council, in any year in which the Lease is in effect, items for all payments required for the ensuing Renewal Term under the Lease until such time, if any, as the Town may determine to not renew and terminate the Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the Town that any decision to effect an Appropriation (defined in Appendix B) for the Base Rentals and Additional Rentals shall be made solely by the Council in its absolute discretion and not by any other official of the Town, as further provided in the Lease.

If on or before the December 31 prior to the beginning of any Fiscal Year of the Town, the Town fails to budget and appropriate sufficient funds to pay all Base Rentals and all reasonably estimated Additional Rentals, the Town will be considered to have terminated the Lease (subject to certain waiver and cure provisions). Upon termination of the Town's obligations under the Lease, the Trustee may proceed to exercise certain remedies under the Lease and the Indenture, including the lease or sublease of the Leased Property, the sale or assignment of any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property, or one or any combination of the steps described in the Lease. See APPENDIX B - THE LEASE--Nonappropriation by the Town. The net proceeds of

any such disposition are required to be applied by the Trustee toward the payment of the Certificates.

Termination of the Site Lease. The Leased Property will be leased by the Town to the Trustee pursuant to the Site Lease. At the end of the term of the Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee in and to the Leased Property will vest in the Town. The Site Lease will terminate on the earliest to occur of the following: (a) the termination of the Lease Term as provided in the Lease due to the payment of the Purchase Option Price by the Town, or upon payment by the Town of all Base Rentals and Additional Rentals for the entire Lease Term; or (b) discharge of the Indenture as a result of the fact that all Certificates have been paid or have been deemed to have been paid as provided in the Indenture; or (c) December 1, 2058. The Leased Property will no longer be subject to the provisions of the Site Lease, the Lease or the Indenture upon the termination of the Site Lease. See “CERTAIN RISK FACTORS--Limited Duration of Site Lease” and Appendix B - Certain Definitions and Document Summaries--The Site Lease - Site Lease and Term.

Release of Leased Property; Purchase Option Price. The Town has the option to purchase the Trustee’s leasehold interest in the Leased Property and terminate the Site Lease and the Lease by paying the Purchase Option Price, which is equal to the amount necessary to pay all principal and interest due on all Outstanding Certificates and any other amounts necessary to defease and discharge the Indenture, as provided in the Lease. See APPENDIX B - THE LEASE--Purchase Option and Conditions for Purchase Option. The Trustee is required to use the Purchase Option Price to pay the principal, interest, and any premium on the Certificates. See “THE CERTIFICATES--Redemption Provisions.”

Release of Leased Property; Release and Substitution of Property. So long as no Lease Event of Default or Event of Nonappropriation shall have occurred and is continuing, the Trustee shall release the Leased Property, and shall execute all documents necessary or appropriate to convey or reconvey the same to the Town, free of all restrictions and encumbrances imposed or created by the Site Lease, this Lease or the Indenture, upon receipt by the Trustee of the following: (a) a written request of the Town Representative for such release, describing the Leased Property to be released; (b) a certificate of the Town Representative certifying (i) that the disposition of the Leased Property to be released and the substitution therefor of the real property to be substituted for the Leased Property to be released will not materially adversely affect the ability of the Town to operate the Leased Property or any leased property to be substituted therefor, or to fulfill its obligations under the Lease, (ii) that any real property to be substituted for the Leased Property to be released will be useful in the operation of the Town, and (iii) that the fair value of any real property to be substituted for the Leased Property to be released, as determined by the Council in a duly adopted resolution, together with remaining Leased Property and cash to be paid by the Town to the Trustee, if any, is at least equal to the aggregate principal amount of the Certificates then Outstanding; (c) a certified copy of the resolution referred to in clauses (b)(iii); and (d) supplements and amendments to the Lease, the Indenture and any other documents necessary to subject to the lien of the Indenture any real property to be substituted for the Leased Property to be released. The Town agrees that any cash paid to the Trustee pursuant to the Indenture provisions described above shall be deposited into the Principal Account or the Interest Account of the Base Rentals Fund, or both such accounts, as directed by the Town.

Upon completion of the portion of the parking garage facility which constitutes the Project, the Town may, at its sole discretion and without consent or notice to the Owners, substitute its interest in the Project for the Leased Property described in this Official Statement, so long as the insured value of the Town's interest in the Project is at least equal to the principal amount of the Certificates then Outstanding.

Also see Appendix B - Certain Definitions and Document Summaries--The Lease - Partial Release and Substitution of Leased Property.

Additional Certificates. The Indenture permits the issuance of Additional Certificates without notice to or approval of the owners of the outstanding Certificates under the circumstances described in "THE CERTIFICATES--Additional Certificates."

No Reserve Fund. The Certificates are not secured by a reserve fund.

### **Tax Status**

In the opinion of Butler Snow LLP, Special Counsel, assuming continuous compliance with certain covenants described herein, the portion of the Base Rentals which is designated in the Lease as interest on the Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Certificates (the "Tax Code"), and such interest is not a specific preference item for purposes of the federal alternative minimum tax, and is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Certificates as described herein.

*Notwithstanding the foregoing, Special Counsel has disclaimed any opinion regarding the tax status of the 2020 Certificates after termination of the Lease. See "CERTAIN RISK FACTORS--Effect of Termination on Exemption from Taxation and on Exemption from Registration," "TAX MATTERS" and Appendix E.*

### **Professionals**

Butler Snow LLP, Denver, Colorado, has acted as Special Counsel to the Town in connection with execution and delivery of the Certificates and also has acted as special counsel to the Town in connection with preparation of this Official Statement. The fees of Butler Snow LLP will be paid only from Certificate proceeds at closing. Certain legal matters will be passed upon for the Town by the Town Attorney. UMB Bank, N.A., is serving as the Trustee. The Town's audited basic financial statements as of and for the year ended December 31, 2019, including the report thereon of BKD, LLP, CPAs & Advisors, certified public accountants, Denver, Colorado, are attached hereto as Appendix A. See "INDEPENDENT AUDITORS." Stifel, Nicolaus & Company, Incorporated, Denver, Colorado, is acting as the Underwriter for the 2020 Certificates (the "Underwriter"). See "UNDERWRITING." Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado, is acting as counsel to the Underwriter.

### **Continuing Disclosure Undertaking**

The Town will execute a continuing disclosure certificate (the "Disclosure Certificate") at the time of the closing for the Certificates. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the Certificates and the Town has covenanted

in the Lease to comply with its terms. The Disclosure Certificate will provide that so long as the Certificates remain outstanding, the Town will provide the following information to the Municipal Securities Rulemaking Board, acting through its Electronic Municipal Market Access (“EMMA”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain listed events; all as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix D.

In the last five years, and without a determination of materiality, the Town timely filed notice of a Moody’s upgrade in 2016 but initially did not properly link the filing to one bond issue that is no longer outstanding. The Town’s operating and financial information filing for 2016 did not contain information for two tables and no failure to file notice was filed; that information was filed as part of the 2017 financial and operating data filing.

### **Additional Information**

This introduction is only a brief summary of the provisions of the Certificates, the Indenture, the Lease, the Site Lease and other documents described herein; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the Project, the Town, the Certificates, the Indenture, the Lease, the Site Lease and other documents are included in this Official Statement. All references herein to the Certificates, the Lease, the Site Lease, the Indenture and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change without notice.*

Additional information and copies of the documents referred to herein are available from the Town or the Underwriter as follows:

Town of Castle Rock, Colorado  
Attn: Finance Director  
100 N. Wilcox Street  
Castle Rock, Colorado 80104  
Telephone: (303) 660-1015

Stifel, Nicolaus & Company, Incorporated  
1401 Lawrence Street, Suite 900  
Denver, Colorado 80202  
Telephone: (303) 296-2300.

## **CERTAIN RISK FACTORS**

*Investment in the Certificates involves certain risks. Each prospective investor in the Certificates is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below which could affect the payment of rentals under the Lease and could affect the market price of the Certificates to an extent that cannot be determined at this time. The factors set forth below are not intended to provide an exhaustive list of the risks associated with the purchase of the Certificates.*

### **Nonappropriation**

Prospective purchasers of the Certificates should look to the ability of the Town to pay Base Rentals pursuant to the Lease; such Base Rentals will provide funds for payment of principal and interest on the Certificates. The Town is not obligated to pay Base Rentals or Additional Rentals under the Lease unless funds are budgeted and appropriated for such rentals by the Town each year. If, by the last date of each Fiscal Year, the Town does not specifically budget and appropriate amounts sufficient to pay all Base Rentals due in the next Fiscal Year, and to pay such Additional Rentals as are estimated to become due in the next Fiscal Year, an “Event of Nonappropriation” occurs. If an Event of Nonappropriation occurs, the Town is deemed to have terminated its obligations under the Lease, and the Town will not be obligated to make payment of the Base Rentals or Additional Rentals which accrue after the last day of the fiscal year during which such Event of Nonappropriation occurs (except for any period for which the Town continues to retain possession of the Leased Property).

Various political, legal and economic factors could lead to the nonappropriation of sufficient funds to make the payments under the Lease, and prospective investors should carefully consider any factors which may influence the budgetary process. There is no assurance that the Council will appropriate sufficient funds to renew the Lease each year and the Town has no obligation to do so. In addition, the ability of the Town to maintain adequate revenues for its operations and obligations in general (including obligations associated with the Lease) is dependent upon several factors outside the Town’s control, such as the general economy, collections of Sales and Use Tax and changes in law. See “LEGAL MATTERS--Certain Constitutional Limitations,” “SECURITY FOR THE CERTIFICATES,” and “TOWN FINANCIAL INFORMATION.”

The obligation of the Town to pay Base Rentals and Additional Rentals is limited to those Town funds that are specifically budgeted and appropriated annually by the Council for such purpose. The Lease directs the officer of the Town charged at any time with the responsibility of formulating budget proposals with respect to the Leased Property to include, in the annual budget proposals submitted to the Council, items for all payments required under the Lease for the ensuing Fiscal Year, until such time (if any) as the Town determines not to renew the Lease. The Lease provides that it is the intention of the Town that any decision not to renew the Lease is to be made solely by the Council and not by any other official or employee of the Town.

### **Effect of a Termination of the Lease Term**

In the event of termination of the Town’s obligations under the Lease upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the Town is required to vacate and surrender the Leased Property by March 1 of any Renewal Term in respect of

which an Event of Nonappropriation or an Event of Lease Default has occurred. If an Event of Lease Default shall have occurred and remain uncured, the Trustee may take any of the following actions: (i) terminate the Lease Term and give notice to the Town to vacate and surrender possession of the Leased Property which vacation and surrender the Town agrees under the Lease to complete within sixty (60) days from the date of such notice (in the event the Town does not vacate and surrender possession on the termination date, the “holdover tenant” provisions of the Lease shall apply); (ii) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee’s leasehold interest in the Leased Property pursuant to the Site Lease; (iii) recover from the Town (a) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable under the Lease, during any period in which the Town continues to occupy, use or possess the Leased Property; and (b) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable by the Town under the Lease during the remainder, after the Town vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or (iv) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture.

A potential purchaser of the Certificates should not assume that the amount of money received by the Trustee upon the exercise of its rights under the Site Lease, the Lease and the Indenture after a termination of the Lease Term will be sufficient to pay the aggregate principal amount of the Certificates then outstanding plus accrued interest thereon. This may be due to the inability to recover certain of the costs incurred in connection with the issuance of the Certificates. The insured value of the Town Hall building currently is \$11,172,935. That figure represents the insurance valuation of the buildings, excluding contents. No current valuation of the land comprising the Leased Property is available. No appraisals of the Leased Property have been completed.

*There is no guarantee that the Trustee will be able to sublease the Leased Property or otherwise sell or dispose of its leasehold interest in the Leased Property in an amount equal to the amount of the outstanding Certificates.*

IF THE CERTIFICATES (AND ANY ADDITIONAL CERTIFICATES) ARE REDEEMED SUBSEQUENT TO A TERMINATION OF THE LEASE TERM FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL AMOUNT THEREOF AND ACCRUED INTEREST THEREON, SUCH PARTIAL PAYMENT WILL BE DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES PURSUANT TO THE INDENTURE; AND UPON SUCH A PARTIAL PAYMENT, NO OWNER OF ANY CERTIFICATE WILL HAVE ANY FURTHER CLAIMS FOR PAYMENT UPON THE TRUSTEE OR THE TOWN.

### **Factors that May Cause Insufficiency of Expected Revenues**

Economic and Other Factors Beyond the Control of the Town. Although the Town is not obligated to pay Base Rentals and Additional Rentals from any particular revenue source, it is the current expectation of the Town that Base Rentals and Additional Rentals will be paid (to the extent funds are appropriated therefor each year) from revenues in the General Fund. See “CURRENT SOURCES OF AVAILABLE REVENUES.”

Various circumstances and developments, most of which are beyond the control of the Town, may have an adverse effect on the future level of Sales and Use Tax revenues. Such circumstances may include, among others, adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the Town, the County, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the Town, the County, the State and the region and various other factors. See “CURRENT SOURCES OF AVAILABLE REVENUES-- Finance Director’s Summary of Material Trends in Town Sales and Use Tax Collections.”

In addition, collections of the Sales and Use Tax revenues are subject to fluctuations in consumer spending. Such fluctuations cause Sales and Use Tax revenues to increase along with the increasing prices brought about by inflation, but also cause collections to be vulnerable to adverse economic conditions and reduced spending. Consequently, the rate of Sales and Use Tax collections can be expected to correspond generally to economic cycles. The Town has no control over general economic cycles and is unable to predict what general economic factors or cycles will occur while the Certificates remain outstanding.

COVID-19. The currently circulating COVID-19 virus and resulting actions by the local, State, and federal government may negatively impact the operations of retail businesses generating Sales and Use Tax revenues within the Town. In response to the current spread of the COVID-19 virus, the Governor of Colorado (the “Governor”) has issued and extended several executive orders limiting business operating capacity to 50%. Pursuant to the orders, all businesses and activities must operate with at least six feet between non-household members and have no more than 500 people in one setting at a time. These actions are likely to decrease Sales and Use Tax collections within the Town to an extent, and over a period of time, that cannot be quantified at this time. It is impossible to predict whether businesses will be financially able to remain open while operating under the capacity requirements set forth in the order. These actions have also resulted in significant increases in unemployment rates in the last several months. It is also not possible to predict the duration or severity of the unemployment resulting from the closures or the resulting impact on Sales and Use Tax revenues.

Earlier in the year, the Town anticipated a significant impact in revenue collections from several sources during 2020 due to closures of businesses and reduced consumer spending resulting from COVID-19. Those revenue sources include Sales Tax, charges for Service, and other taxes. Charges for service revenue includes admissions and programs at the Recreation Center and Miller Activity Complex, in addition to greens fees at Red Hawk Ridge Golf Course. These facilities experienced closures of varying lengths; the Recreation Center and Miller Activity Complex closures resulted in significant revenue losses. The golf course has reopened and is experiencing significant demand and corresponding revenues.

The Town staff proactively prepared for the anticipated revenue shortfall, including identifying approximately \$12.9 million in possible budget reductions and expenditure deferrals, as described below. The reductions and deferrals have been identified in multiple funds, including the General Fund, Transportation Fund, General Long Term Planning Fund, and the Community Center Fund. Examples of these items include: holding vacant positions open; a pay freeze, deferring travel, training, equipment replacement, and fleet replacement expenditures; including additional interfund loan payments from capital funds to the General Fund; deferral of the pavement maintenance program slurry seal work; and cancellation of



concerts and events and closure of outdoor pools. Effective in August, the Town reversed certain of those actions, including the pay freezes.

City Staff has continually monitored its financial situation during the COVID-19 period. Through July (representing six months of sales tax collections), Sales Tax revenues, including County shareback, are up approximately 7.7% over the same six months in 2019; the Town originally estimated that Sales Tax revenues could decrease 15%-20% percent in 2020. Sales Taxes on internet sales and food for home consumption buffered significant revenues losses from restaurants/bars and apparel/accessories. However, due to the timing of significant closures during the months of April and May, the impact of these decreases may not be fully realized until the second or third quarters of 2020. The Town currently expects that Sales Tax revenues will increase approximately 4-5% in 2020. Other consumer driven taxes such as Motor Vehicle Tax may also experience continued decreases in 2020.

The Town has incurred unanticipated expenditures associated with COVID-19, including cleaning supplies, personal protective equipment, laptops for remote working and remote conferencing software. The Town has been allocated approximately \$3.4 million of CARES Act funding by the County; these funds will be used to offset the unanticipated expenditures. To date, the Town has submitted approximately \$500,000 in direct expenses for reimbursement; those expenses do not yet include personnel expenses (such as payroll). The Town will continue to submit expenditures for reimbursement through end of year.

In order to assist individuals and businesses with economic recovery, the Town Council has approved several economic assistance programs including: small business grants for local businesses; small business loans funded from Economic Development funds; and water billing assistance.

Existing Obligations Payable from Legally Available Revenues; Additional Bonds. The Town has several obligations outstanding that are paid from Sales Tax revenues. See “CURRENT SOURCES OF AVAILABLE REVENUES--Existing Sales and Use Tax Agreements,” and “DEBT STRUCTURE--Other Obligations” for a description of the obligations that are currently payable from legally available revenues in the General Fund.

Further, the Town is authorized to issue bonds secured in whole or in part by its Sales and/or Use Tax after satisfying all legal conditions. Should the Town issue bonds secured by the Sales and/or Use Tax, debt service on those bonds will be paid prior to any Sales and/or Use Tax revenues being available to pay Base Rentals or Additional Rentals. The Town currently has several series of bond outstanding that are payable from the 1.35% Sales and Use Tax imposed for transportation purposes. The Town currently has no plans to issue bonds secured by its remaining 2.65% Sales Tax and/or Use Tax.

### **Factors that Could Impact Value of Property if Lease is Terminated**

General. The Town will retain fee simple title to the Leased Property and the Trustee will have a leasehold interest in the Leased Property pursuant to the Site Lease. Upon the termination of the Lease, the Trustee will have the right to use and possession of the Leased Property. However, a potential purchaser of the Certificates should not assume that it will be possible for the Trustee to sublease the Leased Property or otherwise sell or dispose of its leasehold interest in the Leased Property, or any portion thereof, for an amount equal to the aggregate principal amount of the Certificates then outstanding plus accrued interest thereon or

that such subleasing or disposal can be accomplished in time to pay any installment of principal or interest on the Certificates when due.

Current Uses of Property; Restrictions; Valuation. No current appraised valuation of the Leased Property is available. For insurance purposes, the Town has assigned a value of \$11,172,935 to the Town Hall. However, the Trustee is not able to sell the Town Hall Site, the Town Hall or any associated improvements upon the occurrence of an Event of Lease Default or an Event of Nonappropriation and the insured value of the facility may not be indicative of amounts the Trustee may receive in exercising its remedies under the Lease. There is no assurance that the current level of value of the Leased Property will continue in the future and there is no guarantee that the Trustee will be able to sublease or otherwise sell or dispose of its leasehold interest in the Leased Property under the Site Lease in an amount equal to the amount of the outstanding Certificates.

Further, the Town Hall Site is subject to present and future zoning requirements or other land use regulations imposed by the Town. The Town Hall Site currently is zoned B (commercial) and is located within the downtown overlay. Future zoning changes could limit alternate uses of the Leased Property, which could make the Leased Property less attractive to potential users if the Trustee must sublease or otherwise sell or dispose of its leasehold interest in the Leased Property. Zoning and land use regulations in effect in the future may restrict the future uses of the Property. Should that occur, the Leased Property may have less value to third parties than the insured value would indicate. *There is no guarantee that the Trustee will be able to liquidate its interest in the Leased Property in an amount equal to the amount of the outstanding Certificates.*

Former Uses of Town Hall Site. The Town Hall portion of the Site was formerly used as a gas station and the Town is required to monitor and file periodic reports with the U.S. Environmental Protection Agency (the “EPA”) regarding a plume from a leaking underground storage tank located on the site. The Town has engaged a professional monitoring company to assist it in compliance with the EPA requirements and is up to date in its reporting. As of this date, no further remediation of the Town Hall portion of the Town Hall Site is required and if further remediation is required, the Town would remain responsible for the costs of any required remediation. However, should the EPA require further remediation in the future, it may be more difficult for the Trustee to sublease or otherwise dispose of the leasehold interest in the Leased Property.

### **Limited Duration of Site Lease**

The term of the Site Lease is 10 years longer than the term of the Certificates. Upon termination of the Lease for any reason (including the occurrence of an Event of Nonappropriation), the Trustee may assign its interest in the Site Lease and may foreclose through the courts on or sell, lease, sublease or otherwise liquidate or dispose of its interest in the Leased Property. The net proceeds received from those activities are to be applied to pay the Certificates. However, due to the limited term of the Site Lease, the Trustee may find it difficult or impossible to locate third parties that are interested in accepting an assignment of the Trustee’s rights in the Leased Property. Further, the limited term of the Site Lease may make it difficult or impossible for the Trustee to collect revenues over the remaining term of the Site Lease that are sufficient to pay the Certificates.

## **Enforceability of Remedies; Liquidation Delays**

Under the Lease and the Site Lease, the Trustee has the right to take possession of and dispose of the Trustee's leasehold interest in the Leased Property upon an Event of Nonappropriation or an Event of Lease Default and a termination of the Lease. However, the enforceability of the Lease is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, and the police powers of the Town, which may delay an action brought to enforce the remedy of the Trustee to take possession of the Leased Property or may delay repossession for an indefinite period, even though the Town may have terminated the Lease or be in default thereunder. As long as the Trustee is unable to take possession of the Leased Property or any other projects or property which may subsequently be approved in connection with the issuance of Additional Certificates, it will be unable to sublease or otherwise dispose of its leasehold interests in the Leased Property as permitted under the Site Lease and the Indenture or to redeem or pay the Certificates except from funds otherwise available to the Trustee under the Indenture. See "SECURITY FOR THE CERTIFICATES."

## **Effect of Termination on Exemption from Taxation and on Exemption from Registration**

Special Counsel has specifically disclaimed any opinion as to the effect that termination of the Lease may have upon the treatment for federal or State income tax purposes of amounts received by the registered owners of the Certificates. There is no assurance that any amounts representing interest received by the registered owners of the Certificates after termination of the Lease as a consequence of an Event of Nonappropriation or an Event of Default will be excluded from gross income under federal or State laws. In view of past private letter rulings by the United States Department of Treasury, registered owners of the Certificates should not assume that payments allocable to interest received from the Certificates would be excluded from gross income for federal or State income tax purposes.

In the event of a termination of the Town's obligations under the Lease, there is no assurance that Owners of Certificates would be able to transfer their interests without compliance with federal securities laws.

## **Condemnation Risk**

In the mid-1990's, the Town of Sheridan, Colorado ("Sheridan") exercised its eminent domain powers to acquire an administration building it previously had leased under an annually terminable lease purchase agreement. Sheridan sought to use its condemnation power to acquire the property at a fraction of the remaining lease payments (which would be paid to owners of certificates of participation in Sheridan's lease). Sheridan's condemnation suit was successful; however, Sheridan was unable to pay the court-determined amount representing the value of the property and eventually vacated the building in favor of the trustee. Sheridan eventually reached a settlement with the trustee and reacquired possession of the building from the trustee. Pursuant to this settlement, certificate holders reportedly received less than half of the amounts due them under the certificates. The Town considers the occurrence of a situation such as the one described above to be unlikely; however, there is no assurance that the Leased Property (or portions thereof) would not be condemned in the future.

## **Casualty Risk**

If all, substantially all, or any portion of the Leased Property is damaged or destroyed by any casualty, there is no assurance that casualty insurance proceeds and other available monies of the Town will be sufficient either to repair or replace the damaged or destroyed property or to pay all the outstanding Certificates, if the Certificates are called for mandatory redemption as a result of such casualty. See “THE CERTIFICATES--Redemption Provisions.” Although the Town believes its casualty insurance coverages are adequate, there is no assurance that such damage or destruction would not have a material adverse effect on the ability of the Town to make use of the Leased Property. Delays in the receipt of casualty insurance proceeds pertaining to the Leased Property or delays in the repair, restoration or replacement of property damaged or destroyed also could have an adverse effect upon the ability of the Town to make use of the Leased Property or upon its ability to make timely payment of rental payments under the Lease.

## **Insurance Risk**

The Lease requires that the Town provide casualty, public liability and property damage insurance for the Leased Property in an amount equal to the amounts specified in the Lease. The Town may provide such insurance through commercial policies or, in its discretion, through a qualified self-insurance pool. For a description of the insurance requirements related to the Leased Property (including requirements related to a qualified self-insurance pool), see Appendix B - Certain Definitions and Document Summaries--The Lease - Insurance. The Town currently maintains the insurance described in “THE TOWN--Insurance.” There is no assurance that, in the event the Lease is terminated as a result of damage to or destruction of the Leased Property, moneys made available by reason of any such occurrence will be sufficient to redeem the Certificates at a price equal to the principal amount thereof outstanding plus accrued interest to the redemption date. See “THE CERTIFICATES--Redemption Provisions.”

## **Future Changes in Laws**

Various State laws and constitutional provisions apply to the imposition, collection, and expenditure of sales taxes and other revenues, and the operation of the Town. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the Town and the imposition, collection, and expenditure of its revenues. Such changes could include, but are not limited to, future restrictions on real estate development and growth in the Town and State law changes in the items subject to sales taxes or exemptions therefrom.

## **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be

aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of Revenues available to pay Base Rentals and Additional Rentals under the Lease.

### **Secondary Market**

No assurance can be given concerning the future existence of a secondary market for the Certificates or its maintenance by the Underwriter or others, and prospective purchasers of the Certificates should therefore be prepared, if necessary, to hold their Certificates to maturity.

## SOURCES AND USES OF FUNDS

### Sources and Uses of Proceeds

The following are the estimated sources and uses of the proceeds of the Certificates:

#### Sources and Uses of Proceeds

	<u>Amount</u>
<u>Sources of Funds</u>	
Par amount of the Certificates .....	\$8,485,000
Plus: original issue premium .....	<u>1,467,716</u>
Total: .....	<u>\$9,952,716</u>
 <u>Uses of Proceeds</u>	
The Project .....	\$9,750,000
Costs of issuance (including Underwriter's discount) .....	<u>202,716</u>
Total: .....	<u>\$9,952,716</u>

Source: The Underwriter.

### The Project

The Project consists of the Town's purchase of a portion of a parking garage facility that is being constructed by a private developer pursuant to the Encore CR Downtown Redevelopment and Financing Agreement (the "Encore Agreement"), dated as of September 3, 2019, and amended as of November 5, 2019, between the Town and CD-Festival Commons, LLC ("CDFC"), which is the developer of the mixed-use project to be known as Encore CR ("Encore"). Encore is planned to include 124 for-sale condominium residential units and 27,000 square feet of retail/office space.

Pursuant to the Encore Agreement, CDFC, will construct a 601-space parking garage ("Parking Garage") on the site of the existing Town Hall parking lot. Upon completion of the Parking Garage, the Town will purchase 308 condominium parking spaces for public use for approximately 40% of the estimated \$24.2 million Parking Garage development cost, with the purchase price capped at \$9,750,000. At the time of the purchase of the condominium parking spaces, the Town will transfer title to the property on which the Project is located to CDFC; during construction the Town will lease the property to CDFC. The Parking Garage is currently expected to be complete by mid-2021.

CDFC will also construct a roundabout at South and Wilcox Streets and a pedestrian plaza between Town Hall and the Parking Garage. The Town is responsible for the design and construction costs for the roundabout. The Town will pay \$800,000 for the pedestrian plaza upon its completion and acceptance by the Town.

## THE CERTIFICATES

### General

The Certificates are issuable as fully registered certificates and initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the Certificates. Purchases by Beneficial Owners of the Certificates are to be made in book-entry only form. Payments to Beneficial Owners are to be made as described in “Book-Entry Only System” below. The Certificates are dated the date of their execution and delivery, and will mature on the dates and in the amounts and bear interest at the rates set forth on the inside cover page of this Official Statement.

### Payment Provisions

Except for any Certificates for which DTC is acting as Depository or for an Owner of \$1,000,000 or more in aggregate principal amount of Certificates, the principal of, premium, if any, and interest on all Certificates shall be payable to the Owner thereof at its address last appearing on the registration books maintained by the Trustee. In the case of any Certificates for which DTC is acting as Depository, the principal of, premium, if any, and interest on such Certificates shall be payable as directed in writing by the Depository. In the case of an Owner of \$1,000,000 or more in aggregate principal amount of Certificates, the principal of, premium, if any, and interest on such Certificates shall be payable by wire transfer of funds to a bank account designated by the Certificate Owner in written instructions to the Trustee.

Interest (based on a 360-day year consisting of twelve 30-day months) shall be paid to the Owner of each Certificate, as shown on the registration books kept by the Trustee, as of the close of business on the 15th day of the calendar month immediately preceding the Interest Payment Date, whether or not that day is a Business Day (the “Regular Record Date”), irrespective of any transfer of ownership of Certificates subsequent to the Regular Record Date and prior to such Interest Payment Date, or on a special record date, which shall be fixed by the Trustee for such purpose, irrespective of any transfer of ownership of Certificates subsequent to such special record date and prior to the date fixed by the Trustee for the payment of such interest. Notice of the special record date and of the date fixed for the payment of such interest shall be given by providing a copy thereof by electronic means or first class mail postage prepaid at least ten (10) days prior to the special record date, to the Owner of each Certificate upon which interest will be paid, determined as of the close of business on the day preceding the giving of such notice.

Notwithstanding the foregoing, payments of the principal of and interest on the 2020 Certificates will be made directly to DTC or its nominee, Cede & Co., by the Trustee, so long as DTC or Cede & Co. is the registered owner (the “Owner”) of the Certificates. Disbursement of such payments to DTC’s Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and the Indirect Participants, as more fully described herein. See “Book-Entry Only System” below.

### Redemption Provisions

Optional Redemption. The Certificates are subject to redemption prior to their respective maturities, at the option of the Town, in whole or in part, in integral multiples of

\$5,000, and if in part in such order of maturities as the Town shall determine and by lot within a maturity, on December 1, 2030, or on any date thereafter at a redemption price equal to the principal amount of the Certificates so redeemed plus accrued interest to the redemption date, without a premium.

Mandatory Sinking Fund Redemption. The Certificates maturing on December 1, 2040, and December 1, 2048 (“Term Certificates”), are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof plus accrued interest thereon to the redemption date. Term Certificates are to be selected by lot in such manner as the Town shall determine (giving proportionate weight to Certificates in denominations larger than \$5,000).

As a sinking fund for the redemption of the Term Certificates maturing December 1, 2040, there shall be redeemed (after any credits as described below) from amounts on deposit in the Base Rentals Fund on the following dates the following principal amounts of the Term Certificates maturing December 1, 2040:

Redemption Date (December 1)	Principal Amount
2036	\$585,000
2037	655,000
2038	680,000
2039	760,000
2040 (maturity)	345,000

As a sinking fund for the redemption of the Term Certificates maturing December 1, 2048, there shall be redeemed (after any credits as described below) from amounts on deposit in the Base Rentals Fund on the following dates the following principal amounts of Term Certificates maturing December 1, 2048:

Redemption Date (December 1)	Principal Amount
2041	\$380,000
2042	400,000
2043	440,000
2044	465,000
2045	510,000
2046	535,000
2047	585,000
2048 (maturity)	615,000

On or before the 30th day prior to each sinking fund payment date, the Trustee shall proceed to call the Term Certificates indicated above (or any Term Certificate or Certificates issued to replace such Term Certificates) for redemption from the sinking fund on the next December 1, as the case may be, and give notice of such call without other instruction or notice from the Town. The amount of each sinking fund installment may be reduced by the principal amount of any Term Certificates of the maturity and interest rate which are subject to sinking fund redemption on such date and which prior to such date have been redeemed (otherwise than through the operation of the sinking fund) or otherwise canceled and not



theretofore applied as a credit against a sinking fund installment. Such reductions, if any, shall be applied in such year or years as may be determined by the Town.

Extraordinary Mandatory Redemption. If the Lease is terminated by reason of the occurrence of (a) an Event of Nonappropriation, (b) an Event of Lease Default, or (c) (1) the Leased Property is damaged or destroyed in whole or in part by fire or other casualty, or (2) title to, or the temporary or permanent use of, the Leased Property has been taken by eminent domain by any governmental body or (3) breach of warranty or any material defect with respect to the Leased Property becomes apparent or (4) title to or the use of all or the Leased Property is lost by reason of a defect in title thereto, and the Net Proceeds of any insurance, performance bond or condemnation award, or Net Proceeds received as a consequence of defaults under contracts relating to the Leased Property, made available by reason of such occurrences, shall be insufficient to pay in full, the cost of repairing or replacing the Leased Property, and the Town does not appropriate sufficient funds for such purpose or cause the Lease to be amended in order that Additional Certificates may be executed and delivered pursuant to the Indenture for such purpose, the Certificates are required to be called for redemption at the request of the Owners of a majority in aggregate principal amount of the Certificates Outstanding. If called for redemption, the Certificates are to be redeemed in whole on such date or dates as the Trustee may determine, for a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date (subject to the availability of funds as described below).

If the Net Proceeds, including the Net Proceeds from the exercise of any Lease Remedy under the Lease, otherwise received and other moneys then available under the Indenture are insufficient to pay in full the principal of and accrued interest on all Outstanding Certificates, the Trustee may, or at the request of the Owners of a majority in aggregate principal amount of the Certificates Outstanding, and upon indemnification as to costs and expenses as provided in the Indenture, without any further demand or notice, shall, exercise all or any combination of Lease Remedies as provided in the Lease and the Certificates are to be redeemed by the Trustee from the Net Proceeds resulting from the exercise of such Lease Remedies and all other moneys, if any, then on hand and being held by the Trustee for the Owners of the Certificates.

If the Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are insufficient to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys shall be allocated proportionately among the Certificates, according to the principal amount thereof Outstanding. In the event that such Net Proceeds resulting from the exercise of such Lease Remedies and other moneys are in excess of the amount required to redeem the Certificates at 100% of the principal amount thereof plus interest accrued to the redemption date, then such excess moneys shall be paid to the Town as an overpayment of the Purchase Option Price. Prior to any distribution of the Net Proceeds resulting from the exercise of any of such remedies, the Trustee shall be entitled to payment of its reasonable and customary fees for all services rendered in connection with such disposition, as well as reimbursement for all reasonable costs and expenses, including attorneys' fees, incurred thereby, from proceeds resulting from the exercise of such Lease Remedies and other moneys.

IF THE CERTIFICATES (INCLUDING ANY ADDITIONAL CERTIFICATES)  
ARE REDEEMED FOR AN AMOUNT LESS THAN THE AGGREGATE PRINCIPAL

AMOUNT THEREOF PLUS INTEREST ACCRUED TO THE REDEMPTION DATE, SUCH PARTIAL PAYMENT IS DEEMED TO CONSTITUTE A REDEMPTION IN FULL OF THE CERTIFICATES, AND UPON SUCH A PARTIAL PAYMENT NO OWNER OF SUCH CERTIFICATES, SHALL HAVE ANY FURTHER CLAIM FOR PAYMENT AGAINST THE TRUSTEE OR THE TOWN.

Notice of Redemption. Whenever Certificates are to be redeemed, the Trustee is required to, not less than thirty (30) and not more than sixty (60) days prior to the redemption date (except for Extraordinary Mandatory Redemption notice which is required to be immediate), mail notice of redemption to all Owners of all Certificates to be redeemed at their registered addresses, by first class mail, postage prepaid, or in the event that the Certificates to be redeemed are registered in the name of the Depository, such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Depository. In addition, the Trustee shall at all reasonable times make available to the Town and any Certificate Owner, including the Depository, if applicable, information as to Certificates which have been redeemed or called for redemption. Any notice of redemption is to (1) identify the Certificates to be redeemed, (2) specify the redemption date and the redemption price, (3) in the event of optional redemption, state that the Town has given notice of its intent to exercise its option to purchase or prepay Base Rentals under the Lease, (4) state that such redemption is subject to the deposit of the funds related to such option by the Town on or before the stated redemption date and (5) state that on the redemption date the Certificates called for redemption will be payable at the corporate trust office of the Trustee and that from that date interest will cease to accrue. The Trustee may use "CUSIP" numbers in notices of redemption as a convenience to Certificates Owners, provided that any such notice is required to state that no representation is made as to the correctness of such numbers either as printed on the Certificates or as contained in any notice of redemption and that reliance may be placed only on the identification numbers containing the prefix established under the Indenture.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Certificates so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Certificates called for redemption in the same manner as the original redemption notice was given.

### **Tax Covenants**

The Town covenants for the benefit of the owners of the Certificates that it will not take any action or omit to take any action with respect to the Certificates, the proceeds thereof, any other funds of the Town or any facilities financed or refinanced with the proceeds of the Certificates (except for the possible exercise of the Town's right to terminate the Lease as provided therein) if such action or omission (i) would cause the interest on the Certificates to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Certificates to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, or (iii) would cause interest on the Certificates to lose its exclusion from Colorado taxable income or to lose its exclusion from Colorado alternative minimum taxable income under present Colorado law. Subject to the Town's right to terminate the Lease, the foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the Certificates, until the

date on which all obligations of the Town in fulfilling the above covenant under the Tax Code and Colorado law have been met.

In addition, the Town has covenanted in the Lease that its direction of investments pursuant to the Indenture shall be in compliance with the procedures established by the Tax Certificate entered into by the Town with respect to the Lease (the "Tax Certificate") to the extent required to comply with its covenants described in the previous paragraph. The Town hereby agreed that, to the extent necessary, it will, during the Lease Term, pay to the Trustee such sums as are required for the Trustee to pay the amounts due and owing to the United States Treasury as rebate payments. Any such payment shall be accompanied by directions to the Trustee to pay such amounts to the United States Treasury. Any payment of Town moneys pursuant to the foregoing sentence shall be Additional Rentals for all purposes of the Lease.

### **Book-Entry Only System**

The Certificates will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the Certificates. The ownership of one fully registered Certificate for each maturity as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C--Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE CERTIFICATES, REFERENCES IN THIS OFFICIAL STATEMENT TO THE OWNERS OR REGISTERED OWNERS OF THE CERTIFICATES WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the Town nor the Trustee will have any responsibility or obligation to DTC's Participants or Indirect Participants, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the DTC Participants, the Indirect Participants or the beneficial owners of the Certificates as further described in Appendix C to this Official Statement.

## BASE RENTALS SCHEDULE

The following table sets forth the schedule of Base Rentals due pursuant to the Lease in each year, including the Principal Component and the Interest Component. See “CURRENT SOURCES OF AVAILABLE REVENUES--Existing Sales and Use Tax Agreements,” and “DEBT STRUCTURE--Other Obligations” for a description of the obligations that are currently payable from legally available revenues of the Town.

### Schedule of Base Rentals(1)(2)

Calendar <u>Year</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Base Rentals</u>
2021	--	\$ 389,367	\$ 389,367
2022	--	339,400	339,400
2023	--	339,400	339,400
2024	--	339,400	339,400
2025	--	339,400	339,400
2026	--	339,400	339,400
2027	--	339,400	339,400
2028	--	339,400	339,400
2029	--	339,400	339,400
2030	--	339,400	339,400
2031	--	339,400	339,400
2032	--	339,400	339,400
2033	\$ 475,000	339,400	814,400
2034	495,000	320,400	815,400
2035	560,000	300,600	860,600
2036	585,000	278,200	863,200
2037	655,000	254,800	909,800
2038	680,000	228,600	908,600
2039	760,000	201,400	961,400
2040	345,000	171,000	516,000
2041	380,000	157,200	537,200
2042	400,000	142,000	542,000
2043	440,000	126,000	566,000
2044	465,000	108,400	573,400
2045	510,000	89,800	599,800
2046	535,000	69,400	604,400
2047	585,000	48,000	633,000
2048	615,000	24,600	639,600
Total	\$8,485,000	\$6,982,567	\$15,467,567

(1) Totals may not add due to rounding.

(2) The Base Rentals are due semi-annually on May 15 and November 15 of each year that the Lease remains in effect. The Trustee will use the Base Rentals to pay the principal and interest due on the Certificates on June 1 and December 1 of each year.

Source: The Underwriter.

## SECURITY FOR THE CERTIFICATES

### General

Each Certificate evidences a proportionate interest in the right to receive certain designated Revenues, including Base Rentals, under and as defined in the Lease and the Indenture. Under the Site Lease, the Leased Property has been leased by the Town to the Trustee, and under the Lease, the Leased Property has been leased by the Trustee back to the Town and the Town has agreed to pay directly to the Trustee, Base Rentals in consideration of the Town's right to possess and use the Leased Property. Certain Revenues, including Base Rentals, are required under the Indenture to be distributed by the Trustee for the payment of the Certificates and interest thereon.

The Lease is subject to annual appropriation, non-renewal and, in turn, termination by the Town. The execution and delivery of the Certificates does not directly or contingently obligate the Town to make any payments beyond those appropriated for the Town's then current Fiscal Year. As more fully described under the caption "CERTAIN RISK FACTORS," the Lease is subject to renewal on an annual basis at the option of the Town. The Lease Term and the schedule of payments of Base Rentals are designed to produce moneys sufficient to pay the Certificates and interest thereon when due (if the Town elects not to terminate the Lease prior to the end of the Lease Term).

The Certificates shall not constitute a mandatory charge or requirement of the Town in any ensuing Fiscal Year beyond the current Fiscal Year, and shall not constitute or give rise to a general obligation or other indebtedness of the Town or a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the Town, within the meaning of any constitutional, home rule charter or statutory debt provision or limitation. No provision of the Certificates shall be construed or interpreted as creating a delegation of governmental powers nor as a donation by or a lending of the credit of the Town within the meaning of Sections 1 or 2 of Article XI of the Colorado Constitution. The execution and delivery of the Certificates shall not directly or indirectly obligate the Town to renew the Lease from Fiscal Year to Fiscal Year or to make any payments beyond those appropriated for the Town's then current Fiscal Year. Base Rentals and Additional Rentals may be paid from any lawfully available Town monies appropriated for that purpose. See "TOWN FINANCIAL INFORMATION."

In the event of termination of the Town's obligations under the Lease upon the occurrence of an Event of Nonappropriation or an Event of Lease Default, the Town is required to vacate and surrender the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation or an Event of Lease Default has occurred. If an Event of Lease Default shall have occurred and remain uncured, the Trustee may take any of the following actions: (i) terminate the Lease Term and give notice to the Town to vacate and surrender possession of the Leased Property which vacation and surrender the Town agrees under the Lease to complete within sixty (60) days from the date of such notice; (ii) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property; (iii) recover from the Town (a) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable under the Lease, during any period in which the Town continues to occupy, use or possess the Leased Property; and (b) Base Rentals and Additional Rentals, for which a specific Appropriation has

been effected by the Town for such purpose, which would otherwise have been payable by the Town under the Lease during the remainder, after the Town vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs; or (v) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture. In the event the Town does not vacate and surrender possession on the termination date, the “holdover tenant” provisions of the Lease shall apply.

### **Additional Certificates**

So long as no Event of Indenture Default, Event of Nonappropriation or Event of Lease Default has occurred and is continuing and the Lease Term is in effect, one or more series of Additional Certificates may be executed and delivered upon the terms and conditions set forth in the Indenture. The principal of any Additional Certificates shall mature on December 1 and the interest payment dates therefore shall be the same as the interest payment dates for the Certificates; otherwise the times and amounts of payment of Additional Certificates shall be as provided in the supplemental ordinance or indenture and amendment to the Lease entered into in connection therewith.

Additional Certificates may be executed and delivered without the consent of or notice to the Owners of Outstanding Certificates, to provide moneys to pay any one or more of the following:

(a) the costs of acquiring, constructing, improving, installing and equipping any additional improvements or capital projects of the Town, or a New Facility, or of acquiring a Site for any capital projects or New Facility (and costs reasonably related thereto);

(b) the costs of completing the Project or making, at any time or from time to time, such substitutions, additions, modifications and improvements for or to the Leased Property as the Town may deem necessary or desirable, and as in accordance with the provisions of the Lease; or

(c) for the purpose of refunding or refinancing all or any portion of Outstanding Certificates.

Each of the Additional Certificates issued pursuant to the Indenture will evidence a proportionate interest in the rights to receive Revenues under the Indenture and shall be ratably secured with all Outstanding Certificates and in respect of all Revenues, and shall be ranked *pari passu* with such Outstanding Certificates and with Additional Certificates that may be executed and delivered in the future, if any.

For additional information on the issuance of Additional Certificates, see Appendix B - Certain Definitions and Document Summaries - Additional Certificates.

## **CURRENT SOURCES OF AVAILABLE REVENUE**

### **General**

Although no particular funds or sources of revenue are pledged to make payments under the Lease, the Town currently intends to budget, appropriate and pay the Base Rentals (and Additional Rentals, if any) allocable to the Certificates from the General Fund. Notwithstanding the foregoing, such Base Rentals and Additional Rentals may be budgeted, appropriated and paid from any of the Town's available funds in the future.

The Town's overall financial operations, budgeting process and information and historical General Fund financial statement comparisons are discussed in "TOWN FINANCIAL INFORMATION."

### **Major Sources of General Fund Revenues**

Sales and Use Tax. The Town imposes the Sales and Use Tax at a rate of 4%. The revenues derived from the Sales and Use Tax imposed at a rate of 1.35% is limited to transportation uses and pledged to the payment of certain outstanding Town bonds. The revenues from the remaining 2.65% Sales and Use Tax constitute legally available revenues, subject to certain existing commitments described herein.

The Town also receives sales and use tax revenue from the County shareback, which is discussed in more detail in "Existing Sales and Use Tax Agreements" below. However, the County shareback can only be used for transportation purposes and does not constitute legally available revenues.

Sales Tax revenues comprise the majority of the Town's General Fund revenues, accounting for approximately 64.1% of General Fund revenues in fiscal year 2019; Use Tax (including building materials use tax and motor vehicle use tax) comprised another 10.6% of General Fund revenues in 2019. The Sales and Use Tax is described in more detail below.

Other General Fund Revenues. Other sources of revenue in the General Fund include: property taxes; other taxes; license and permit revenues; intergovernmental revenues; charges for services; management fees; fines and forfeits; investment income; contributions; management fees for services provided to enterprise funds; and miscellaneous other income.

### **Collection and Enforcement of the Town Sales and Use Tax**

The following discussion includes information with respect to the imposition, collection and administration of the Town's Sales Tax.

Authority for Imposition of Sales Tax. The Sales and Use Tax, which became effective on January 1, 1977, was initially imposed pursuant to State law. The Town adopted its Charter in 1987 and the Sales and Use Tax is currently imposed pursuant to authority granted by the Charter. The Charter provides that the Town may levy and collect taxes, including sales and use taxes, for municipal purposes. No increase in the Town's Sales and Use Tax, or extension of the period for which a temporary rate increase is effective, may take effect until approved by a majority of the Town's registered electors voting thereon.

The Town's Sales and Use Tax was levied at the rate of 1.0% from 1977 through December 31, 1986 and at the rate of 2.0% from January 1, 1987 to June 30, 1988. From July 1, 1988, to December 31, 1989, the Sales and Use Tax was levied at the rate of 3% and as of January 1, 1990, the rate was increased to 4%. Due to the expiration of the Town's authority to levy a portion of its Sales and Use Tax, the Sales and Use Tax rate was reduced to 3.25% for the period from January 1, 1991 to December 31, 1994, and thereafter was increased to 4.0%. For the period from January 1, 1996, through December 31, 2010, the Town reduced its Sales and Use Tax rate by 0.4% pursuant to a prior County shareback agreement; however, the Town increased the rate to 4.0% effective January 1, 2011, upon expiration of that agreement. The initial imposition of the Sales and Use Tax and the subsequent increases were all approved by the Town's electors.

Required Allocations of Sales and Use Tax Revenue. The Town currently imposes a sales tax (the "Sales Tax") and a Use Tax (comprised of a use tax on vehicles (the "Vehicle Use Tax") and a use tax on building materials (the "Building Use Tax")). The Code currently requires the Town to deposit various portions of the Sales and Use Tax into specified funds according to the appropriation set annually by the Town Council. The appropriation must be made in accordance with various voter approvals for sales and use tax distribution, including amounts to be used for transportation purposes and recreation purposes. In addition to the amounts described below, all of the revenues from the County shareback are to be deposited into the Transportation Fund.

As of January 1, 2020, the required deposits are as follows (each number is expressed in cents). However, as described above, the allocation of the Town's Sales and Use Taxes may be changed each year by the Town Council.

<u>Fund</u>	<u>Sales Tax</u>	<u>Vehicle Use Tax</u>	<u>Residential Building Use Tax</u>	<u>Commercial Building Use Tax</u>
General	2.81	2.44	--	--
Transportation	0.98	1.32	1.45	--
Transportation Capital Projects	--	--	1.31	--
Community Center	0.21	0.24	0.22	--
Economic Development	--	--	--	4.0
General Long Term Planning	--	--	1.02	--

Notwithstanding the foregoing, the Code specifically states that the payment of any bonds and the deposits required in connection with such bonds shall occur prior to the deposits discussed above. The payment of Base Rentals under the Lease *does not* enjoy protection described in the prior sentence.

Overlapping Sales Taxes. The total sales and use tax currently in effect within the majority of the Town's boundaries is 7.9%, comprised of the Town Sales and Use Tax of 4.0%, the State's 2.9% sales and use tax, and the County's 1.0% sales and use tax.

Sales Tax. Pursuant to the Code, with certain exceptions discussed in the next paragraph, the Sales Tax is imposed upon all sales and purchases of tangible personal property at retail or the furnishing of services which are subject to the State sales tax as provided in Section 39-26-104, C.R.S. Generally, purchases and sales in the Town also are subject to the same exemptions applicable to the State sales tax.



In accordance with the Code, the Sales Tax is collected and paid on the purchase price paid or charged upon all sales and purchases of tangible property at retail and on specific services. Taxable transactions generally include sales and exchanges of property as well as the sale of tangible personal property (including vehicles) for money. Specific services subject to the Sales Tax include but are not limited to: telephone and telegraph services (except that mobile telecommunications is subject to the provisions of the federal Mobile Telecommunications Sourcing Act and certain taxable transactions may be limited to intrastate calls), gas, electric, and steam services; food or drink served or furnished in or by restaurants, cafes, cafeterias, hotels, night clubs, snack bars, carry out shops and other like places of business at which prepared food or drink is regularly sold; and the transaction of furnishing accommodations. Pursuant to the Code, purchases of food and electricity, natural gas and other fuels for residential use are specifically included as taxable transactions.

The Code also provides that certain transactions are exempt from taxation as specified in Section 39-26-114, C.R.S. These include, but are not limited to: sales to the United States government and to the State, its departments and institutions, and the political subdivisions of the State in their governmental capacities; sales to charitable organizations in the conduct of their charitable functions and activities; sales which the Town is prohibited from taxing under the Constitution or laws of the United States or the State; sales of cigarettes; sales of prescription drugs, prosthetic devices, wheelchairs, hospital beds, corrective eyewear, hearing aids and certain physician-recommended therapeutic devices and appliances; sales of commodities and services to the occupants of certain accommodations; sales to nonprofit schools; sales of trailers and trucks manufactured in the State but sold for use outside the State; sales of construction and building materials to a common carrier by rail for use in construction and maintenance of its railroad tracks; sales of special fuel for farm vehicles; sales of certain articles to retailers or vendors of food, meals or beverages, including bags and other containers, if a separate charge is not made to the consumer thereof and a tax is paid on such food, meal or beverage; sales of aircraft used or purchased for use in interstate commerce by a commercial airline; sales of tangible personal property that is to be permanently affixed or attached as a component part of an aircraft; sales of certain poultry and livestock, feed therefor and straw and other bedding for use in the care thereof; seeds and orchard trees; and 48% of the purchase price of factory-built housing. Reference is made to Section 39-26-114, C.R.S., for a more complete listing of exemptions from the Sales Tax. In addition, pursuant to the Code, purchases of machinery and machine tools and occasional sales by charitable organizations are specifically exempted from taxation. Sales of property on which a specific ownership tax has been paid (or is payable) also are exempt pursuant to the Code if the purchaser is a non-resident or has its place of business outside the Town and the personal property purchased is registered or required to be registered outside the limits of the Town pursuant to State law.

Use Tax. The Town's Use Tax is collected for the privilege of storing, using or consuming in the Town any construction and building materials and motor or other vehicles on which registration is required, purchased at retail, and in accordance with Article 2, Title 39, C.R.S. Transactions which are exempt from the imposition of the Use Tax include the storage, use or consumption of: (a) any tangible personal property the sale of which is subject to the retail sales tax imposed by the Town; (b) any tangible personal property purchased for resale in the Town, either in its original form or as an ingredient of a manufactured or compounded product, in the regular course of a business; (c) any tangible personal property brought into the Town by a nonresident thereof for his own storage, use or consumption while temporarily within the Town; (d) tangible personal property by the United States government, or the State of Colorado, or its

institutions, or its political subdivisions in their governmental capacities only, or by religious or charitable corporations in the conduct of their regular religious or charitable functions; (e) tangible personal property by a person engaged in the business of manufacturing or compounding for sale, profit or use, any article, substance or commodity, which tangible personal property enters into the processing of or becomes an ingredient or component part of the product or service which is manufactured, compounded or furnished and the container, label or the furnished shipping case thereof; (f) any article of tangible personal property, the sale or use of which has already been subject to a sales or use tax of another county, city or Town equal to or in excess of that imposed by the Town; (g) tangible personal property and household effects acquired outside the Town and brought into it by a nonresident acquiring residency; (h) a motor vehicle if the owner is or was, at the time of purchase, a nonresident of the Town, and he or she purchased the vehicle outside of the Town, for use outside the Town and actually so used it for a substantial and primary purpose for which it was acquired and he or she registered, titled and licensed the motor vehicle outside the Town; (i) any construction and building materials and motor and other vehicles on which registration is required, if a written contract for the purchase thereof was entered into prior to the effective date of Article 2; (j) any construction and building materials required or made necessary in the performance of any construction contract bid, let or entered into any time prior to January 1, 1977.

### **Collection of the Town Sales and Use Tax**

General. Collection of the Town Sales and Use Tax is administered by the Town's Finance Director pursuant to the provisions of the Code. Any retailer engaged in the business of selling at retail must first obtain a Town license. The Town's Finance Director states that the Town currently has 4,910 active sales and use tax licenses.

Collection of Sales Tax. Each individual vendor in the Town is liable for the amount of tax due on all taxable sales made by him. Before the 20th day of each month, each vendor must file a return with the Town for the preceding month and remit an amount equivalent to 4.0% of all sales made by him of commodities or services as defined in the Sales and Use Tax Code, less an amount equal to 3.33% of such tax (not to exceed \$200 per month) to cover the retailers' expense in the collection and remittance of the tax. If a vendor is delinquent in remitting the tax the vendor will not be allowed to retain any amounts to cover his expenses. If less than \$300 in tax will be remitted each month, quarterly filing status will be granted. Annual filing status may be granted if monthly tax is \$10 or less or at the discretion of the Finance Director.

Collection of Use Tax. Use Taxes are imposed on the privilege of storing, using, distributing or otherwise consuming in the Town any construction and building materials and motor or other vehicles on which registration is required, purchased at retail, and in accordance with Article 2, title 39, C.R.S. Use Tax is collected from two major sources: (1) purchases of construction materials and (2) purchases of motor vehicles. Any person purchasing an automobile outside the Town limits must pay the Use Tax prior to registering or licensing the vehicle. As a practical matter, the County will not license vehicles without the payment of Use Tax, which is then transmitted to the Town. With respect to construction materials, the Code requires that Use Tax (calculated against an amount equal to 50% of the value for permit purposes) be paid to the Town upon the issuance of a building permit.

Enforcement and Collection. The Town enforces the collection of the Town Sales and Use Tax through an audit program by which the Town may hold investigations and hearings and may examine any books relevant to the collection of the tax. Interest on insufficient or delinquent returns is imposed at a rate of 1.5% per month. Failure to file a required return results in a \$10 non-filer charge for each required return. The failure to file a return or to pay the tax, or a deficiency in any payment, will cause an additional assessment to be levied upon the vendor. A penalty of 15% is added to any deficient amounts due which are caused by negligence or intentional disregard with knowledge thereof but without intent to defraud. A penalty of 100% of the deficiency is added to amounts due which are caused by fraud. Special penalties apply for repeat enforcement procedures.

To enforce the collection of the Town Sales and Use Tax, the Town employs a six-member collection and auditing staff consisting of the Revenue Manager, a Sales Tax Specialist, two Sales Tax Auditors, a Building Use Tax Auditor, and a Senior Customer Service Representative. A business is chosen for a sales tax audit due to an error in filing, inconsistent tax remittance, auditor investigation and invoices or receipts received from taxpayers. Companies to audit are also identified through “reverse audits,” which means that an auditor finds incorrectly billed invoices or receipts in an audit and those invoices are used to begin an audit on a different company. Audits are not chosen at random.

Once a company has been chosen for audit, an audit engagement letter is sent to the company. From there, after the first contact is made, an audit conformation letter is sent out detailing the phone conversation and what was agreed to, such as the audit period, sample dates, and where to perform the audit. The agreed-upon tax records are then examined and any questions concerning the audit are answered. Once any disputes are settled, a written report detailing what was reviewed and determined is sent to the taxpayer and the audit payment amount and due date are set.

Audits can be performed on a company every three years as stated in the Town ordinances. After an audit has been completed, the auditor will review future returns to see if the changes have been made. If changes are not made, the company will most likely be contacted for another audit when feasible.

Penalties for Failure to Pay Sales and Use Tax. If any person neglects or refuses to make a return or pay taxes as required by the Town, the Town makes an estimate of the amount of taxes due and adds the applicable penalties and interest. The Town gives the delinquent taxpayer written notice of such estimated taxes, penalty, and interest (currently being waived due to COVID-19), in person or by mail. Such estimate thereupon becomes an assessment, and such assessment is final and due and payable 15 days from the date of service or mailing. However, within the 15-day period said delinquent taxpayer may petition the Finance Director for a revision or modification of such assessment. If the vendor is dissatisfied with the Finance Director’s decision, the taxpayer may petition the courts for a review of the decision.

The imposition of the Town’s Sales and Use Tax creates a first and prior lien on the goods and business fixtures of or used by any retailer under lease, title, retaining contract, or other contract arrangement, excepting stock of goods sold or for resale in the ordinary course of business, and takes precedence on all such property over other liens or claims of whatever kind or nature.

Remedies. If there is any violation of the Code, the Town may file a complaint and summons to appear in municipal court; violations are punishable by a fine or imprisonment or both. In addition, at any time when taxes due are unpaid, the Town may issue a warrant directed to any duly authorized revenue collector or to any sheriff of any county in the state commanding him to levy upon, seize, and sell sufficient of the real and personal property of the delinquent taxpayer found within such county for the payment of the amount due, together with interest, penalties and costs, subject to valid pre-existing claims or liens. Any lien for such taxes, upon payment of all taxes, penalties, and interest covered thereby, is released in the same manner as mortgages or judgments.

With the exception of cases of failure to file a return or cases of a false or fraudulent return with intent to evade the tax, the assessment and collection of the Town Sales and Use Tax (and the filing of a lien pursuant to the Code) is subject to a limitation period of three years after the date on which the tax was or is payable, as more specifically set forth in the Code.

### **Sales and Use Tax Collection Data**

Historical Sales and Use Tax Revenue Collection. The Town generally receives Sales Tax revenues in the month after the underlying sale is made. However, there is a two-month lag between the underlying sale and the Town's receipt of shareback Sales Tax revenues from the County. The State collects the County's sales taxes. Because of the administrative time lag involved in collecting and recording the remittances of individual vendors, the County receives monthly distributions approximately two months after the revenues are generated and then forwards them to the Town. The Town collects its own Building Material Use Tax and also collects the County shareback Use Tax on behalf of the County (and retains it); as a result, there is no delay in the receipt of Building Material Use Tax revenues. The County collects the Motor Vehicle Use Tax for itself and on behalf of the Town and as a result, there is a one-month lag between collection and the Town's receipt of the funds.

The following table sets forth the history of the Town's total Sales and Use Tax collections. Amounts in the table reflect collection of the entire Town Sales and Use Tax at a rate of 4.0% as well as amounts received from the County shareback (at a rate of 0.3%). These amounts include revenues that are pledged to outstanding sales tax bonds and County shareback amounts that are required to be used for transportation purposes. Accordingly, not all of the revenues shown in this table are legally available to pay Base Rentals under the Lease. See "CURRENT SOURCES OF AVAILABLE REVENUES-- History of Revenues, Expenditures and Changes in Fund Balances" for a depiction of the revenues deposited into the General Fund.

This history is presented on an accrual basis; accordingly, revenues are recorded in the month in which the underlying sale was made rather than in the month the revenue is collected from the taxpayer.

### History of Sales and Use Tax Collections(1)

<u>Year</u>	General Fund		General Fund		General Fund	
	<u>Sales Tax</u>	<u>Percent</u>	<u>Use Tax</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>
	<u>Collections</u>	<u>Increase</u>	<u>Collections</u>	<u>Change</u>	<u>Sales and Use</u>	<u>Increase</u>
					<u>Tax Collections</u>	
2015	\$40,476,326	-	\$11,296,843	-	\$51,773,169	-
2016	43,742,356	8.1%	14,478,791	28.2%	58,221,147	12.5%
2017	47,732,084	9.1	14,401,689	(0.1)	62,133,773	6.7
2018	51,064,615	7.0	16,492,382	14.5	67,556,997	8.7
2019	53,320,475	4.4	16,456,773	0.0	69,777,248	3.3
2020(2)	25,256,728		7,052,162		32,308,890	

(1) Reflects Sales and Use Tax at a rate of 4.0% and County shareback at a rate of 0.3%.

(2) Through June 30, 2020. County shareback for June 2020 has not been received.

Source: The Town.

The following tables present a comparison between monthly Sales Tax receipts (including the County shareback) and monthly Use Tax receipts for the twelve-month periods ending June 30, 2020 and 2019. These tables are presented on an accrual basis; accordingly, revenues are accounted for in the month of the underlying sale rather than in the month the revenues are actually received by the Town.

As of June 30, 2020, the Town had experienced a 6.3% increase in Sales Tax revenues and a 3.5% reduction in Use Tax revenues as compared to the same twelve-month period for the previous year. See “Finance Director’s Summary of Material Trends in Town Sales and Use Tax Collections,” for further information regarding historical levels of Town Sales and Use Tax collections.

### Comparison of Monthly Sales Tax Collections(1)

<u>Month</u>	Twelve-Month Period		Twelve-Month Period		Percent Change	
	<u>Ending June 30, 2020</u>		<u>Ending June 30, 2019</u>			
	<u>Current</u>	<u>Year</u>	<u>Current</u>	<u>Year</u>	<u>Current</u>	<u>Cumulative</u>
	<u>Month</u>	<u>To Date</u>	<u>Month</u>	<u>To Date</u>	<u>Month</u>	<u>Cumulative</u>
July	\$5,390,885	\$5,390,885	\$4,686,552	\$4,686,552	15.0%	15.0%
August	4,716,269	10,107,154	4,206,865	8,893,417	12.1	13.7
September	4,526,566	14,633,720	4,491,617	13,385,034	0.8	9.3
October	4,522,695	19,156,415	4,230,174	17,615,208	6.9	8.8
November	3,705,787	22,862,202	4,304,079	21,919,287	(13.9)	4.3
December	7,022,712	29,884,914	6,534,596	28,453,883	7.5	5.0
January	2,792,428	32,677,342	2,614,654	31,068,537	6.8	5.2
February	4,669,348	37,346,690	3,225,890	34,294,427	44.7	8.9
March	4,316,368	41,663,058	4,591,708	38,886,135	(6.0)	7.1
April	3,846,154	45,509,212	3,903,531	42,789,666	(1.5)	6.4
May	4,433,204	49,942,416	4,392,018	47,181,684	0.9	5.9
June <sup>(2)</sup>	5,199,226	55,141,642	4,707,760	51,889,444	10.4	6.3

(1) Table presented on an accrual basis.

(2) The Town has not received the proceeds of the Sales Tax Shareback for June 2020.

Source: The Town (Unaudited).

### Comparison of Monthly Use Tax Collections(1)

<u>Month</u>	<u>Twelve-Month Period Ending June 30, 2020</u>		<u>Twelve-Month Period Ending June 30, 2019</u>		<u>Percent Change</u>	
	<u>Current Month</u>	<u>Year To Date</u>	<u>Current Month</u>	<u>Year To Date</u>	<u>Current Month</u>	<u>Cumulative</u>
July	\$1,671,436	\$ 1,671,436	\$1,666,076	\$ 1,666,076	0.3%	0.3%
August	1,430,722	3,102,158	1,394,998	3,061,074	2.6	1.3
September	1,419,266	4,521,424	1,647,649	4,708,723	(13.9)	(4.0)
October	1,665,973	6,187,397	1,197,704	5,906,427	39.1	4.8
November	941,357	7,128,754	1,152,458	7,058,885	(18.3)	1.0
December	1,292,593	8,421,347	932,446	7,991,331	38.6	5.4
January	1,313,417	9,734,764	1,074,916	9,066,247	22.2	7.4
February	1,266,302	11,001,066	1,116,347	10,182,594	13.4	8.0
March	1,602,600	12,603,666	1,375,149	11,557,743	16.5	9.0
April	907,137	13,510,803	1,471,775	13,029,518	(38.4)	3.7
May	1,229,088	14,739,891	1,598,529	14,628,047	(23.1)	0.8
June	733,618	15,473,509	1,398,710	16,026,757	(47.6)	(3.5)

(1) Table presented on an accrual basis.

Source: The Town (Unaudited).

### **Principal Sales Tax Generators**

Because of the confidential nature of the gross sales of the entities remitting Town Sales Taxes, State law prohibits the release of information that would disclose the identities of the vendors. The Town expects that these vendors will remain as the largest Sales Tax generators in 2020.

### Ten Largest Sales Tax Generators - 2019

<u>Type of Business</u>	<u>2019 Sales Tax Collected</u>	<u>Percent of Total Sales Tax(1)</u>
Grocery	\$3,360,058	6.30%
General merchandise	2,945,844	5.52
General merchandise	2,274,655	4.27
Home improvement store	1,966,249	3.69
Utilities	1,629,673	3.06
Grocery	1,596,539	2.99
Home improvement store	1,269,287	2.38
General merchandise	1,230,633	2.31
Grocery	1,017,145	1.91
Miscellaneous retail	985,786	1.85
Total	<u>\$18,275,868</u>	<u>34.28%</u>

(1) Based upon total Sales Tax collections of \$53,320,475 in 2019.

Source: The Town.

During 2019, food and general merchandise stores as a category (not just the top generators) accounted for approximately 27.8% of total Sales Tax revenues. Apparel and accessories stores as a category accounted for approximately 15.0% of total Sales Tax revenues,

while restaurants and bars accounted for approximately 11.9% and miscellaneous retail accounted for 10.7% during that same period. No other category accounted for more than 10% of Sales Tax revenues during 2019.

### **Finance Director's Summary of Material Trends in Town Sales and Use Tax Collections**

Sales Tax revenues for the Town have risen steadily over the last five years. Sales Tax revenues are closely tied to general economic conditions and in the Town they are also closely tied to growth. At this time, the Town is predicting average growth of approximately 3.0% per year over the next five years. The Town is anticipating an average of 20,000 new residents each decade, which will provide 92,000 residents by 2030. The Town estimates that build-out will include 120,000 to 140,000 people. This illustrates the potential for both sales and use tax revenues in the future.

Building Use Tax is also tied closely to growth in the Town along with economic conditions and can vary each year depending on the type of development submitted for permit. The Town has experienced an overall increase in Use Tax revenues over the last five years, with a spike in 2016 due to population growth and new commercial activity caused by development within the Town. The Town is currently anticipating an average of 750 housing units (including single-family and multi-family) each year between now and 2025 and a modest level of additional commercial development of approximately 296,000 square feet per year.

Motor Vehicle Use Tax has continued to increase over the last five years. During 2019, the Town realized an 11% increase over the 2018 actual. Year to date 2020 Motor Vehicle tax revenue is tracking slightly under the 2020 Amended Budget amount, by approximately 7%. Motor vehicle tax revenue for 2021 is anticipated to be 3% higher than the 2020 estimated amounts. This budget prediction is generally based on current trending, in addition to local, state and national economic factors.

### **Existing Sales and Use Tax Agreements**

The County Sales Tax Shareback Agreement. The Town and the County entered into an Intergovernmental Agreement dated as of January 12, 2011 (the "County Shareback Agreement"), which succeeded a prior agreement with respect to the "shareback" of certain revenues derived by the County pursuant to its sales and use tax within certain portions of the Town. Pursuant to the County Shareback Agreement, the Town receives shareback revenues from the County in an amount equal to 30% of the County's 1% sales and use tax rate. Pursuant to the County Shareback Agreement, revenues derived from sales made or deliveries accepted within the Town boundaries as they existed on January 12, 2011, are subject to the shareback provisions. The Town may provide the County with changed boundaries upon the annexation of property into the Town. Funds received from the County Shareback Agreement are not available to pay Base Rentals under the Lease.

The County shareback revenues are not directly comparable to amounts the Town would receive from imposition of a sales and use tax at rates comparable to those embodied in the shareback agreement, primarily because the County, unlike the Town, does not impose its sales tax on food purchased for domestic consumption or on residential utilities. The County shareback may only be used for transportation purposes; the entire amount is deposited into the Town's Transportation Fund.

Other Rebate/Development Agreements. The Town currently has several agreements in place that agree to rebate certain amounts of existing Sales and/or Use Tax. The Town's obligations under these agreements do not have a lien on any specific Sales and Use Tax revenues.

*Mercantile Agreement.* The Town has entered into a Downtown Redevelopment Reimbursement agreement with the DDA and Mercantile Commons, LLC, ("Mercantile"), dated as of August 4, 2015 (the "Mercantile Agreement"). Pursuant to the Mercantile Agreement, the Town has agreed to (i) rebate to Mercantile at the certificate of occupancy all Use Tax paid by Mercantile in connection with the project, (ii) rebate 50% of the Sales Tax collected at the Mercantile project through December 1, 2032, or until a reimbursement cap of \$1.3 million is reached, and (iii) reimburse 50% of the property tax increment through tax year 2032, payable in 2033, or until the reimbursement cap is reached. The Town's obligations under the Mercantile Agreement are subject to annual appropriation by the Town. to date, the Town has paid approximately \$346,000 pursuant to the Mercantile Agreement. The Mercantile Agreement will terminate upon the earlier of either the date the rebate ap of \$1.3 million is reached, December 1, 2032, or the property tax increment payment date for the tax year 2032.

*Promenade Agreement.* The Town has entered into an Amended and Restated Public Finance Agreement, dated as of February 17, 2015, as amended by a First Amendment to Amended and Restated Public Finance Agreement dated as of August 4, 2015 (together, the "Promenade Agreement") with a private developer (the "developer") and the Promenade at Castle Rock Metropolitan Districts No. 1, 2 and 3 (the "Promenade Districts"). The developer plans to develop 900,000 square feet of commercial development and up to 350 multifamily residential units as well as related amenities and uses. The Promenade Agreement prohibits the developer from allowing the relocation of any retailer operating within the Outlets on December 31, 2014 (as well as other retailers listed in the Promenade Agreement and operating at the Outlets on December 31, 2018), to the Promenade through December 31, 2024.

Pursuant to the Promenade Agreement and a related Code amendment, the Town has agreed to grant a Sales Tax credit in the amount of 1.10% against the collection of taxable sales within the retail portion of the Promenade Development (the "Promenade PIF Property") to the extent that a public improvement fee of 1.10% (the "Promenade Credit PIF") has been collected on taxable sales occurring within the Promenade PIF Property. The revenues received from the Promenade Credit PIF are to be pledged by the Promenade Districts to the repayment of bonds issued by those districts. The Promenade Credit PIF does not apply to sales made by any King Soopers, City Market or Target stores that open within the Promenade prior to January 1, 2025. The developer must terminate the Promenade Credit PIF upon the earlier to occur of (i) payment in full or defeasance of all outstanding Promenade District bonds; or (ii) if no bonds are issued, upon payment or reimbursement to the developer or the Promenade Districts of \$28.8 million of eligible costs and payment to the Town of \$475,000 in Town costs.

The Promenade Agreement also requires the Town to reimburse certain permit fees to the developer (up to a cap of \$4.45 million).

As a result of the Promenade Agreement, the Sales Tax will be imposed within the Promenade PIF Property at a rate of 2.9%. However, revenues derived from the City's 1.35% Sales and Use Tax can be used only for transportation projects as approved by the Town's voters



and cannot be used to offset the Promenade Credit PIF. Accordingly, all of the revenues attributable to the 1.35% Sales and Use Tax will be collected within Promenade.

*Riverwalk Credit PIF Agreement.* The Town has entered into a Downtown Redevelopment Agreement, dated as of May 2, 2017 (the “Riverwalk Agreement”), with the DDA and CD Wilcox, LLC (the “Owner”). The Owner plans to develop 170,000 square feet of residential space, 30,000 square feet of office space, and 11,000 square feet of retail space, as well as related amenities and uses. Pursuant to the Riverwalk Agreement, the Town will waive collection from the Owner of certain development fees and Use Tax otherwise imposed on the project (up to a cap of \$4 million). The Town will also provide the Owner with a Sales Tax credit in the amount of 2.7% against the Sales Tax collected on taxable transactions within the redevelopment area (the “Riverwalk PIF Property”) to the extent that a public improvement fee of 2.7%. (the “Riverwalk Credit PIF”) has been collected on taxable sales occurring within the Riverwalk PIF Property. The Owner must terminate the Riverwalk Credit PIF upon the earlier to occur of (i) the Owner receives Riverwalk Credit PIF proceeds and property tax increment payments in the aggregate amount of \$11,500,000, or (b) December 31, 2042.

*Encore Agreement.* The Town has entered into the Encore Agreement with CDFC with respect CDFC’s plans to develop a mixed-use project to be known as Encore CR (the “Encore Project”) consisting of 124 for-sale condominium residential units and 27,000 square feet of retail/office space. The Encore Agreement deals with the construction and financing of a seven-level parking garage with approximately 601 spaces, construction of a pedestrian plaza between the Encore Plaza and Town Hall and the disposition of certain incremental revenues expected to be generated by the Encore Project. Pursuant to the Encore Agreement, CDFC must meet certain construction benchmarks (unless waived or extended by the Town), including completion of the parking garage in mid-2021 and certificates of occupancy for the first residential unit(s) by the end of July 2022.

The Town has created a general improvement district (“GID”) encompassing the Encore Project; the GID will impose a 45-mill property tax within its boundaries in tax years 2022 through 2038. The Encore Project is also located within the boundaries of the Town’s Downtown Development Authority (the “DDA”), a tax increment financing area which currently captures property tax increment within the GID. In addition to the Town’s Sales Tax, the Town will impose a 1% public improvement fee upon retail transactions within the GID (the “Add-On-PIF”) from January 1, 2021, through December 31, 2048, unless CDFC requests earlier termination upon receipt by the Town of its entire investment under the Encore Agreement.

Pursuant to the Encore Agreement, the Town and CDFC will share revenues generated by the Encore Project (or the GID) as follows: (1) CEFC will receive 50% of the Add-On PIF revenues through 2032 or until a \$300,000 cap is reached; (2) CDFC will receive Town Sales Tax revenues (at a rate of 4%) through 2032 or until a \$1,000,000 cap is reached; (3) the Town will receive 100% of the property tax revenues generated by the GID mill levy; and (4) CDFC will receive 80% of the property tax revenues generated within the GID through 2032 or until a \$4,000,000 cap is reached. Pursuant to the Encore Agreement, the Town pledges to pay the Sales Tax described in clause (2) above generated in one fiscal year by June 1 of the following year, to the extent it is budgeted and does not exceed \$1,000,000. Pursuant to the Encore Agreement, the Town also granted CDFC certain fee and use tax waivers (capped at \$2,752,845).

Economic Incentive Agreements. From time to time the Town enters into Economic Assistance Agreements to incentivize companies to relocate businesses or open new businesses and bring jobs to the Town. Pursuant to the Municipal Code, the Town Manager may authorize the dedication of shared revenues generated by the economic development project up to \$100,000; shared revenues in excess of that amount must be approved by the Town Council.

Certain of the economic incentive agreements require the Town to rebate sales or use tax revenues; those rebates are made only from revenues generated by the specific project. The Town expects to enter into additional Economic Incentive Agreements in the future. Amounts rebated pursuant to the Economic Assistance Agreements may reduce the amount of legally available revenues available to pay Base Rentals under the Lease.

Two agreements requiring rebates of sales and/or use tax are described below.

*Craig Realty Group.* The Town has entered into an Economic Assistance Agreement with Craig Realty Group (“Craig”), dated as of June 1, 2015 (the “Craig Agreement”). Pursuant to the Craig Agreement, the Town has agreed to rebate to Craig an amount not to exceed \$98,750, comprised of: (i) permit fees of approximately \$12,000, and (ii) 25% of the incremental sales tax collected and received by the Town from the Restoration Hardware store located within the Outlets. The Town’s obligations under the Craig Agreement are subject to annual appropriation by the Town. To date, the Town has paid approximately \$41,000 pursuant to the Craig Agreement. The Craig Agreement will terminate upon the earlier of either the date the rebate cap of \$98,750 is reached, or December 31, 2042.

*Murdoch’s Ranch and Home Supply.* The Town has entered into an Economic Assistance Agreement with Murdoch’s Ranch and Home Supply, LLC (“Murdoch’s”), dated as of July 2, 2018 (the “Murdoch’s Agreement”). Pursuant to the Murdoch’s Agreement, the Town has agreed to rebate to Murdoch’s 25% of the Sales Tax collected on taxable sales at the Murdoch’s Ranch and Supply Store located within the Town (the “store”) for a period not to exceed four years from the date of the completion of the store, in an amount not to exceed \$300,000. The Town’s obligations under the Murdoch’s Agreement are subject to annual appropriation by the Town and are specifically subordinate to any sales and use tax revenue bonds or other indebtedness which are backed by a sales and use tax pledge. To date, the Town has paid \$102,000 pursuant to the Murdoch’s Agreement.

## **Budget Summaries and Comparisons**

Set forth in the following table is a comparisons of the Town’s General Fund budgets for fiscal years 2019 and 2020, as compared to actual (unaudited) results for the six-month periods ending June 30, 2019 and 2020.

Information for these three funds is provided because portions of the Pledged Revenues currently are deposited to each of these funds. The information in these tables is presented in budgetary basis and is not intended to conform to Generally Accepted Accounting Principles (“GAAP”). The table does not include fund balance information; for a representation of fund balance, a portion of which is available for appropriation in each year, see the tables in “History of Revenues, Expenditures and Changes in Fund Balances” below.

### Budget Summary and Comparison - General Fund

	2019 Amended Budget	Actual YTD through 06/30/19 (1)	2020 Amended Budget	Actual YTD through 06/30/20(1)
<b>Revenues</b>				
Taxes (2)	\$39,833,223	\$19,199,966	\$42,153,271	\$20,682,647
Licenses and permits	109,301	44,758	102,535	78,667
Franchise fees	2,568,749	774,558	2,497,241	734,125
Fines and forfeitures	415,563	213,677	422,048	130,629
Contributions and donations	29,500	14,049	28,000	32,015
Intergovernmental	1,358,231	257,845	421,139	103,768
Charges for services	6,216,519	2,905,782	7,109,527	3,543,255
Investment earnings	175,334	257,281	238,391	330,832
Other revenue	336,745	106,577	200,850	90,100
Transfers in	<u>1,874,703</u>	<u>39,680</u>	<u>1,784,258</u>	<u>33,162</u>
Total revenues	<u>52,917,868</u>	<u>23,814,173</u>	<u>54,957,260</u>	<u>25,759,200</u>
<b>Expenditures</b>				
Personnel Services	36,628,071	17,623,495	37,661,759	16,291,503
Services & Other	8,951,772	3,721,059	11,383,031	3,441,259
Supplies	2,651,725	959,307	2,283,712	901,196
Capital	6,620,780	2,529,264	3,046,630	1,190,486
Transfers Out	<u>4,812,662</u>	<u>3,290,393</u>	<u>2,881,570</u>	<u>10,980</u>
Total Expenditures	<u>59,665,010</u>	<u>28,123,518</u>	<u>57,256,702</u>	<u>21,835,424</u>
<b>Net change</b>	<u>\$(6,747,142)</u>	<u>\$(4,309,345)</u>	<u>\$(2,299,442)</u>	<u>\$3,923,776</u>

(1) Unaudited, interim financial information only.

(2) Includes a portion of the Town's Sales Tax and Use Tax as well as property taxes, specific ownership taxes, tobacco tax, franchise tax and miscellaneous tax revenues.

Source: The Town.

### **History of Revenues, Expenditures and Changes in Fund Balances**

General. The accounts of the Town are organized and operated on a fund basis. Such funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The governmental fund utilized for the administration and operation of the Town is the General Fund. A portion of the Town's 1.35% Sales and Use Tax revenue is deposited into the General Fund; the remainder of the 1.35% Sales and Use Tax revenue is deposited into the Transportation Fund and the Transportation Capital Projects Fund. Accordingly, historical information is provided for each of those funds.

The following table provides a comparative statement of revenues, expenditures and changes in fund balance for the Town's General Fund for fiscal years 2015 through 2019. The information has been obtained from the audited basic financial information presented in the Town's Comprehensive Annual Financial Reports for 2015 through 2019. The information in this table is presented in accordance with GAAP.

This information should be read together with the Town's fiscal year 2019 audited basic financial statements (and accompanying notes) appearing in Appendix A. Financial

statements for prior years may be obtained from the sources noted in “INTRODUCTION--Additional Information.”

Reserve Policies. In April 2016, the Town adopted amended and restated reserve policies providing general guidance on required reserve levels for all Town operating funds. The reserve policy sets out 11 categories of reserves in order to incorporate aspects unique to each of the Town’s 24 funds. Specific amounts are not included in the policies; each fund is to be evaluated each year and funding amounts (or replenishment provisions, if needed) determined as part of the annual budget process.

For the General Fund, the Town maintains the TABOR reserve and a contractual reserve which sets aside funds for specific contracts. The policies incorporate (i) an operational capacity reserve to allow for growth of operational funds for known future items or projects; (ii) a revenue stabilization reserve to protect against fluctuations in Sales Tax collections; (iii) a catastrophic events reserve to protect against increased expenses due to natural disaster; (iv) a capital reserve to plan for unexpected repair or asset failure; and (v) an opportunity reserve to provide for economic development opportunities as well as accommodation for interfund loans to cover cash flow for a given project.

## General Fund - History of Revenues, Expenditures and Changes in Fund Balance

	<u>Year Ended December 31,</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Revenues</b>					
Taxes					
Property	\$ 1,024,564	\$ 1,085,962	\$ 1,132,676	\$1,196,447	\$ 1,260,995
Sales	26,110,841	28,241,814	31,051,728	32,878,773	34,692,600
Use	688,397	1,710,379	1,100,859	1,024,722	1,218,758
Motor Vehicle Use	3,419,177	3,678,299	3,803,645	4,088,476	4,539,944
Other taxes	2,626,034	2,683,156	2,804,922	2,919,175	3,111,497
Licenses and permits	88,355	109,951	114,988	106,766	103,297
Charges for services	1,972,676	2,121,399	2,203,674	2,497,112	2,311,109
Management fees	2,770,586	2,886,561	3,274,465	3,434,368	3,421,034
Fines and forfeitures	815,713	440,519	399,681	412,374	402,875
Intergovernmental	218,272	269,815	282,068	250,017	1,234,840
Investment earnings	89,841	110,851	208,785	414,305	660,724
Contributions and donations	57,779	30,000	164,500	32,630	760,570
Other	<u>644,026</u>	<u>335,069</u>	<u>571,559</u>	<u>298,230</u>	<u>395,784</u>
Total revenues	<u>40,526,261</u>	<u>43,703,775</u>	<u>47,113,550</u>	<u>49,553,395</u>	<u>54,114,027</u>
<b>Expenditures</b>					
Current					
General government	11,987,218	11,307,760	12,357,352	13,241,928	15,846,344
Public safety	22,043,546	23,442,857	25,897,455	28,735,073	30,487,449
Culture and recreation	3,563,396	4,101,898	3,959,242	4,285,153	4,541,604
Capital outlay	1,180,242	397,037	1,453,422	1,311,098	6,806,654
Debt service					
Principal	312,800	312,801	312,801	--	--
Interest	--	--	--	--	--
Agency fees	--	--	--	--	--
Total expenditures	<u>39,087,202</u>	<u>39,562,353</u>	<u>43,980,272</u>	<u>47,573,252</u>	<u>57,682,051</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,439,059</u>	<u>4,141,422</u>	<u>3,133,278</u>	<u>1,980,143</u>	<u>(3,568,024)</u>
<b>Other Financing Sources (Uses)</b>					
Lease proceeds	--	--	--	--	
Transfers in	637,840	539,657	1,071,193	1,466,392	1,512,643
Transfers out (2)	<u>(1,015,110)</u>	<u>(1,345,414)</u>	<u>(191,148)</u>	<u>(559,429)</u>	<u>( 695,138)</u>
Total other financing sources (uses)	<u>( 377,270)</u>	<u>(805,757)</u>	<u>880,045</u>	<u>906,963</u>	<u>817,505</u>
<b>Net change in fund balances</b>	1,061,789	3,335,665	4,013,323	2,887,106	(2,750,519)
<b>Fund balances-January 1</b>	<u>20,999,556</u>	<u>22,061,345</u>	<u>25,397,010</u>	<u>29,410,333</u>	<u>32,297,439</u>
<b>Fund balances-December 31</b>	<u>\$22,061,345</u>	<u>\$25,397,010</u>	<u>\$29,410,333</u>	<u>\$32,297,439</u>	<u>\$29,546,920</u>

- (1) Generally, transfers out are comprised of transfers or contributions to capital improvements of the Town. In 2015, the Town transferred \$1 million from the General Fund to the Town's Parks Capital Fund for capital improvements to the parks system. In addition, the Town loaned \$450,000 in 2016 and an additional \$1.5 million to the Town's Parks Capital Fund; such amounts were paid back to the General Fund in 2018 and 2019, respectively.

Source: Derived from the Town's CAFRs for the years ended December 31, 2015-2019.

## THE TOWN

### General

The Town was incorporated as a statutory town in 1881 and became a home rule municipality pursuant to Article XX of the Colorado constitution on September 22, 1987, upon the adoption of its home rule charter (the “Charter”). The Town is the county seat for Douglas County, Colorado (the “County”) and is located along Interstate 25 approximately 22 miles southeast of downtown Denver, Colorado, and approximately 40 miles north of Colorado Springs, Colorado. The Town encompasses approximately 34 square miles and, based upon home occupancy rates and the number of building permits issued, the Town estimates its population to be approximately 72,168.

The Town is a full service municipality providing a full range of services to its citizens. In addition to water, renewable water and wastewater services, those services include police and fire protection, emergency medical and ambulance services, storm water services, the construction and maintenance of streets and infrastructure, golf, recreational activities and cultural events, and general government services.

### Town Council

The Town operates under a Council-Manager form of government. The Town Council, which consists of a Mayor and six Council Members, are elected by residents on a nonpartisan basis. The Mayor is elected at-large, and Council Members are elected by district. The Mayor and Council Members serve staggered four-year terms. Council elections are held at the Town’s regular election in November of even-numbered years. Council meetings are held the first and third Tuesday of every month, with special meetings held as needed in accordance with the provisions of the Town Code.

The names, principal occupations, and terms of office of present Council Members are set forth below.

<u>Name and Position</u>	<u>Council</u>		<u>Elected/ Appointed</u>	<u>Term Expires (November)</u>
	<u>District</u>	<u>Principal Occupation</u>		
Jason Gray, Mayor	7	Business owner	2018	2022
Jason Bower, Mayor Pro Tem	4	Business owner	2016	2020
James Townsend, Council Member	2	Attorney	2016	2020
Kevin Bracken, Council Member	3	Healthcare	2018	2022
Caryn Johnson, Council Member	5	Community volunteer	2018	2022
George Teal, Council Member	6	Owner-software consulting business	2014	2020

The Council currently has a vacancy; the former Council Member resigned effective August 31, 2020, due to an impending family move. The seat will be filled at the election to be held in November 2020.

The Colorado constitution and the Charter limit the consecutive terms each member of the Council may hold. Council Members are limited to serving two consecutive four-year terms. Town voters may vote to eliminate, extend or change the term limits imposed by the

Colorado constitution. The Town's voters have not approved a change in the constitutional term limits.

## **Administration**

Administration. The Town functions through various departments under the supervision of the Town Manager, who is the chief administrative officer of the Town and is responsible for the proper administration of the matters placed in the Town Manager's charge. Except as otherwise provided by the Charter or by ordinances not inconsistent with the Charter, the responsibilities of the Town Manager include: (i) enforcement and administration of the ordinances and other enactments of the Town, and of the terms and conditions imposed in favor of the Town in any contract or franchise; (ii) the hiring, suspension, transfer and removal of Town employees, except that the appointment, suspension, transfer, or removal of any person designated as a department head requires the approval of the Council; (iii) annual preparation and submission to the Council of a proposed budget and capital program as provided in the Charter, and administration of the same after their adoption; (iv) preparation and submission to the Council, as of the end of the Fiscal Year, of a complete report on finances and administrative activities of the Town for the preceding year, and the provision of such other reports concerning the affairs of the Town as the Council may require; (v) advice and recommendations to the Council of the present condition and future needs of the Town; (vi) with the approval of the Council, the establishment, consolidation or abolition of Town departments; (vii) supervision and control of Town departments except as otherwise provided in the Charter; (viii) attendance at meetings of the Council and participation in discussions with the Council in an advisory capacity; (ix) establishment of a system of accounting and auditing for the Town which reflects, in accordance with generally accepted accounting principles, the financial condition and financial operation of the Town; and (x) performance of such other duties as required by the Charter, or as required by the Council and not inconsistent with the Charter.

Brief biographies for the Town Manager and other administrative officials involved in this bond issue follow.

David Corliss, Town Manager. David Corliss was appointed as Town Manager on April 7, 2015, effective June 1, 2015. Mr. Corliss comes to Castle Rock with very strong local government experience, most recently serving as the City Manager of Lawrence, Kansas, a post he has held since 2006. Prior to assuming the role of City Manager, he held other management positions with the City of Lawrence. He holds a Bachelor's Degree in Political Science, Master's Degree in Public Administration and a Juris Doctorate from the University of Kansas School of Law.

Trish Muller, Finance Director. Trish Muller has been with the Town since January 2009 as Assistant Finance Director and was appointed Finance Director in November 2012. Prior to joining the Town's staff, she worked in Governmental Accounting and Management with various auditing firms. Ms. Muller obtained her Bachelors of Science degree in Accountancy from Calvin University in Michigan in 1991 and obtained her CPA in 1995.

Michael J. Hyman, Esq., Town Attorney. Michael J. Hyman was recently hired to the Town Attorney position, preceded by Robert J. Slentz. Mr. Hyman served for 32 years in various positions with the City of Aurora, Colorado, including four years as City Attorney. He has spent the last two years with the City and County of Denver, Colorado, as Deputy City

Attorney. Mr. Hyman obtained his law degree from the University of Colorado and his undergraduate degree from the University of Denver.

## **Employees; Benefits and Pension Matters**

Employees; Benefits and Pension Matters. The Town currently has 521 full-time employees and 580 part-time and seasonal employees. In the opinion of the Town Manager, the state of the Town's employee relations is good.

Benefits. The Town offers benefit packages for all full-time and part-time benefits eligible employees including: alternative care program; dental insurance; employee assistance program; FPPA Statewide Death and Disability Plan (fire department only); life insurance and accidental death and dismemberment; long term disability insurance; medical insurance; paid time off; recreation center memberships; retirement plans (discussed below); Section 125 cafeteria benefit accounts; flexible spending and health savings accounts; short term disability insurance; supplemental life insurance; a travel assistance program; and vision insurance.

Pension Matters. The Town provides defined contribution plans for employees other than firefighters and participates in a multiple-employer defined benefit plan with respect to its firefighters.

*Defined Contribution Plans.* The Town provides a multi-employer defined contribution plan for all permanent full-time and part-time employees who work at least 20 hours per week. The plan was established and is administered by the International City Managers Association (ICMA) Retirement Association and may be amended with the approval of the Council. For 2019, the mandatory employee contribution was 4% of compensation. The Town contributes 7% of each employee's compensation to the plan with the exception of the Town Manager and Town Attorney. As part of their employment contracts, the Town Manager and the Town Attorney receive a 11% contribution from the Town and do not have a mandatory employee contribution. The Town has no other obligations to fund this plan. Employees are permitted to contribute additional amounts beyond their 4% mandatory contribution. These additional amounts are invested in a deferred compensation plan pursuant to Internal Revenue Code (IRC) Section 457. After completion of one year of service, the employees' Town contributions are fully vested. Unvested contributions for terminated employees are returned to the Town, net of servicing fees. Employees are fully vested for their contributions immediately. All administrative costs of the plans are borne by the participants of each plan. The Town made required contributions to ICMA of \$1,002,346 and \$1,707,321, respectively, for the years ended December 31, 2019 and 2018.

The Town also maintains a qualified 401(a) Executive Defined Contribution plan as part of the employment contracts for the Town Manager and the Town Attorney. The Town contributed 9% of the covered employees' compensation into this plan. Vesting is based on years of service and an employee will not be fully vested until they have reached 10 years of service. The Town's contributions to ICMA for this plan for the years ended December 31, 2019 and 2018 were \$36,400 and \$33,539, respectively, equal to the required contributions. Plan provisions and contribution requirements are established and administered by ICMA and may be amended with the approval of Council.

In 2018, the Town's Sworn Police Officers were moved from the General Employee Plan and added to a new qualified 401(a) Money Purchase Retirement plan. Starting



in 2019, the plan required mandatory employee pre-tax contributions to the plan of 5.6% of compensation. The Town also contributes 8.6% of each employees' compensation to the plan. The Town has no other obligations to fund this plan. Employees are permitted to contribute additional amounts beyond their 5.6% mandatory contribution into a deferred 457 plan. These additional amounts are invested in a deferred compensation plan pursuant to Internal Revenue Code (IRC) Section 457. The plan requires employee participation in the plan immediately upon date of hire. After completion of one year of service, the Town's contributions are fully vested. Unvested contributions for terminated employees are returned to the Town, net of servicing fees. Employees are fully vested for their contributions immediately. All administrative costs of the plans are borne by the participants of each plan. The Town's contributions to ICMA for this plan for the years ended December 31, 2019 and 2018 were \$621,025 and \$568,535, respectively, equal to the required contributions. Plan provisions and contribution requirements are established and administered by ICMA and may be amended with the approval of Council.

See Note 11(A), 11(B), and 11(C) in the audited financial statements for more information regarding the Town's defined contribution plans.

*Defined Benefit Plans.* Firefighters participate in the statewide defined benefit plan (the "SWDB") administered by the Fire and Police Pension Association ("FPPA"). Contribution rates for this plan are established by State statute as are benefit provisions. The current contribution rate is 10.5% of base salary from the Town and 8.0% from the covered employees. The Town's contribution rates will increase by 0.5% per year through 2022 (to a total of 12% of base salary). The Town contributions to this plan for the years ended December 31, 2019 and 2018 were equal to the required contributions of \$574,390 and \$596,522, respectively. As of December 31, 2019, the Town reported a liability of \$1,407,329 for its proportionate share of the SWDB net pension asset, which was measured as of December 31, 2018. See Note 11(D) and the Required Supplementary Information in the audited financial statements attached hereto as Appendix A for a detailed description of the SWDB plan, including contribution rates, a summary of benefits, net pension assets, actuarial assumptions and discount rates and historical funding information.

The Town also participates in an agent multiple-employer defined benefit plan that covers its volunteer firefighters (the "Volunteer Plan"). The plan is administered and benefit provisions are amended by FPPA. This plan provides retirement benefits as well as death and disability benefits. Volunteer Plan participants are not compensated and do not contribute to the plan; the Town funds its obligations under the Volunteer Plan in an amount not to exceed one-half mill of property tax revenues. Pursuant to State law, the State contributes up to 90% of the Town's contribution, subject to a cap of \$17,635. For the year ended December 31, 2019, the Town and State contributions to the Volunteer Plan were \$20,440 and \$0, respectively.

In 2015, the Town began applying Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* ("GASB 68"), to its audited financial statements. GASB 68 separates pension accounting methodologies from pension funding methodologies. Among other requirements, the Town is required to report its proportionate share of the total PPFA net pension liability/assets ("NPL/A") in its government-wide financial statements. Fund level statements, including the General Fund statements, are not impacted by the GASB 68 reporting. The NPL/A is an accounting estimate of the Town's proportionate share of the PPFA's unfunded liability or funded assets at a specific point in time. Inclusion of this figure in the government-wide

financial statements does not indicate that the Town has a liability to pay the amount shown; the Town's liability is limited to the annually required contributions established by the PPFA.

See Note 11(E) and the Required Supplementary Information in the audited financial statements attached hereto as Appendix A for a detailed description of the Volunteer Plan, including contribution rates, a summary of benefits, net pension liability, actuarial assumptions and discount rates, historical funding status and funding progress information.

No OPEB. The Town does not offer any other post-employment benefits ("OPEB") to retirees and therefore does not have any OPEB liability.

## **Risk Management**

The Council acts to protect the Town against loss and liability by maintaining certain insurance coverages, including property, general liability, automobile liability, law enforcement liability, public officials errors and omissions liability, and crime coverage and workmen's compensation insurance provided by the Colorado Intergovernmental Risk Sharing Agency ("CIRSA"). The Town's current CIRSA coverage expires on January 1, 2021. The Town's various coverages have varying deductibles and coverage limits.

The Town has opted to partially self-insure claims for health insurance of Town employees to a maximum liability of \$100,000 per covered person. The program is administered by a third party (Aetna). Self-insurance activities are accounted for in the Employee Benefits Fund.

In the opinion of the Finance Director, the Town's insurance policies provide adequate insurance protection for the Town. See Note 13 in the audited financial statements attached hereto for a description of the Town's 2019 risk management activities.

## **Intergovernmental and Other Agreements**

In addition to the agreements discussed in "REVENUES AVAILABLE FOR DEBT SERVICE--Existing Sales and Use Tax Agreements," the Town is a party to numerous intergovernmental agreements for the provision of services to its residents. For example, the Town, Parker Water and Sanitation District, Douglas County, the City of Castle Pines, the City of Lone Tree and the Town of Parker are parties to a 2015 Intergovernmental Agreement Establishing the Reuter-Hess Recreation Authority, which provides for recreational uses and amenities on and around the Rueter-Hess Reservoir. The Town funds its annual portion of the agreement from the General Fund.

The Town also is a party to several development agreements that require the Town to rebate various revenues, including development impact fees, permit fees, and building fees, to developers. None of those agreements impacts the Pledged Revenues. The Town may enter into additional agreements of this type, including sales and use tax rebate agreements, in the future for economic development purposes.

## **TOWN FINANCIAL INFORMATION**

### **Budget Process**

The Town's fiscal year runs from January 1 to December 31. Pursuant to the Charter, the Town Manager is required to submit a proposed budget to the Council not later than 45 days prior to the certification of the Town's mill levy. The Council then holds a public hearing on the budget, and adopts the budget with or without amendment. The Charter requires the Council to adopt the budget on or before the final day for certifying the mill levy. If the Council fails to adopt a budget by that date, the amounts appropriated for the current fiscal year will be deemed adopted for the ensuing year on a month-to-month basis until the Council adopts a budget.

Supplemental appropriations may be made by the Council if the Town Manager certifies that revenues in excess of those estimated in the budget are available for appropriation. The Council may make emergency appropriations to meet emergencies which in the Council's judgment may affect life, health, property or the public peace. To the extent unappropriated revenues are not available to meet the emergency appropriation, the Council may authorize the issuance of emergency notes by ordinance, which may be renewed from time to time, but the notes and renewals of any fiscal year must be paid not later than the last day of the fiscal year succeeding the year in which the emergency appropriation was made.

If it appears probable to the Town Manager that revenues will be insufficient to meet appropriation, he must report to the Council immediately indicating the estimated amount of the deficit, any remedial action taken, and recommendations as to future steps to be taken. The Council is required to take any action it deems necessary to prevent or minimize the deficit, and may by ordinance reduce any appropriation.

At any time during the fiscal year the Town Manager may transfer unencumbered appropriation balances among programs within a department, office or agency, and upon written request by the Town Manager the Council may transfer unencumbered appropriation balances from one department, office, agency or object to another. However, no appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below the amount required by law to be appropriated, or by more than the amount of the unencumbered appropriation balance.

### **Financial Statements**

General. Under Colorado law, the Town is required to have its financial statements audited annually. The audited financial statements must be filed with the State Auditor by July 31 each year. If the Town fails to file its audit report with the State Auditor, the State Auditor may, after notice to the Town, authorize the County Treasurer to prohibit release of the Town's tax revenues and other moneys held by the Treasurer until the Town files the audit report. The Town's 2019 CAFR was filed on time.

The Town's audited basic financial statements for the year ended December 31, 2019, and the report of the certified public accountants thereon are attached hereto as Appendix A. Those audited financial statements represent the most recent audited financial statements of the Town. *Prospective investors should be aware that the Certificates constitute special, limited obligations of the Town payable solely from the Pledged Revenues. Inclusion of*

*the Town's basic financial statements is for informational purposes only and does not imply that the Certificates constitute a general obligation of the Town or a lien on any Town revenues other than the Pledged Revenues.*

Awards. The Town has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association ("GFOA") for its Comprehensive Annual Financial Report for the fiscal years ended December 31, 2015 through December 31, 2018. That certificate is the highest form of recognition in the area of governmental financial reporting and is awarded by the GFOA to local governments whose comprehensive annual financial reports are judged to conform substantially to program standards. This is the 29th consecutive year the Town has received this award.

## **DEBT STRUCTURE**

### **General**

Pursuant to the terms of Article X, Section 20 of the State Constitution (the “Taxpayers Bill of Rights” or “TABOR”), the Town must obtain voter authorization prior to the creation of any multiple fiscal year obligation (except for refunding obligations at a lower interest rate), including general obligation bonds and revenue bonds, without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. See “LEGAL MATTERS--Certain Constitutional Limitations.” In some instances, the terms of the Charter authorize the Town to issue certain multiple fiscal year obligations without obtaining voter approval in advance. However, the terms of TABOR now require the Town to obtain advance voter approval prior to the issuance of most types of obligations, subject to the exceptions discussed in “LEGAL MATTERS--Certain Constitutional Limitations.”

### **General Obligation Indebtedness**

The Town has the power to contract indebtedness on behalf of the Town by borrowing money or issuing bonds to carry out the objects or purposes of the Town. However, pursuant to the provisions of the Charter and State law, the Town must adhere to the constitutional limitations affecting the issuance of general obligation debt. See “LEGAL MATTERS--Certain Constitutional Limitations.” The Town does not have any general obligation debt outstanding.

### **Revenue Obligations**

General. Pursuant to the Charter, the Town also has the authority to issue revenue obligations payable from the net revenues of Town facilities and other revenues. Pursuant to the Charter, revenue obligations do not constitute a general obligation debt indebtedness of the Town and may be authorized by action of the Town Council. Pursuant to TABOR, the issuance of revenue bonds is governed by the provision which requires voter approval for the creation of any multi-fiscal year direct or indirect financial obligation without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years (unless issued by an enterprise). See “LEGAL MATTERS--Certain Constitutional Limitations.”

Sales and Use Tax Revenue Bonds. The Town has outstanding revenue bonds payable from the 1.35% Sales and Use Taxes imposed for transportation purposes. The sales and use tax bonds currently outstanding consist of the Town’s: (1) Sales and Use Tax Revenue Bonds, Series 2013 (the “2013 Bonds”), currently outstanding in the aggregate principal amount of \$18,015,000; and (2) Sales and Use Tax Revenue Refunding Bonds, Series 2016, currently outstanding in the aggregate principal amount of \$6,075,000.

In early October 2020, the Town expects to issue approximately \$18.9 million in refund approximately \$16.4 million of the 2013 Bonds.

Water and Wastewater Enterprise Revenue Bonds. The Town has outstanding \$42,456,445 aggregate principal amount of revenue bonds payable from the net revenues of its water and wastewater system, consisting of: (1) the Water and Sewer System Enterprise Revenue Refunding Bonds, Series 2012, currently outstanding in the aggregate principal amount of \$4,975,000; (2) the Water and Sewer Enterprise Revenue Refunding Bonds, Series 2015,

currently outstanding in the aggregate principal amount of \$4,060,000, and (3) the Water and Sewer Enterprise Revenue Refunding Bonds, Series 2016, currently outstanding in the aggregate principal amount of \$42,435,000.

Golf Course Enterprise Revenue Bonds. The Town has outstanding its Golf Course Enterprise Revenue Refunding and Improvement Bonds, Series 2015, currently outstanding in the aggregate principal amount of \$3,525,000; those bonds are payable from golf course enterprise revenues.

### **Special Assessment Bonds**

The Town has the power to issue special assessment bonds payable from assessments against benefited properties within special improvement districts formed for the purpose of constructing certain improvements. Such bonds generally do not constitute a general obligation debt of the Town. In accordance with the Charter, the Council may pledge to pay the remaining principal and interest on such bonds when 75% of the bonds have been paid and cancelled, to the extent remaining assessments are not sufficient. The Town currently has no special assessment bonds outstanding.

### **Other Obligations**

Lease-Purchase Agreements. The Town has obligations pursuant to an annually renewable Lease Purchase Agreement dated September 12, 2013, between the Town and UMB Bank, n.a., solely in its capacity as Trustee under a related indenture (the “2013 Lease”). The Town’s payments under the 2013 Lease are used by the Trustee to pay base rentals on certain certificates of participation (the “2013 COPS”) issued pursuant to the Indenture. The proceeds of the 2013 COPS were used by the Town to fund the construction of a fieldhouse at Philip S. Miller Park. As of December 31, 2019, the 2013 COPS were outstanding in the aggregate principal amount of \$7,130,000. The 2013 COPS are payable from any legally available revenues of the Town as appropriated on an annual basis.

The following table sets forth the remaining Base Rentals due under the 2013 Lease (assuming the Town continues to appropriate funds).

#### Remaining Base Rentals Under 2013 Lease

2020	\$ 708,813
2021	708,413
2022	709,413
2023	707,813
2024	710,613
2025	707,613
2026	707,850
2027	706,025
2028	707,038
2029	706,863
2030	710,500
2031	706,250
2032	705,750
2033	<u>708,750</u>
Total	\$9,911,704

Notes Payable. In 2019, the Town entered into a loan agreement with a financial institution in the amount of \$9,500,000 in order to finance stormwater projects; the loan is payable solely from revenues in the Stormwater Fund. The Town has drawn \$4,500,000 under this loan agreement and expects to draw an additional \$4,500,000 in September 2021 and the remaining \$500,000 in 2021. Principal payments are due annually beginning in 2022 and continuing through 2030. Interest is payable semiannually at a rate of 1.92%.

Other Leases. The Town is a party to several capital leases for the purchase of equipment, golf carts and cardiac monitors. All of these capital leases are subject to annual appropriation. As of December 31, 2012, those leases had combined outstanding principal balances of \$367,525.

Short-Term Obligations. The Town is authorized by the Charter to issue short term securities (maturing before the end of the fiscal year) without an election. The Town has no short term securities outstanding.

Other Obligations. The Town records a long-term liability for accrued vacation, sick and severance pay each year. See Notes 1J and 7 in the audited financial statements attached hereto as Appendix A.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the Town. It is intended only to provide prospective investors with general information regarding the Town's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The Town makes no representation as to the accuracy or completeness of data obtained from parties other than the Town.

### Population

The following table sets forth population statistics for the Town, the County, the Denver-Aurora Core Based Statistical Area ("Denver-Aurora CBSA") and the State. The Denver-Aurora CBSA is comprised of six metro counties and four bordering counties: Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park. Between 2000 and 2010, the population of the Town increased approximately 138.5%, that of the County increased 62.4%, and the populations of the Denver-Aurora CBSA and the State increased 15.8% and 16.9%, respectively.

<u>Population</u>								
Year	Town of Castle Rock	Percent Change	Douglas County	Percent Change	Denver- Aurora CBSA	Percent Change	Colorado	Percent Change
1970	1,531	--	8,407	--	1,116,226	--	2,207,259	--
1980	3,921	156.1%	25,153	199.2%	1,450,768	30.0%	2,889,735	30.9%
1990	8,708	122.1	60,391	140.1	1,650,489	13.8	3,294,394	14.0
2000 <sup>(1)</sup>	20,224	132.2	175,766	191.0	2,196,957	33.1	4,301,261	30.6
2010	48,231	138.5	285,465	62.4	2,543,482	15.8	5,029,196	16.9
2011	49,748	--	292,650	--	2,604,366	--	5,123,692	--
2012	51,073	2.7%	298,836	2.1%	2,651,802	1.8%	5,195,943	1.4%
2013	52,725	3.2	306,484	2.6	2,702,325	1.9	5,272,942	1.5
2014	55,226	4.7	314,822	2.7	2,756,069	2.0	5,352,866	1.5
2015	57,152	3.5	322,224	2.4	2,815,004	2.1	5,454,707	1.9
2016	60,045	5.1	328,370	1.9	2,859,038	1.6	5,542,951	1.6
2017	63,106	5.1	335,901	2.3	2,894,306	1.2	5,616,567	1.3
2018	64,818	2.7	342,847	2.1	2,932,934	1.3	5,694,311	1.4

(1) Denver-Aurora CBSA population adjusted to reflect the 2001 consolidation of the City and County of Broomfield.

Sources: United States Department of Commerce, Bureau of the Census (1970-2010), and Colorado State Demography Office (2011-2018 estimates, which are subject to periodic revisions, and 2000 Denver-Aurora CBSA number).

### Income

The following table sets forth the annual per capita personal income levels for the residents of the County, the Denver-Aurora CBSA, the State and the United States. Per capita personal income levels in the County have consistently exceeded Denver-Aurora CBSA, State and national levels during the period shown.



### Per Capita Personal Income

Year <sup>(1)</sup>	Douglas County	Denver-Aurora CBSA	Colorado	United States
2014	\$66,059	\$55,619	\$50,711	\$47,071
2015	67,531	56,601	52,147	48,994
2016	68,525	56,602	52,278	49,890
2017	70,029	60,604	55,374	51,910
2018	73,662	64,287	58,500	54,526
2019	n/a	n/a	61,348	56,663

(1) Figures for Douglas County and the Denver-Aurora CBSA updated November 14, 2019. Figures for the State and the United States updated March 24, 2020. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

### **Employment**

The following two tables set forth the number of individuals employed within selected Douglas County industries and Denver-Aurora CBSA industries that are covered by unemployment insurance. In 2019, the largest employment sector in Douglas County was retail trade (comprising approximately 14.2% of the county's work force), followed, in order, by health care and social assistance, professional and technical services, accommodation and food services, and finance and insurance. For the twelve-month period ended December 31, 2019, total average employment in the county increased 4.1% as compared to the same period ending December 31, 2018, while total average weekly wages increased 8.4% during the same time period.

Average Number of Employees Within Selected Industries – Douglas County

Industry	2015	2016	2017	2018	2019
Accommodation and Food Services	11,735	11,962	12,112	12,654	13,144
Administrative and Waste Services	6,225	6,070	5,934	5,702	5,977
Agriculture, Forestry, Fishing, Hunting	188	193	205	207	224
Arts, Entertainment and Recreation	3,186	3,273	3,667	3,645	3,851
Construction	7,808	8,363	8,445	8,868	9,285
Educational Services	10,643	10,732	11,096	11,095	11,382
Finance and Insurance	7,052	8,231	9,026	9,761	12,782
Government	3,101	3,236	3,320	3,434	3,542
Health Care and Social Assistance	11,117	11,825	12,506	13,335	13,929
Information	5,761	5,912	5,631	6,788	5,534
Management of Companies/Enterprises	2,852	3,010	3,166	3,373	3,568
Manufacturing	2,481	2,378	2,243	2,058	2,012
Mining	567	478	303	250	291
Non-Classifiable	8	9	4	11	12
Other Services	3,660	3,957	4,203	4,089	4,154
Professional and Technical Services	12,044	12,032	13,205	13,082	13,428
Real Estate, Rental and Leasing	1,568	1,694	1,847	1,911	2,022
Retail Trade	17,486	17,924	17,933	18,706	18,633
Transportation and Warehousing	1,300	1,302	1,777	1,844	1,910
Utilities	404	430	448	454	473
Wholesale Trade	3,698	3,800	4,064	4,416	4,635
Total <sup>(1)</sup>	<u>112,883</u>	<u>116,808</u>	<u>121,135</u>	<u>125,683</u>	<u>130,787</u>

(1) Figures may not equal totals when added, due to the rounding of averages or the inclusion in the total figure of employees that were not disclosed in individual classifications.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

In 2019, the largest employment sector in the Denver-Aurora CBSA was health care and social assistance (comprising approximately 12.2% of the metro area's work force), followed in order by professional and technical services, accommodation and food services, retail trade, and educational services. For the twelve-month period ending December 31, 2019, total average employment in the Denver-Aurora CBSA increased by approximately 2.4% as compared to the same twelve-month period ending December 31, 2018.

Average Number of Employees Within Selected Industries – Denver-Aurora CBSA

Industry	2015	2016	2017	2018	2019
Accommodation and Food Services	131,834	137,017	140,312	142,568	144,777
Administrative and Waste Services	96,178	97,345	98,064	98,902	100,750
Agriculture, Forestry, Fishing, Hunting	2,548	2,844	3,446	3,616	4,164
Arts, Entertainment and Recreation	26,471	27,183	29,046	29,975	32,065
Construction	83,954	89,122	93,612	99,219	102,079
Educational Services	103,588	105,846	107,433	108,700	111,885
Finance and Insurance	73,181	75,472	77,384	78,518	78,320
Government	70,710	71,750	72,552	73,588	74,322
Health Care and Social Assistance	168,378	175,797	176,398	181,494	185,801
Information	46,446	47,513	48,004	51,051	51,705
Management of Companies/Enterprises	30,036	30,096	31,812	33,288	34,308
Manufacturing	68,431	69,390	69,266	70,004	70,997
Mining	11,270	9,119	9,201	10,314	10,916
Non-Classifiable	146	144	39	98	133
Other Services	42,261	43,934	45,566	46,066	47,263
Professional and Technical Services	125,944	130,440	134,382	140,168	147,103
Real Estate, Rental and Leasing	26,777	27,926	28,823	29,819	31,532
Retail Trade	136,082	138,161	138,396	139,552	138,864
Transportation and Warehousing	55,380	57,092	60,767	64,451	69,406
Utilities	5,768	5,769	5,737	5,745	5,887
Wholesale Trade	69,961	71,162	72,372	73,263	74,394
Total <sup>(1)</sup>	<u>1,377,873</u>	<u>1,415,505</u>	<u>1,444,879</u>	<u>1,482,398</u>	<u>1,518,254</u>

(1) Figures may not equal totals when added due to the rounding of averages or the inclusion in the total figure of employees that were not disclosed in individual classifications.

Source: State of Colorado, Department of Labor and Employment, Labor Market Information, Quarterly Census of Employment and Wages (QCEW).

The following table presents information on employment within the County, the Denver-Aurora CBSA, the State and the United States, for the period indicated. The annual unemployment figures indicate average rates for the entire year and do not reflect monthly or seasonal trends. The unemployment rate for the County has consistently been lower than the rate for the Denver-Aurora CBSA, the State and the United States during the period shown.

### Labor Force and Employment

	<u>Douglas County<sup>(1)</sup></u>		<u>Denver-Aurora CBSA<sup>(1)</sup></u>		<u>Colorado<sup>(1)</sup></u>		<u>United States</u>
<u>Year</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2015	172,105	3.1%	1,505,494	3.7%	2,825,111	3.9%	5.3%
2016	177,371	2.7	1,540,407	3.1	2,891,677	3.3	4.9
2017	184,585	2.4	1,589,449	2.7	2,986,522	2.8	4.4
2018	191,729	2.7	1,639,035	3.0	3,080,661	3.2	3.9
2019	196,248	2.4	1,677,324	2.7	3,148,766	2.8	3.7
<u>Month of May</u>							
2019	194,805	2.2%	1,664,907	2.5%	3,119,482	2.6%	3.6%
2020	187,496	8.2	1,637,743	10.4	3,049,684	10.0	13.3

(1) Figures for the County, Denver-Aurora CBSA, and the State are not seasonally adjusted.

Sources: State of Colorado, Department of Labor and Employment, Labor Market Information, Labor Force Data and United States Department of Labor, Bureau of Labor Statistics.

### **Major Employers**

The following table provides a brief description of selected major private employers located within the County. No independent investigation of the stability or financial condition of the employers listed hereafter has been conducted and, therefore, no representation can be made that such employers will continue to maintain their status as major employers in the County.

#### Largest Private Employers in Douglas County

<u>Name of Employer</u>	<u>Product or Service</u>	<u>Estimated Number of Employees<sup>(1)</sup></u>
Charles Schwab	Financial Services	4,300
DISH Network	Satellite Television and Equipment	2,700
Centura Health <sup>(2)</sup>	Healthcare	1,510
HealthONE: Sky Ridge Medical Center	Healthcare	1,370
VISA Debit Processing Services	Financial Services	1,100
Specialized Loan Servicing LLC	Financial Services	920
Jacobs Engineering Group	Engineering and Architectural Services	880
IHS Markit	Indexed Technical Data	750
ViaSat, Inc.	Telecommunications	620
Sprint Corporation	Telecommunications	590

(1) Revised May 2020.

(2) Centura Health includes Castle Rock Adventist Hospital and Parker Adventist Hospital.

Source: Development Research Partners as provided by Metro Denver Economic Development Corporation.

A brief description of selected major employers located within the Town and their approximate number of employees is listed below. No independent investigation of the stability or financial condition of the employers listed hereafter has been conducted and, therefore, no

representation can be made that such employers will continue to maintain their status as major employers in the Town.

### Selected Major Employers in the Town of Castle Rock

Name of Employer	Product or Service	Estimated Number of Employees <sup>(1)</sup>
Douglas County School District Re.1	Public education	6,283 <sup>(2)(3)</sup>
Douglas County	Government	1,285 <sup>(2)(3)</sup>
Town of Castle Rock	Government	558 <sup>(4)</sup>
Castle Rock Adventist Hospital	Healthcare	250 to 499
Castle Rock Homes	Real estate	250 to 499
Elite Surface Infrastructure	Concrete contractors	250 to 499
WalMart Supercenter	General merchandise retail	250 to 499
Castle Pines Golf Club	Recreation	100 to 249
Kohl's	Department store	100 to 249

(1) Figures are as of April 2020, unless otherwise indicated.

(2) Figure is for all employees, including employees working outside the Town of Castle Rock.

(3) Figure taken from the employer's 2019 Comprehensive Annual Financial Report; includes only full-time employees.

(4) Figure taken from the employer's 2018 Comprehensive Annual Financial Report; includes only full-time employees.

Source: Infogroup as posted by State of Colorado, Department of Labor and Employment, Labor Market Information; and individual employers.

### **Building Activity**

The following two tables provide a history of building permits issued for residential and commercial construction in the Town and in the unincorporated portions of the County for the years indicated.

### Building Permit Issuances for New Structures in the Town of Castle Rock

Year	Single Family		Multi-Family <sup>(1)</sup>		Commercial/Industrial <sup>(2)</sup>	
	Permits	Value	Permits/Units	Value	Square Feet	Value
2015	793	\$173,450,250	83	\$11,000,000	470,000	\$28,693,500
2016	751	169,668,570	380	38,810,205	191,100	59,440,534
2017	862	253,423,531	402	58,746,347	697,539	62,694,257
2018	1,028	304,165,959	372	41,317,324	461,017	45,658,744
2019	901	272,981,745	23	3,801,979	181,767	25,711,875
2020 <sup>(3)</sup>	456	138,981,678	116	717,200	251,578	25,726,396

(1) Includes duplexes, townhomes, condominiums and apartments.

(2) This category is all inclusive and may include permits issued for religious buildings and public schools.

(3) Figures are for January 1 through June 30, 2020.

Source: Town of Castle Rock Development Services Department.

### Building Permit Issuances in Unincorporated Douglas County

Year	New Residential		New Multi-Family <sup>(1)</sup>		Commercial <sup>(2)</sup>	
	Permits	Value	Permits	Value	Permits	Value
2015	893	\$293,300,865	69	\$22,394,193	327	\$157,045,797
2016	851	274,367,486	30	49,775,234	337	119,738,163
2017	939	301,450,934	119	89,618,816	369	162,961,937
2018	1,007	324,216,679	155	28,923,706	340	277,001,574
2019	970	296,896,076	298	42,251,354	330	182,444,753
2020 <sup>(3)</sup>	77	139,694,173	35	19,113,887	155	73,742,091

(1) Includes apartments, condominiums, duplexes and townhouses.

(2) Includes permits for tenant finish and improvement, and alterations.

(3) Figures are for January 1 through June 30, 2020.

Source: Douglas County Building Division.

### **Foreclosure Activity**

The following table presents historical information on foreclosure filings. Such information represents the number of foreclosures filed, but it does not take into account the number of foreclosures which were filed and subsequently redeemed or withdrawn.

#### History of Foreclosures - Douglas County

Year	Number of Foreclosures Filed	Percent Change
2015	322	--
2016	314	(2.5)%
2017	254	(19.1)
2018	279	9.8
2019	242	(13.3)
2020 <sup>(1)</sup>	86	--

(1) Figures are for January 1 through June 30, 2020.

Sources: Colorado Division of Housing (2015 to 2019 figures) and the Douglas County Public Trustee's Office (2020 figure).

## **TAX MATTERS**

### **General Matters**

In the opinion of Butler Snow LLP, under existing laws, regulations, rulings and judicial decisions, interest on the Certificates (including any original issue discount properly allocable to the owner of a Certificate) is excludable from gross income for federal income tax purposes and is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The opinion described above assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Certificates. Failure to comply with such requirements could cause interest on the Certificates to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Certificates. The City has covenanted to comply with such requirements. Special Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Certificates.

*The opinion of Special Counsel does not cover the treatment for federal or Colorado income tax purposes of any monies received in payment of or in respect to the Certificates subsequent to the occurrence of an Indenture Event of Default, an Event of Lease Default or an Event of Nonappropriation.*

The accrual or receipt of interest on the Certificates may otherwise affect the federal income tax liability of the owners of the Certificates. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Special Counsel has expressed no opinion regarding any such consequences. Purchasers of the Certificates, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Certificates.

Special Counsel is also of the opinion that, under existing State of Colorado statutes, interest on the Certificates is excludable from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Certificates. Special Counsel has expressed no opinion regarding other tax consequences arising with respect to the Certificates under the laws of the State of Colorado or any other state or jurisdiction.

### **Original Issue Premium**

The Certificates that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Certificates"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Certificate over its stated redemption price at maturity constitutes premium on such Premium Certificate. A purchaser of a Premium Certificate must amortize any premium over such Premium Certificate's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Certificates callable prior to their maturity, generally by

amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Certificate is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Certificate prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Certificates should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Certificate.

### **Backup Withholding**

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on federally tax-exempt obligations such as the Certificates is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Certificates that fail to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Certificates from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Certificates or the market value thereof would be impacted thereby. Purchasers of the Certificates should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Special Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Certificates, and Special Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

*Prospective purchasers of the Certificates are advised to consult their own tax advisors prior to any purchase of the Certificates as to the impact of the code upon their acquisition, holding or disposition of the Certificates.*



## **LEGAL MATTERS**

### **Litigation**

The Town Attorney states that, as of the date hereof, to the best of his knowledge, there is no pending lawsuits or threatened litigation against the Town which would restrain or enjoin the Town's ability to enter into the Site Lease or the Lease or to pay Base Rentals under the Lease. The Town is, however, subject to certain pending and threatened litigation regarding various other matters arising in the ordinary course of the Town's business. It is the opinion of the Town Attorney that the Town's level of insurance coverage is adequate and that the pending or threatened litigation will not result in final judgments against the Town which would, individually or in the aggregate, materially adversely affect the Town's financial position or its ability to perform its obligations under the Lease.

### **Governmental Immunity**

The Colorado Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S. (the "Immunity Act"), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity, such as the Town, for injuries which lie in tort or could lie in tort.

The Immunity Act provides that sovereign immunity is waived by a public entity for injuries occurring as a result of certain specified actions or conditions, including: the operation of a non-emergency motor vehicle owned or leased by the public entity; operation and maintenance of any public water, gas, sanitation, electrical, power or swimming facility; a dangerous condition of any public buildings; the operation of any public water facility; and a dangerous condition of a public highway, road or street as provided in the Immunity Act. Immunity is also waived for peace officers who deprive any other person of individual rights under the conditions specified in State law. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which are not willful and wanton, and which occur during the performance of their duties and within the scope of their employment. The Town may not be held liable under the Immunity Act either directly or by indemnification for punitive or exemplary damages unless the Town voluntarily pays such damages in accordance with State law.

For injuries occurring on or after January 1, 2018, the maximum amounts that may be recovered under the Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$387,000; (b) for an injury to two or more persons in any single occurrence, the sum of \$1,093,000; except in such instance, no person may recover in excess of \$387,000. The maximum amounts that may be recovered will increase every four years pursuant to a formula based on the Denver-Aurora-Lakewood Consumer Price Index.

The Town may be subject to civil liability and damages including punitive or exemplary damages and it may not be able to claim sovereign immunity for actions founded upon various federal laws, or other actions filed in federal court. Examples of such civil liability include suits filed pursuant to 42 U.S.C. § 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the Town may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the Immunity Act provides

that it applies to any State court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

### **Approval of Certain Legal Proceedings**

The approving opinion of Butler Snow LLP, as Special Counsel, will be delivered with the Certificates. A form of the Special Counsel opinion is attached to this Official Statement as Appendix E. Butler Snow LLP, Denver, Colorado, has also acted as Special Counsel to the Town in connection with this Official Statement. Certain matters will be passed upon for the Town by the Town Attorney. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, P.C., Denver, Colorado.

### **Certain Constitutional Limitations**

TABOR (Article X, Section 20 of the Colorado Constitution). At the general election on November 3, 1992, the voters of Colorado approved a constitutional amendment known as the “Taxpayers Bill of Rights,” which is codified as Article X, Section 20, of the Colorado Constitution (“TABOR”). In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types of obligations without voter approval. TABOR generally applies to the State and all local governments, including governments such as the Town (“local governments”), but does not apply to “enterprises,” defined as government-owned businesses authorized to issue revenue bonds and receiving under 10% of annual revenue in grants from all state and local governments combined. Because some provisions of TABOR are unclear, litigation seeking judicial interpretation of its provisions has been commenced on numerous occasions since its adoption. Additional litigation may be commenced in the future seeking further interpretation of TABOR. No representation can be made as to the overall impact of TABOR on the future activities of the Town, including its ability to generate sufficient revenues for its general operations, to undertake additional programs or to engage in any subsequent financing activities.

Voter Approval Requirements and Limitations on Taxes, Spending, Revenues, and Borrowing. TABOR requires voter approval in advance for: (a) any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase, extension of an expiring tax, or a tax policy change causing a net tax revenue gain; (b) any increase in a local government’s spending from one year to the next in excess of the limitations described below; (c) any increase in the real property tax revenues of a local government from one year to the next in excess of the limitations described below; or (d) creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever, subject to certain exceptions such as the refinancing of obligations at a lower interest rate. In the opinion of Special Counsel, the Lease does not constitute a “multiple fiscal year obligation” which requires an election under the terms of TABOR.

TABOR limits increases in government spending and property tax revenues to, generally, the rate of inflation and a local growth factor which is based upon, for school districts, the percentage change in enrollment from year to year, and for non-school districts, the actual value of new construction in the local government. Unless voter approval is received as described above, revenues collected in excess of these permitted spending limitations must be rebated. Debt service, however, can be paid without regard to any spending limits, assuming revenues are available to do so.

In 2005, the Town's voters approved an election question authorizing the Town to retain and spend all Town revenues in excess of the limitations on local fiscal year spending imposed by TABOR for a five year period commencing on January 1, 2004, through December 31, 2008.

In addition, beginning January 1, 2009, the Town is authorized to retain and spend all Town revenues that do not exceed the "Excess Local Revenue Cap" (defined below) for any given fiscal year, even though such revenues are in excess of the limitations imposed under TABOR. "Excess Local Revenues Cap" for a given fiscal year means an amount that is equal to the highest total Town revenues for a fiscal year from the period of the 2004 fiscal year through the 2008 fiscal year, adjusted each subsequent fiscal year for inflation, the percentage change in local growth, the qualification or disqualification of enterprise, and debt service changes as provided in TABOR and the Town Code. Any excess revenues must be appropriated by the Council for police, fire, ambulance, transportation, parks, recreation, trails and open space purposes. As used in the 2005 election question, "Town revenues" means all revenues except: (1) revenues excluded from Town fiscal year spending under the express provisions of TABOR or judicial interpretations of TABOR; (2) revenues of any enterprise of the Town so long as it is qualified as an enterprise under TABOR; and (3) voter-approved revenue changes approved by Town voters prior to November 1, 2005.

For 2015, the Town experienced a TABOR surplus of \$714,580. Various factors contributed to the surplus, including strong sales tax growth and contributions for the construction of transportation and recreation projects. In June 2016, following a process of obtaining citizen feedback, the Council voted to request voter authorization to retain the surplus at the November 2016 election. At the November 2016 election, the eligible electors of the Town voted to authorize the Town to retain and spend up to \$714,580 of excess 2015 revenue for police, fire, emergency medical services, and transportation purposes as a voter approved revenue change under TABOR.

Emergency Reserve Funds. TABOR also requires local governments to establish emergency reserve funds. The reserve fund must consist of at least 3% of fiscal year spending. TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. The Town has budgeted emergency reserve funds as required by TABOR.

Other Limitations. TABOR also prohibits new or increased real property transfer tax rates and local government income taxes. TABOR allows local governments to enact exemptions and credits to reduce or end business personal property taxes; provided, however, the local governments' spending is reduced by the amount saved by such action. With the exception of K-12 public education and federal programs, TABOR also allows local governments (subject to certain notice and phase-out requirements) to reduce or end subsidies to any program delegated for administration by the general assembly; provided, however, the local governments' spending is reduced by the amount saved by such action.

## **Police Power**

The obligations of the Town are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State

and to the exercise by the United States of America of the powers delegated to it by the federal constitution, including bankruptcy.

### **MUNICIPAL ADVISOR**

Hilltop Securities Inc., Denver, Colorado (the “Municipal Advisor”) has served as Municipal Advisor to the Town with respect to the Certificates. As the Town’s municipal advisor, the Municipal Advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, rating and issuance of the Certificates. In its role of Municipal Advisor to the Town, the Municipal Advisor has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in the Official Statement and the appendices hereto.

### **INDEPENDENT AUDITORS**

The basic financial statements of the Town for the fiscal year ended December 31, 2019, included in this Official Statement as Appendix A, have been audited by BKD LLP, certified public accountants, Denver, Colorado, to the extent and for the period indicated in their report

The Town will not obtain a consent letter from its auditor for the inclusion of the audit report in this Official Statement. BKD LLP, the Town’s independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BKD LLP also has not performed any procedures relating to this Official Statement.

### **RATING**

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), is expected to assign the Certificates the Rating shown on the cover of this Official Statement. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

Such rating reflects only the views of the rating agency, and there is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price or liquidity of the Certificates. Except for its responsibilities under the Disclosure Certificate, the City has not undertaken any responsibility to bring to the attention of the owners of the Certificates any proposed change in or withdrawal of such rating once received or to oppose any such proposed revision.

### **UNDERWRITING**

Stifel, Nicolaus & Company, Incorporated, Denver, Colorado (the “Underwriter”) has agreed to purchase the Certificates from the Town pursuant to a Certificate Purchase Agreement at a purchase price equal to \$9,918,776.40 (which is equal to the par amount of the Certificates, plus original issue premium of \$1,467,716.40 and less Underwriter’s discount of \$33,940.00). The Underwriter is committed to take and pay for all of the Certificates if any are taken.

The Underwriter intends to offer the Certificates to the public at the offering prices or yields set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions from the public offering price to certain dealers who may reallow concessions to other dealers. After the initial public offering price, prices may be varied from time to time by the Underwriter, and the Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell such Certificates into investment accounts.

#### **OFFICIAL STATEMENT CERTIFICATION**

The preparation and distribution of this Official Statement has been authorized by the Town. This Official Statement is hereby duly approved by the Town as of the date on the cover page hereof.

TOWN OF CASTLE ROCK, COLORADO



By: /s/ Trish Muller

Finance Director

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## **APPENDIX A**

### **AUDITED BASIC FINANCIAL STATEMENTS OF THE TOWN FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

**NOTE:** The audited basic financial statements of the Town included in this Appendix A have been derived from the Town's CAFR for the year ended December 31, 2019. The table of contents, introductory section, individual fund budgetary statements, and other items referred to in the auditor's report attached hereto has purposely been excluded from this Official Statement. Such information provides supporting details and is not necessary for a fair presentation of the basic financial statements of the Town.

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## Independent Auditor's Report

Honorable Mayor and Members of Town Council  
Town of Castle Rock  
Castle Rock, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Castle Rock (the Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Plum Creek Water Reclamation Authority, a joint venture of the Town, which represents 27.0 percent, 27.7 percent and 2.4 percent, respectively, of the total assets, net position, and revenues of the Wastewater Enterprise Fund and 3.8 percent, 4.2 percent and 0.40 percent, respectively, of the total assets, net position, and revenues of the Town's business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plum Creek Water Reclamation Authority, is based solely on the report of the other auditors. We also did not audit the financial statements of the Castle Rock Downtown Development Authority, the discretely presented component unit of the Town. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Castle Rock Downtown Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual funds statements and schedules, Local Highway Finance Report, and introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual funds statements and schedules and Local Highway Finance Report (supplementary information) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to

the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*BKD, LLP*

Denver, Colorado

July 14, 2020



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## Management's Discussion and Analysis

As management of the Town of Castle Rock (Town), Colorado, we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information contained in the Notes to the Basic Financial Statements and our Letter of Transmittal, which can be found in the Introductory Section of the Town's Comprehensive Annual Financial Report (CAFR).

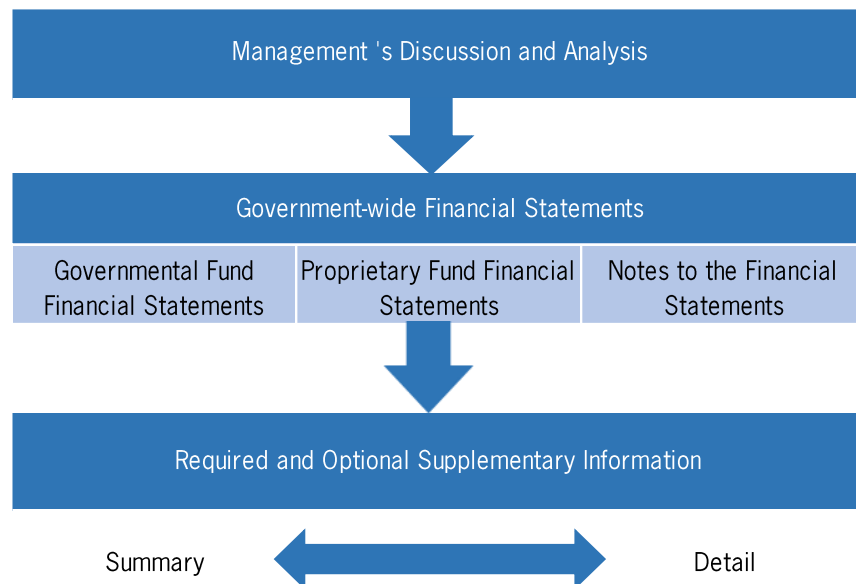
### Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at December 31, 2019 by \$1,075.1 million (*net position*). Of this amount, \$184.0 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total Net Position increased by \$51.3 million or 5 percent.
- As of December 31, 2019, the Town's governmental funds reported combined ending fund balances of \$54.2 million, a decrease of \$7.4 million from 2018.
- The Town's long-term liabilities totaled \$111.0 million at the end of 2019. The \$1.3 million or 1 percent decrease from 2018 was primarily due to debt service payments.
- On December 31, 2019, the unassigned fund balance for the General Fund was \$15.6 million, which consisted of cash reserves of \$12.1 million and unappropriated funds of \$3.5 million.

### Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements.

The basic financial statements are comprised of three components: 1) Town-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. This report also contains Other Supplementary Information in addition to the basic financial statements and information about the Downtown Development Authority, the discretely presented component unit of the Town.



## **Town-wide Financial Statements**

The *Town-wide financial statements* are designed to provide readers with a broad overview of the Town's finances presented in a manner similar to a private-sector business.

The *Statement of Net Position* reports *net position* as the difference between Town-wide assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed during the year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future period (e.g., uncollected taxes and earned but unused vacation leave).

The Town-wide financial statements distinguish functions of the Town that are primarily supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities of the Town include: general government, public safety (police and fire), public works (streets and transportation), culture and recreation (parks, open space and recreation), and the Castle Rock Urban Renewal Authority. The business-type activities of the Town include: water, water resources, stormwater, wastewater, golf course, community (recreation) center and development services.

The Town-wide financial statements include not only the Town itself (known as the *primary government*), but also a legally separate development authority for which the Town is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Castle Rock Urban Renewal Authority, although also legally separate, functions for all practical purposes as a department of the Town, and therefore, has been included as an integral part of the primary government.

## **Fund Financial Statements**

The Town, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the Town can be divided into two categories: governmental funds and proprietary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Town-wide financial statements. However, unlike the Town-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Town-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Town-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances, provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains fifteen individual governmental funds. Information on the Town's major governmental funds; the General Fund, including the Economic Development Fund, the Transportation Fund and the Transportation Capital

Fund are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the other eleven governmental funds are aggregated into a single "Other Governmental Funds" column. Individual fund data for each of these non-major governmental funds is provided in the Combining and Individual Statements under the Supplemental Information tab.

The Town adopts an annual budget for all governmental funds. A schedule of revenues, expenditures and changes in funds available budget and actual (non-GAAP budgetary basis) has been provided to demonstrate compliance with the budget.

### **Proprietary Funds**

The Town maintains two types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the Town-wide financial statements. The Town uses enterprise funds to account for its water, water resources, stormwater, wastewater, golf course, community center and development services funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's funds and departments. The Town uses internal service funds to account for its fleet of vehicles and to accumulate and pay employee benefits. The internal service funds are included within governmental activities in the Town-wide financial statements since these services predominantly benefit governmental rather than business-type functions.

Proprietary funds provide the same type of information as the Town-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the enterprise funds: Water, Water Resources, Stormwater, Wastewater, Golf, Community Center and Development Services. The internal services funds are aggregated into a single column on the proprietary fund financial statements. Individual fund data for internal service funds are provided in the form of Combining Statements under the Supplemental Information tab.

### **Required Supplementary Information and Supplemental Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the Town's progress in funding its obligation to provide pension benefits for firefighters. The General Fund and Transportation Fund budgets are presented as part of Required Supplementary Information.

The combining and individual fund statements and schedules include detailed information about the non-major governmental funds (non-major special revenue funds and non-major capital projects funds), and the internal service funds and is presented as Supplementary Information.

### **Town-wide Financial Analysis**

The chart on the following page shows a summary comparison of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for 2019 and 2018. Based on that comparison, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources (net position) by \$1,075.1 million at the close of 2019. Net position may serve over time as a useful indicator of the Town's financial position.

<b>NET POSITION</b> <b>DECEMBER 31, 2019 and 2018</b> (In thousands)						
	2019			2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>						
Current and other assets	\$ 87,752	\$ 144,129	\$ 231,881	\$ 89,399	\$ 154,389	\$ 243,788
Capital assets	401,543	583,374	984,917	373,588	541,778	915,366
Total assets	489,295	727,503	1,216,798	462,987	696,167	1,159,154
<b>DEFERRED OUTFLOWS</b>						
Pension related amounts	5,090	-	5,090	2,172	-	2,172
Loss on refundings	454	748	1,202	507	878	1,385
Total deferred outflows	5,544	748	6,292	2,679	878	3,557
<b>LIABILITIES</b>						
Long-term liabilities	41,109	69,915	111,024	42,961	69,368	112,329
Other liabilities	23,165	10,954	34,119	18,888	4,428	23,316
Total liabilities	64,274	80,869	145,143	61,849	73,796	135,645
<b>DEFERRED INFLOWS</b>						
Pension related amounts	78	-	78	660	-	660
IREA capital credit	1,375	-	1,375	1,269	-	1,269
Property tax	1,353	-	1,353	1,283	-	1,283
Total deferred inflows	2,806	-	2,806	3,212	-	3,212
<b>Net Position</b>						
Net investment in capital assets	361,695	512,560	874,255	332,762	473,028	805,790
Restricted	16,885	-	16,885	19,853	-	19,853
Unrestricted	49,179	134,822	184,001	47,990	150,221	198,211
Total net position	\$ 427,759	\$ 647,382	\$ 1,075,141	\$ 400,605	\$ 623,249	\$ 1,023,854

### Town-wide Financial Analysis (continued)

By far the largest portion of the net position (81 percent) is reflected in the Town's investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure) less any related outstanding debt used to acquire those assets. The Town uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves are not liquidated to pay these liabilities.

An additional portion of the Town's net position, \$16.9 million (2 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$184.0 million) consists primarily of accumulated development impact fees that will be used to fund infrastructure needs caused by growth, accumulated rates and fees that will be used to fund the long term water plan, and Town and management designated reserves for Business-Type Activities (operating, capital, revenue stabilization, and catastrophic failure).

At the end of 2019, the Town reported positive balances in all three categories of net position, both for the Town as a whole as well as for its separate governmental and business-type activities.

The Town's net position increased \$51.3 million during 2019. There was a \$27.2 million increase in the net position for governmental activities. Total net position of the business-type activities increased \$24.1 million. This increase was partially the result of water, stormwater and wastewater infrastructure valued at \$8 million which was contributed to the utilities enterprise by developers. The remaining \$16.1 million consists of system development fees, charges for services, sales taxes and other revenues less capital and operating expenses.

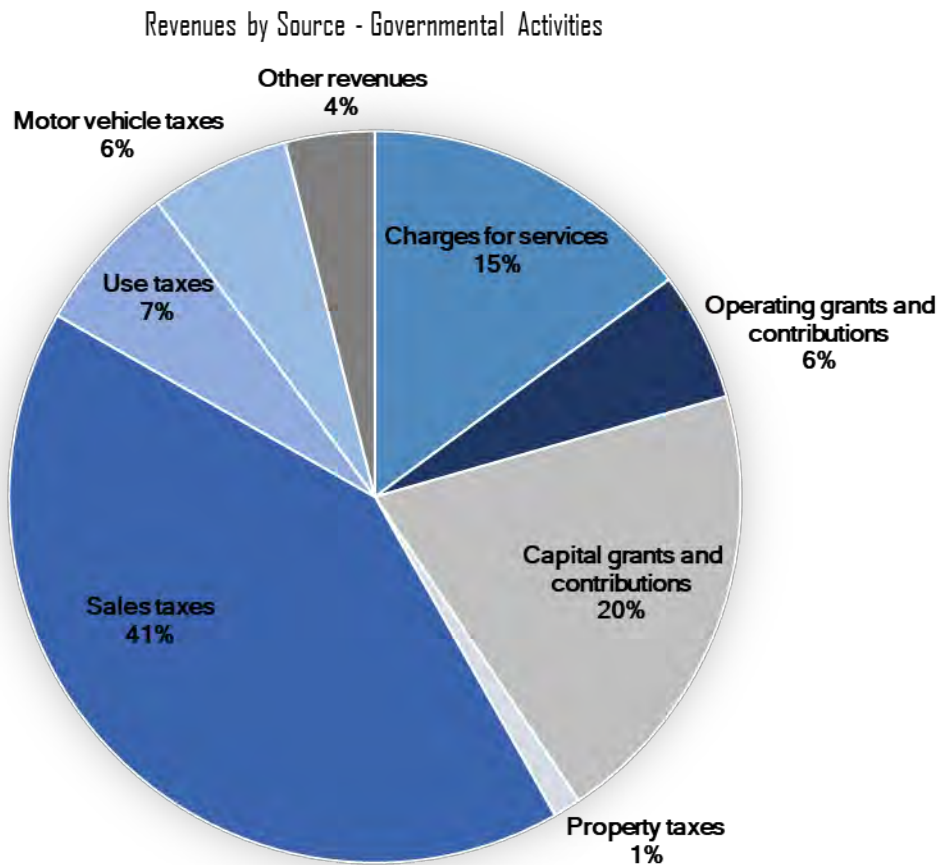


# 2019 AND 2018 CHANGES IN NET POSITION

(in thousands)

	2019			2018		
	Governmental activities	Business-type activities	Total	Governmental activities	Business-type activities	Total
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 18,193	\$ 63,892	\$ 82,085	\$ 18,907	\$ 56,639	\$ 75,546
Operating grants and contributions	6,973	-	6,973	5,357	-	5,357
Capital grants and contributions	24,506	30,603	55,109	19,444	46,319	65,763
General revenues						
Property taxes	1,483	-	1,483	1,331	-	1,331
Sales taxes	50,729	2,591	53,320	48,609	2,456	51,065
Use taxes	8,081	370	8,451	8,861	421	9,282
Other revenues	12,398	3,066	15,464	10,958	2,402	13,360
Total revenues	122,363	100,522	222,885	113,467	108,237	221,704
<b>EXPENSES</b>						
General government	17,615	-	17,615	16,129	-	16,129
Public safety	31,617	-	31,617	28,500	-	28,500
Public works	37,097	-	37,097	29,833	-	29,833
Culture and recreation	7,995	-	7,995	8,201	-	8,201
Interest on long-term debt	1,337	-	1,337	1,429	-	1,429
Water	-	18,519	18,519	-	15,599	15,599
Water Resources	-	9,849	9,849	-	8,696	8,696
Stormwater	-	4,481	4,481	-	4,256	4,256
Wastewater	-	25,749	25,749	-	22,443	22,443
Golf	-	3,020	3,020	-	2,874	2,874
Community center	-	8,085	8,085	-	7,088	7,088
Development services	-	6,234	6,234	-	5,759	5,759
Total expenses	95,661	75,937	171,598	84,092	66,715	150,807
Increase in net position before transfers	26,702	24,585	51,287	29,375	41,522	70,897
Transfers	452	(452)	-	1,304	(1,304)	-
Increase in net position	27,154	24,133	51,287	30,679	40,218	70,897
Net position - January 1	400,605	623,249	1,023,854	369,926	583,031	952,957
Net position - December 31	\$ 427,759	\$ 647,382	\$ 1,075,141	\$ 400,605	\$ 623,249	\$ 1,023,854

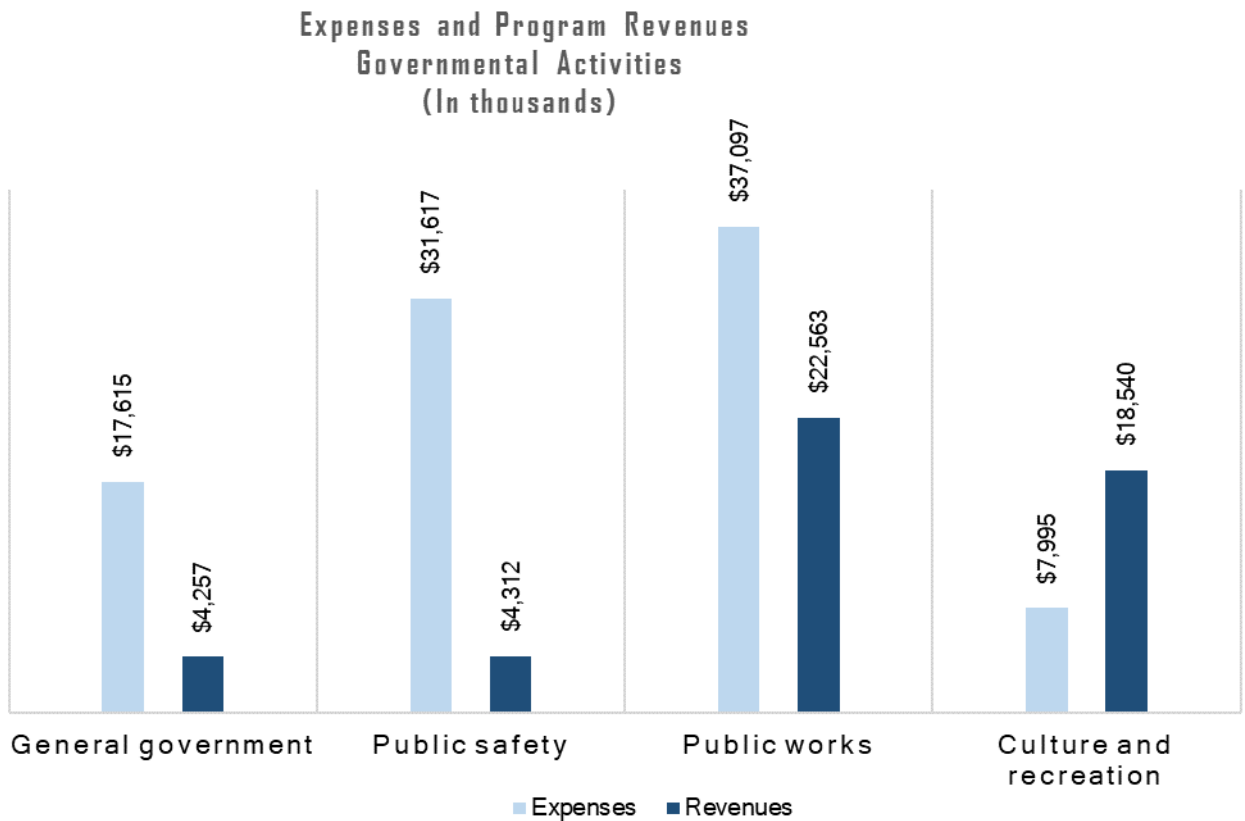
**Governmental activities.** The following chart shows the governmental activities revenues by source. Sales taxes provide 41 percent of the total revenues of the governmental activities. Program revenues including charges for services and grants and contributions provide 41 percent of revenues in the governmental activities. Only 1 percent of the revenues of the governmental activities are provided by property taxes.



Governmental activities increased the Town's net position by \$27.2 million. Key elements of this change are as follows:

- Sales taxes increased by \$2.1 million or 4 percent in 2019
- Use taxes decreased by \$0.8 million or 8.8 percent in 2019
- Operating grants and contributions include various intergovernmental revenues for highways and streets, public safety and parks and recreation projects.
- Capital grants and contributions are primarily assets contributed by developers.

The chart below shows the extent to which expenses of the various functions of governmental activities are covered by program revenues. Certain program revenues of public works are used for the construction of capital assets. These construction costs are not expensed in the year that the revenues are received but are instead capitalized and depreciated over the life of the assets.



Note: This chart does not include tax revenues, which are the primary source of funding for most governmental activities.

**Business-type activities.** Business-type activities increased the Town's net position by \$24.1 million, accounting for 47 percent of the total growth in the Town's net position. Key elements of this increase are as follows:

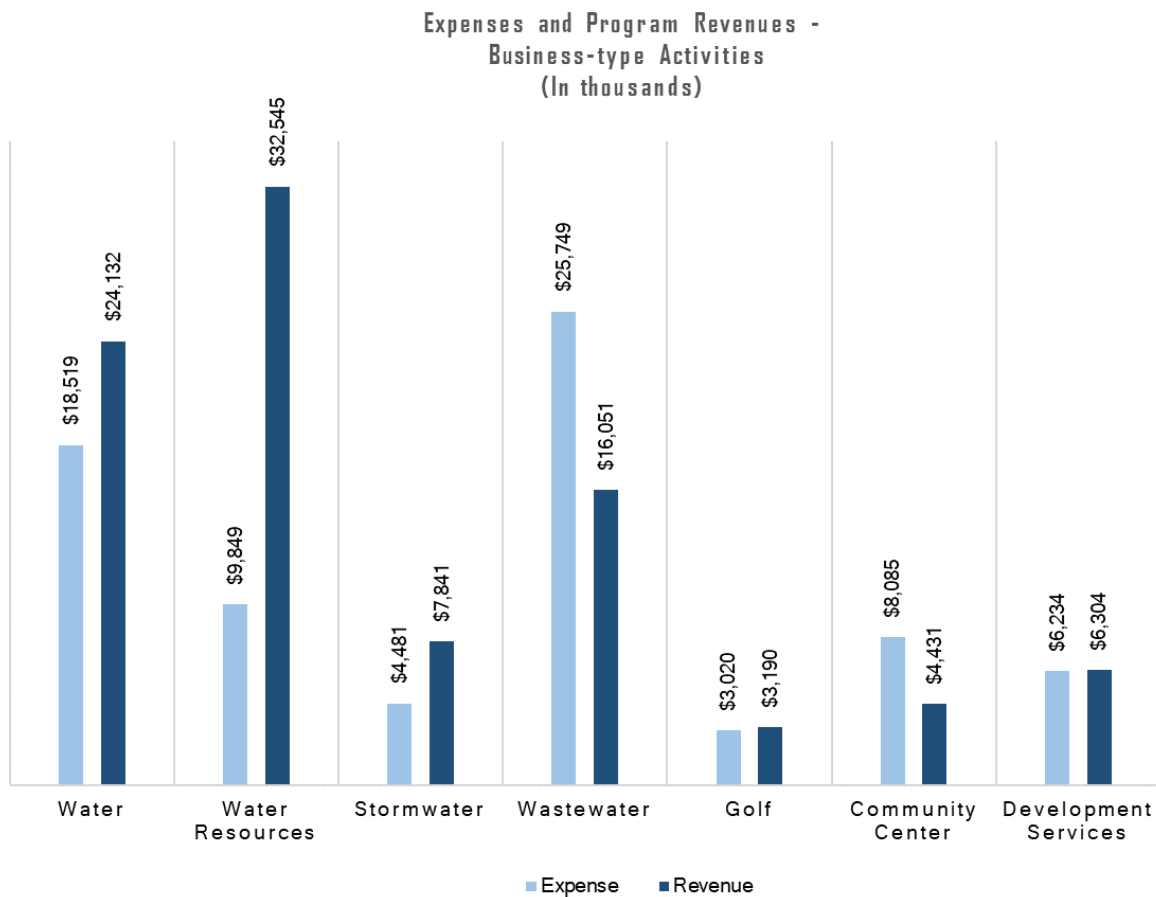
The change in net position in business-type activities resulted primarily from Water, Water Resources, Stormwater and Wastewater Fund system development fees of \$22.6 million and contributed infrastructure from developers of \$8 million and charges for services offset by capital and operational expenses.



The iconic Castle Rock Star is lighted on top of the rock every year around Thanksgiving and remains lit through the end of the Stock Show in Denver. This tradition has been in place since 1936.

The star was also lit as a symbol of hope in April, 2020 in the midst of the National Emergency declared because of the Coronavirus pandemic.

The chart below reflects all revenues of the enterprise funds including impact fees and system development fees. These impact and development fees can only be used for growth related costs, which are primarily the construction of infrastructure assets.



## Financial Analysis of the Town's Funds

**Governmental funds.** The focus of the governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a Town's net resources available for spending at the end of the year.

As of December 31, 2019, the governmental funds reported combined ending fund balances of \$54.2 million, which was a decrease of \$7.4 million from 2018. Of the \$54.2 million, the unassigned balance is \$13 million or 24 percent, which is available to spend at the Town's discretion. The unassigned balance includes \$12.1 million in three month cash reserves to cover cash flow requirements for the General Fund. The remaining fund balance of \$41.2 million, consists of fund balance that otherwise has constraints. These constraints include: \$4.7 million in non-spendable funds due to the nature of prepaid and long-term receivables, \$16.9 million in restricted funds due to revenues restricted for a specific purpose of which portions are not yet designated for a specific project, \$17.6 million in committed funds for spending determined by the Town Council, and \$2.1 million in assigned funds for future planned intentions.

The General Fund is the chief operating fund of the Town, which includes a subsidiary fund called the Economic Development Fund. At the end of 2019, fund balance of the General Fund was \$29.5 million, of which \$15.6 million was unassigned. As a measure of the General Fund's liquidity, unassigned fund balance represents 27 percent of the General Fund expenditures. The General Fund balance decreased by \$2.8 million, or 9 percent, during 2019.

At the end of 2019, total fund balance of the Transportation Fund was \$8.44 million. Of this amount, \$0.07 million is non-spendable funds due to prepaids and \$8.4 million is committed by Town Council for future projects. Fund balance for the Transportation Fund decreased \$3.5 million in 2019. Overall, the Transportation Fund revenues increased \$0.3 million or 1 percent in 2019, excluding impact fees that are collected in the Transportation Capital Fund.

The Transportation Capital Fund qualifies as a major fund for 2019 and had a total fund balance of \$11.5 million at the end of 2019, \$1.2 million less than at the end of 2018. The entirety of this amount is identified as restricted for a certain purpose.

Non-major governmental funds, which rely heavily on growth revenues, saw ending fund balances of \$4.8 million in 2019.

**Proprietary funds.** Unrestricted net position of the combined enterprise funds at the end of 2019 were \$135.4 million. The unrestricted net position consists largely of development impact fees that will be used to fund infrastructure needs caused by growth, rates and fees that will be used to fund the long term water plan and Town and management designated reserves for Business-Type Activities (operating, capital, revenue stabilization, and catastrophic failure). There was no restricted net position at the end of 2019. Net position for enterprise funds increased in 2019 by \$24.4 million with \$4.4 million from Water, \$25.9 million from Water Resources, \$3.5 million from Stormwater, \$0.3 million from Golf and \$0.2 million from the Development Services Fund. The net position in the Community Center Fund decreased by \$0.3 million and the net position for the Wastewater Fund decreased by \$9.6 million due to a contribution to the joint venture of the construction effort for the expansion of the Plum Creek Water Reclamation Facility.

Charges for services coupled with capital grants, contributions and transfers exceeded expenses by \$18.4 million. In addition, investment earnings and sales taxes contributed another \$6 million resulting in the increase to net position of \$24.4 million.

The Amphitheater at Philip S. Miller Park may be rented for community events and Town-arranged performers also present a variety of live music throughout the summer months.



	<b>CAPITAL ASSETS (net of depreciation) (In thousands)</b>					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 60,556	\$ 46,839	\$ 9,455	\$ 9,455	\$ 70,011	\$ 56,294
Easements	3,319	3,243	11,905	10,452	15,224	13,695
Right of Ways	9,500	5,549	244	244	9,744	5,793
Artwork	294	244	-	-	294	244
Water Rights	-	-	98,280	99,150	98,280	99,150
Water Rights Definite Life	-	-	52,070	52,647	52,070	52,647
Buildings and improvements	48,179	44,712	30,096	31,135	78,275	75,847
Machinery and equipment	14,515	14,956	3,132	1,961	17,647	16,917
Infrastructure	219,246	224,311	256,742	252,389	475,988	476,700
Other structures and improvements	27,182	21,626	3,839	3,837	31,021	25,463
Construction in progress	18,752	12,108	117,610	80,508	136,362	92,616
<b>Total</b>	<b>\$ 401,543</b>	<b>\$ 373,588</b>	<b>\$ 583,373</b>	<b>\$ 541,778</b>	<b>\$ 984,916</b>	<b>\$ 915,366</b>

### Capital Asset and Debt Administration

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$984.9 million (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings and improvements, machinery and equipment, infrastructure (roads, highways, bridges, water and sewer systems), and construction in progress.

#### Major capital asset events during 2019 included:

- Completion and opening of Deputy Zack S. Parrish III Memorial Park in the northwest area of Town
- Completion of a 2 mile southward extension of the East Plum Creek Trail, to Crystal Valley Parkway

- Converted the ballfields at Metzler Ranch Community Park to synthetic turf to conserve 6 million gallons of water annually
- Completed construction of groundwater wells in the Lanterns/Montaine area
- Installed a reuse waterline from Plum Creek Water Reclamation Authority to Red Hawk Ridge Golf Course so nonpotable water can be used to water the course, saving 60 million gallons in nonrenewable groundwater each year
- Began constructing an advanced water treatment process at the Plum Creek Water Purification Facility and building a pipeline and pump station to the Town's new water diversion north of Sedalia to further use of reuse water
- Completed upgrades to Chatfield Reservoir to begin storing water in 2020

Additional information concerning the Town's capital assets can be found in the Notes to the Basic Financial Statements on page(s) 61-62.



*In support of continuing education in Castle Rock, the Town contributed \$2 million toward Arapahoe Community College's Sturtevant Campus – a partnership among ACC, Douglas County Schools and Colorado State University with assistance from the Castle Rock Economic Development Council and the Town that opened in the fall of 2019 with over 600 students.*

## Long-term debt

	OUTSTANDING DEBT					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue bonds	\$ 28,038,047	\$ 29,368,312	\$ 63,562,717	\$ 68,144,403	\$ 91,600,764	\$ 97,512,715
Certificates of participation	7,130,000	7,505,000	-	-	7,130,000	7,505,000
Notes Payable	-	2,250,000	4,500,000	-	4,500,000	2,250,000
Capital leases	-	-	407,441	150,452	407,441	150,452
Total	<u>\$ 35,168,047</u>	<u>\$ 39,123,312</u>	<u>\$ 68,470,158</u>	<u>\$ 68,294,855</u>	<u>\$ 103,638,205</u>	<u>\$ 107,418,167</u>
The Town has no general obligation bonds outstanding.						

At the end of 2019, the Town had total long-term debt outstanding of \$103.6 million. Of this amount, there were no general obligation bonds outstanding. There were revenue bonds of \$91.6 million and \$7.1 million in certificates



of participation secured by specific revenue sources. The remainder of the debt (\$4.9 million) consists of notes and capital leases.

The Town's total long-term debt decreased by \$3.8 million or 4 percent in 2019 due primarily to scheduled debt service payments.

Additional information on the Town's long-term debt can be found in the Notes to the Basic Financial Statements on page(s) 64-70.

## **General Fund Budgetary Highlights**

Unspent capital project appropriations do not automatically carry over into the new year, but unspent amounts are re-appropriated in the following year. The increase of \$8.7 million between the total "original" budgets and the "final" amended budgets for the General Fund was due to carryforward of previously unspent capital items including \$2 million for the economic incentive agreement with the collaborative campus effort, \$2 million for construction of the East Plum Creek Trail extension, \$1.7 million for turf replacement at Metzler Park, \$1.2 million for additional construction needs at the new Public Safety Training Facility and acquisition of property for a future roundabout near the Wolfensberger and I-25 on ramp in 2019.

When comparing budgeted to actual expenditures in the General Fund and subsidiary Economic Development Fund, there was a positive variance of \$4.1 million and \$2.0 million respectively. For the General Fund, this was made up of unspent capital funds of \$2.0 million or 49 percent, for projects not completed in 2019, personnel costs of \$0.8 million or 21 percent, and \$1.3 million or 32 percent in services and other expenses such as utility costs, vehicle repairs, and contingencies. For the Economic Development Fund, the \$2.0 million were economic development opportunities that have not yet come to fruition in 2019 and will be re-appropriated in a future year.

## **Economic Factors and Next Year's Budgets and Rates**

It is important to note that as a result of the 2020 COVID-19 health emergency, management anticipates that revenues of the Town may be affected due to the impact on sales and use taxes that the economic shutdown will have. A history of conservative financial management coupled with healthy reserves and fund balances available to deploy as well as capital improvement program funding that can be accessed, the Town is well positioned to work through the fiscal outcomes of the pandemic.

In the development of the budget for the General Fund, the Town considered the following factors:

- The Town continued to experience growth during 2019 with the issuance of permits for 1,170 new residential units (901 single family, 269 multi-family, and 44 new commercial permits). The Town will budget 700 new residential units and 118 multifamily units in the 2020 budget.
- No increase in tax rates of any kind.
- Unemployment rate for the State of Colorado.
- Inflation as measured by the change in the Denver-Boulder consumer price index (CPI).

The Town collects nine different development and impact fees to defray the costs of new infrastructure needs that are caused by growth. The Town has fee schedules for its various development, system development and impact fees and beginning in 2020, impact fees will be adjusted annually for inflation.

Existing rates and fees are set pursuant to Town Council approved schedules or policies, with no new fees proposed for 2020. The 2020 budget includes a decrease of 3 percent for wastewater fees for the typical existing residential water customer, along with an increase in growth-related water system development fees. Increases in development impact fees for transportation and parks and recreation projects are also included.



The 2020 budget provides for \$69.4 million in capital improvements. This includes the following significant projects:

- Design and initiate phase one construction of a neighborhood park in Cobblestone Ranch, which is planned to be complete in 2021
- Replace playground equipment and other amenities within existing parks, including Butterfield Crossing, Mitchell Gulch and Plum Creek parks
- Complete construction of the North Building at the Towns Public Safety Training Facility
- Widen Plum Creek Parkway east of Gilbert Street to Eaton Circle, including constructing two new roundabouts
- Improve certain Downtown alleys and begin work on a Downtown Alley Master Plan
- Acquire the remaining right of way needed and set aside funds toward the future Crystal Valley Parkway Interchange with Interstate 25
- Complete upgrades to the Plum Creek Water Purification Facility so the Town can provide purified reuse water, and complete construction of the pump station and reuse pipeline from the Towns diversion and reservoir north of Sedalia to deliver reuse water to the Plum Creek Water Purification Facility
- Continue the WISE, Box Elder and Chatfield Reallocation renewable water projects, as well as consider purchase of Cherry Creek renewable water rights
- Add and improve Denver Basin groundwater supply wells
- Invest in projects at the Plum Creek Water Reclamation Authority, which treats the Towns wastewater, and rehabilitate/replace some of the Towns aging sanitary sewer pipe
- Construct a new water tank in Liberty Village/Cobblestone Ranch

## Requests for Information

This financial report is designed to provide a general overview for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Finance Department, 100 North Wilcox Street, Castle Rock, Colorado 80104.

*The Town of Castle Rock offers many ways to stay connected and informed such as:*

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## ***Basic Financial Statements***

***Town-wide Financial Statements***

***Fund Financial Statements***

***Notes to the Basic Financial Statements***

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***Town-wide Financial Statements***



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TOWN OF CASTLE ROCK, COLORADO

TOWN-WIDE

STATEMENT OF NET POSITION

DECEMBER 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Castle Rock Downtown Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 36,931,543	\$ 38,306,300	\$ 75,237,843	\$ 508,983
Investments	32,840,627	68,378,773	101,219,400	-
Restricted cash and cash equivalents	900,000	5,009,381	5,909,381	-
Cash held in escrow	3,135,480	-	3,135,480	-
Receivables				
Property taxes	1,353,067	-	1,353,067	178,226
Grants	1,803,660	-	1,803,660	-
Sales taxes	5,855,188	322,499	6,177,687	-
Accounts, net of allowance of \$198,915	3,174,413	3,515,075	6,689,488	7,570
Long term receivable	1,374,803	-	1,374,803	-
Internal balances	(195,545)	195,545	-	-
Prepaid items	578,766	899,951	1,478,717	7,103
Inventory	-	73,111	73,111	-
Capital assets				
Land	60,555,627	9,454,785	70,010,412	-
Water rights	-	170,914,994	170,914,994	-
Artwork	293,733	-	293,733	-
Right of way	9,499,564	244,469	9,744,033	-
Easements	3,318,548	11,904,892	15,223,440	-
Construction in progress	18,752,157	117,609,833	136,361,990	-
Buildings and improvements	64,504,899	40,512,245	105,017,144	215,444
Infrastructure	385,573,411	393,182,086	778,755,497	-
Other structures and improvements	63,110,665	6,504,871	69,615,536	-
Machinery and equipment	39,101,919	7,733,642	46,835,561	146,563
Accumulated depreciation	(243,167,959)	(174,688,304)	(417,856,263)	(246,312)
Investment in joint venture	-	27,428,892	27,428,892	-
Total assets	489,294,566	727,503,040	1,216,797,606	817,577
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	5,090,300	-	5,090,300	-
Loss on refundings	453,654	747,529	1,201,183	-
Total deferred outflows of resources	5,543,954	747,529	6,291,483	-

The notes to the financial statements are an integral part of the financial statements.

## TOWN OF CASTLE ROCK, COLORADO

## TOWN-WIDE

## STATEMENT OF NET POSITION

DECEMBER 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Castle Rock Downtown Development Authority
<b>LIABILITIES</b>				
Accounts payable	9,640,039	8,930,242	18,570,281	1,543
Accounts payable from restricted assets	900,000	-	900,000	-
Retainage payable	1,110,442	1,051,707	2,162,149	-
Accrued liabilities	120,653	194,024	314,677	12,484
Deposits	3,305,578	197,928	3,503,506	-
Unearned revenues	8,088,489	579,354	8,667,843	-
Non-current liabilities				
Due within one year	4,157,420	5,079,606	9,237,026	-
Due beyond one year	36,951,308	64,835,587	101,786,895	-
Total liabilities	64,273,929	80,868,448	145,142,377	14,027
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related amounts	77,502	-	77,502	-
IREA capital credit	1,374,803	-	1,374,803	-
Sponsorships	-	-	-	12,833
Property tax	1,353,067	-	1,353,067	178,226
Total deferred inflows of resources	2,805,372	-	2,805,372	191,059
<b>NET POSITION</b>				
Net investment in capital assets	361,694,721	512,559,768	874,254,489	115,695
Restricted for parks and open space	500,943	-	500,943	-
Restricted for emergencies	2,052,460	-	2,052,460	-
Restricted for capital projects	14,309,601	-	14,309,601	-
Restricted for other purposes	21,855	-	21,855	7,500
Unrestricted	49,179,639	134,822,353	184,001,992	489,296
Total net position	\$ 427,759,219	\$ 647,382,121	\$ 1,075,141,340	\$ 612,491

TOWN OF CASTLE ROCK, COLORADO

TOWN-WIDE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities			
General government	\$ 17,615,169	\$ 4,256,832	\$ -
Public safety	31,616,925	4,001,601	310,690
Public works	37,096,813	6,473,501	5,791,712
Culture and recreation	7,995,062	3,460,974	870,812
Interest on long-term debt	1,337,305	-	-
Total Governmental activities	95,661,274	18,192,908	6,973,214
Business-type activities			
Water	18,519,142	18,236,901	-
Water resources	9,849,461	16,465,907	-
Stormwater	4,480,720	4,049,342	-
Wastewater	25,748,740	11,214,673	-
Golf	3,020,217	3,189,851	-
Community center	8,084,639	4,430,672	-
Development services	6,233,635	6,304,317	-
Total Business-type activities	75,936,554	63,891,663	-
	<u>\$ 171,597,828</u>	<u>\$ 82,084,571</u>	<u>\$ 6,973,214</u>
Component unit:			
Castle Rock Downtown Development Authority	<u>\$ 425,428</u>	<u>\$ 121,571</u>	<u>\$ 194,166</u>
General revenues			
Taxes			
Property			
Sales			
Use			
Motor vehicle			
Other			
Unrestricted investment earnings			
Other revenues not restricted for a purpose			
Transfers			
Total general revenues and transfers			
Changes in net position			
Net position - January 1			
Net Position - December 31			

The notes to the financial statements are an integral part of the financial statements.



Net (Expense) Revenue and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Castle Rock Downtown Development Authority
\$ -	\$ (13,358,337)	\$ -	\$ (13,358,337)	\$ -
-	(27,304,634)	-	(27,304,634)	-
10,297,549	(14,534,051)	-	(14,534,051)	-
14,208,691	10,545,415	-	10,545,415	-
-	(1,337,305)	-	(1,337,305)	-
24,506,240	(45,988,912)	-	(45,988,912)	-
5,895,551	-	5,613,310	5,613,310	-
16,079,149	-	22,695,595	22,695,595	-
3,791,861	-	3,360,483	3,360,483	-
4,836,699	-	(9,697,368)	(9,697,368)	-
-	-	169,634	169,634	-
-	-	(3,653,967)	(3,653,967)	-
-	-	70,682	70,682	-
30,603,260	-	18,558,369	18,558,369	-
\$ 55,109,500	\$ (45,988,912)	\$ 18,558,369	\$ (27,430,543)	\$ -
\$ -	\$ -	\$ -	\$ -	\$ (109,691)
1,483,121	-	1,483,121	190,587	-
50,729,264	2,591,211	53,320,475	-	-
8,080,760	369,908	8,450,668	-	-
7,560,750	445,355	8,006,105	-	-
3,111,497	-	3,111,497	-	-
1,589,888	2,620,319	4,210,207	-	-
135,487	-	135,487	16,390	-
452,076	(452,076)	-	-	-
73,142,843	5,574,717	78,717,560	206,977	-
27,153,931	24,133,086	51,287,017	97,286	-
400,605,288	623,249,035	1,023,854,323	515,205	-
\$ 427,759,219	\$ 647,382,121	\$ 1,075,141,340	\$ 612,491	-



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***Fund Financial Statements***

# GOVERNMENTAL FUNDS

Major governmental funds include the General Fund and any governmental fund that comprises 10% or more of a total governmental fund classification (assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures) and at least 5% of the combined governmental and enterprise funds total for the same classification.

## MAJOR FUNDS

### **General Fund**

The General Fund is the primary operating fund of the Town. This fund accounts for all financial resources of the Town except those required to be accounted for in another fund. Included in the General Fund is Economic Development, which is a sub-fund of the General Fund. Economic Development is used to facilitate expansion of the tax base, through primary job creation and improved local economy.

### **Transportation Fund**

The Transportation Fund is a special revenue fund that accounts for the accumulation of financial resources and expenditures for the repair and maintenance of streets, bridges, sidewalks, and public transit and the acquisition of easements and right-of-ways, development of transportation facilities and for the operations of the department responsible for the construction and maintenance of such facilities.

### **Transportation Capital Fund**

The Transportation Capital Fund accounts for the resources and expenditures for the construction of new transportation projects which accommodate growth in the Castle Rock area.

## NON-MAJOR FUNDS

### **Other Governmental Funds**

The Other Governmental Funds column is an aggregate of the following non-major governmental funds.

#### ***Special Revenue Funds***

Conservation Trust  
Philip S. Miller Trust  
Public Art  
Police Forfeiture  
Downtown Development Authority TIF  
Castle Rock Urban Renewal Authority

#### ***Capital Project Funds***

Parks and Recreation Capital  
Municipal Facilities Capital  
Fire Capital  
Police Capital  
General Long Term Planning

## TOWN OF CASTLE ROCK, COLORADO

## GOVERNMENTAL FUNDS

## BALANCE SHEET

DECEMBER 31, 2019

	General	Transportation	Transportation Capital	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,683,214	\$ 7,609,220	\$ 8,519,280	\$ 5,593,395	\$ 32,405,109
Investments	15,500,114	4,038,600	6,423,487	4,682,822	30,645,023
Restricted cash and cash equivalents	900,000	-	-	-	900,000
Cash held in Escrow	-	-	-	3,135,480	3,135,480
Receivables					
Property taxes	1,353,067	-	-	-	1,353,067
Sales taxes	4,352,649	1,502,539	-	-	5,855,188
Accounts, net of allowance of \$198,915	1,664,545	1,140,002	2,065,449	39,510	4,909,506
Prepaid items	498,669	69,817	-	2,669	571,155
Advance to other funds	730,692	-	-	-	730,692
Loans to other funds	5,107,268	-	-	200,694	5,307,962
Total assets	<u>\$ 40,790,218</u>	<u>\$ 14,360,178</u>	<u>17,008,216</u>	<u>\$ 13,654,570</u>	<u>\$ 85,813,182</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 3,603,875	\$ 1,816,223	3,218,732	\$ 156,385	\$ 8,795,215
Accounts payable from restricted assets	900,000	-	-	-	900,000
Retainage payable	86,401	494,395	523,095	6,551	1,110,442
Deposits	3,305,578	-	-	-	3,305,578
Unearned revenues	713,523	3,609,771	-	3,175,480	7,498,774
Advance from other funds	-	-	-	730,692	730,692
Loans from other funds	1,268,247	-	-	4,807,147	6,075,394
Total liabilities	<u>9,877,624</u>	<u>5,920,389</u>	<u>3,741,827</u>	<u>8,876,255</u>	<u>28,416,095</u>
<b>Deferred inflows of resources</b>					
Property taxes	1,353,067	-	-	-	1,353,067
Unavailable fund resources	12,607	-	1,791,053	-	1,803,660
Total liabilities and deferred inflows of resources	<u>11,243,298</u>	<u>5,920,389</u>	<u>5,532,880</u>	<u>8,876,255</u>	<u>31,572,822</u>
<b>Fund balances</b>					
Nonspendable	4,591,792	69,817	-	2,669	4,664,278
Restricted	2,052,460	-	11,475,336	3,357,063	16,884,859
Committed	5,164,845	8,369,972	-	4,060,313	17,595,130
Assigned	2,145,008	-	-	-	2,145,008
Unassigned	15,592,815	-	-	(2,641,730)	12,951,085
Total fund balances	<u>29,546,920</u>	<u>8,439,789</u>	<u>11,475,336</u>	<u>4,778,315</u>	<u>54,240,360</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,790,218</u>	<u>\$ 14,360,178</u>	<u>\$ 17,008,216</u>	<u>\$ 13,654,570</u>	<u>\$ 85,813,182</u>

The notes to the financial statements are an integral part of the financial statements.

## TOWN OF CASTLE ROCK, COLORADO

### RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2019

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Total governmental funds - fund balances	\$ 54,240,360
--	---------------

Amounts reported for governmental activities in the Statement of Net Position are different from governmental fund balances because:

Net capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Less \$10,063,545 internal service fund capital assets.	391,479,019
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Long-term receivables related to regulatory activities do not provide current financial resources until received and therefore are not recorded in the funds.	1,374,803
---	-----------

Internal service funds are used by management to charge the costs of insurance, employee benefits, vehicle replacement, and other activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, net of the amount allocated to business-type activities.	15,935,190
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Deferred outflows of resources, related to the loss on refundings is amortized over future reporting periods and is not recorded in the funds.	453,654
--	---------

Deferred outflows of resources of \$5,090,300 and inflows of resources of (\$77,502), related to pension activity, that represent acquisition or consumption of net position that applies to future reporting periods and therefore are not reported in the funds.	5,012,798
--	-----------

Revenues associated with long-term receivables related to regulatory activities are not recognized in the fund statements until expended for the intended purpose. These revenues are reported as deferred inflows of resources in the governmental statement of net position.	(1,374,803)
--	-------------

Long-term liabilities, including bonds payable, capital leases, compensated absences and accrued interest payable are not due and payable in the current period and therefore are not reported in the governmental funds.	(39,495,905)
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Net pension liabilities are not due and payable in the current period and therefore not reported in the funds.	(1,669,557)
--	-------------

Deferred inflows of resources related to unavailable fund resources are recognized as revenue in the Town-wide financial statements.	1,803,660
--	-----------

Net position of the governmental activities	<u><u>\$ 427,759,219</u></u>
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The notes to the financial statements are an integral part of the financial statements.

TOWN OF CASTLE ROCK, COLORADO

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Transportation	Transportation Capital	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	\$ 1,260,995	\$ -	\$ -	\$ 222,126	\$ 1,483,121
Sales	34,692,600	14,618,800	-	1,417,864	50,729,264
Use	1,218,758	2,942,867	2,203,350	1,715,785	8,080,760
Motor vehicle	4,539,944	3,020,806	-	-	7,560,750
Other taxes	3,111,497	-	-	-	3,111,497
Charges for services	2,311,109	123	-	253,187	2,564,419
Development impact fees	-	-	6,473,378	4,680,424	11,153,802
Management fees	3,421,034	-	-	-	3,421,034
Licenses and permits	103,297	-	-	169,190	272,487
Fines and forfeitures	402,875	-	-	-	402,875
Investment earnings	660,724	341,738	289,241	185,777	1,477,480
Intergovernmental	1,234,840	4,984,079	1,450,906	580,614	8,250,439
Contributions and donations	760,570	325,000	-	302,870	1,388,440
Other	395,784	11,128	295	16,460	423,667
Total revenues	54,114,027	26,244,541	10,417,170	9,544,297	100,320,035
EXPENDITURES					
Current					
General government	15,846,344	-	-	567,596	16,413,940
Public safety	30,487,449	-	-	3,285	30,490,734
Public works	-	24,571,541	6,205	-	24,577,746
Culture and recreation	4,541,604	-	-	922,508	5,464,112
Capital outlay	6,806,654	1,711,378	13,251,513	4,080,291	25,849,836
Debt service					
Principal	-	595,000	500,000	2,625,000	3,720,000
Interest	-	285,775	852,163	389,709	1,527,647
Agency fees	-	300	300	2,000	2,600
Total expenditures	57,682,051	27,163,994	14,610,181	8,590,389	108,046,615
Excess (deficiency) of revenues over (under) expenditures	(3,568,024)	(919,453)	(4,193,011)	953,908	(7,726,580)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,512,643	-	3,086,963	664,871	5,264,477
Transfers out	(695,138)	(2,578,813)	(55,870)	(1,641,380)	(4,971,201)
Total other financing sources (uses)	817,505	(2,578,813)	3,031,093	(976,509)	293,276
Net change in fund balances	(2,750,519)	(3,498,266)	(1,161,918)	(22,601)	(7,433,304)
Fund balances - January 1	32,297,439	11,938,055	12,637,254	4,800,916	61,673,664
Fund balances - December 31	\$ 29,546,920	\$ 8,439,789	\$ 11,475,336	\$ 4,778,315	\$ 54,240,360

The notes to the financial statements are an integral part of the financial statements.

## TOWN OF CASTLE ROCK, COLORADO

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

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Net change in fund balances total government funds	\$ (7,433,304)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay \$25,849,836 as an expenditure while in the statement of activities the cost of those assets are capitalized and allocated over the estimated useful lives and reported as depreciation expense (\$16,606,212). This amount is the net difference between capital outlay and depreciation reported in the current period, less depreciation related to internal service funds.	9,243,624
---	-----------

Contributed assets do not require the use of current financial resources of governmental funds, but are treated as revenues in the statement of activities. In 2019 the Town received capital assets for streets (public works) valued at \$7,538,222, land and easements (culture and recreation) valued at \$12,498,692.	20,036,914
--	------------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.	3,299,975
--	-----------

Internal service funds are used by management to charge the costs of insurance and employee benefits to individual funds, and to provide vehicle repair, maintenance and replacement. The net revenue (expenditures) of the internal service funds is reported with the governmental activities, net of the amount allocated to business-type activities.	(189,439)
---	-----------

Pension related expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the funds.	392,501
--	---------

Deferred inflows of resources related to unavailable fund resources are not recognized as revenue in the governmental funds.	1,803,660
--	-----------

Change in net position of governmental activities	<u><u>\$ 27,153,931</u></u>
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The notes to the financial statements are an integral part of the financial statements.



## ***PROPRIETARY FUNDS***

Major proprietary funds are enterprise funds that comprise 10% or more of a total enterprise fund classification (assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures) and at least 5% of the combined governmental and enterprise funds total for the same classification. The Town has elected to show all enterprise funds as Major Funds.

Enterprise funds account for operations that are financed and operated in a manner similar to private business where costs are predominantly supported by user charges or where management has decided periodic determination of revenues, expenses and / or changes in net position is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

### ***MAJOR FUNDS***

#### **Water Fund**

The Water Fund accounts for activities related to water well development and extraction, water treatment, water transportation systems and for the repair and maintenance of such facilities.

#### **Water Resources Fund**

The Water Resources Fund accounts for the Town's activities related to the analysis and measurement of the long-term water needs of the Town including conservation promotion and the development and maintenance of ground water and renewable water sources.

#### **Stormwater Fund**

The Stormwater Fund accounts for the development, operation and maintenance of infrastructure related to storm water run-off including storm sewers, detention ponds and other drainage ways within the Town.

#### **Wastewater Fund**

The Wastewater Fund accounts for the development and operation of activities related to the collection and treatment of wastewater.

#### **Golf Fund**

The Golf Fund accounts for the activities related to the construction, operation and maintenance of the Town owned golf course, Red Hawk Ridge, at Castle Rock.

#### **Community Center Fund**

The Community Center Fund accounts for the Town's recreational facilities including a recreation center, the Miller Activity Center, two outdoor pools, inline skating rinks, multi-purpose ball fields, and a skateboard park. This fund also accounts for recreational and child care programs.

#### **Development Services Fund**

The Development Services Fund accounts for revenues and expenses related to community development within the Town. Primary revenues are from user fees to include building and electrical permits, plan reviews and inspections.

TOWN OF CASTLE ROCK, COLORADO

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

DECEMBER 31, 2019

	Water	Water Resources	Stormwater	Wastewater
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 10,821,904	\$ 12,457,805	\$ 5,566,945	\$ 6,631,140
Investments	11,293,763	48,769,453	2,878,710	1,218,648
Restricted cash and cash equivalents	-	-	4,500,000	-
Receivables	830,635	1,291,246	293,031	1,040,404
Prepaid items	437,615	277,729	31,298	28,376
Inventory	-	-	-	-
Total current assets	23,383,917	62,796,233	13,269,984	8,918,568
Non-current Assets				
Capital assets				
Land	2,075,814	783,000	53,693	947,834
Easements	2,686,531	121,733	8,230,646	859,882
Right of way	28,024	-	216,445	-
Water rights	89,172,797	81,742,197	-	-
Construction in progress	9,510,789	103,271,521	4,096,046	710,720
Buildings and improvements	3,089,307	18,588,063	820,924	2,441,379
Infrastructure	204,532,835	23,908,267	73,556,274	91,184,710
Machinery and equipment	3,135,127	1,191,992	140,342	922,290
Other structures and improvements	2,134,712	904,056	710,970	1,176,941
Accumulated depreciation	(109,875,494)	(6,127,536)	(17,685,041)	(33,183,124)
Total capital assets (net of accumulated depreciation)	206,490,442	224,383,293	70,140,299	65,060,632
Investment in joint venture	-	-	-	27,428,892
Loans to other funds	-	1,268,247	-	-
Total non-current assets	206,490,442	225,651,540	70,140,299	92,489,524
Total assets	229,874,359	288,447,773	83,410,283	101,408,092
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on refundings	368,461	-	-	77,714
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	2,188,341	5,233,543	212,011	766,750
Retainage payable	328,255	633,715	71,055	18,682
Accrued interest payable	26,016	150,331	2,880	4,013
Deposits	176,525	-	-	-
Revenue bonds payable-current	1,421,800	1,925,000	-	283,200
Capital leases-current	-	-	-	-
Accrued leave-current	375,029	47,035	74,911	17,937
Unearned revenues	298,546	-	18,520	193,454
Total current liabilities	4,814,512	7,989,624	379,377	1,284,036
Non-current liabilities				
Revenue bonds net of unamortized premiums (discounts)	7,115,369	48,279,422	-	1,012,926
Notes payable	-	-	4,500,000	-
Leases payable	-	-	-	-
Accrued leave	253,751	18,026	54,847	4,244
Loans from other funds	-	-	-	-
Total non-current liabilities	7,369,120	48,297,448	4,554,847	1,017,170
Total liabilities	12,183,632	56,287,072	4,934,224	2,301,206
<b>NET POSITION</b>				
Net investment in capital assets	196,405,959	168,742,370	69,937,108	63,798,005
Unrestricted	21,653,229	63,418,331	8,538,951	35,386,595
Total net position	\$ 218,059,188	\$ 232,160,701	\$ 78,476,059	\$ 99,184,600

The notes to the financial statements are an integral part of the financial statements.

	Golf	Community Center	Development Services	Total Enterprise Funds	Governmental Activities
					Internal Service Funds
\$	884,011	\$ 1,079,968	\$ 864,527	\$ 38,306,300	\$ 4,526,434
	223,957	704,987	3,289,255	68,378,773	2,195,604
	509,381	-	-	5,009,381	-
	2,366	364,673	15,219	3,837,574	68,567
	31,098	29,964	63,871	899,951	7,611
	73,111	-	-	73,111	-
	<u>1,723,924</u>	<u>2,179,592</u>	<u>4,232,872</u>	<u>116,505,090</u>	<u>6,798,216</u>
	5,412,479	181,965	-	9,454,785	-
	-	-	6,100	11,904,892	-
	-	-	-	244,469	-
	-	-	-	170,914,994	-
	-	20,757	-	117,609,833	5,620
	2,207,364	8,167,414	5,197,794	40,512,245	-
	-	-	-	393,182,086	-
	1,244,309	1,046,144	53,438	7,733,642	25,711,942
	869,366	708,826	-	6,504,871	-
	(2,082,635)	(5,341,359)	(393,115)	(174,688,304)	(15,654,017)
	<u>7,650,883</u>	<u>4,783,747</u>	<u>4,864,217</u>	<u>583,373,513</u>	<u>10,063,545</u>
	-	-	-	27,428,892	-
	-	-	-	1,268,247	-
	<u>7,650,883</u>	<u>4,783,747</u>	<u>4,864,217</u>	<u>612,070,652</u>	<u>10,063,545</u>
	<u>9,374,807</u>	<u>6,963,339</u>	<u>9,097,089</u>	<u>728,575,742</u>	<u>16,861,761</u>
	301,354	-	-	747,529	-
	55,682	231,422	242,493	8,930,242	844,824
	-	-	-	1,051,707	-
	10,784	-	-	194,024	-
	1,113	8,400	11,890	197,928	-
	400,000	-	-	4,030,000	-
	164,052	-	-	164,052	-
	44,150	54,372	272,120	885,554	41,723
	66,862	1,972	-	579,354	589,715
	<u>742,643</u>	<u>296,166</u>	<u>526,503</u>	<u>16,032,861</u>	<u>1,476,262</u>
	3,125,000	-	-	59,532,717	-
	-	-	-	4,500,000	-
	243,389	-	-	243,389	-
	104,984	113,925	9,704	559,481	22,196
	500,815	-	-	500,815	-
	<u>3,974,188</u>	<u>113,925</u>	<u>9,704</u>	<u>65,336,402</u>	<u>22,196</u>
	<u>4,716,831</u>	<u>410,091</u>	<u>536,207</u>	<u>81,369,263</u>	<u>1,498,458</u>
	4,028,362	4,783,747	4,864,217	512,559,768	9,893,759
	930,968	1,769,501	3,696,665	135,394,240	5,469,544
\$	<u>4,959,330</u>	<u>\$ 6,553,248</u>	<u>\$ 8,560,882</u>	<u>\$ 647,954,008</u>	<u>\$ 15,363,303</u>

*TOWN OF CASTLE ROCK, COLORADO*

*RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF NET POSITION  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2019*

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Total enterprise net position	\$	647,954,008
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Amounts reported for business-type activities in the Statement of Net Position are different from the enterprise funds Net Position because:

Internal balances between the governmental activities and the business-type activities result from the allocation of the internal service funds profit / loss that are attributable to the business-type activities: water, water resources, stormwater, wastewater, golf, community center and development services.

(571,887)
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Net position of the business-type activities

\$	647,382,121
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The notes to the financial statements are an integral part of the financial statements.



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TOWN OF CASTLE ROCK, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Water	Water Resources	Stormwater	Wastewater
OPERATING REVENUES				
Charges for services	\$ 15,297,251	\$ 9,817,426	\$ 3,552,640	\$ 11,005,301
Fines and forfeitures	359,657	147,158	-	154
Intergovernmental	2,287,193	-	395,025	-
Other	292,800	6,501,323	101,677	209,218
Total operating revenues	18,236,901	16,465,907	4,049,342	11,214,673
OPERATING EXPENSES				
Cost of sales and services	-	-	-	-
Operations	11,950,666	7,312,895	2,488,862	23,545,741
Depreciation	6,001,534	1,166,762	1,901,184	2,527,276
Total operating expenses	17,952,200	8,479,657	4,390,046	26,073,017
Operating income (loss)	284,701	7,986,250	(340,704)	(14,858,344)
NON-OPERATING REVENUES (EXPENSES)				
Taxes	-	-	-	-
Investment earnings	505,947	1,681,116	179,156	108,442
Gain (loss) on disposal of capital assets	(208,610)	-	-	-
Interest expense	(288,396)	(1,337,539)	(2,880)	(48,904)
Debt issue costs	-	-	(49,500)	-
Agency and other fees	(552)	(300)	-	(48)
Net income (loss) from joint venture	-	-	-	404,102
Total non-operating revenues (expenses)	8,389	343,277	126,776	463,592
Net income (loss) before contributions and transfers	293,090	8,329,527	(213,928)	(14,394,752)
CONTRIBUTIONS AND TRANSFERS				
System development fees	2,629,558	16,079,149	1,111,668	2,802,641
Capital asset contributions	3,265,993	-	2,680,193	2,034,058
Transfers in	10,125	1,613,394	-	-
Transfers out	(1,794,388)	(64,042)	(72,156)	(40,149)
Total contributions and transfers	4,111,288	17,628,501	3,719,705	4,796,550
Change in fund net position	4,404,378	25,958,028	3,505,777	(9,598,202)
Total net position - January 1	213,654,810	206,202,673	74,970,282	108,782,802
Total net position - December 31	\$ 218,059,188	\$ 232,160,701	\$ 78,476,059	\$ 99,184,600

The notes to the financial statements are an integral part of the financial statements.

				Total	Governmental
				Enterprise	Activities
Golf	Community	Development		Funds	Internal Service
	Center	Services			Funds
\$ 3,186,921	\$ 4,196,488	\$ 6,302,236	\$ 53,358,263	\$ 10,754,839	
-	-	-	506,969	-	
-	40,500	-	2,722,718	-	
2,930	193,684	2,081	7,303,713	1,753,134	
3,189,851	4,430,672	6,304,317	63,891,663	12,507,973	
-	-	-	-	10,462,506	
2,587,352	7,683,170	6,014,959	61,583,645	-	
248,356	368,420	133,482	12,347,014	3,018,502	
2,835,708	8,051,590	6,148,441	73,930,659	13,481,008	
354,143	(3,620,918)	155,876	(10,038,996)	(973,035)	
-	3,406,474	-	3,406,474	-	
17,489	24,363	103,806	2,620,319	112,408	
-	-	-	(208,610)	203,099	
(163,604)	-	-	(1,841,323)	-	
-	-	-	(49,500)	-	
(375)	-	-	(1,275)	-	
-	-	-	404,102	-	
(146,490)	3,430,837	103,806	4,330,187	315,507	
207,653	(190,081)	259,682	(5,708,809)	(657,528)	
-	-	-	22,623,016	-	
-	-	-	7,980,244	-	
80,000	6,000	-	1,709,519	187,310	
(14,639)	(97,819)	(78,402)	(2,161,595)	(28,510)	
65,361	(91,819)	(78,402)	30,151,184	158,800	
273,014	(281,900)	181,280	24,442,375	(498,728)	
4,686,316	6,835,148	8,379,602	623,511,633	15,862,031	
\$ 4,959,330	\$ 6,553,248	\$ 8,560,882	\$ 647,954,008	\$ 15,363,303	

TOWN OF CASTLE ROCK, COLORADO

RECONCILIATION OF THE ENTERPRISE FUNDS STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET POSITION TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

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Change in net position total enterprise funds	\$	24,442,375
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Amounts reported for business-type activities in the statement of activities are different because:

Internal balances between the governmental activities and the business-type activities result from the allocation of the internal service funds profit / loss that are attributable to the business-type activities: water, water resources, stormwater, wastewater, golf, community center and development services.		(309,289)
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Changes in net position of business-type activities	\$	<u>24,133,086</u>
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The notes to the financial statements are an integral part of the financial statements.





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TOWN OF CASTLE ROCK, COLORADO

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Water	Water Resources	Stormwater
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 18,451,444	\$ 16,802,420	\$ 4,051,221
Receipts from interfund services provided	-	-	-
Payments to suppliers	(8,345,980)	(5,398,543)	(761,061)
Payments to employees	(3,712,042)	(2,064,204)	(1,716,804)
Net cash provided by (used in) operating activities	6,393,422	9,339,673	1,573,356
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Cash transfers in	10,125	1,613,394	-
Cash transfers out	(1,794,388)	(64,042)	(72,156)
Interfund loans	675,000	44,312	-
Receipts from taxes	-	-	-
Net cash provided by (used in) non-capital financing activities	(1,109,263)	1,593,664	(72,156)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System development fees	2,629,558	16,079,149	1,111,668
Interfund loans	-	-	(675,000)
Acquisition of capital assets	(6,587,838)	(30,658,719)	(1,910,971)
Principal paid on bonds and cops payable	(1,404,200)	(1,825,000)	-
Interest paid on bonds and cops payable	(347,651)	(1,876,976)	-
Principal paid on capital leases	-	-	-
Interest paid on capital leases	-	-	-
Bond issue costs and agency fees	(552)	(300)	(49,500)
Issuance of capital debt	-	-	4,500,000
Proceeds from sale of capital assets	869,365	-	-
Net cash provided by (used in) capital and related financing activities	(4,841,318)	(18,281,846)	2,976,197
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	391,982	1,179,833	149,101
Decrease (increase) in equity in pooled investments	(1,219,436)	(2,955,629)	(50,818)
Net cash provided by investing activities	(827,454)	(1,775,796)	98,283
Net increase (decrease) in cash and cash equivalents	(384,613)	(9,124,305)	4,575,680
Cash and cash equivalents - January 1	11,206,517	21,582,110	5,491,265
Cash and cash equivalents - December 31	<u>\$ 10,821,904</u>	<u>\$ 12,457,805</u>	<u>\$ 10,066,945</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION			
Unrestricted cash and cash equivalents	\$ 10,821,904	\$ 12,457,805	\$ 5,566,945
Restricted cash and cash equivalents	-	-	4,500,000
Total cash and cash equivalents	<u>\$ 10,821,904</u>	<u>\$ 12,457,805</u>	<u>\$ 10,066,945</u>

The notes to the financial statements are an integral part of the financial statements.

					Governmental Activities
Wastewater	Golf	Community Center	Development Services	Total Enterprise Funds	Internal Service Funds
\$ 11,305,416	\$ 3,209,279	\$ 4,456,093	\$ 6,302,122	\$ 64,577,995	\$ 1,830,784
-	-	-	-	-	10,754,839
(23,333,067)	(1,175,620)	(3,201,604)	(963,372)	(43,179,246)	(9,615,848)
(1,472,547)	(1,403,293)	(4,503,688)	(4,906,936)	(19,779,514)	(815,460)
(13,500,198)	630,366	(3,249,199)	431,814	1,619,235	2,154,315
-	80,000	6,000	-	1,709,519	187,310
(40,149)	(14,639)	(97,819)	(78,402)	(2,161,595)	(28,510)
-	-	400,000	-	1,119,312	-
-	-	3,406,474	-	3,406,474	-
(40,149)	65,361	3,714,655	(78,402)	4,073,710	158,800
2,802,641	-	-	-	22,623,016	-
-	-	-	-	(675,000)	-
(602,429)	(459,326)	(618,622)	(10,835)	(40,848,741)	(1,532,485)
(280,800)	(385,000)	-	-	(3,895,000)	-
(54,475)	(109,444)	-	-	(2,388,546)	-
-	(167,239)	-	-	(167,239)	-
-	(14,428)	-	-	(14,428)	-
(48)	(375)	-	-	(50,775)	-
-	424,228	-	-	4,924,228	-
-	-	-	-	869,365	212,897
1,864,889	(711,584)	(618,622)	(10,835)	(19,623,120)	(1,319,588)
72,037	15,151	17,003	69,465	1,894,572	89,485
5,955,107	(4,421)	(13,915)	(64,921)	1,645,967	(43,335)
6,027,144	10,730	3,088	4,544	3,540,539	46,150
(5,648,314)	(5,127)	(150,078)	347,121	(10,389,636)	1,039,677
12,279,454	1,398,519	1,230,046	517,406	53,705,317	3,486,757
\$ 6,631,140	\$ 1,393,392	\$ 1,079,968	\$ 864,527	\$ 43,315,681	\$ 4,526,434
\$ 6,631,140	\$ 884,011	\$ 1,079,968	\$ 864,527	\$ 38,306,300	\$ 4,526,434
-	509,381	-	-	5,009,381	-
\$ 6,631,140	\$ 1,393,392	\$ 1,079,968	\$ 864,527	\$ 43,315,681	\$ 4,526,434

TOWN OF CASTLE ROCK, COLORADO  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Water	Water Resources	Stormwater
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 284,701	\$ 7,986,250	\$ (340,704)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	6,001,534	1,166,762	1,901,184
Changes in operating assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	181,599	336,513	4,194
Prepaid items	(376,292)	(225,034)	648
Inventory	-	-	-
Equity in joint venture	-	-	-
Increase (decrease) in liabilities			
Accounts payable	110,661	58,931	(9,464)
Accrued leave	158,275	16,251	19,813
Unearned revenue	(19,806)	-	(2,315)
Deposits	52,750	-	-
Total adjustments	6,108,721	1,353,423	1,914,060
Net cash provided by (used in) operating activities	\$ 6,393,422	\$ 9,339,673	\$ 1,573,356
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed infrastructure	\$ 3,265,993	\$ -	\$ 2,680,193
Equity in joint venture	-	-	-
Payables incurred for purchase of capital assets	(1,915,775)	(5,436,501)	(203,191)
Amortization of premium, discount and deferred loss on refunding	(56,300)	(533,353)	-
Increase (decrease) in fair value of investments	113,965	501,283	30,055
Noncash investing, capital and financing activities	\$ 1,407,883	\$ (5,468,571)	\$ 2,507,057

The notes to the financial statements are an integral part of the financial statements.

Wastewater	Golf	Community Center	Development Services	Total Enterprise Funds	Governmental Activities
					Internal Service Funds
<u>\$ (14,858,344)</u>	<u>\$ 354,143</u>	<u>\$ (3,620,918)</u>	<u>\$ 155,876</u>	<u>\$ (10,038,996)</u>	<u>\$ (973,035)</u>
2,527,276	248,356	368,420	133,482	12,347,014	3,018,502
120,253	8,656	19,249	(2,195)	668,269	(16,592)
(734)	(18,768)	(2,176)	(3,597)	(625,953)	8,083
-	(8,597)	-	-	(8,597)	-
(1,433,199)	-	-	-	(1,433,199)	-
159,421	9,426	(68,644)	60,536	320,868	6,868
14,639	26,378	48,698	87,712	371,766	16,247
(29,510)	10,579	1,972	-	(39,080)	94,242
-	193	4,200	-	57,143	-
<u>1,358,146</u>	<u>276,223</u>	<u>371,719</u>	<u>275,938</u>	<u>11,658,231</u>	<u>3,127,350</u>
<u>\$ (13,500,198)</u>	<u>\$ 630,366</u>	<u>\$ (3,249,199)</u>	<u>\$ 431,814</u>	<u>\$ 1,619,235</u>	<u>\$ 2,154,315</u>
\$ 2,034,058	\$ -	\$ -	\$ -	\$ 7,980,244	\$ -
404,102	-	-	-	404,102	-
(44,215)	-	-	-	(7,599,681)	(169,786)
(5,044)	38,267	-	-	(556,430)	-
36,405	2,338	7,360	34,341	725,747	22,923
<u>\$ 2,425,306</u>	<u>\$ 40,605</u>	<u>\$ 7,360</u>	<u>\$ 34,341</u>	<u>\$ 953,982</u>	<u>\$ (146,863)</u>



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*Notes to the Basic Financial Statements*



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# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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### SUMMARY OF NOTES TO THE BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies
  - A. Financial Reporting Entity
  - B. Financial Statement Presentation
  - C. Measurement Focus and Basis of Accounting
  - D. Cash and Investments
  - E. Restricted Assets
  - F. Receivables
  - G. Inventories
  - H. Prepaid Items
  - I. Capital Assets
  - J. Property Taxes
  - K. Accounts Payable
  - L. Unearned Revenues (Liabilities)
  - M. Accrued Leave
  - N. Non-current Liabilities
  - O. Fund Balances and Net Position
  - P. Deferred Outflows / Inflows of Resources
  - Q. Use of Estimates
  - R. Implementation of New GASB Standard
2. Reconciliation of Town-wide and Fund Financial Statements
3. Deposits and Investments
4. Restricted Assets
5. Long-Term Receivables
6. Capital Assets
7. Investment in Joint Venture
8. Short-Term Debt
9. Long-Term Liabilities
10. Fund Balance
11. Pension Plans
12. Deferred Compensation Plans
13. Risk Management
14. Commitments and Contingencies
15. Interfund Transactions
16. Deficit Fund Balance
17. Tax Abatements
18. Discretely-Presented Component Unit
19. Related Party Transactions
20. Subsequent Events

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Castle Rock, Colorado (the Town) was incorporated in 1881 and was voted by the citizens as a home-rule municipality in 1987 under the provisions of Article XX of the Constitution of the State of Colorado. The Town operates under a Council-Manager form of government.

These financial statements are prepared in accordance with accounting principles applicable to governments generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the Town's significant accounting policies and descriptions of the financial statements are described below:

#### A. Financial Reporting Entity

The financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. The objective of the financial reporting entity is to provide users of the financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Town's financial statements to be misleading or incomplete. These financial statements include all funds and activities of the Town. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the town-wide financial statements to emphasize that it is legally separate from the government.

##### Blended component units

The Castle Rock Urban Renewal Authority (CRURA) serves all the citizens of the Town and is governed by a board comprised of the Town's elected Council. The Town has agreed to provide financial support to the CRURA. The CRURA is reported as a special revenue fund and does not issue separate financial statements.

The Festival Park Commons General Improvement District (GID) was created under Colorado state statutes. The GID has the power to develop and maintain public improvements and to finance such improvements by levying a general property tax upon the benefiting property. The GID is a legally separate entity from the Town and is governed by a board comprised of the Town's elected Council. The GID is reported as a special revenue fund, however, there was no activity in the GID for the year ended December 31, 2019.

##### Discretely presented component units

The Castle Rock Downtown Development Authority (CRDDA) was formed in 2008, under State of Colorado statutes as a quasi-municipal corporation, by the voters of downtown Castle Rock, Colorado to finance, construct and, on occasion, operate various public improvements including streetscape projects, sidewalks, street lighting, street furniture, public parks and places. The CRDDA is governed by a seven-member elected Board of Directors pursuant to the provisions of the Colorado Special District Act and consists of property owners, business owners and other representatives of downtown Castle Rock. One of these individuals serves as a liaison to the Castle Rock Town Council and is a member of Council. The operations of the DDA are guided by the 2008 Plan of Development adopted by the board of directors of the CRDDA. The Town approves and certifies the mill levy collected by the CRDDA. The Town has issued debt on behalf of CRDDA.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### A. Financial Reporting Entity (continued)

Separately issued financial reports are available for the CRDDA. The report may be obtained by contacting:

Town of Castle Rock  
Finance Department  
100 North Wilcox Street  
Castle Rock, CO 80104

#### B. Financial Statement Presentation

The basic financial statements consist of the Town-wide financial statements, the fund financial statements and the notes to the basic financial statements.

##### Town-wide financial statements

The Town-wide financial statements ("statement of net position" and "statement of activities") report information on all activities of the primary government and component units.

The activities of the primary government are aggregated into two activity types: governmental and business-type.

**Governmental activities** reflect most of the Town's services including: general government, public safety (police and fire), public works (transportation and streets) and culture and recreation (parks and open space), which are normally supported by taxes and intergovernmental revenues.

**Business-type activities** include water, water resources, stormwater and wastewater utilities, a golf course, community centers (recreation), and development services. These activities rely to a significant extent on fees and charges for services.

The *primary government* is reported separately from a legally separate *component unit* for which the primary government is financially accountable.

The *statement of net position* reports what the Town owns (assets and deferred outflows of resources) and what the Town owes (liabilities and deferred inflows of resources) with the difference being reported as net position.

The *statement of activities* demonstrates the degree to which direct expenses of a function were funded by program revenues. *Direct expenses* are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not specifically identifiable with a given program are reported as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **B. Financial Statement Presentation (continued)**

##### Fund Financial Statements

The Town uses fund accounting to control and manage money intended for a particular purpose or to demonstrate compliance with finance-related legal requirements.

Fund statements are grouped into two fund categories: governmental and proprietary. The fund financial statements report Town operations in more detail than the Town-wide financial statements by providing information about financially significant funds called "major funds". Individual financial information is reported for each major fund with the remaining "non-major" funds, including its blended component units, being aggregated into a single "other" column.

#### **Governmental Funds**

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund. The *Economic Development Fund* is a sub-fund of the General Fund to facilitate expansion of the tax base, through primary job creation and improved local economy.

The *Transportation Fund* is a special revenue fund that accounts for the accumulation of financial resources and expenditures for the construction, acquisition, installation, repair and maintenance of streets, bridges, sidewalks and public transit and the acquisition of easements and right-of-ways, development of transportation facilities and for the operations of the department responsible for the construction and maintenance of such facilities. The following revenue sources are committed to the furtherance of transportation projects within the Town of Castle Rock, the maintenance of existing roads and infrastructure and the overall operations of the public works department:

- Tax revenue inclusive of but not limited to the following:
  - Sales tax
  - Douglas County Shareback
  - Building Use Tax
- Motor Vehicle Tax Intergovernmental revenue inclusive of but not limited to the following:
  - Highway User Revenue
  - Road & Bridge Revenue
- Charge for services
- Investment Earnings
- Contributions and Donations
- Any other revenue inclusive of but not limited to the following:
  - Reimbursements
  - Refunds

The *Transportation Capital Fund* is a capital projects fund that accounts for the planning and construction of growth related capital improvement projects.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. Financial Statement Presentation (continued)

##### Fund Financial Statements (continued)

#### **Proprietary Funds**

The Town reports the following major proprietary funds:

The *Water Fund* is used to account for the Town's activities related to water well development, water extraction, treatment, and transportation systems, and for the repair and maintenance of such facilities.

The *Water Resources Fund* is used to account for the Town's activities related to the analysis and measurement of the long-term water needs of the Town including conservation promotion and the maintenance and development of groundwater and renewable water sources.

The *Stormwater Fund* is used to account for long-term stormwater planning, implementation of capital improvement projects, and administration of the Town's floodplain program.

The *Wastewater Fund* is used to account for the activities related to wastewater collection and treatment.

The *Golf Course Fund* is used to account for the activities related to the operations and maintenance of Red Hawk Ridge Golf Course.

The *Community Center Fund* accounts for the operations of the Town's recreation center and the activities that are provided at that facility and the Miller Activity Complex.

The *Development Services Fund* accounts for revenues and expenses related to development services within the Town.

*Internal Service Funds* are used to finance and account for goods and services provided to other funds, on a cost reimbursement basis. These funds are used to account for the operations of the Employee Benefits and Fleet Services Funds.

The proprietary fund "statement of revenues, expenses and changes in net position" classifies revenues and expenses directly related to the service provided as "operating". Operating revenues are primarily charges for services (exchange-like transactions) for utility services (water, water resources, stormwater, and wastewater), recreation services (golf, and community center) and for development services. Golf operating revenues include sales of merchandise. Operating revenues for internal service funds are charges for services provided to other funds and departments. All other revenues in the proprietary funds are reported as non-operating revenues. Operating expenses for proprietary funds include cost of sales and services, administrative expenses and depreciation of capital assets. All other expenses are reported as non-operating.

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus and Basis of Accounting**

The Town-wide and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the year. The Town reports deferred inflows when the potential revenue does not meet the measurable and available criteria for recognition in the current period. Expenditures are recorded when the liability is incurred. However, debt service and compensated absences are recorded when the payment is due.

Sales taxes, use taxes, motor vehicle use, property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual. These are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

As a general rule the effect of interfund activity has been eliminated from the Town-wide financial statements. Exceptions to this general rule are charges between the Town's water and wastewater funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Cash and Investments**

To facilitate the recording of cash transactions and maximize earnings on investments, the Town pools cash and investments of all funds, except for unspent bond proceeds. The Town maintains accountability for each fund's equity in pooled cash and investments. Unspent bond proceeds are separately accounted for in accordance with the bond requirements. All unrestricted funds of the Town are eligible for investment. Investment earnings related to combined funds are distributed to each fund on a pro rata basis. For financial statement presentation, each fund's share of the cash and investment pool is reported as "cash and cash equivalents" and "investments" of that fund at year-end.

The Town defines cash equivalents as highly liquid investments with a maturity of three months or less at the date of purchase.

Investments are reported at fair value except for local government investment pools which are reported at the net asset value per share which is determined based upon how the fund is valued (i.e. fair value or amortized cost). Investment income includes increases and decreases in the fair value of investments. Changes in fair value during the year do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

**E. Restricted Assets**

Certain resources, such as those set aside for the repayment of debt, are classified as restricted assets on the balance sheet because their use is limited by bond covenants or other agreements. These assets are generally not available to pay current obligations.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### F. Receivables

Receivables are reported net of an allowance for uncollectible accounts, where applicable. The allowance of \$198,915 is reported in the General Fund.

#### G. Inventories

Inventory is maintained in the Golf Fund for resale merchandise. Inventory is valued at cost, which approximates market, using the first in / first-out (FIFO) method. The cost of this inventory is recorded as an expense when consumed rather than when purchased.

#### H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods; the associated expense is recognized in the period benefitted by the prepayment in the Town-wide and proprietary funds and the associated expenditures are recognized when consumed in the governmental funds.

#### I. Capital Assets

All capital assets, including infrastructure capital assets such as streets and sidewalks are reported in the applicable governmental or business-type activities columns in the Town-wide financial statements and in the proprietary funds financial statements. Purchases and construction of capital assets are reported at cost. Donated assets are valued at the acquisition value at the date of donation. The Town identifies all reportable intangible assets and values of these assets based on purchase price or acquisition value if donated. Intangible assets include, but are not limited to, easements, right-of-ways, internally developed software, water rights, and trademarks.

The Town has established a capitalization threshold of individual assets costing \$5,000 or more with a useful life greater than one year.

Costs incurred for the purchase or construction of capital assets for governmental activities are recorded as capital outlay expenditures in the governmental funds. Infrastructure assets (e.g., streets, sidewalks, and trails) have been capitalized for all infrastructure acquired since 1980. Costs incurred for the purchase or construction of capital assets for business-type activities are reported as assets in the proprietary funds.

Depreciation of exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the Town-wide and proprietary fund financial statements. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Machinery and equipment	5 - 10 years
Buildings and improvements	20 - 40 years
Infrastructure	15 - 50 years
Water Rights (Non-tributary)	100 years

Assets recorded under capital lease agreements are amortized over either the term of the lease or the estimated useful life of the assets, whichever period is shorter. Amortization expense for capital leases is included in the depreciation line item on the financial statements.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### J. Property Taxes

Property taxes attached as a lien on property on January 1, are certified to the county by December 15<sup>th</sup> and are levied the following January 1<sup>st</sup>. Property taxes are payable in full by April 30, or in two equal installments due February 29<sup>th</sup> and June 15<sup>th</sup>. Taxes collected by the county are remitted to the Town by the 10<sup>th</sup> of the following month. Property taxes are reported as receivables and deferred inflows when lienied and as revenue when collected in the following year.

#### K. Accounts Payable

Amounts reported as accounts payable on the statement of net position include:

Disaggregation of Account Payable

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Vendors	\$ 7,885,406	\$ 8,148,443
Salaries and benefits	1,754,633	781,799
Total	<u>\$ 9,640,039</u>	<u>\$ 8,930,242</u>

#### L. Unearned Revenue (Liabilities)

Unearned revenues reflect amounts that have been received before the town has a legal claim to the funds. In subsequent periods, when revenue recognition criteria are met, or when the Town has a legal claim to the resources, the unearned revenue is removed from the statements of net position or governmental funds balance sheet and revenue is recognized.

#### M. Accrued Leave

The Town allows employees to accumulate unused vacation and sick benefits up to certain maximum hours. Accrued compensated absences are recognized as expenses when earned by the employee for the Town-wide statements and the proprietary fund statements. Compensated absences are recognized as expenditures when paid in the governmental fund statements.

#### N. Non-current Liabilities

Non-current liabilities include: bonds, notes, certificates of participation, capital leases, earned but not used compensated absences, and net pension liabilities. The accounting and reporting treatment for a fund's non-current liabilities is determined by its measurement focus.

##### *Governmental Funds*

For governmental funds, the liability is recorded when payment is due or the resources have been accumulated for payment early in the following year. Proceeds from the issuance of debt are reported in the governmental funds as "other financing sources". Payments of principal on debt are shown as expenditures. In the governmental fund financial statements, bond premiums and discounts, and bond issuance costs, are reported as expenditures of the current period.

##### *Town-wide (governmental and business-type activities) and Proprietary Funds*

The Town-wide and proprietary fund financial statements use the economic resources measurement focus. Proprietary funds report long-term liabilities in the fund. Long-term liabilities expected to be repaid by governmental funds are reported in the governmental activities column of the Town-wide statements. Under the economic resources measurement focus, debt issuances are reported as increases in non-current liabilities. Principal payments are shown as decreases in non-current liabilities. The outstanding amounts of non-current liabilities are reported on the statement of net position. Amounts due within the next twelve months are reported as "due within one year" with the remaining amount being reported as "due within more than one year". Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.



# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### O. Fund Balance and Net Position

##### *Fund Balances*

Fund balances reflect assets minus liabilities and deferred inflows of resources using the current financial resources measurement focus. Fund balances are only reported in the governmental fund statements. The Town follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The following classifications will describe the strength of the fund's spending constraints:

Non-spendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in a spendable form or is legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation. Effectively, restrictions on fund balance may only be changed or lifted with the consent of resource providers.

Committed Fund Balance – The portion of fund balance that can only be used for specified purposes according to limitations imposed by Town Council prior to the end of the current fiscal year. The constraint may be removed or changed only by resolution of Town Council.

Assigned Fund balance – The portion of fund balance set aside for planned or intended actions. The intended use may be expressed by Town Council or other individuals authorized to assign funds to be used for a specific purpose. Through a resolution, Town Council assigned authority to the Town Manager. In governmental funds other than the general fund, assigned fund balance represents the amount that is not non-spendable, restricted, or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned Fund Balance – This is the residual portion of fund balance that does not meet any of the above criteria. The Town will only report a positive unassigned fund balance in the General Fund. In 2016, Town Council approved a reserves policy that required funds to be reserved with the intent of stabilizing revenues which are highly volatile in the event that regular planned revenues do not materialize to the degree anticipated for regular operational needs. Therefore, the Town maintains a cash reserve equal to at least three months of operating expenses in the General Fund to provide for this assurance.

In the Town's Fund Balance policy, it is not specifically identified which order the spending should occur. Therefore, the Town's practice is that the order of spending defaults to the following order; restricted, committed, assigned, and unassigned fund balance.

##### *Net Position*

In the government-wide and proprietary fund financial statements, net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources using the economic resources measurement focus and the accrual basis of accounting. Net Position is reported in three classifications. "Net investment in capital assets" which reflects capital assets (net of accumulated depreciation) reduced by the outstanding amount of the debt that was used to acquire or construct the capital assets. Restricted net position report amounts legally segregated for a specific use. The remaining net position is reported as unrestricted. When both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as needed.

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**P. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports two items that qualify for reporting in this category - pension related amounts and deferred losses on debt refundings. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports three items that qualify for reporting in this category – pension related amounts, IREA capital credit and property taxes that are deferred to future periods. The IREA capital credit is utilized when the Town has a qualifying future project that requires the removal, relocation or installation of IREA infrastructure.

Under the modified accrual basis of accounting, revenues and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which revenues are not available are reported as a deferred inflow of resources. Unavailable fund resources are recognized in the Town-wide statement of activities.

**Q. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenditure and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

The Town invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

**R. Implementation of New GASB Standards**

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, (GASB 95). The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The Town has implemented this Statement for the year ended December 31, 2019. Implementation of this standard delays the following standards to 2020:

GASB 83, Certain Asset Retirement Obligations:

GASB 84, Fiduciary Activities

GASB 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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### 2. RECONCILIATION OF TOWN-WIDE AND FUND FINANCIAL STATEMENTS

The reconciliation of total governmental funds on the governmental funds balance sheet to the governmental activities on the statement of net position includes an amount for long-term liabilities including bonds payable and accrued leave that are not due and payable in the current period and therefore are not reported in the governmental funds.

#### A. Explanation of Certain Differences between the Government Fund Balance Sheet and the Town-wide Statement of Net Position (continued)

The details of the \$39,495,905 difference relating to governmental activities long-term liabilities are as follows:

2013 Sales and use tax bonds	\$ 18,525,000
2016 Sales and use tax bonds	6,710,000
2013 Certificates of participation	7,130,000
Accrued leave, excluding internal service funds of \$63,919	4,207,205
Bond premiums and discounts	2,803,047
Accrued interest payable	<u>120,653</u>
Net adjustments to governmental funds	
fund balances to arrive at net position for	
governmental activities	<u>\$ 39,495,905</u>

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 2. RECONCILIATION OF TOWN-WIDE AND FUND FINANCIAL STATEMENTS (continued)

#### B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Town-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances, total governmental funds and changes in net position of governmental activities as reported in the Town-wide statement of activities. One element of that reconciliation states "repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items."

The details of the \$3,299,975 difference are as follows:

Principal payments	
2013 Sales and use tax bonds	\$ 500,000
2016 Sales and use tax bonds	595,000
2013 Certificates of participation	375,000
Notes payable	2,250,000
Amortization of bond premium	235,265
Amortization of refunding loss	(53,047)
Accrued interest on debt	8,125
Net increase in accrued leave	<u>(610,368)</u>
 Net adjustments to governmental fund revenues and expenditures to arrive at the change in net position for governmental activities.	       <u>\$ 3,299,975</u>

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 3. DEPOSITS AND INVESTMENTS

#### Summary Of Deposits By Fund Type And Fund

Fund	Petty Cash	Deposits	Investments	Equity in Town Pool	Totals
<b>Governmental Activities</b>					
<b>General Fund</b>					
Cash and cash equivalents	\$ 39,265	\$ 924,880	\$ 8,119,347	\$ 1,599,722	\$ 10,683,214
Investments	-	-	15,500,114	-	15,500,114
Restricted cash and cash equivalents	-	-	900,000	-	900,000
<b>Transportation</b>					
Cash and cash equivalents	-	303,502	6,696,287	609,431	7,609,220
Investments	-	-	4,038,600	-	4,038,600
<b>Transportation Capital</b>					
Cash and cash equivalents	-	-	6,822,154	1,697,126	8,519,280
Investments	-	-	6,423,487	-	6,423,487
<b>Other Governmental Funds</b>					
Cash and cash equivalents	300	1,778,032	862,938	2,952,125	5,593,395
Investments	-	-	4,682,822	-	4,682,822
<b>Internal Service Funds</b>					
Cash and cash equivalents	-	-	2,239,537	2,286,897	4,526,434
Investments	-	-	2,195,604	-	2,195,604
Total governmental activities	39,565	3,006,414	58,480,890	9,145,301	70,672,170
<b>Business-type Activities</b>					
<b>Water</b>					
Cash and cash equivalents	620	-	8,296,168	2,525,116	10,821,904
Investments	-	-	11,293,763	-	11,293,763
<b>Water Resources</b>					
Cash and cash equivalents	-	-	7,564,973	4,892,832	12,457,805
Investments	-	-	48,769,453	-	48,769,453
<b>Stormwater</b>					
Cash and cash equivalents	-	-	4,210,237	1,356,708	5,566,945
Investments	-	-	2,878,710	-	2,878,710
Restricted cash and cash equivalents	-	-	-	4,500,000	4,500,000
<b>Wastewater</b>					
Cash and cash equivalents	-	-	2,351,538	4,279,602	6,631,140
Investments	-	-	1,218,648	-	1,218,648
<b>Golf</b>					
Cash and cash equivalents	2,500	4,354	365,076	512,081	884,011
Investments	-	-	223,957	-	223,957
Restricted cash and cash equivalents	-	500,815	8,566	-	509,381
<b>Community Center</b>					
Cash and cash equivalents	2,720	65,142	93,496	918,610	1,079,968
Investments	-	-	704,987	-	704,987
<b>Development Services</b>					
Cash and cash equivalents	-	-	211,120	653,407	864,527
Investments	-	-	3,289,255	-	3,289,255
Total business-type activities	5,840	570,311	91,479,947	19,638,356	111,694,454
Total All Funds	\$ 45,405	\$ 3,576,725	\$ 149,960,837	\$ 28,783,657	\$ 182,366,624
Deposits in Town Pool	-	28,783,657	-	(28,783,657)	-
Totals	\$ 45,405	\$ 32,360,382	\$ 149,960,837	\$ -	\$ 182,366,624

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 3. DEPOSITS AND INVESTMENTS (continued)

#### A. Inherent Risks

The Town's deposits and investments, (like those of other governments), are subject to various risks:

##### 1) Custodial Credit Risk

The custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, the Town would not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that in the event of the failure of a counterparty to the transaction, the Town would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

##### 2) Concentration of Credit Risk

State statutes do not limit the amount the Town may invest in one issuer. At December 31, 2019, the Town's investments in any one issuer greater than five percent of the Town's total investments include the following:

Issuer	Percent of total investments
U.S. Treasury	22.44%
Corporate Bonds	12.15%
Federal Home Loan Banks (FHLB)	11.38%
Federal Farm Credit Banks (FFCB)	11.21%
Federal National Mortgage (FNMA)	5.65%

#### B. Town Deposit and Investment Policies

The risk exposure is essentially the same for both governmental and business-type activities.

##### Deposits

Deposits are exposed to custodial credit risks if they are not covered by depository insurance and the deposits are uncollateralized. The Town's deposit and investment policy allows Town funds to be deposited in any state or national bank located in Colorado, which is a member of the Federal Deposit Insurance Corporation (FDIC) and which complies with the Colorado Public Deposit Protection Act (PDPA). The PDPA requires that all local governments deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured public deposits. The PDPA has the effect of perfecting the security interest in the name of the local government agency. At December 31, 2019, the Town's cash deposits had a carrying value of \$32,360,382 and a corresponding bank balance of \$29,529,853 of which \$1,001,500 was FDIC insured and \$28,528,353 was collateralized by securities held by the pledging financial institution's trust department or agent in the Town's name.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Town Deposit and Investment Policies (continued)

##### **Investments**

To limit its exposure to the various investment risks, the Town, through its investment policy, adopted the Colorado Revised Statutes dealing with deposits and investments to restrict investments of Town funds to the securities and transactions meeting certain established criteria. The ratings shown in the following list are by Standard and Poor's (S&P). An investment may also receive an equivalent rating by another rating agency such as Moody's or Fitch. Maturity time limitations are measured from the date of purchase. State statutes do not address custodial risk.

The Town's Investment Policy allows the following investments:

- 1) United States Treasury obligations, federal agency securities and federal instrumentality securities, S&P or Moody rated AAA with maturities not exceeding five years.
- 2) Prime commercial paper issued on U.S. companies and denominated in U.S. currency, S&P rated A-1, with maturities not exceeding 270 days.
- 3) Eligible bankers' acceptances, with maturities not exceeding 180 days, where banks meet certain capital and rating requirements.
- 4) Repurchase agreements and flexible repurchase agreements meeting certain criteria.
- 5) Local government investment pools, with a constant net asset value of \$1 per share, S&P rated AAAm, and which invests under the Colorado Revised Statutes dealing with local government deposits and is overseen by the Colorado Securities Commissioner.
- 6) Time certificates of deposit or savings accounts, with maturities not exceeding one year, meeting both the FDIC and PDPA requirements.
- 7) Money market funds, which are registered, with a constant weighted average maturity and S&P rating of AAAm. No more than 25% of the Town's aggregated portfolio may be invested in this type of investment.
- 8) Corporate bonds issued by a corporation or bank with a final maturity not exceeding three years from the date of purchase, rated at least AA- by S&P.
- 9) Municipal bonds with a final maturity not exceeding five years from the date of purchase and rated at least A by S&P for general obligation or revenue obligation debt of this state or any political subdivision, institution, department, agency, instrumentality, or authority of this state. Such obligations of any other governmental entity shall be rated at least AA by S&P.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 3. DEPOSITS AND INVESTMENTS (continued)

#### B. Town Deposit and Investment Policies (continued)

The Town's investments on December 31, 2019 were as follows:

Investment Type	Standard & Poors Rating	INVESTMENT MATURITIES (In Years)			Net Asset per Share
		Less Than 1	1-5	Fair Value	
U.S. Treasuries		\$ 9,639,151	\$ 24,016,415	\$ 33,655,566	\$ -
U.S. Agencies	AA+	15,266,038	28,699,327	43,965,365	-
Municipal Bonds	AA- - AA	-	5,374,429	5,374,429	-
Corporate Bonds	AA- - AAA	4,019,010	14,205,030	18,224,040	-
Local Government Investment Pools	AAAm	48,741,437	-	-	48,741,437
<b>Total</b>		<b>\$ 77,665,636</b>	<b>\$ 72,295,201</b>	<b>\$ 101,219,400</b>	<b>\$ 48,741,437</b>

*Local Government Investment Pool* – At December 31, 2019 the Town had \$48,741,437 invested in the Colorado Surplus Asset Fund Trust (CSAFE) cash fund. This is an investment vehicle established by State Statute for local government entities in Colorado to pool surplus funds. Investment objectives and strategies focus on safety, liquidity, transparency, and competitive yields through investment in a diversified portfolio of short-term marketable securities. The pool does not have any limitations or restrictions on participant withdrawals. The State Securities Commissioner administers and enforces the requirements of creating and operating the pool. The pool operates similarly to a money market fund and each share is equal in value to \$1.00. The pool is rated AAm by S&P. Investments of the pool are limited to those allowed by State Statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. Information regarding the CSAF's financial statements is available at its website [www.csafe.org](http://www.csafe.org).

#### Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using matrix pricing techniques; Level 3 inputs are significant unobservable inputs. The Town has the following recurring fair value measurements as of December 31, 2019:

Investment by Fair Value Level	Fair Value Measurements Using			
	December 31, 2019	Level 1	Level 2	Level 3
U.S. Treasuries	\$ 33,655,566	\$ -	\$ 33,655,566	\$ -
U.S. Agencies	43,965,365	-	43,965,365	-
Municipal Bonds	5,374,429	-	5,374,429	-
Corporate Bonds	18,224,040	-	18,224,040	-
<b>Total investments by fair value level</b>	<b>101,219,400</b>	<b>\$ -</b>	<b>\$101,219,400</b>	<b>\$ -</b>
Local Government Investment Pools (measured at net asset per share)	48,741,437			
<b>Total investments</b>	<b>\$ 149,960,837</b>			



# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 4. RESTRICTED ASSETS

#### Restricted Cash and Cash Equivalents

<u>Fund</u>	<u>Purpose</u>	<u>Balance December 31, 2019</u>
<b>Governmental activities</b>		
General - Economic Development	Agreement	900,000
	Total Governmental activities	<u>\$ 900,000</u>
<b>Business-type activities</b>		
Stormwater	Unspent note proceeds	4,500,000
Golf	2015 Revenue Refunding and Improvement Bonds Debt Service Reserve	500,815
Golf	Unspent bond proceeds	8,566
	Total Business-type Activities	<u>\$ 5,009,381</u>

#### **Economic Development Fund**

The restricted cash in the Economic Development Fund is to comply with the September 3, 2019 Redevelopment and Finance Agreement between the Town of Castle Rock, Castle Rock Downtown Development Authority, Town of Castle Rock Festival Park Commons General Improvement District and CD-Festival Commons (CDFC), LLC. The agreement identifies the Town's obligation to set aside a total of \$900,000 to be made available to pay to CDFC the actual cost incurred by CDFC for the design and construction of the Plaza. The balance at December 31, 2019 is \$900,000 to be used to pay amounts in Accounts Payable at year end.

#### **Stormwater Fund**

The restricted cash in the Stormwater Fund relates to unspent note proceeds of \$4,500,000 received on December 19, 2019.

#### **Golf Fund**

In 2015, the Golf Fund refunded its outstanding 2005 Golf Course Enterprise Revenue Refunding Bonds. The 2015 Golf Course Enterprise Revenue Refunding and Improvement Bonds require that the Golf Fund maintain a debt service reserve of \$500,815. It is anticipated that this restricted cash will be available to make the final debt service payment due in December 2027. Unspent bond proceeds of \$8,566 are separately accounted for in accordance with bond requirements.

#### **Conservation Trust Fund**

The Town has cash in escrow at Douglas County for the Open Space Shareback totaling \$3,135,480.

## TOWN OF CASTLE ROCK, COLORADO

### NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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#### **5. LONG TERM RECEIVABLE**

The Town reports a long-term receivable in the governmental activities on the Town-wide Statement of Net Position. The receivable relates to an agreement with Intermountain Rural Electric Association (IREA). The Town is allowed a percentage of the previous year's IREA adjusted gross revenue derived within the Town from the sale of electrical energy to customers other than the Town or any federal, state or local governmental entities after the write-off of uncollectible accounts and correction of bills theretofore rendered. IREA uses this allotment to apply against expenses incurred if the Town deems it necessary to change the location or nature of any IREA facilities to permit the Town to make street or sidewalk improvements, including but not limited to, pole relocations, pole changes and underground conversions. Unused allotments shall be carried over from year to year and will accumulate until used by the Town. The balance at December 31, 2019 is \$1,374,803.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 6. CAPITAL ASSETS

#### Changes in Capital Asset Activity for the Year Ended December 31, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>					
Capital assets not being depreciated					
Land	\$ 46,839,000	\$ 13,716,627	\$ -	\$ -	\$ 60,555,627
Artwork	243,733	50,000	-	-	293,733
Construction in progress	12,108,173	21,260,815	-	(14,616,831)	18,752,157
Easements	3,242,596	75,952	-	-	3,318,548
Right of way	5,548,566	3,950,998	-	-	9,499,564
Total capital assets, not being depreciated	67,982,068	39,054,392	-	(14,616,831)	92,419,629
Capital assets being depreciated					
Buildings and improvements	59,597,217	-	(130,139)	5,037,821	64,504,899
Infrastructure	378,938,600	4,304,734	-	2,330,077	385,573,411
Other structures and improvements	55,307,868	596,786	-	7,206,011	63,110,665
Machinery and equipment	36,938,041	3,633,108	(1,512,152)	42,922	39,101,919
Total capital assets being depreciated	530,781,726	8,534,628	(1,642,291)	14,616,831	552,290,894
Less accumulated depreciation					
Buildings and improvements	(14,885,322)	(1,570,558)	130,139	-	(16,325,741)
Infrastructure	(154,627,476)	(11,699,527)	-	-	(166,327,003)
Other structures and improvements	(33,681,591)	(2,247,263)	-	-	(35,928,854)
Machinery and equipment	(21,981,351)	(4,107,365)	1,502,355	-	(24,586,361)
Total accumulated depreciation	(225,175,740)	(19,624,713)	1,632,494	-	(243,167,959)
Total capital assets, being depreciated, net	305,605,986	(11,090,085)	(9,797)	14,616,831	309,122,935
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 373,588,054</u>	<u>\$ 27,964,307</u>	<u>\$ (9,797)</u>	<u>\$ -</u>	<u>\$ 401,542,564</u>
Depreciation expense charged to functions					
Governmental activities					
General government		\$ 1,174,334			
Public safety		562,661			
Public works		12,456,490			
Culture and recreation		2,412,726			
Fleet internal service fund		3,018,502			
Total governmental activities depreciation expense		<u>\$ 19,624,713</u>			

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 6. CAPITAL ASSETS (continued)

#### Changes in Capital Asset Activity for the Year Ended December 31, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities</b>					
Capital assets not being depreciated					
Land	\$ 9,454,785	\$ -	\$ -	\$ -	\$ 9,454,785
Construction in progress	80,508,339	42,761,908	-	(5,660,414)	117,609,833
Easements	10,451,825	1,453,067	-	-	11,904,892
Right of way	244,469	-	-	-	244,469
Water rights	99,150,427	47	(870,000)	-	98,280,474
Total capital assets, not being depreciated	199,809,845	44,215,022	(870,000)	(5,660,414)	237,494,453
Capital assets being depreciated					
Buildings and improvements	40,542,684	8,034	(38,946)	473	40,512,245
Infrastructure	379,357,522	8,802,210	(465,713)	5,488,067	393,182,086
Other structures and improvements	6,071,117	368,326	(1,487)	66,915	6,504,871
Machinery and equipment	6,341,725	1,627,081	(340,123)	104,959	7,733,642
Water rights - definite life	72,634,520	-	-	-	72,634,520
Total capital assets being depreciated	504,947,568	10,805,651	(846,269)	5,660,414	520,567,364
Less accumulated depreciation					
Buildings and improvements	(9,408,465)	(1,046,318)	38,946	-	(10,415,837)
Infrastructure	(126,969,044)	(9,730,390)	259,225	-	(136,440,209)
Other structures and improvements	(2,234,112)	(431,348)	-	-	(2,665,460)
Machinery and equipment	(4,380,268)	(561,935)	340,123	-	(4,602,080)
Water rights - definite life	(19,987,695)	(577,023)	-	-	(20,564,718)
Total accumulated depreciation	(162,979,584)	(12,347,014)	638,294	-	(174,688,304)
Total capital assets, being depreciated, net	341,967,984	(1,541,363)	(207,975)	5,660,414	345,879,060
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 541,777,829</u>	<u>\$ 42,673,659</u>	<u>\$ (1,077,975)</u>	<u>\$ -</u>	<u>\$ 583,373,513</u>
Depreciation expense charged to functions					
Business-type activities					
Water		\$ 6,001,534			
Water Resources		1,166,762			
Stormwater		1,901,184			
Wastewater		2,527,276			
Golf Course		248,356			
Development Services		133,482			
Community Center		368,420			
Total business-type activities depreciation expense		<u>\$ 12,347,014</u>			

## TOWN OF CASTLE ROCK, COLORADO

### NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

#### 7. INVESTMENT IN JOINT VENTURE

In 1989, the Town, Castle Pines Metropolitan District and Castle Pines North Metropolitan District agreed to establish the Plum Creek Water Reclamation Authority (PCWRA). The Town accounts for this agreement as a joint venture, in which the Town has an equity interest. The purpose of PCWRA is to provide wastewater treatment to the members through the operation of wastewater treatment plants. As part of this agreement, the Town transferred title of the Castle Rock treatment plant to PCWRA in 1990. Additionally, the Town shared in the costs of constructing the Castle Pines plant. The PCWRA is required by state statute to have an annual audit. The audit can be obtained by writing to PCWRA, 4255 North US Highway 85, Castle Rock, CO, 80108.

At December 31, 2019, the Town had an equity interest in PCWRA of \$27,428,892. This represents an 85.83% interest in the net position of the PCWRA. During 2019, PCWRA charged the Town \$2,657,744 for the treatment of wastewater. The Town also paid to PCWRA \$2,473,736 which represents the Town's share of debt service payments for the previous treatment plant expansion and \$16,598,588 towards the current PCWRA capacity expansion project which have been recorded as O&M.

Investment balance January 1	\$ 25,591,591
Net income from joint venture	404,102
Town contributions	<u>1,433,199</u>
Investment balance December 31	<u>\$ 27,428,892</u>

#### 8. SHORT-TERM DEBT

Short-term debt activity for the year ended December 31, 2019, was as follows:

	Balance January 1, 2019	Issued	Repaid	Balance December 31, 2019
<b>Governmental activities</b>				
Downtown Development Authority				
Line of Credit	<u>\$ -</u>	<u>\$ 632,149</u>	<u>\$ (632,149)</u>	<u>\$ -</u>

The Town of Castle Rock's Downtown Development Authority (DDA) uses a line of credit to pay TIF eligible expenses approved by the Finance Director and DDA's Executive Director. The line of credit is then paid back with TIF funds as per State statute. In 2019, the Town had an approved Line of Credit for \$1,000,000 maturing on January 1, 2020 with a variable interest rate adjusted monthly to be equal to the highest prime rate of interest published in the Money Rate Table of the Western Edition of the Wall Street Journal, as that rate may change monthly on the first day of each month, plus 1% per annum. The interest rate shall not at any time be less than 5.25% or more than 7% per annum. Upon Town Council approval, this line of credit is renewed annually.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 9. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities activity for the year ended December 31, 2019:

	Changes In Long-Term Liabilities					
	Balance January 1	Additions	Reductions	Balance December 31	Due within One Year	Due beyond One Year
<b>Governmental activities</b>						
Bonds payable						
2013 Sales and use tax	\$ 19,025,000	\$ -	\$ (500,000)	\$ 18,525,000	\$ 510,000	\$ 18,015,000
2016 Sales and use tax	7,305,000	-	(595,000)	6,710,000	635,000	6,075,000
Bond premiums & discounts	3,038,312	-	(235,265)	2,803,047	-	2,803,047
Certificates of participation	7,505,000	-	(375,000)	7,130,000	385,000	6,745,000
Notes payable	2,250,000	-	(2,250,000)	-	-	-
Accrued leave*	3,644,510	3,321,866	(2,695,252)	4,271,124	2,627,420	1,643,704
Net pension liability	193,285	1,669,557	(193,285)	1,669,557	-	1,669,557
Total governmental activities	<u>\$ 42,961,107</u>	<u>\$ 4,991,423</u>	<u>\$ (6,843,802)</u>	<u>\$ 41,108,728</u>	<u>\$ 4,157,420</u>	<u>\$ 36,951,308</u>
<b>Business-type activities</b>						
Bonds payable						
2012 Water & Wastewater	\$ 6,145,000	\$ -	\$ (1,170,000)	\$ 4,975,000	\$ 1,180,000	\$ 3,795,000
2015 Water & Wastewater	4,575,000	-	(515,000)	4,060,000	525,000	3,535,000
2015 Golf Course	3,910,000	-	(385,000)	3,525,000	400,000	3,125,000
2016 Water & Wastewater	44,260,000	-	(1,825,000)	42,435,000	1,925,000	40,510,000
Bond premiums & discounts	9,254,403	-	(686,686)	8,567,717	-	8,567,717
Notes payable	-	4,500,000	-	4,500,000	-	4,500,000
Capital leases	150,452	424,228	(167,239)	407,441	164,052	243,389
Accrued leave	1,073,269	1,186,060	(814,294)	1,445,035	885,554	559,481
Total business-type activities	<u>\$ 69,368,124</u>	<u>\$ 6,110,288</u>	<u>\$ (5,563,219)</u>	<u>\$ 69,915,193</u>	<u>\$ 5,079,606</u>	<u>\$ 64,835,587</u>

\* Accrued leave for the Governmental Activities are expected to be liquidated primarily with revenues of the General Fund and Transportation Fund.

\* The General Fund has been used in prior years to liquidate pension liabilities.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 9. LONG-TERM LIABILITIES (continued)

#### A. Revenue Bonds

Over the years, the Town has issued revenue bonds with pledged revenues as collateral. The revenue bonds have been issued as transportation revenue bonds, water and wastewater revenue bonds and golf revenue bonds. These bonds were issued to finance various construction projects within each of the issuing funds, with the pledged revenue coming from the respective fund.

The total pledged revenue is not estimable in comparison to pledged debt in that revenues are uncertain as to future amounts. However, the debt coverage requirement for each issue must be met or the bonds will be in default. This provides sufficient coverage each year for the pledged debt. The debt service coverage, or comparison of pledged revenues net of specific operating expenses, for each pledged debt, is provided in Tables 19 through 21 of the statistical section.

In March 2013, the Town issued \$20,000,000 at interest rates ranging from 1.5% – 5% of Sales and Use Tax Revenue Bonds. The purpose of the 2013 bonds was to finance a portion of the North Meadows Extension project. Principal payments are due annually on June 1 through 2035 commencing June 1, 2017. Interest payments are due semi-annually on June 1 and December 1 commencing June 1, 2013. As of December 31, 2019, future payments of principal and interest total \$27,934,420. The bonds are payable solely from the revenue derived from sales and use tax at the rate of 1.35% pledged from the General, Transportation and Community Center funds. During the year ended December 31, 2019 revenues of \$22,306,142 were available to pay annual debt service of \$1,352,163.

In July 2016, the Town issued \$7,405,000 of Sales and Use Tax Revenue Refunding Bonds, Series 2016 at interest rates ranging from 2% – 5%. The purpose of the 2016 bonds was to refund all of the Town's Sales and Use Tax Revenue Bonds, Series 2008 in the amount of \$7,880,000. Principal payments are due annually on June 1 through 2028 commencing June 1, 2018. Interest payments are due semi-annually on June 1 and December 1 commencing December 1, 2016. As of December 31, 2019, future payments of principal and interest total \$8,145,351. The bonds are payable solely from the revenue derived from sales and use tax at the rate of 1.35% pledged from the General, Transportation and Community Center funds. During the year ended December 31, 2019 revenues of \$22,306,142 were available to pay annual debt service of \$880,775.

The Town issued Water and Wastewater Revenue Bonds in 2006 for \$9,665,000 at a 4% interest rate to construct water and wastewater system improvements. In May of 2012, the Town issued \$11,455,000 at interest rates ranging from 2% – 5% in Water and Wastewater Refunding Bonds. The purpose of the refunding was to reduce the interest rate paid on the previously issued Water and Wastewater Revenue Bonds. In July of 2015, the Town issued \$5,610,000 at interest rates ranging from 2% - 5% in Water and Wastewater Refunding Bonds. The purpose of the refunding was to reduce the interest rate paid on the 2006 Water and Wastewater Revenue Bonds. A portion of the 2006 Revenue Bonds totaling \$905,000 was not refunded. Principal payments are due annually on December 1. Interest payments are due semi-annually on June 1 and December 1. The bonds are payable solely from the net revenues of the Town's Water and Wastewater Funds after the payment of the operation and maintenance expenses of the systems. These bonds constitute an irrevocable lien upon the net pledged revenues. During the year ended December 31, 2019, net pledged revenues of \$26,915,032 were available to pay annual debt service of \$2,083,644 for the bonds. As of December 31, 2019, future payments of principal and interest, on the 2012 bonds total \$5,535,150 and the 2015 bonds total \$4,808,800.

## TOWN OF CASTLE ROCK, COLORADO

### NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### **9. LONG-TERM LIABILITIES (continued)**

##### **A. Revenue Bonds (continued)**

In July 2016, the Town issued \$50,635,000 of Water and Sewer Enterprise Revenue Refunding Bonds, Series 2016 at interest rates ranging from 1.5% – 5%. The purpose of the 2016 bonds was to prepay all of the Town's obligations under its Certificates of Participation, Series 2008 (COPs). The purpose of the COPs was to fund the acquisition of a raw water storage easement in the Reuter-Hess Reservoir owned and operated by Parker Water and Sanitation District and to acquire, construct and install certain other water supply, storage, transmission, and treatment facilities. Principal payments are due annually on December 1 through 2034 commencing December 1, 2016. Interest payments are due semi-annually on June 1 and December 1 commencing December 1, 2016. As of December 31, 2019, future payments of principal and interest total \$58,749,450. The bonds are payable solely from the net revenues of the Town's Water and Wastewater Funds after the payment of the operation and maintenance expenses of the systems. These bonds constitute an irrevocable lien upon the net pledged revenues. During the year ended December 31, 2019, net pledged revenues of \$26,915,032 were available to pay annual debt service of \$3,695,892.

In 2015, the Town issued \$5,410,000 at a 2.86% interest rate of Golf Revenue Refunding and Improvement Bonds to refund the outstanding 2005 Golf Revenue Refunding Bonds, who's original purpose was to finance the acquisition, construction and equipping of the golf course facility. The purpose of the 2015 refunding was to reduce the interest rate paid on the 2005 Bonds and to provide funds for capital improvements at the Golf Course. The outstanding bonds are payable solely from the revenues derived from the operation of the Red Hawk Ridge Golf Course after the payment of operation and maintenance expenses. Principal payments are due annually on December 1. Interest payments are due semi-annually on June 1 and December 1. During the year ended December 31, 2019, net pledged revenues of \$699,988 were available to pay annual debt service of \$495,909. As of December 31, 2019 the outstanding balance, including principal and interest was \$3,993,325.



TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**9. LONG-TERM LIABILITIES (continued)**

**A. Revenue Bonds (continued)**

**Revenue Bonds Outstanding at December 31, 2019**

<u>Issue</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
<b>Governmental Activities</b>			
2013 Sales and Use Tax Bonds	6/1/2035	1.50% - 5.00%	\$ 18,525,000
2016 Sales and Use Tax Bonds	6/1/2028	2.00% - 5.00%	6,710,000
Total governmental activities			<u>\$ 25,235,000</u>
<b>Business-type activities</b>			
2012 Water and Wastewater Revenue Refunding Bonds	12/1/2023	2.00% - 5.00%	\$ 4,975,000
2015 Water and Wastewater Revenue Refunding Bonds	12/1/2026	2.00% - 5.00%	4,060,000
2015 Golf Course Revenue Refunding and Improvement Bonds Revenue Bonds	12/1/2027	2.86%	3,525,000
2016 Water and Wastewater Revenue Refunding Bonds	12/1/2034	1.50% - 5.00%	42,435,000
Total business-type activities			<u>\$ 54,995,000</u>

**Revenue Bond Debt Service Requirements to Maturity**

Year	<b>Government-type Activities</b>		<b>Business-type Activities</b>	
	Principal	Interest	Principal	Interest
2020	\$ 1,145,000	\$ 1,109,388	\$ 4,030,000	\$ 2,265,140
2021	1,180,000	1,075,669	4,185,000	2,130,800
2022	1,215,000	1,036,213	4,300,000	2,036,049
2023	1,260,000	995,088	4,505,000	1,861,837
2024	1,300,000	952,888	3,350,000	1,651,646
2025-2029	7,440,000	3,836,150	16,500,000	5,900,053
2030-2034	9,495,000	1,784,375	18,125,000	2,246,200
2035	2,200,000	55,000	-	-
	<u>\$ 25,235,000</u>	<u>\$ 10,844,771</u>	<u>\$ 54,995,000</u>	<u>\$ 18,091,725</u>

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 9. LONG-TERM LIABILITIES (continued)

#### B. Certificates of Participation

In September 2013, the Town issued Certificates of Participation (COPs) in the amount of \$9,245,000. The purpose of the COPs was to fund the construction of the Fieldhouse at Philip S. Miller Park. Principal payments are due annually on December 1st through 2033. Interest (based on a 360-day year consisting of twelve 30-day months) shall be paid semi-annually on the 1st day of the months of June and December. The Police and Municipal Court Facility are pledged assets.

#### COPs Outstanding at December 31, 2019

<u>Issue</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
<b>Governmental Activities</b>			
2013 Parks and Recreation COPs	12/1/2033	2.0% - 5.0%	\$ 7,130,000
Total governmental activities			<u>\$ 7,130,000</u>

#### COPs Debt Service Requirements to Maturity

<b>Government-type Activities</b>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 385,000	\$ 323,813
2021	400,000	308,413
2022	415,000	294,413
2023	430,000	277,813
2024	450,000	260,613
2025-2029	2,540,000	995,389
2030-2033	2,510,000	321,250
	<u>\$ 7,130,000</u>	<u>\$ 2,781,704</u>

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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### 9. LONG-TERM LIABILITIES (continued)

#### C. Capital Leases

The Town has entered into capital leases for the purchase of equipment. The assets acquired through these leases are recorded at their cost at the original lease date. Specific assets are pledged under the capital leases. Business-type assets include machinery and equipment of \$724,377 less accumulated depreciation of \$328,772. The present values of the minimum lease payments are as follows:

#### Present Value of Minimum Lease Payments

<u>Year</u>	<u>Business-type Activities</u>
2020	\$ 179,284
2021	141,653
2022	<u>114,773</u>
Total Minimum Lease Payments	435,710
Less: amount representing interest	<u>(28,269)</u>
Present value of minimum lease payments	<u>\$ 407,441</u>

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

### 9. LONG-TERM LIABILITIES (continued)

#### D. Notes Payable

In October 2016, the Town entered into a promissory note with a financial institution in the amount of \$2,500,000. The purpose of the note was to finance Castle Rock Downtown Development Authority projects. Principal payments are due annually on December 15th through September 15, 2026. Interest (based on a 360-day year consisting of twelve 30-day months) shall be paid quarterly on the 15th day of the months of March, June, September and December commencing March 15, 2017 at a rate of 4.58%. The note is payable from the revenues of the Downtown Development Authority TIF Fund. On June 28, 2019 the principal balance outstanding on the note of \$2,250,000 was paid in full. There was no gain or loss associated with the prepayment.

In December 2019, the Town entered into a loan agreement with a financial institution in the amount of \$9,500,000, with an interest rate of 1.92%. The purpose of the loan was to finance Stormwater projects. As of December 31, 2019 the Town has received \$4.5 million of the proceeds. Principal payments are due annually on December 1, beginning in 2022. Interest payments are due semi-annually on June 1 and December 1. The loan is payable from the revenues of the Stormwater Fund. The Town will draw funds based on the following schedule. The repayment schedule below reflects the debt service requirements for the entire \$9.5 million loan.

Date	Amount
December 19, 2019 (Closing)	\$ 4,500,000
September 30, 2020	4,500,000
September 30, 2021	500,000
Total	\$ 9,500,000

#### Notes Payable Debt Service Requirements to Maturity

Business-type Activities			
Year	Principal	Interest	Totals
2020	\$ -	\$ 82,080	\$ 82,080
2021	-	187,440	187,440
2022	900,000	184,027	1,084,027
2023	975,000	165,120	1,140,120
2024	1,000,000	146,400	1,146,400
2025-2029	5,445,000	432,384	5,877,384
2030	1,180,000	22,656	1,202,656
	<u>\$ 9,500,000</u>	<u>\$ 1,220,107</u>	<u>\$ 10,720,107</u>

#### E. Interest Expense

Total interest expense in the amount of \$1,337,305 and \$1,841,323 was charged to governmental type and business type funds, respectively, for the year ended December 31, 2019



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TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

10. FUND BALANCE

				Non-major Special Revenue Funds			
	General	Transportation	Transportation Capital	Conservation Trust	P.S. Miller	Public Art	Police Forfeiture
Nonspendable	\$ 4,591,792	\$ 69,817	\$ -	\$ 1,289	\$ 1,380	\$ -	\$ -
Prepaid Items	498,669	69,817	-	1,289	1,380	-	-
Loans to other funds (long-term portion)	4,093,123	-	-	-	-	-	-
Restricted	\$ 2,052,460	\$ -	\$ 11,475,336	\$ 500,943	\$ -	\$ -	\$ 21,855
TABOR	2,052,460	-	-	-	-	-	-
Grants earned, not spent	-	-	-	-	-	-	21,855
Impact Fees	-	-	11,475,336	-	-	-	-
Lottery Funds	-	-	-	500,943	-	-	-
Committed	\$ 5,164,845	\$ 8,369,972	\$ -	\$ 240,942	\$ 303,454	\$ 26,139	\$ -
Council designation of revenue sources	-	8,369,972	-	240,942	303,454	26,139	-
Contractual Obligations	396,714	-	-	-	-	-	-
Economic Development	4,768,131	-	-	-	-	-	-
Assigned	\$ 2,145,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Project Carryforward	2,145,008	-	-	-	-	-	-
Unassigned	\$ 15,592,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash reserve policy	12,092,141	-	-	-	-	-	-
Unappropriated	3,500,674	-	-	-	-	-	-
Total Fund Balance	\$ 29,546,920	\$ 8,439,789	\$ 11,475,336	\$ 743,174	\$ 304,834	\$ 26,139	\$ 21,855

TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

10. FUND BALANCE (continued)

		Non-major Capital Project Funds							Total Other Governmental Funds	Total Governmental Funds
DDA TIF	Castle Rock Urban Renewal Authority	Parks and Recreation Capital	Municipal Facilities Capital	Fire Capital	Police Capital	General Long-Term Planning				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,669	\$ 4,664,278	
-	-	-	-	-	-	-	-	2,669	571,155	
-	-	-	-	-	-	-	-	-	4,093,123	
\$ -	\$ -	\$ 2,093,011	\$ 741,254	\$ -	\$ -	\$ -	\$ -	\$ 3,357,063	\$ 16,884,859	
-	-	-	-	-	-	-	-	-	2,052,460	
-	-	-	-	-	-	-	-	21,855	21,855	
-	-	2,093,011	741,254	-	-	-	-	2,834,265	14,309,601	
-	-	-	-	-	-	-	-	500,943	500,943	
\$ 946,933	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,542,845	\$ 4,060,313	\$ 17,595,130		
946,933	-	-	-	-	-	2,542,845	4,060,313	12,430,285		
-	-	-	-	-	-	-	-	396,714		
-	-	-	-	-	-	-	-	4,768,131		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,145,008		
-	-	-	-	-	-	-	-	2,145,008		
\$ -	\$ (22,776)	\$ -	\$ -	\$ (1,512,994)	\$ (1,105,960)	\$ -	\$ (2,641,730)	\$ 12,951,085		
-	-	-	-	-	-	-	-	12,092,141		
-	(22,776)	-	-	(1,512,994)	(1,105,960)	-	(2,641,730)	858,944		
\$ 946,933	\$ (22,776)	\$ 2,093,011	\$ 741,254	\$ (1,512,994)	\$ (1,105,960)	\$ 2,542,845	\$ 4,778,315	\$ 54,240,360		

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

### 11. PENSION PLANS

Town employees are covered under one of the four different pension plans, depending on occupation. Three of the plans are the General Employee Plan, Sworn Police Officers Plan and the Fire Employees Statewide Defined Benefit Plan. The Town Manager and the Town Attorney are covered under the Executive Defined Contribution Plan. In addition to the employee pension plans, the Town also participates in an agent multiple-employer defined benefit plan that covers its volunteer fire fighters under the Volunteer Fire Pension Plan. All plans and plan amendments are approved by Town Council as a single-employer, defined contribution plans, qualified under IRS guidelines, except the two fire pension plans, an agent multiple-employer defined benefit plan and a cost sharing multiple-employer defined benefit plan, respectively.

The following table summarizes each of the Town's FPPA plans and the respective pension activity recorded in the financials.

Plan	Net Pension Asset (Liability)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Reduction)
FPPA SWDB	\$ (1,407,329)	\$ 5,031,735	\$ 77,502	\$ 165,715
Volunteer Firefighter	(262,228)	58,565	-	36,613
Totals	\$ (1,669,557)	\$ 5,090,300	\$ 77,502	\$ 202,328

All plans are administered by outside trustees and do not meet the standards of accounting principles generally accepted in the United States of America for inclusion as part of the reporting entity.

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town Fire Pension Plans and additions to/deductions from the Fire Pension Plans fiduciary net position have been determined on the same basis as they are reported by the Fire and Police Pension Association of Colorado (FPPA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. All employees who participate in the FPPA plans are funded through the general fund and therefore the net pension liability or net pension asset are recorded at the government-wide level only.

A description of each plan and selected financial information follows.

#### A. General Employee Plan

A multi-employer defined contribution pension plan is maintained for all permanent full-time and part-time employees who work at least 20 hours per week on an annual basis. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Firefighters are excluded from the plan and are covered by a separate plan, as described in 11. D. Sworn Police Officers are excluded from the plan and are covered by a separate plan, as described in 11. C. For 2019, the plan requires mandatory employee pre-tax contributions to the plan of 4% of compensation. The Town also contributes 7% of each employees' compensation to the plan with the exception of the Town Manager and Town Attorney. As part of their employment contracts, the Town Manager and the Town Attorney receive an 11% contribution from the Town and do not have a mandatory employee contribution. The Town has no other obligations to fund this plan. Employees are permitted to contribute additional amounts beyond their 4% mandatory contribution into a deferred 457 plan. These additional amounts are invested in a deferred compensation plan pursuant to Internal Revenue Code (IRC) Section 457, see Note 12.



# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### **11. PENSION PLANS (continued)**

#### **A. General Employee Plan (continued)**

The plan requires employee participation in the plan immediately upon date of hire. Vesting of employer contributions are 100% after 1 year of employment. Unvested contributions for terminated employees are returned to the Town, net of servicing fees. Employees are fully vested for their contributions immediately. All administrative costs of the plans are borne by the participants of each plan.

Employer contributions are funded by the governmental and proprietary funds. The Town's contributions for 2019 were \$1,798,497. Town employees' mandatory contributions for 2019 were \$1,002,346.

Plan provisions and contribution requirements are established and administered by the International City Managers Association (ICMA) Retirement Corporation and may be amended with the approval of Town Council.

#### **B. Executive Defined Contribution Plan**

In 2004, the Town agreed to adopt a qualified 401(a) Executive Defined Contribution plan as part of the employment contracts for the Town Manager and the Town Attorney. The Town contributed 9% of the covered employee's compensation into this plan. Vesting is based on years of service and an employee will not be fully vested until they have reached 10 years of service. The Town's contributions to the plan for the year ended December 31, 2019 were \$36,400, equal to the required contributions. Plan provisions and contribution requirements are established and administered by ICMA and may be amended with the approval of Town Council.

#### **C. Sworn Police Officers Defined Contribution Plan**

In 2018, the Town's Sworn Police Officers were moved from the General Employee Plan and added to a new qualified 401(a) Money Purchase Retirement plan. For 2019, the plan requires mandatory employee pre-tax contributions to the plan of 5.6% of compensation. The Town also contributes 8.6% of each employees' compensation to the plan. The Town has no other obligations to fund this plan. Employees are permitted to contribute additional amounts beyond their 5.6% mandatory contribution into a deferred 457 plan. These additional amounts are invested in a deferred compensation plan pursuant to Internal Revenue Code (IRC) Section 457, see Note 12.

The plan requires employee participation in the plan immediately upon date of hire. Vesting of employer contributions are 100% after 1 year of employment. Unvested contributions for terminated employees are returned to the Town, net of servicing fees. Employees are fully vested for their contributions immediately. All administrative costs of the plans are borne by the participants of each plan.

Employer contributions are funded by the governmental funds. The Town's contributions for 2019 were \$621,025. Town employees' mandatory contributions for 2019 were \$404,388.

Plan provisions and contribution requirements are established and administered by the International City Managers Association (ICMA) Retirement Corporation and may be amended with the approval of Town Council.

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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**11. PENSION PLANS (continued)**

**D. Fire Employees - Statewide Defined Benefit Plan**

(a) Plan Description

The Town contributes to the Statewide Defined Benefit Plan (SWDB), which is a cost sharing multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado (FPPA). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for plan members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by FPPA. All full-time paid firefighters of the Town are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Plan provisions and contribution requirements are established and amended by FPPA. Colorado Statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. The FPPA Comprehensive Annual Financial Report can be obtained on FPPA's website at: [www.fppaco.org/annual-reports.html](http://www.fppaco.org/annual-reports.html).

(b) Description of Benefits

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

(c) Contributions

Contribution rates for the Statewide Defined Benefit Plan (SWDB) are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDB plan and their employers are contributing at the rate of 10.5% and 8%, respectively, of base salary for the total contribution rate of 18.5% in 2019. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

The Town's contribution to the SWDB for the year ending December 31, 2019 was \$574,390, equal to the required contribution for the year.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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### 11. PENSION PLANS (continued)

#### **D. Fire Employees - Statewide Defined Benefit Plan (continued)**

##### (d) Pension Liability

At December 31, 2019, the Town reported a liability of \$1,407,329 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined based upon the January 1, 2019 actuarial valuation, which was unchanged from December 31, 2018.

The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. The Town's proportion measured as of December 31, 2018, was 1.113152%, which was a decrease of 0.021464% from its proportion measured as of December 31, 2017.

##### (e) Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended December 31, 2019, the Town recognized pension expense for the SWDB of \$165,715. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,808,298	\$ 15,034
Changes in assumptions	1,362,953	-
Net difference between projected and actual investment earnings	1,107,081	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	179,013	62,468
Town contributions subsequent to the measurement date	574,390	-
Total	<u>\$ 5,031,735</u>	<u>\$ 77,502</u>

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

### 11. PENSION PLANS (continued)

#### D. Fire Employees - Statewide Defined Benefit Plan (continued)

The \$574,390 reported as deferred outflows of resources related to Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SWDB will be recognized in pension expense as follows:

Year ending December 31	Net Deferred Outflows (Inflows) Of Resources
2020	\$ 820,291
2021	589,181
2022	503,472
2023	825,435
2024	407,825
Thereafter	1,233,639
Total	<u>\$ 4,379,843</u>

#### (f) Actuarial Assumptions

The January 1, 2019 actuarial valuation, based on the most recent actuarial study completed in 2018, used the following:

Actuarial Method	Entry Age Normal
Long-term Investment Rate of Return*	7.0%
Projected Salary Increases*	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.0%
*Includes Inflation at	2.5%
Mortality	For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

Changes in Assumptions. The investment rate of return decreased from 7.50% to 7.00% from the previous valuation, the projected salary increases changed from 4% - 14% to 4.25% - 11.25%, and the mortality tables were updated.

## TOWN OF CASTLE ROCK, COLORADO

### NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### 11. PENSION PLANS (continued)

##### **D. Fire Employees - Statewide Defined Benefit Plan (continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation (as of December 31, 2018) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	2%	2.52%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Equity Long/Short	9%	6.45%
Global Equity	37%	8.03%
Private Markets	24%	10.00%
Total	<u>100%</u>	

##### (g) Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

### 11. PENSION PLANS (continued)

#### D. Fire Employees - Statewide Defined Benefit Plan (continued)

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 6.00%	Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Town's net pension liability/(asset)	\$ 5,457,452	\$ 1,407,329	\$ (1,952,175)

#### (h) Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in FPPA's Comprehensive Annual financial report.

#### E. Volunteer Firefighters' Pension Plan

##### (a) Plan Description – Benefits Provided

The Town participates in an agent multiple-employer defined benefit pension plan that covers its volunteer firefighters. The plan is administered and benefit provisions are executed by FPPA. This plan provides retirement benefits as well as death and disability benefits. The Town's volunteer firefighters become fully vested after 20 years of active service and reaching age 50. The benefit, payable at age 50, would be equal to the retirement benefit prorated based upon the number of years of service accrued at termination. Surviving spouses of deceased retirees are entitled to 50% of the retirement benefit until remarriage or their death. Pre-retirement death and disability benefits are only available if incurred in the line of duty. The plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. The FPPA Comprehensive Annual Financial Report can be obtained on FPPA's website at: [www.fppaco.org/annual-reports.html](http://www.fppaco.org/annual-reports.html). The volunteer firefighters' pension plan is closed to new entrants.

##### (b) Contributions

Volunteer Plan participants are not compensated and do not contribute to the plan. The Volunteer Firefighters' Pension Plan receives contributions from the Town in an amount not to exceed one-half mill of property tax revenue. As established by the legislature, the State of Colorado contributes up to ninety percent of the Town's contribution. The State's contribution does not meet the definition of a special funding situation as defined by GASB 68 and is considered a discretionary contribution. The State's contribution must not exceed the greater of the actuarially determined contribution or the highest State contribution during the years 1998 through 2001, which was \$17,635 in 2000. The actuarial study as of January 1, 2019, indicated that the current level of contributions to the fund is adequate to support on an actuarially sound basis, the prospective benefits for the present Plan. For the year ended December 31, 2019, the Town and State contributions were \$20,440 and \$0, respectively. The State contribution of \$17,635 was received in January 2020 and will be reported in the appropriate year.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 11. PENSION PLANS (continued)

#### E. Volunteer Firefighters' Pension Plan (continued)

##### (c) Members Covered by Benefit Terms

Membership covered by benefit terms at December 31, 2019:

Retirees and Beneficiaries	20
Active Members	<u>1</u>
Total	21

##### (d) Pension Liability

At December 31, 2019, the Town reported a net pension liability of \$262,228. The net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined based upon the January 1, 2019 actuarial valuation, which is unchanged from December 31, 2018.

##### (e) Actuarial Assumptions

The January 1, 2019 actuarial valuation based on the most recent experience study completed in 2018 used the following:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65.
Mortality	<p><b>Pre-retirement:</b> 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. RP-2014 Mortality Table for Blue Collar Employees, 55% multiplier for off-duty mortality.</p> <p><b>Post-retirement:</b> 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p> <p><b>Disabled:</b> 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p>

Changes in Assumptions. The investment rate of return decreased from 7.50% to 7.00% from the previous valuation and the mortality tables and projection scales were updated.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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### 11. PENSION PLANS (continued)

#### E. Volunteer Firefighters' Pension Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Expected Rate of Return
Cash	2.0%	2.52%
Fixed Income	15.0%	2.90%
Absolute Return	9.0%	5.08%
Managed Futures	4.0%	5.35%
Equity Long/Short	9.0%	6.45%
Global Equity	37.0%	8.03%
Private Markets	24.0%	10.00%
Total	100.0%	

#### (f) Single Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumes that all actuarially determined contributions will be made. The plan's fiduciary net position was projected to be available to make all projected future benefit payments. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**11. PENSION PLANS (continued)**

**E. Volunteer Firefighters' Pension Plan (continued)**

(g) Changes in Net Pension Liability

<b>Total Pension Liability</b>	
Service Cost	\$ 2,879
Interest on the Total Pension Liability	84,888
Benefit changes	-
Difference between expected and actual experience of the Total Pension Liability	(26,200)
Changes in assumptions	40,977
Benefit Payments	(111,578)
<b>Net Change in Total Pension Liability (Asset)</b>	<u>(9,034)</u>
<b>Total Pension Liability - Beginning</b>	<u>1,185,213</u>
<b>Total Pension Liability - Ending</b>	<u>\$ 1,176,179</u>
<b>Plan Fiduciary Net Pension</b>	
Employer Contribution	\$ 20,440
Net Investment Income	689
Benefit Payments	(111,578)
Pension Plan Administrative Expenses	(5,163)
State of Colorado Supplemental Discretionary Payment	17,635
<b>Net Change in Plan Fiduciary Net Pension</b>	<u>(77,977)</u>
<b>Plan Fiduciary Net Position – Beginning (Market value of assets at beginning of year)</b>	<u>991,928</u>
<b>Plan Fiduciary Net Position – Ending (Market value of assets at end of year)</b>	<u>\$ 913,951</u>
<b>Net Pension Liability</b>	<u>\$ 262,228</u>

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

### 11. PENSION PLANS (continued)

#### E. Volunteer Firefighters' Pension Plan (continued)

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 6.00%	Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Town's net pension liability	\$ 374,167	\$ 262,228	\$ 167,409

#### (h) Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial reports online at [www.fppaco.org/annual-reports.html](http://www.fppaco.org/annual-reports.html)

#### (i) Pension Expense

For the year ended December 31, 2019, the Town recognized pension expense of \$36,613.

#### (j) Pension Deferred Outflows/Inflows of Resources

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 38,125	\$ -
Town contributions subsequent to the measurement date	20,440	-
Total	<u>\$ 58,565</u>	<u>\$ -</u>

## TOWN OF CASTLE ROCK, COLORADO

### NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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#### 11. PENSION PLANS (continued)

##### **E. Volunteer Firefighters' Pension Plan (continued)**

The \$20,440 reported as deferred outflows of resources related to the Volunteer pension plan resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Volunteer pension plan will be recognized in pension expense as follows:

<u>Year ending December 31</u>	<u>Net Deferred Outflows (Inflows) Of Resources</u>
2020	\$ 16,727
2021	5,663
2022	1,574
2023	14,161
Total	<u>\$ 38,125</u>

#### 12. DEFERRED COMPENSATION PLANS

The Town provides employees deferred compensation plans created in accordance with IRC Section 457. These plans permit employees to defer a portion of their salary until future years.

The general employee plan is administered and benefit provisions are amended through ICMA. All full-time and part-time employees who are covered by the ICMA general employees defined contribution pension plan are eligible to participate in the ICMA deferred compensation plan. There are no contributions made by the Town.

A second IRC 457 plan is established with Colorado County Officials and Employees Retirement Association (CCOERA). The plan is administered and benefit provisions are amended through CCOERA. This plan is only available to those employees who were eligible to participate in the CCOERA defined contribution pension plan. There are no contributions made by the Town.

A third plan is available to fire employees who meet the eligibility requirements for FPPA membership. This plan is administered and benefit provisions are amended through FPPA. The Town contributes 3% of each paid fire fighter's salary. Employee participation in the 457 plans is optional. For the year ended December 31, 2019, the Town contributions were \$224,304.

Deferred Compensation is only available to employees upon termination, retirement, death or unforeseeable emergency. Each plan's trustee manages investments. Several investment options are available to participants.

## TOWN OF CASTLE ROCK, COLORADO

### NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### 13. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town has agreed to partially selfinsure claims for health insurance of Town employees to a maximum liability of \$100,000 per covered person. For insured risks, no settlements have exceeded coverage during the past three years.

Self-insurance activities are accounted for in the accounts payable line item of the Employee Benefits Fund. The basis for estimating the liabilities of unpaid claims is by using actuarial projection techniques. Changes in claims payable were as follows:

	<u>2019</u>	<u>2018</u>
Claims payable, January 1	\$ 623,377	\$ 522,133
Incurred claims	7,066,019	6,448,923
Claims paid	<u>(7,080,625)</u>	<u>(6,347,679)</u>
Claims payable, December 31	<u>\$ 608,771</u>	<u>\$ 623,377</u>

For excess liability, property and workers compensation claims, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by an intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purpose of CIRSA is to provide members defined liability and property coverage and to provide assistance in prevention of loss to municipal property and to personal injury.

It is the intent of the members of CIRSA to create an entity in perpetuity, which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of the unit.

In 2019, the Town's CIRSA deductibles per occurrence were:

Liability	\$100,000
Auto Liability	\$ 5,000
Property	\$100,000
Auto Physical Damage	\$100,000

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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### 14. COMMITMENTS AND CONTINGENCIES

#### Committed Construction

As of December 31, 2019, the Town had unexpended construction related commitments of \$55,320,649.

#### Federal Programs

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expect such amounts, if any, to be immaterial.

#### Litigation

Although the Town is subject to pending and threatened litigation, the Town's Management and the Town Attorney believe that all lawsuits and claims, which have been filed against the Town, are either adequately covered by insurance or the final settlement of uninsured matters will not have a materially adverse effect on the financial position of the Town.

#### Taxpayer Bill of Rights (TABOR)

In November 1992, Colorado voters approved a State Constitutional Amendment, TABOR, the general purpose of which is to restrain government growth (as measured by revenues) without a vote of the local citizens. The key mechanisms for restraining growth without a vote are: 1) the prohibition of revenue and expenditure growth other than for inflation and a component for new construction growth, 2) the prohibition of new taxes or higher tax rates, 3) the prohibition of new debt, and 4) the refunding of any revenues collected in excess of the revenue limitations.

Castle Rock voters have approved certain revenue exemptions. These exemptions include: 1) a \$.0075 exemption of sales and motor vehicle taxes approved in 1994 to be used for streets, trails, bridges and sidewalks, 2) a \$.004 exemption of sales and motor vehicle taxes approved in 1995 to be used for transportation and the community center, and 3) approved in 2005, an exemption of all transportation impact fees and all building use taxes to be used for transportation and the community center.

TABOR further requires emergency reserves of at least 3% of fiscal year spending (excluding bonded debt service). This reserve was recorded in the General Fund as reserved fund balance of \$2,052,460 as of December 31, 2019. Local governments are prohibited from use of these emergency reserves to compensate for economic conditions, revenue shortfalls, salary or benefit increases.

The Town's management believes the Town is in compliance with the provisions of TABOR.

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

### 15. INTERFUND TRANSACTIONS

Transactions that are representative of lending / borrowing arrangements which were outstanding at the end of the year are referred to as “Loans to / from Other Funds” or “interfund loans”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the Town-wide financial statements as “internal balances”. Eliminations are made in interfund activities, payables and receivables. All internal balances in the Town-wide Statement of Net Position have been eliminated except those representing balances between the governmental activities and business-type activities, which are reported as internal balances and are eliminated in the total column. In the Statement of Activities, internal service fund transactions have been eliminated. Transactions between governmental and business-type activities are not eliminated.

#### INTERFUND LOANS

##### REPORTING FUND

Fund loan from / to	Purpose	Receivable	Payable
<b>GOVERNMENTAL FUNDS</b>			
<b>General</b>			
DDA TIF	Advance for loan payoff that partially funded the Festival Park improvement project	\$ 1,365,411	\$ -
Facilities Capital	Advance for Public Safety Training Facility	146,138	-
Police Capital	Impact fees - reimburse General Fund for growth related construction	754,780	-
Police Capital	Advance for Public Safety Training Facility	292,277	-
Fire Capital	Advance for Crystal Valley Fire Station	2,435,190	-
Fire Capital	Advance for Public Safety Training Facility	292,277	-
Water Resources	Advance for Metzler Park turf replacement	-	1,268,247
Golf	Advance debt service reserve	500,815	-
<b>Economic Development</b>			
Urban Renewal Authority	Advance for operating costs	51,072	-
Total General Fund		5,837,960	1,268,247
<b>Other Governmental Funds</b>			
<b>DDA TIF</b>			
General	Advance for loan payoff that partially funded the Festival Park improvement project	-	1,365,411

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 15. INTERFUND TRANSACTIONS (continued)

#### INTERFUND LOANS (continued)

##### REPORTING FUND

Fund loan from / to	Purpose	Receivable	Payable
<b>Other Governmental Funds (continued)</b>			
<b>Facilities Capital</b>			
General	Advance for Public Safety Training Facility	-	146,138
Police Capital	Advance for Police Department basement renovation	200,694	-
Total Facilities Capital Fund		<u>200,694</u>	<u>146,138</u>
<b>Fire Capital</b>			
General	Advance for Crystal Valley Fire Station	-	2,435,190
General	Advance for Public Safety Training Facility	-	292,277
Total Fire Capital		<u>-</u>	<u>2,727,467</u>
<b>Police Capital</b>			
General	Impact fees - reimburse General Fund for growth related construction	-	754,780
General	Advance for Public Safety Training Facility	-	292,277
Facilities Capital	Advance for Police Department basement renovation	-	200,694
Total Police Capital Fund		<u>-</u>	<u>1,247,751</u>
<b>Urban Renewal Authority</b>			
Economic Development	Advance for operating costs	-	51,072
Total Other Governmental Funds		<u>200,694</u>	<u>5,537,839</u>
Total Governmental Funds		<u>6,038,654</u>	<u>6,806,086</u>
<b>ENTERPRISE FUNDS</b>			
<b>Water Resources</b>			
General	Advance for Metzler Park turf replacement	1,268,247	-
<b>Golf</b>			
General	Advance for debt service reserve	-	500,815
Total Enterprise Funds		<u>1,268,247</u>	<u>500,815</u>
	Total All Funds	<u>\$ 7,306,901</u>	<u>\$ 7,306,901</u>

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 15. INTERFUND TRANSACTIONS (continued)

		TRANSFERS	
REPORTING FUND			
Fund transfer from / to	Purpose	Transfer In	Transfer Out
<b>GOVERNMENTAL FUNDS</b>			
<b>General</b>			
Transportation	Funding for parks improvements	\$ 578,813	\$ -
PS Miller	Funding for special events	-	175,000
Parks Capital	Interfund loan interest	4,500	-
Parks Capital	Funding for Fleet bay extension	-	177,809
Municipal Facilities Capital	Interfund loan interest	2,901	-
Municipal Facilities Capital	Funding for Public Safety Training Facility construction	107,386	-
Fire Capital	Funding for Public Safety Training Facility construction	214,772	-
Fire Capital	Interfund loan interest	46,598	-
Police Capital	Funding for Public Safety Training Facility construction	214,772	-
Police Capital	Interfund loan interest	17,847	-
General Long Term Planning	Funding for Public Safety Training Facility construction	223,721	-
General Long Term Planning	Funding for replacement of Fire Department equipment	-	308,700
Golf	Interfund loan interest	7,512	-
Water Resources	Funding for Metzler Park turf replacement	60,395	-
Water Resources	Interfund loan interest	-	19,688
Fleet	Purchase of new vehicles	-	13,941
DDA TIF	Interfund loan interest	28,859	-
<b>Economic Development</b>			
DDA TIF	Interfund loan interest	4,567	-
Total General Fund		1,512,643	695,138
<b>Transportation</b>			
General	Funding for parks improvements	-	578,813
Transportation Capital	Funding to support Transportation Capital fund projects	-	2,000,000
Total Transportation Fund		-	2,578,813
<b>Transportation Capital</b>			
Municipal Facilities	Funding for Fleet bay extension	53,456	-
Water	Funding for Fleet bay extension	200,682	-
Development Services	Funding for Fleet bay extension	78,402	-
Fleet	Funding for Fleet bay extension	28,510	-
Fleet	Purchase of new vehicles	-	55,870
Transportation	Funding to support Transportation Capital fund projects	2,000,000	-
Parks Capital	Funding for Fleet bay extension	245,896	-
Fire Capital	Funding for Fleet bay extension	149,676	-
Police Capital	Funding for Fleet bay extension	199,568	-
Water Resources	Funding for Fleet bay extension	3,647	-
Stormwater	Funding for Fleet bay extension	62,031	-
Wastewater	Funding for Fleet bay extension	40,149	-
Community Center	Funding for Fleet bay extension	17,819	-
Golf	Funding for Fleet bay extension	7,127	-
Total Transportation Capital Fund		3,086,963	55,870



# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 15. INTERFUND TRANSACTIONS (continued)

		TRANSFERS (continued)	
REPORTING FUND			
Fund transfer from / to	Purpose	Transfer In	Transfer Out
<b>Other Governmental Funds</b>			
<b>PS Miller</b>			
General Fund	Funding for special events	175,000	-
<b>DDA TIF</b>			
Economic Development	Interfund loan interest	-	4,567
General	Interfund loan interest	-	28,859
<b>Parks Capital</b>			
General	Funding for Fleet bay extension	177,809	-
General	Interfund loan interest	-	4,500
Community Center	Interfund loan interest	-	6,000
Transportation Capital	Funding for Fleet bay extension	-	245,896
<b>Municipal Facilities Capital</b>			
General	Funding for Public Safety Training Facility construction	-	107,386
General	Interfund loan interest	-	2,901
Police Capital	Interfund loan interest	3,362	-
Transportation Capital	Funding for Fleet bay extension	-	53,456
<b>Fire Capital</b>			
General	Funding for Public Safety Training Facility construction	-	214,772
General	Interfund loan interest	-	46,598
Transportation Capital	Funding for Fleet bay extension	-	149,676
<b>Police Capital</b>			
General	Interfund loan interest	-	17,847
General	Funding for Public Safety Training Facility construction	-	214,772
Municipal Facilities Capital	Interfund loan interest	-	3,362
Fleet	Purchase of new vehicles	-	117,499
Transportation Capital	Funding for Fleet bay extension	-	199,568
<b>General Long Term Planning</b>			
General	Funding for Public Safety Training Facility construction	-	223,721
General	Funding for replacement of Fire Department equipment	308,700	-
Total Other Governmental Funds		664,871	1,641,380

# TOWN OF CASTLE ROCK, COLORADO

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

### 15. INTERFUND TRANSACTIONS (continued)

		TRANSFERS (continued)	
REPORTING FUND			
Fund transfer from / to	Purpose	Transfer In	Transfer Out
<b>ENTERPRISE FUNDS</b>			
<b>Water</b>			
Transportation Capital	Funding for Fleet bay extension	-	200,682
Water Resources	Reallocation of Town's resources	-	1,593,706
Stormwater	Interfund loan interest	10,125	-
Total Water Fund		10,125	1,794,388
<b>Water Resources</b>			
Water	Reallocation of Town's resources	1,593,706	-
General Fund	Funding for Metzler Park turf replacement	-	60,395
General Fund	Interfund loan interest	19,688	-
Transportation Capital	Funding for Fleet bay extension	-	3,647
Total Water Resources Fund		1,613,394	64,042
<b>Stormwater</b>			
Water	Interfund loan interest	-	10,125
Transportation Capital	Funding for Fleet bay extension	-	62,031
Total Stormwater Fund		-	72,156
<b>Wastewater</b>			
Transportation Capital	Interfund loan interest	-	40,149
Total Wastewater Fund		-	40,149
<b>Golf</b>			
General	Interfund loan interest	-	7,512
Transportation Capital	Funding for Fleet bay extension	-	7,127
Community Center	Funding for youth golf program	80,000	-
Total Golf Fund		80,000	14,639
<b>Community Center</b>			
Parks Capital	Interfund loan interest	6,000	-
Golf	Funding for youth golf program	-	80,000
Transportation Capital	Funding for Fleet bay extension	-	17,819
Total Community Center Fund		6,000	97,819
<b>Development Services</b>			
Transportation Capital	Funding for Fleet bay extension	-	78,402
Total Development Services Fund		-	78,402

TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

15. INTERFUND TRANSACTIONS (continued)

<b>REPORTING FUND</b>		<b>TRANSFERS (continued)</b>	
<b>Fund transfer from / to</b>	<b>Purpose</b>	<b>Transfer In</b>	<b>Transfer Out</b>
<b>INTERNAL SERVICE FUNDS</b>			
<b>Fleet</b>			
General	Purchase of new vehicles	13,941	-
Police Capital	Purchase of new vehicles	117,499	-
Transportation Capital	Purchase of new vehicles	55,870	-
Transportation Capital	Funding for Fleet bay extension	-	28,510
Total Fleet Fund		187,310	28,510
	Total All Funds	\$ 7,161,306	\$ 7,161,306

## TOWN OF CASTLE ROCK, COLORADO

### NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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#### **15. INTERFUND (continued)**

In 2002, the Town established the Parks, Municipal Facilities, Fire, Police, and Recreation Capital Funds. Prior to 2002, these activities were accounted for in the General Fund. At the point of the transfer, certain projects completed by the General Fund were expected to be reimbursed by development impact fees that are collected in the capital funds. To assure reimbursement of the costs, the Town recorded loans between the General Fund and the capital funds. Since the expenditures had already occurred, this resulted in the capital project funds showing fund deficits in prior years. Currently, only the Police Capital Project Fund remains in deficit from these loans.

In 2017, the Town recorded an advance from the General Fund to the Police Capital Fund of \$480,000 representing its share of the new Public Safety Training Facility.

In 2017, the Town recorded a loan from the General Fund to the Fire Capital Fund of \$3,000,000 to partially fund the construction of the Crystal Valley Fire Station and an advance of \$480,000 representing its share of the new Public Safety Training Facility.

In 2019, the Town recorded a loan from the General Fund to the DDA TIF Fund of \$2,125,000 for a term loan payoff that partially funded the Festival Park improvement project.

#### **16. DEFICIT FUND BALANCES**

On December 31, 2019, the Police Capital Fund had a fund deficit of \$1,105,960. This will be eliminated with the repayment of the loans from the collection of future development impact fees.

On December 31, 2019, the Fire Capital Fund had a fund deficit of \$1,512,994. This will be eliminated with the repayment of the loans from the collection of future development impact fees.

On December 31, 2019, CRURA had a fund deficit of \$22,776. This will be eliminated with the repayment of the loan from future CRURA TIF funds.

#### **17. TAX ABATEMENTS**

The Town enters into public finance agreements with developers in order to create jobs, expand the tax base, encourage existing businesses to make capital investments, and spur new office, industrial, and retail expansion and development. Town sales tax credit ordinances authorize sales tax abatements for public finance agreements. For the year ended December 31, 2019, the Town abated approximately \$1,450,000 under this program.

## TOWN OF CASTLE ROCK, COLORADO

### NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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#### 18. DISCRETELY-PRESENTED COMPONENT UNIT

As of December 31, 2019, all of the CRDDA's deposits were either insured by the FDIC or held in eligible depositories.

Capital assets activity for the CRDDA for the year ended December 31, 2019 was as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance</u></b>
Capital assets being depreciated				
Downtown improvements	\$ 112,379	\$ -	\$ -	\$ 112,379
Ice rink site improvements	103,065	-	-	103,065
Ice rink equipment	<u>146,563</u>	<u>-</u>	<u>-</u>	<u>146,563</u>
Total capital assets being depreciated	<u>362,007</u>	<u>-</u>	<u>-</u>	<u>362,007</u>
Less accumulated depreciation				
Downtown improvements	(80,611)	(11,530)	-	(92,141)
Ice rink site improvements	(58,720)	(10,306)	-	(69,026)
Ice rink equipment	<u>(70,489)</u>	<u>(14,656)</u>	<u>-</u>	<u>(85,145)</u>
Total accumulated depreciation	<u>(209,820)</u>	<u>(36,492)</u>	<u>-</u>	<u>(246,312)</u>
CRDDA capital assets, net	<u>\$ 152,187</u>	<u>\$ (36,492)</u>	<u>\$ -</u>	<u>\$ 115,695</u>

TOWN OF CASTLE ROCK, COLORADO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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19. RELATED PARTY TRANSACTIONS

The Castle Rock Council members are on the boards of various organizations in the region, including the Adventist Wellness Committee, Castle Rock Chamber of Commerce, Castle Rock Economic Partnership, Castle Rock Economic Development Council, Castle Rock Fire Volunteer Pension Board, Chatfield Watershed Authority, Cherry Creek Basin Water Quality Authority, Colorado Municipal League Policy Committee, Denver Regional Council of Governments, Douglas County Housing Partnership, Douglas County Youth Initiative, Downtown Development Authority, Downtown Merchants Association, Fire Pension Board, Metro Mayors Caucus, and Partnership of Douglas County Governments. In addition, the Director of Parks and Recreation is on the board of Rueter Hess Recreation Authority.

The Town made payments of the following amounts to these organizations in 2019:

<u>Related Party Transactions</u>	
Castle Rock Chamber of Commerce	\$99,720
Castle Rock Economic Development Council	210,086
Chatfield Watershed Authority	62,925
Denver Regional Council of Governments	15,600
Douglas County Housing Partnership	35,000
Douglas County Youth Initiative	19,800
Downtown Development Authority	164,917
Downtown Merchants Association	75,000
Rueter Hess Recreation Authority	219,000

20. SUBSEQUENT EVENTS

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Town. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

In response to COVID-19, the federal government passed legislation that brings economic relief to state and local governments. Under the Coronavirus Relief Fund (CRF) established in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Town received \$18,128 from the State of Colorado’s Department of Health and Human Services as an advance through the CARES Act Provider Relief Fund.

The CARES Act is the largest-ever economic stimulus package in U.S. history containing several grant funding opportunities for governments, education centers, and healthcare providers to prevent, prepare for, and respond to the coronavirus pandemic. In 2020, Douglas County has allocated \$3.4M for the Town to submit eligible expenses for reimbursement for costs not previously covered through any other funding source such as FEMA.

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## *Required Supplementary Information*

*Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios for the Volunteer Firefighters' Pension Plan*

*Schedule of Contributions for the Volunteer Firefighters' Pension Plan*

*Schedule of Contributions for the Statewide Defined Benefit Pension Plan*

*Schedule of the Town's Proportionate Share of the Net Pension Liability/(Asset) for the Statewide Defined Benefit Pension Plan*

*Schedule of Revenues and Expenditures and Changes in Funds Available*

*General Fund*

*Transportation Fund*

*Note to Required Supplementary Information*

TOWN OF CASTLE ROCK, COLORADO

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS  
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)  
VOLUNTEER FIRE PENSION PLAN  
LAST TEN YEARS (to be built prospectively)

Measurement period ending December 31,	2018	2017	2016
Total Pension Liability			
Service Cost	\$ 2,879	\$ 2,879	\$ 2,861
Interest on the Total Pension Liability	84,888	86,346	82,814
Benefit Changes	-	-	-
Difference between Expected and Actual Experience	(26,200)	-	28,112
Assumption Changes	40,977	-	40,514
Benefit Payments	(111,578)	(105,840)	(108,540)
Net Change in Total Pension Liability	(9,034)	(16,615)	45,761
Total Pension Liability - Beginning	1,185,213	1,201,828	1,156,067
Total Pension Liability - Ending (a)	\$ 1,176,179	\$ 1,185,213	\$ 1,201,828
Plan Fiduciary Net Position			
Employer Contributions	20,440	\$ 20,440	\$ 20,440
Pension Plan Net Investment Income	689	130,343	48,736
Benefit Payments	(111,578)	(105,840)	(108,540)
Pension Plan Administrative Expense	(5,163)	(5,149)	(1,735)
State of Colorado supplemental discretionary payment	17,635	17,635	17,635
Net Change in Plan Fiduciary Net Position	(77,977)	57,429	(23,464)
Plan Fiduciary Net Position - Beginning	991,928	934,499	957,963
Plan Fiduciary Net Position - Ending (b)	\$ 913,951	\$ 991,928	\$ 934,499
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 262,228	\$ 193,285	\$ 267,329
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.71%	83.69%	77.76%
Covered Payroll	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A

The notes to the required supplementary information are an integral part of the required supplementary information schedules.



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2015	2014
\$ 2,861	\$ 3,761
84,409	66,823
-	118,071
-	154,102
-	-
(108,540)	(107,146)
(21,270)	235,611
1,177,337	941,726
<u>\$ 1,156,067</u>	<u>\$ 1,177,337</u>

\$ 20,440	\$ 20,440
18,015	67,171
(108,540)	(107,146)
(3,747)	(1,914)
17,635	17,635
(56,197)	(3,814)
1,014,160	1,017,974
<u>\$ 957,963</u>	<u>\$ 1,014,160</u>
<u>\$ 198,104</u>	<u>\$ 163,177</u>

82.86%	86.14%
N/A	N/A

N/A	N/A
-----	-----

# TOWN OF CASTLE ROCK, COLORADO

## SCHEDULE OF CONTRIBUTIONS FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA) VOLUNTEER FIRE PENSION PLAN LAST TEN FISCAL YEARS (to be built prospectively)

	2019	2018
Actuarially determined contributions	\$ 25,867	\$ 25,867
Contributions in relation to the actuarially determined contribution *	20,440	38,075
Contribution deficiency (excess)	<u>\$ 5,427</u>	<u>\$ (12,208)</u>
Town's covered payroll	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A

\*Includes both employer and State of Colorado Supplemental Discretionary Payment for years 2015-2018. For 2019 this is the employer contribution only.

### Notes to Schedule

Actuarially determined contribution rates are calculated as of January 1 of odd number years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2017 determines the contribution amounts for 2018 and 2019.

### Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65.
Mortality	Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

\* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

Changes in Assumptions: None

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

2017	2016	2015
\$ 18,141	\$ 18,141	\$ 12,770
38,075	38,075	38,075
<u>\$ (19,934)</u>	<u>\$ (19,934)</u>	<u>\$ (25,305)</u>
N/A	N/A	N/A
N/A	N/A	N/A

# TOWN OF CASTLE ROCK, COLORADO

## SCHEDULE OF CONTRIBUTIONS FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA) STATEWIDE DEFINED BENEFIT PENSION PLAN LAST TEN FISCAL YEARS (1)

	*
	2019
Statutorily required contributions	\$ 574,390
Contributions in relation to the statutorily required contribution	574,390
Contribution deficiency (excess)	\$ -
Town's covered payroll	\$ 7,179,869
Contributions as a percentage of covered payroll	8.0%

(1) The Town implemented GASB 68 beginning in 2015. Information will be provided prospectively.

\* The amounts presented as of the current year end, December 31, 2019.

### Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Valuation Date	January 1, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return*	7.5%
Projected Salary Increases*	4.0% - 14.0%
Asset Valuation Method	5-Year smoothed fair value
Cost of Living Adjustments (COLA)	0%
*Includes Inflation at	2.5%

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

There were no changes in assumptions.

2018	2017	2016	2015
\$ 596,522	\$ 530,936	\$ 505,553	\$ 476,284
596,522	530,936	505,553	476,284
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,456,522	\$ 6,636,696	\$ 6,319,413	\$ 5,953,555
8.0%	8.0%	8.0%	8.0%

TOWN OF CASTLE ROCK, COLORADO

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
 FIRE AND POLICE PENSION ASSOCIATION OF COLORADO (FPPA)  
 STATEWIDE DEFINED BENEFIT PENSION PLAN  
 LAST TEN FISCAL YEARS (1)

	*
	2019
Town's proportion of the net pension liability (asset)	1.113%
Town's proportionate share of the net pension liability (asset)	\$ 1,407,329
Town's covered payroll	\$ 7,456,522
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	18.874%
Plan fiduciary net position as a percentage of the total pension liability	95.235%

(1) The Town implemented GASB 68 beginning in 2015. Information will be provided prospectively.

\* The amounts presented as of the measurement date, December 31, 2018.

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2018	2017	2016	2015
1.135%	1.235%	1.228%	1.232%
\$ (1,632,323)	\$ 446,175	\$ (21,650)	\$ (1,390,185)
\$ 6,636,696	\$ 6,319,413	\$ 5,953,555	\$ 5,602,212
-24.595%	7.060%	-0.364%	-24.815%
106.339%	98.213%	100.095%	106.828%

## TOWN OF CASTLE ROCK, COLORADO

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

## FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund			
	Budgets		Budgetary Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 42,539,341	\$ 42,683,603	\$ 43,605,036	\$ 921,433
Charges for services	2,426,822	2,426,822	2,311,109	(115,713)
Management fees	3,556,034	3,556,034	3,421,034	(135,000)
Licenses and permits	109,301	109,301	103,297	(6,004)
Fines and forfeitures	415,563	415,563	402,875	(12,688)
Investment earnings	175,334	175,334	506,788	331,454
Intergovernmental	243,862	1,274,805	1,234,840	(39,965)
Other	461,167	1,451,908	1,156,353	(295,555)
Total revenues	49,927,424	52,093,370	52,741,332	647,962
EXPENDITURES				
General government				
Town council	611,286	619,286	582,627	36,659
Town manager	1,082,510	1,390,337	1,191,385	198,952
Deputy town manager	6,839,657	6,907,746	6,273,160	634,586
Town attorney	912,280	912,280	815,890	96,390
Finance	3,792,463	3,664,316	3,416,381	247,935
Municipal court	414,811	414,811	379,144	35,667
Long-range planning	611,701	627,535	616,925	10,610
Total general government	14,264,708	14,536,311	13,275,512	1,260,799
Public Safety				
Police	14,889,641	14,966,931	14,869,204	97,727
Fire	16,131,621	16,143,583	15,618,245	525,338
Total public safety	31,021,262	31,110,514	30,487,449	623,065
Culture and recreation				
Parks and open space	4,713,758	4,743,793	4,541,604	202,189
Total culture and recreation	4,713,758	4,743,793	4,541,604	202,189
Capital outlay	541,593	8,838,104	6,806,654	2,031,450
Total expenditures	50,541,321	59,228,722	55,111,219	4,117,503
Excess (deficiency) of revenues over (under) expenditures	(613,897)	(7,135,352)	(2,369,887)	4,765,465
OTHER FINANCING SOURCES (USES)				
Interfund loan principal	911,713	1,104,543	1,835,209	730,666
Interfund loan interest - <b>transfer in</b>	85,477	130,952	108,217	(22,735)
Transfers in	578,813	1,399,859	1,399,859	-
Interfund loan	-	(2,125,000)	(2,125,000)	-
Interfund loan principal	-	(60,395)	(44,312)	16,083
Interfund loan interest - <b>transfer out</b>	-	-	(19,688)	(19,688)
Transfers out	(496,555)	(674,364)	(675,450)	(1,086)
Total other financing sources (uses)	1,079,448	(224,405)	478,835	703,240
Net change in funds available	465,551	(7,359,757)	(1,891,052)	5,468,705
Funds available - January 1	17,105,894	22,100,128	22,100,128	-
Funds available - December 31	<u>\$ 17,571,445</u>	<u>\$ 14,740,371</u>	\$ 20,209,076	<u>\$ 5,468,705</u>
RECONCILIATION OF FUNDS AVAILABLE TO GAAP FUND BALANCE				
Advance to other funds			730,692	
Loans to other funds			5,056,196	
Loans from other funds			<u>(1,268,247)</u>	
Fund balance - December 31			<u>\$ 24,727,717</u>	

The notes to the required supplementary information are an integral part of the required supplementary information schedules.



Economic Development					Total General Fund	
Budgets		Budgetary Actual	Variance with Final Budget Positive (Negative)	Budget	Budgetary Actual	Variance with Final Budget Positive (Negative)
Original	Final			Final		
\$ 545,336	\$ 545,336	\$ 1,218,760	\$ 673,424	\$ 43,228,939	\$ 44,823,796	\$ 1,594,857
-	-	-	-	2,426,822	2,311,109	(115,713)
-	-	-	-	3,556,034	3,421,034	(135,000)
-	-	-	-	109,301	103,297	(6,004)
-	-	-	-	415,563	402,875	(12,688)
28,844	28,844	153,935	125,091	204,178	660,723	456,545
-	-	-	-	1,274,805	1,234,840	(39,965)
-	-	-	-	1,451,908	1,156,353	(295,555)
574,180	574,180	1,372,695	798,515	52,667,550	54,114,027	1,446,477
-	-	-	-	619,286	582,627	36,659
2,524,718	4,524,718	2,570,832	1,953,886	5,915,055	3,762,217	2,152,838
-	-	-	-	6,907,746	6,273,160	634,586
-	-	-	-	912,280	815,890	96,390
-	-	-	-	3,664,316	3,416,381	247,935
-	-	-	-	414,811	379,144	35,667
-	-	-	-	627,535	616,925	10,610
2,524,718	4,524,718	2,570,832	1,953,886	19,061,029	15,846,344	3,214,685
-	-	-	-	14,966,931	14,869,204	97,727
-	-	-	-	16,143,583	15,618,245	525,338
-	-	-	-	31,110,514	30,487,449	623,065
-	-	-	-	4,743,793	4,541,604	202,189
-	-	-	-	4,743,793	4,541,604	202,189
-	-	-	-	8,838,104	6,806,654	2,031,450
2,524,718	4,524,718	2,570,832	1,953,886	63,753,440	57,682,051	6,071,389
(1,950,538)	(3,950,538)	(1,198,137)	2,752,401	(11,085,890)	(3,568,024)	7,517,866
67,161	67,161	304,477	237,316	1,171,704	2,139,686	967,982
8,059	8,059	4,567	(3,492)	139,011	112,784	(26,227)
-	-	-	-	1,399,859	1,399,859	-
-	-	-	-	(2,125,000)	(2,125,000)	-
-	-	-	-	(60,395)	(44,312)	16,083
-	-	-	-	-	(19,688)	(19,688)
-	-	-	-	(674,364)	(675,450)	(1,086)
75,220	75,220	309,044	233,824	(149,185)	787,879	937,064
(1,875,318)	(3,875,318)	(889,093)	2,986,225	(11,235,075)	(2,780,145)	8,454,930
2,875,318	5,657,224	5,657,224	-	27,757,352	27,757,352	-
\$ 1,000,000	\$ 1,781,906	\$ 4,768,131	\$ 2,986,225	\$ 16,522,277	\$ 24,977,207	\$ 8,454,930
-	-	-	-	-	730,692	-
-	-	51,072	-	-	5,107,268	-
-	-	-	-	-	(1,268,247)	-
-	-	\$ 4,819,203	-	-	\$ 29,546,920	-

TOWN OF CASTLE ROCK, COLORADO

TRANSPORTATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgets			Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Actual	
REVENUES				
Sales taxes	\$ 14,531,203	\$ 14,531,203	\$ 14,618,800	\$ 87,597
Building use taxes	2,094,548	2,094,548	2,942,867	848,319
Vehicle use taxes	2,951,148	2,951,148	3,020,806	69,658
Charges for services	-	-	123	123
Investment earnings	32,016	32,016	341,738	309,722
Intergovernmental	4,355,379	4,808,480	4,984,079	175,599
Other	7,200	252,200	336,128	83,928
Total revenues	23,971,494	24,669,595	26,244,541	1,574,946
EXPENDITURES				
Administration	354,037	354,774	444,656	(89,882)
Street operations	9,971,354	9,557,606	8,954,685	602,921
Traffic operations	3,287,898	3,584,401	3,025,434	558,967
Public transit	92,536	92,536	78,035	14,501
Engineering	1,939,196	2,084,176	1,961,571	122,605
Street improvement program	8,190,000	10,271,125	10,107,160	163,965
Total public works	23,835,021	25,944,618	24,571,541	1,373,077
Capital outlay	1,804,000	2,768,994	1,711,378	1,057,616
DEBT SERVICE				
Principal	595,000	595,000	595,000	-
Interest	285,775	285,775	285,775	-
Agency fees	-	-	300	(300)
Total debt service	880,775	880,775	881,075	(300)
Total expenditures	26,519,796	29,594,387	27,163,994	2,430,393
Excess (deficiency) of revenues over (under) expenditures	(2,548,302)	(4,924,792)	(919,453)	4,005,339
OTHER FINANCING SOURCES (USES)				
Transfers out	(578,813)	(2,578,813)	(2,578,813)	-
Total other financing sources (uses)	(578,813)	(2,578,813)	(2,578,813)	-
Net change in funds available	(3,127,115)	(7,503,605)	(3,498,266)	4,005,339
Funds available - January 1	7,250,354	11,938,055	11,938,055	-
Funds available - December 31	\$ 4,123,239	\$ 4,434,450	\$ 8,439,789	\$ 4,005,339

The notes to the required supplementary information are an integral part of the required supplementary information schedules.

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2019**

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**1. Budgets and Budgetary Accounting**

Annual appropriations are adopted for all funds.

For the governmental funds, the Town budgets on a basis consistent with generally accepted accounting principles (GAAP), except that interfund loans are treated as revenues of the receiving fund and expenditures of the loaning fund in the year that the loan is made. Principal payments of interfund loans are treated as expenditures of the paying fund and revenues of the receiving fund.

For proprietary funds, the Town budgets on a basis consistent with GAAP except as follows: (1) purchases of capital assets are reported expenditures (capital outlay), (2) debt service principal payments are treated as budgetary expenditures, (3) proceeds from bond issues are treated as revenues, (4) bond issue and discount costs are treated as expenditures of the period, (5) amortization and depreciation of capital assets are not budgeted and (6) interfund loans are treated as revenues of the receiving fund and expenditures of the loaning fund in the year that the loan is made. Principal payments of interfund loans are treated as expenditures of the paying fund and revenues of the receiving fund.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

(a) Prior to November 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.

(b) Public hearings are conducted at special Town Council Meetings to obtain taxpayer comments.

(c) The Town's mill levy is formally certified to the Douglas County Treasurer prior to December 15, based on the budget.

(d) Prior to December 31, the budget is legally enacted through passage of an ordinance. Adoption of the budget ordinance constitutes appropriations of amounts specified therein as expenditures from the funds indicated. If during the year, the Town Manager certifies that there are revenues available for appropriation in excess of those estimated in the budget, the Council may, by ordinance, make supplemental appropriations for the year up to the amount of such excess. If during the year, the Town Manager determines that the revenues available will be insufficient to meet the amount appropriated, the Council may by ordinance reduce one or more appropriations. At any time during the year, the Town Manager may transfer part or all of any unencumbered appropriation balance amount between departments within a fund.

(e) Expenditures may not legally exceed budgeted appropriations at the fund level. Appropriations may not legally exceed estimated revenues and budgetary fund balances (reserves) estimated as available.

(f) All appropriations lapse at year-end.



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## **APPENDIX B**

### **CERTAIN DEFINITIONS AND DOCUMENT SUMMARIES**

Set forth below are the definitions of some of the terms used in this Official Statement, the Site Lease, the Lease and the Indenture and summaries of certain provisions of the Site Lease, the Lease and the Indenture. These summaries do not purport to be definitive summaries of all provisions of the Site Lease, the Lease or the Indenture; investors must obtain and review each of those documents in order to obtain descriptions of all provisions. Copies of the Site Lease, the Lease and the Indenture may be obtained from the sources listed in “INTRODUCTION--Additional Information.”

*Investors should be aware that no Reserve Fund secures the Certificates. Accordingly, the terms described below that refer to a Reserve Fund are of no force and effect.*

### **DEFINITIONS**

“Additional Certificates” means Additional Certificates which may be executed and delivered pursuant to the Indenture.

“Additional Rentals” means the payment or cost of all:

(a). (i) reasonable expenses and fees of the Trustee related to the performance or discharge of its responsibilities under the provisions of the Lease, the Site Lease or the Indenture, including the reasonable fees and expenses of any person or firm employed by the Town to make rebate calculations under the provisions of the Indenture and the expenses of the Trustee in respect of any policy of insurance or surety bond obtained in respect of the Certificates executed and delivered with respect to the Lease, (ii) the cost of insurance premiums and insurance deductible amounts under any insurance policy reasonably deemed necessary to protect the Trustee from any liability under the Lease, approved by the Town Representative, which approval shall not be unreasonably withheld, (iii) reasonable legal fees and expenses incurred by the Trustee to defend the Trust Estate or the Trustee from and against any legal claims, and (iv) reasonable expenses and fees of the Trustee incurred at the request of the Town Representative;

(b). taxes, assessments, insurance premiums, utility charges, maintenance, upkeep, repair and replacement with respect to the Leased Property and as otherwise required under the Lease;

(c). payments into any account of the Reserve Fund, payments to any surety provider as a result of draws of amounts under a Qualified Surety Bond and rebate payments as provided in the Lease; and

(d). all other charges and costs (together with all interest and penalties that may accrue thereon in the event that the Town shall fail to pay the same, as specifically set forth in the Lease) which the Town agrees to assume or pay as Additional Rentals under the Lease.

Additional Rentals shall not include Base Rentals.

“Appropriation” means the action of the Council in annually making moneys available for all payments due under the Lease, including the payment of Base Rentals and Additional Rentals.

“Authorized Denominations” means \$5,000 or integral multiples of \$5,000.

“Base Rentals” means the rental payments payable by the Town during the Lease Term, which constitute payments payable by the Town for and in consideration of the right to possess and use the

Leased Property as set forth in Exhibit C (Base Rentals Schedule) of the Lease. Base Rentals does not include Additional Rentals.

“Base Rentals Payment Dates” means the Base Rentals Payment Dates set forth in Exhibit C (Base Rentals Schedule) of the Lease.

“Beneficial Owners” means any person for which a DTC Participant acquires an interest in Certificates.

“Business Day” means any day, other than a Saturday, Sunday or legal holiday or a day (a) on which banks located in Denver, Colorado, or where the Trustee’s designated corporate trust office is located, are required or authorized by law or executive order to close or (b) on which the Federal Reserve System is closed.

“Certificate Purchase Agreement” means the Certificate Purchase Agreement between the Underwriter and the Trustee relating to the Certificates.

“Certificate” or “Certificates” means the “Town of Castle Rock, Colorado, Certificates of Participation, Series 2020, Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually Renewable Lease Purchase Agreement, dated October 8, 2020, between UMB Bank, n.a., solely in its capacity as Trustee under the Indenture, as lessor, and the Town of Castle Rock, Colorado, as lessee,” dated as of their date of delivery, executed and delivered pursuant to the Indenture.

“Charter” means the home rule charter of the Town, and any amendments or supplements thereto.

“Continuing Disclosure Certificate” means the certificate executed by the Town of even date with the Indenture which constitutes an undertaking pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

“Costs of Execution and Delivery” means all items of expense directly or indirectly payable by the Trustee related to the authorization, execution and delivery of the Site Lease and the Lease and related to the authorization, sale, execution and delivery of the Certificates and to be paid from the Costs of Execution and Delivery Fund, including but not limited to, survey costs, title insurance premiums, closing costs and other costs relating to the leasing of the Leased Property under the Site Lease and the Lease, costs of preparation and reproduction of documents, costs of printing the Certificates and the Preliminary and final Official Statements prepared in connection with the offering of the Certificates, costs of Rating Agencies and costs to provide information required by Rating Agencies for the rating or proposed rating of Certificates, initial fees and charges of the Trustee and Paying Agent, legal fees and charges, including fees and expenses of Bond Counsel, Special (Disclosure) Counsel, and Counsel to the Trustee, if any, fees and disbursements of other professionals and the Underwriter, fees and charges for preparation, execution and safekeeping of the Certificates, premiums for insurance on the Certificates or for the costs of Qualified Surety Bonds that are deposited to the Reserve Fund in connection with the execution and delivery of the Certificates, and any other cost, charge or fee in connection with the original sale and the execution and delivery of the Certificates; provided, however, that Additional Rentals shall not be Costs of Execution and Delivery of the Certificates and are to be paid by the Town as provided in the Lease.

“Council” means the Town Council of the Town or any successor to its functions.

“Counsel” means an attorney at law or law firm (who may be counsel for the Trustee) who is satisfactory to the Town.

“CRS” means Colorado Revised Statutes.

“DTC” means the Depository Trust Company, New York, New York, and its successors and assigns.

“DTC Participant(s)” means any broker-dealer, bank or other financial institution from time to time for which DTC holds Certificates as Depository.

“Event(s) of Indenture Default” means those defaults specified in Section 7.01 of the Indenture.

“Event(s) of Lease Default” means any event as defined in Section 13.1 of the Lease.

“Event of Nonappropriation” means the termination and non-renewal of the Lease by the Town, determined by the Council’s failure, for any reason, to appropriate by the last day of each Fiscal Year, (a) sufficient amounts to be used to pay Base Rentals due in the next Fiscal Year and (b) sufficient amounts to pay such Additional Rentals as are estimated to become due in the next Fiscal Year, as provided in the Lease. An Event of Nonappropriation may also occur under certain circumstances described in the Lease. The term also means a notice under the Lease of the Town’s intention to not renew and therefore terminate the Lease or an event described in the Lease relating to the exercise by the Town of its right to not appropriate amounts due as Additional Rentals in excess of the amounts for which an Appropriation has been previously effected.

“Finance Director” means the Director of Finance of the Town or his or her successor in functions, if any.

“Fiscal Year” means the Town’s fiscal year, which begins on January 1 of each calendar year and ends on December 31 of the same calendar year, or any other twelve month period which the Town or other appropriate authority hereafter may establish as the Town’s fiscal year.

“Force Majeure” means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America, the State of Colorado or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not within the control of the Town in its capacity as lessee under the Lease or the Trustee.

“Indenture” means the Indenture of Trust, dated as of October 8, 2020, entered into by the Trustee, as the same may be amended or supplemented.

“Initial Term” means the period which commences on the date of delivery of the Lease and terminates on December 31, 2020.

“Interest Portion” means the portion of each Base Rentals payment that represents the payment of interest set forth in Exhibit C (Base Rentals Schedule) of the Lease.

“Lease” means the Lease Purchase Agreement, dated as of October 8, 2020, between the Trustee, as lessor, and the Town, as lessee, as the same may hereafter be amended.

“Lease Balance” means the Total Aggregate Principal Portion of the Base Rentals under the Lease set forth on Exhibit C (Base Rentals Schedule) in the Lease, less the aggregate amount of Principal Portions of Base Rentals paid or prepaid by the Town pursuant to the Lease.

“Lease Remedy” or “Lease Remedies” means any or all remedial steps provided in the Lease whenever an Event of Lease Default or an Event of Nonappropriation has happened and is continuing, which may be exercised by the Trustee as provided in the Lease and in the Indenture.

“Lease Term” means the Initial Term and any Renewal Terms as to which the Town may exercise its option to renew the Lease by effecting an Appropriation of funds for the payment of Base Rentals and Additional Rentals under the Lease, as provided in and subject to the provisions of the Lease. “Lease Term” refers to the time during which the Town is the lessee of the Leased Property under the Lease.

“Leased Property” means the Site and, except as provided in the Lease, the premises, buildings and improvements situated thereon, including all fixtures attached thereto, as more particularly described in Exhibit A to the Lease, together with any and all additions and modifications thereto and replacements thereof and any New Facility.

“Mayor” means the Mayor of the Town, or in his or her absence, the Mayor Pro Tem, or any successor in duties.

“Net Proceeds” means the proceeds of any performance or payment bond, or proceeds of insurance, including self-insurance, required by the Lease or proceeds from any condemnation award, or proceeds derived from the exercise of any Lease Remedy or otherwise following termination of the Lease by reason of an Event of Nonappropriation or an Event of Lease Default, allocable to the Leased Property, less (a) all related expenses (including, without limitation, attorney’s fees and costs) incurred in the collection of such proceeds or award; and (b) all other related fees, expenses and payments due to the Town and the Trustee.

“New Facility” means any real property, buildings or equipment leased by the Town to the Trustee pursuant to a future amendment to the Site Lease and leased back by the Town from the Trustee pursuant to a future amendment to the Lease in connection with the execution and delivery of Additional Certificates.

“Owners” means the registered owners of any Certificates and Beneficial Owners.

“Permitted Encumbrances,” with respect to the Leased Property, means, as of any particular time: (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pending contest pursuant to the provisions of the Lease; (b) the Site Lease, the Lease, the Indenture and any related fixture filing and any liens arising or granted pursuant to the Site Lease, the Lease or the Indenture; (c) utility, access and other easements and rights of way, licenses, permits, party wall and other agreements, restrictions and exceptions which the Town Representative certifies will not materially interfere with or materially impair the Leased Property, including rights or privileges in the nature of easements, licenses, permits and agreements as provided in the Lease; and (d) the easements, covenants, restrictions, liens and encumbrances (if any) to which title to the Leased Property was subject when leased to the Trustee pursuant to the Site Lease, as shown on Exhibit B to the Lease and which do not interfere in any material way with the Leased Property.

“Permitted Investments” means those investments the Town is authorized to enter into under the Charter and the laws of the State of Colorado.

“Prepayment” means any amount paid by the Town pursuant to the provisions of the Lease as a prepayment of the Base Rentals due under the Lease.

“Principal Portion” means the portion of each Base Rentals payment that represents the payment of principal set forth in Exhibit C (Base Rentals Schedule) to the Lease.

“Project” means the acquisition, construction, installation and improvement of certain public facilities, including, without limitation, the construction of a parking facility for Town purposes.



“Purchase Option Price” means the amount payable on any date, at the option of the Town, to prepay Base Rentals, terminate the Lease Term and purchase the Trustee’s leasehold interest in the Leased Property, as provided in the Lease.

“Qualified Surety Bond” means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Reserve Fund in lieu of or in partial substitution for moneys on deposit therein.

“Rebate Fund” means the fund created under Section 3.05 of the Indenture.

“Renewal Term” means any portion of the Lease Term commencing on January 1 of any calendar year and terminating on or before December 31 of such calendar year as provided in Article 4 of the Lease.

“Reserve Fund” means the special fund maintained under and to be disbursed as provided in Section 3.04 of the Indenture, if any. The Reserve Fund shall secure the payment of the Certificates and any Additional Certificates on a separate basis, if such a reserve fund is otherwise provided in the resolution or indenture authorizing the issuance of Additional Certificates.

“Reserve Fund Requirement” means, if a Reserve Fund is required, the least of (i) 10% of the proceeds of the Certificates, (ii) the maximum annual principal and interest payable with respect to the Certificates, or (iii) 125% of the average annual principal and interest payable with respect to the Certificates. For purposes of this definition of Reserve Fund Requirement, the term “proceeds” means the aggregate stated principal amount of such Certificates, unless there is more than a de minimis amount (as defined in the Regulations) of original issue discount or premium, in which case “proceeds” means issue price. The Reserve Fund, if any, shall secure only the Certificates. Separate reserve funds may be established for any series of Additional Certificates issued pursuant to the Indenture.

“Revenues” means (a) all amounts payable by or on behalf of the Town or with respect to the Leased Property pursuant to the Lease including, but not limited to, all Base Rentals, Prepayments, the Purchase Option Price and Net Proceeds, but not including Additional Rentals (except for payments made by the Town as Additional Rentals to initially fund or replenish the Reserve Fund, if any); (b) any portion of the proceeds of the Certificates deposited into the Base Rentals Fund and the Reserve Fund, each created under the Indenture; (c) any moneys which may be derived from any insurance in respect of the Certificates; and (d) any moneys and securities, including investment income, held by the Trustee in the Funds and Accounts established under the Indenture (except for moneys and securities held in the Rebate Fund or any defeasance escrow account).

“Site” means the real property owned by the Town and leased by the Town to the Trustee under the Site Lease and subleased by the Trustee to the Town under the Lease, the legal description of which is set forth in Exhibit A to the Lease, or an amendment or supplement thereto.

“Site Lease” means the Site Lease Agreement, dated as of October 8, 2020, between the Town, as lessor, and the Trustee, as lessee, as the same may be amended.

“Special Counsel” means any counsel experienced in matters of municipal law and listed in the list of municipal bond attorneys, as published semiannually by *The Bond Buyer*, or any successor publication. So long as the Lease Term is in effect, the Town shall have the right to select Special Counsel.

“Tax Certificate” means the Tax Compliance and No Arbitrage Certificate entered into by the Town with respect to the Lease and the Certificates.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and all regulations and rulings promulgated thereunder.

“Town” means the Town of Castle Rock, Colorado.

“Town Representative” means the Mayor, the Town Manager or the Finance Director or such other person at the time designated to act on behalf of the Town for the purpose of performing any act under the Lease, the Site Lease or the Indenture by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the Town by the Mayor or Mayor Pro Tem.

“Trust Estate” means all of the property placed in trust by the Trustee pursuant to the Granting Clauses of the Indenture.

“Trustee” means UMB Bank, n.a., acting solely in the capacity of trustee pursuant to the Indenture, and any successor thereto appointed under the Indenture.

“Underwriter” means Stifel, Nicolaus & Company, Incorporated, Denver, Colorado.

## **THE SITE LEASE**

### **Site Lease and Terms**

Under the Site Lease, the Town demises and leases to the Trustee and the Trustee leases from the Town, on the terms and conditions set forth in the Site Lease, the Leased Property, subject to Permitted Encumbrances.

The term of the Site Lease shall commence on the date of the Site Lease and shall end on December 31, 2058 (the “Site Lease Termination Date”), unless such term is sooner terminated as provided in the Site Lease. If, prior to the Site Lease Termination Date, the Trustee has transferred and conveyed the Trustee’s leasehold interests in all of the Leased Property pursuant to the Lease as a result of the Town’s payment of (a) the applicable Purchase Option Price thereunder; or (b) all Base Rentals and Additional Rentals, all as further provided in the Lease, then the term of the Site Lease shall end in connection with such transfer and conveyance.

The term of any sublease of the Leased Property or any portion thereof, or any assignment of the Trustee’s interest in the Site Lease, pursuant to the Site Lease, the Lease and the Indenture, shall not extend beyond December 31, 2058. At the end of the term of the Site Lease, all right, title and interest of the Trustee, or any sublessee or assignee, in and to the Leased Property, shall terminate. Upon such termination, the Trustee and any sublessee or assignee shall execute and deliver to the Town any necessary documents releasing, assigning, transferring and conveying the Trustee’s, sublessee’s or assignees’ respective interests in the Leased Property.

### **Rental**

The Trustee has paid to the Town and the Town has acknowledged receipt from the Trustee as and for rental under the Site Lease, paid in advance, the sum of \$8,485,000, as and for all rent due under the Site Lease, and other good and valuable consideration, the receipt and the sufficiency of which are acknowledged. The Town has determined that such amount is reasonable consideration for the leasing of the Leased Property to the Trustee for the term of the Site Lease.

## **Purpose**

The Site Lease provides that the Trustee shall use the Leased Property solely for the purpose of leasing the Leased Property back to the Town pursuant to the Lease and for such purposes as may be incidental thereto; provided, that upon the occurrence of an Event of Nonappropriation or an Event of Lease Default and the termination of the Lease, the Town shall vacate the Leased Property, as provided in the Lease, and the Trustee may exercise the remedies provided in the Site Lease, the Lease and the Indenture.

## **Owner in Fee**

The Town has represented in the Site Lease that (a) it is the owner in fee of the Leased Property, subject only to Permitted Encumbrances, and (b) the Permitted Encumbrances do not and shall not interfere in any material way with the Leased Property. The Trustee acknowledges that it is only obtaining a leasehold interest in the Site and pursuant to the Site Lease.

## **Sales, Assignments and Subleases**

Unless an Event of Nonappropriation or an Event of Lease Default shall have occurred and except as may otherwise be provided in the Lease, the Trustee may not sell or assign its rights and interests under the Site Lease or sublet all or any portion of the Leased Property, without the written consent of the Town.

In the event that (a) the Lease is terminated for any reason and (b) the Site Lease is not terminated, the Trustee may sublease the Leased Property or any portion thereof, or sell or assign the Trustee's leasehold interests in the Site Lease, pursuant to the terms of the Lease and the Indenture, and any purchasers from or sublessees or assignees of the Trustee may sell or assign its respective interests in the Leased Property, subject to the terms of the Site Lease, the Lease and the Indenture. The Town and the Trustee (or any purchasers from or assignees or sublessees of the Trustee) agree that, except as permitted by the Site Lease, the Lease and the Indenture and except for Permitted Encumbrances (including purchase options under the Lease), neither the Town, the Trustee, nor any purchasers from or sublessees or assignees of the Trustee will sell, mortgage or encumber the Leased Property or any portion thereof during the term of the Site Lease.

The Trustee and any other person who has the right to use the Leased Property under the Site Lease, at its own expense, may install equipment and other personal property in or on any portion of the Leased Property unless it is permanently affixed to the Leased Property or removal of it would materially damage the Leased Property, in which case it will become part of the Leased Property.

## **Termination**

The Trustee agrees, upon the termination of the Site Lease, to quit and surrender all of the Leased Property, and agrees that any permanent improvements and structures existing upon the Leased Property at the time of the termination of the Site Lease shall remain thereon and title thereto shall vest in the Town.

## **Taxes; Maintenance; Insurance**

During the Lease Term of the Lease and in accordance with the provisions of the Lease, including Sections 8.1 and 8.3 thereof, the Town covenants and agrees to pay any and all taxes, assessments or governmental charges due in respect of the Leased Property and all maintenance costs and utility charges in connection with the Leased Property. In the event that (a) the Lease is terminated for any reason, and (b) the Site Lease is not terminated, the Trustee, or any purchaser, sublessee or assignee of the Leased Property (including the leasehold interests of the Trustee resulting from the Site Lease) shall pay or cause

to be paid when due, all such taxes, assessments or governmental charges and maintain the Leased Property in good condition and working order. Any such payments that are to be made by the Trustee shall be made solely from (a) the proceeds of such sale, subleasing or assignment, (b) from the Trust Estate, or (c) from other moneys furnished to the Trustee under Section 8.02(m) of the Indenture, and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to pay or cause to be paid when due, all such taxes, assessments or governmental charges and maintain the Leased Property in good condition and working order.

The provisions of the Lease shall govern with respect to the maintenance of insurance under the Site Lease during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason, and (b) the Site Lease is not terminated, the Trustee, or any sublessee, purchaser or assignee of the Leased Property shall obtain and keep in force, (i) commercial general liability insurance against claims for personal injury, death or damage to property of others occurring on or in the Leased Property in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10, Title 24, Colorado Revised Statutes, as amended), and (ii) property insurance in an amount not less than the full replacement value of the Leased Property. Any such insurance that is to be obtained by the Trustee shall be paid for solely from (a) the proceeds of such sale, subleasing or assignment, (b) from the Trust Estate, including without limitation moneys (including any amounts under a Qualified Surety Bond) on deposit in the Reserve Fund, or (c) from other moneys furnished to the Trustee under Section 8.02(m) of the Indenture, and in the absence of available moneys identified in the preceding clauses (a) through (c), the Trustee shall be under no obligation to obtain or keep in force such insurance coverages. All such insurance shall name the Trustee, any sublessee, purchaser or assignee and the Town as insured. The Trustee shall be named loss payee. The Town and the Trustee shall waive any rights of subrogation with respect to the Trustee, any sublessee, purchaser or assignee, and the Town, and their members, directors, officers, agents and employees, while acting within the scope of their employment and each such insurance policy shall contain such a waiver of subrogation by the issuer of such policy.

### **Damage, Destruction or Condemnation**

The provisions of the Lease shall govern with respect to any damage, destruction or condemnation of the Leased Property during the Lease Term of the Lease. In the event that (a) the Lease is terminated for any reason and (b) the Site Lease is not terminated, and either (i) the Leased Property or any portion thereof is damaged or destroyed, in whole or in part, by fire or other casualty, or (ii) title to or use of the Leased Property or any part thereof shall be taken under the exercise of the power of eminent domain, the Town and the Trustee, or any sublessee, purchaser or assignee of the Leased Property from the Trustee shall cause the Net Proceeds of any insurance claim or condemnation award to be applied in accordance with the provisions of Article 9 of the Lease.

### **Default**

In the event the Trustee is in default in the performance of any obligation on its part to be performed under the terms of the Site Lease, which default continues for 30 days following notice and demand for correction thereof to the Trustee, the Town may exercise any and all remedies granted by law, except that no merger of the Site Lease and of the Lease shall be deemed to occur as a result thereof and that so long as any Certificates are Outstanding and unpaid under the Indenture, the Base Rentals due under the Lease shall continue to be paid to the Trustee except as otherwise provided in the Lease. In addition, so long as any of the Certificates are Outstanding, the Site Lease shall not be terminated except as described under "Site Lease and Terms."

## THE LEASE

### The Lease Term

The Lease Term shall commence as of the date of the Lease. The Initial Term shall terminate on December 31, 2020. The Lease may be renewed, solely at the option of the Town, for the number of Renewal Terms represented in Exhibit C (Base Rentals Schedule) of the Lease, provided, however, that the Lease Term shall terminate no later than December 31, 2048, except that the Renewal Term beginning on January 1, 2048, shall terminate upon the Town's payment of the final Base Rental payment.

The Lease Term will terminate upon the earliest of any of the following events:

(a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation pursuant to the Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in the Lease);

(b) the occurrence of an Event of Nonappropriation under the Lease (provided that the Lease Term will not be deemed to have been terminated if the Event of Nonappropriation is cured as provided in the Lease);

(c) the conveyance of the Trustee's leasehold interest in the Leased Property under the Lease to the Town upon payment of the Purchase Option Price or all Base Rentals and Additional Rentals, for which an Appropriation has been effected by the Town for such purpose, as provided in the Lease; or

(d) an uncured Event of Lease Default and termination of the Lease under the Lease by the Trustee.

Except for an event described in subparagraph (c) above, upon termination of the Lease, the Town agrees to peacefully deliver possession of the Leased Property to the Trustee.

The Finance Director or other officer of the Town at any time charged with the responsibility of formulating budget proposals for the Town has been directed in the Lease to include in the annual budget proposals submitted to the Council, in any year in which the Lease is in effect, items for all payments required for the ensuing Renewal Term under the Lease until such time, if any, as the Town may determine to not renew and terminate the Lease. Notwithstanding this directive regarding the formulation of budget proposals, it is the intention of the Town that any decision to effect an Appropriation for the Base Rentals and Additional Rentals shall be made solely by the Council in its absolute discretion and not by any other official of the Town. During the Lease Term, the Town shall in any event, whether or not the Lease is to be renewed, furnish the Trustee with copies of its annual budget promptly after the budget is adopted.

Not later than December 15 of the then current Initial Term or any Renewal Term the Town Representative is required to give written notice to the Trustee that either (a) the Town has effected or intends to effect on a timely basis an Appropriation for the ensuing Fiscal Year which includes (1) sufficient amounts authorized and directed to be used to pay all of the Base Rentals and (2) sufficient amounts to pay such Additional Rentals as are estimated to become due, whereupon, the Lease shall be renewed for the ensuing Fiscal Year; or (b) the Town has determined, for any reason, not to renew the Lease for the ensuing Fiscal Year.

The Town's option to renew or not to renew the Lease will be conclusively determined by whether or not the applicable Appropriation has been made on or before December 31 of each Fiscal Year, all as further provided in the Lease.

Termination of the Lease Term will terminate all unaccrued obligations of the Town under the Lease, and will terminate the Town's rights of possession under the Lease (except to the extent of the holdover provisions, and except for any conveyance pursuant to the Lease). All obligations of the Town accrued prior to such termination shall be continuing until the Trustee gives written notice to the Town that such accrued obligations have been satisfied.

### **Payments to Constitute Currently Budgeted Expenditures of the Town**

In the Lease, the Town and the Trustee acknowledge and agree that the Base Rentals, Additional Rentals and any other obligations under the Lease shall constitute currently budgeted expenditures of the Town, if an Appropriation has been effected for such purpose. The Town's obligations to pay Base Rentals, Additional Rentals and any other obligations under the Lease shall be from year to year only (as further provided in the Lease), shall extend only to moneys for which an Appropriation has been effected by the Town, and shall not constitute a mandatory charge, requirement or liability in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of the Lease shall be construed or interpreted as a delegation of governmental powers or as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the Town or a general obligation or other indebtedness of the Town within the meaning of any constitutional, home rule charter provision or statutory debt limitation, including without limitation Article X, Section 20 of the Colorado constitution. No provision of the Lease shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the Town within the meaning of Sections 1 or 2 of Article XI of the Constitution of the State. Neither the Lease nor the Certificates shall directly or indirectly obligate the Town to make any payments beyond those for which an Appropriation has been effected by the Town for the Town's then current Fiscal Year. The Town shall be under no obligation whatsoever to exercise its option to purchase the Trustee's leasehold interest in the Leased Property. No provision of the Lease shall be construed to pledge or to create a lien on any class or source of Town moneys, nor shall any provision of the Lease restrict the future issuance of any Town bonds or obligations payable from any class or source of Town moneys (provided, however, that certain restrictions in the Indenture shall apply to the issuance of Additional Certificates).

### **Base Rentals, Purchase Option Price and Additional Rentals**

Under the Lease, the Town shall pay Base Rentals for which an Appropriation has been effected by the Town, directly to the Trustee during the Initial Term and any Renewal Term. The Town shall receive credit against its obligation to pay Base Rentals to the extent moneys are held by the Trustee on deposit in the Base Rentals Fund created under the Indenture and are available to pay Base Rentals. The Base Rentals will be recalculated in the event of the execution and delivery of Additional Certificates as provided in the Indenture and will also be recalculated in the event of a partial redemption of the Certificates.

The Lease provides that the Town may, on any date, pay the then applicable Purchase Option Price for the purpose of terminating the Lease and the Site Lease in whole and purchasing the Trustee's leasehold interest in the Leased Property as provided in the Lease. Subject to the Approval of Special Counsel, the Town may also, at any time during the Lease Term, (1) prepay any portion of the Base Rentals due under the Lease and (2) in connection with such Prepayment, recalculate the Base Rentals set forth in Exhibit C to the Lease (Base Rentals Schedule). The Town is required to give the Trustee notice of its intention to exercise either of such options not less than forty-five (45) days in advance of the date of exercise and is required to deposit with the Trustee by not later than the date of exercise an amount equal to the Purchase Option Price due on the date of exercise or the applicable amount of Base Rentals to be prepaid. If the Town shall have given notice to the Trustee of its intention to prepay Base Rentals but shall not have deposited the amounts with the Trustee on the date specified in such notice, the Town shall continue to pay Base Rentals which have been specifically appropriated by the Council for such purpose.

as if no such notice had been given. The Trustee may waive the right to receive forty-five (45) days advance notice and may agree to a shorter notice period in the sole determination of the Trustee.

The Lease also requires the Town to pay all Additional Rentals during the Lease Term on a timely basis directly to the person or entity to which such Additional Rentals are owed.

The Lease provides that, notwithstanding any dispute between the Town and the Trustee, the Town shall, during the Lease Term, make all payments of Base Rentals and Additional Rentals in such Fiscal Years and shall not withhold any Base Rentals or Additional Rentals, for which an Appropriation has been effected by the Town, pending final resolution of such dispute (with certain exceptions as to Additional Rentals as provided in the Lease), nor shall the Town assert any right of set-off or counterclaim against its obligation to make such payments required under the Lease.

### **Nonappropriation by the Town**

In the event that the Town gives notice that it intends to not renew the Lease or the Town shall not effect an Appropriation, on or before December 31 of each Fiscal Year, of moneys to pay all Base Rentals and reasonably estimated Additional Rentals coming due for the next ensuing Renewal Term as provided in the Lease, or in the event that the Town is proceeding under the provisions of the Lease (when applicable) relating to certain events of damage, destruction and condemnation, an Event of Nonappropriation shall be deemed to have occurred; subject, however, to each of the following provisions:

(a) In the event the Trustee does not receive the written notice provided for by the Lease or evidence that an Appropriation has been effected by the Town on or before December 31 of a Fiscal Year, then the Trustee shall declare an Event of Nonappropriation on the first Business Day of the February following such Fiscal Year or such declaration shall be made on any earlier date on which the Trustee receives official, specific written notice from the Town that the Lease will not be renewed. In order to declare an Event of Nonappropriation, the Trustee shall send written notice thereof to the Town.

(b) The Trustee shall waive any Event of Nonappropriation which is cured by the Town, within 30 days of the receipt by the Town of notice from the Trustee as provided in (a) above, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term.

(c) Pursuant to the terms of the Indenture, the Trustee may waive any Event of Nonappropriation which is cured by the Town within a reasonable time with the procedure described in (b) above.

In the event that during the Initial Term or any Renewal Term, any Additional Rentals shall become due which were not included in a duly effected Appropriation and moneys are not specifically budgeted and appropriated or otherwise made available to pay such Additional Rentals within 60 days subsequent to the date upon which such Additional Rentals are due, an Event of Nonappropriation shall be deemed to have occurred, upon notice by the Trustee to the Town to such effect (subject to waiver by the Trustee as provided in the Lease).

If an Event of Nonappropriation occurs, the Town shall not be obligated to make payment of the Base Rentals or Additional Rentals or any other payments under the Lease which accrue after the last day of the Initial Term or any Renewal Term during which such Event of Nonappropriation occurs; provided, however, that, subject to certain limitations set forth in the Lease, the Town shall continue to be liable for Base Rentals and Additional Rentals allocable to any period during which the Town shall continue to occupy, use or retain possession of the Leased Property.

Subject to the holdover provisions set forth in the Lease, the Town shall in all events vacate or surrender possession of the Leased Property by March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred. After March 1 of the Renewal Term in respect of which an Event of Nonappropriation has occurred, the Trustee may proceed to exercise all or any Lease Remedies.

The Town has acknowledged that, upon the occurrence of an Event of Nonappropriation (a) the Trustee shall be entitled to all moneys then being held in all funds created under the Indenture (except the Rebate Fund, and any defeasance escrow accounts) to be used as described therein and (b) all property, funds and rights then held or acquired by the Trustee upon the termination of the Lease by reason of an Event of Nonappropriation are to be held by the Trustee in accordance with the terms of the Indenture.

### **Holdover Tenant**

If the Town fails to vacate the Leased Property after termination of the Lease, whether as a result of the occurrence of an Event of Nonappropriation or an Event of Lease Default, with the written permission of the Trustee it will be deemed to be a holdover tenant on a month-to-month basis, and will be bound by all of the other terms, covenants and agreements of the Lease. Any holding over by the Town without the written permission of the Trustee shall be at sufferance. The amount of rent to be paid monthly during any period when the Town is deemed to be a holdover tenant will be equal to (a) one-sixth of the Interest Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date plus one-twelfth of the Principal Portion of the Base Rentals coming due on the next succeeding Base Rentals Payment Date on which a Principal Portion of the Base Rentals would have been payable with appropriate adjustments to ensure the full payment of such amounts on the due dates thereof in the event termination occurs during a Renewal Term plus (b) Additional Rentals as the same shall become due.

### **Title to the Leased Property**

Title to the Leased Property shall remain in the Town, subject to the Site Lease, the Lease, the Indenture and any other Permitted Encumbrances. The Trustee shall not in any way be construed as fee owner of the Leased Property. Except personal property purchased by the Town at its own expense pursuant to Section 8.2 of the Lease, title to the Trustee's leasehold interest in the Leased Property and any and all additions and modifications thereto and replacements thereof shall be held in the name of the Trustee, subject to the Lease, the Site Lease and the Indenture, until liquidated, conveyed or otherwise disposed of as provided in Section 7.02 of the Indenture or Article 11 of the Lease, or until termination of the Site Lease, notwithstanding (i) a termination of the Lease by the Town by reason of an Event of Nonappropriation (as provided in Section 6.4 of the Lease); (ii) the occurrence of one or more Lease Events of Default (as defined in Section 13.1 of the Lease); (iii) the occurrence of any event of damage, destruction, condemnation, or construction defect, breach of warranty or title defect, as provided in Article 9 of the Lease; or (iv) the violation by the Trustee of any provision of the Lease.

The Town shall have no right, title or interest in the Leased Property or any additions and modifications thereto or replacements thereof, except as expressly set forth in the Lease.

The Trustee shall not, in any way, be construed as the owner of the Leased Property.

### **No Encumbrance, Mortgage or Pledge of the Leased Property**

Except as may be permitted by the Lease, the Town shall not permit any mechanic's or other lien to be established or remain against the Leased Property; provided that, if the Town shall first notify the Trustee of the intention of the Town to do so, the Town may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the Town that, in the opinion of Counsel, by nonpayment of any such items the



Trustee's leasehold interest in the Leased Property will be materially endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the Town shall promptly pay and cause to be satisfied and discharged all such unpaid items (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such items). The Trustee will cooperate in any such contest. Except as may be permitted by the Lease, the Town shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, except Permitted Encumbrances. The Town shall promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above.

### **Maintenance of the Leased Property by the Town**

Subject to its right to not appropriate and as otherwise provided in the Lease with respect to damage, destruction or condemnation, the Town has agreed that at all times during the Lease Term, the Town will maintain, preserve and keep the Leased Property or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, and from time to time make or cause to be made all necessary and proper repairs, including replacements, if necessary. The Trustee shall have no responsibility in any of these matters or for the making of any additions, modifications or replacements to the Leased Property.

The Town shall have the privilege of making substitutions, additions, modifications and improvements to the Leased Property, at its own cost and expense, as appropriate and any such substitutions, additions, modifications and improvements to the Leased Property shall be the property of the Town, subject to the Site Lease, the Lease and the Indenture and shall be included under the terms of the Site Lease, the Lease and the Indenture; provided, however, that such substitutions, additions, modifications and improvements shall not in any way damage the Leased Property or cause the Leased Property to be used for purposes other than lawful governmental functions of the Town (except to the extent of permitted subleasing) or cause the Town to violate its tax covenant as provided in the Lease; and provided that the Leased Property, as improved or altered, upon completion of such substitutions, additions, modifications and improvements, shall be of a value not less than the value of the Leased Property immediately prior to such making of substitutions, additions, modifications and improvements.

The Town may also, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in or on any Leased Property. All such machinery, equipment and other tangible property shall remain the sole property of the Town in which the Trustee shall have no interests; provided, however, that title to any such machinery, equipment and other tangible property which becomes permanently affixed to the Leased Property shall be included under the terms of the Site Lease, the Lease and the Indenture, in the event the Trustee shall reasonably determine that such Leased Property would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

### **Partial Release and Substitution of Leased Property**

So long as no Lease Event of Default or Event of Nonappropriation shall have occurred and be continuing the Trustee shall release the Leased Property, and shall execute all documents necessary or appropriate to convey or reconvey the Leased Property to the Town, free of all restrictions and encumbrances imposed or created by the Site Lease, the Lease or the Indenture, upon receipt by the Trustee of the following: (a) a written request of the Town Representative for such release, describing the Leased Property to be released; (b) a certificate of the Town Representative certifying (i) that the disposition of the Leased Property to be released and the substitution therefor of the real property to be substituted for the Leased Property to be released will not materially adversely affect the ability of the Town to operate the Leased Property or any leased property to be substituted therefor, or to fulfill its obligations under the Lease, (ii) that any real property to be substituted for the Leased Property to be

released will be useful in the operation of the Town, and (iii) that the fair value of any real property to be substituted for the Leased Property to be released, as determined by the Council in a duly adopted resolution, together with remaining Leased Property and cash to be paid by the Town to the Trustee, if any, is at least equal to the aggregate principal amount of the Certificates then Outstanding; (c) a certified copy of the resolution referred to in clauses (b)(iii); and (d) supplements and amendments to the Lease, the Indenture and any other documents necessary to subject to the lien of the Indenture any real property to be substituted for the Leased Property to be released. The Town agrees that any cash paid to the Trustee pursuant to the provisions of this Section shall be deposited into the Principal Account or the Interest Account of the Base Rentals Fund, or both such accounts, as directed by the Town.

### **Taxes, Other Governmental Charges and Utility Charges**

In the event that the Leased Property shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body, the Town shall pay the amount of all such taxes, assessments and governmental charges then due, as Additional Rentals. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Town shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during the upcoming Fiscal Year. Except for Permitted Encumbrances, the Town shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property (including, without limitation, any taxes levied upon the Leased Property which, if not paid, will become a charge on the rentals and receipts from the Leased Property, or any interest therein, including the leasehold interests of the Trustee), or the rentals and revenues. The Town shall also pay as Additional Rentals, as the same respectively become due, all utility and other charges and fees and other expenses incurred in the operation, maintenance and upkeep of the Leased Property.

The Town may, at its expense, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments, utility or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the Town that, in the opinion of Counsel, by nonpayment of any such items the value of the Leased Property will be materially endangered or the Leased Property will be subject to loss or forfeiture, or the Trustee will be subject to liability, in which event such taxes, assessments, utility or other charges shall be paid forthwith (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such taxes, assessments, utility or other charges).

### **Required Insurance**

Upon the execution and delivery of the Lease, the Town shall, at its own expense, cause casualty and property insurance to be carried and maintained with respect to the Leased Property in an amount equal to the estimated replacement cost of the Leased Property. Such insurance policy or policies may have a deductible clause in an amount deemed reasonable by the Council. The Town may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other buildings as well, as long as such blanket insurance policies comply with the requirements of the Lease. If the Town shall insure against similar risks by self-insurance, the Town may, at its election, provide for casualty and property damage insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. If the Town shall elect to self-insure, the Town Representative shall annually furnish to the Trustee a certification of the adequacy of the Town's reserves. The Trustee shall be named as an additional insured and loss payee on any casualty and property insurance.

Upon the execution and delivery of the Lease, the Town shall, at its own expense, cause public liability insurance to be carried and maintained with respect to the activities to be undertaken by and on behalf of the Town in connection with the use of the Leased Property, in an amount not less than the limitations provided in the Colorado Governmental Immunity Act (Article 10, Title 24, Colorado Revised

Statutes, as amended). Such insurance may contain deductibles and exclusions deemed reasonable by the Council. The required public liability insurance may be by blanket insurance policy or policies. If the Town shall insure against similar risks by self-insurance, the Town, at its election may provide for public liability insurance with respect to the Leased Property, partially or wholly by means of a self-insurance fund. If the Town shall elect to self-insure, the Town Representative shall annually furnish to the Trustee a certification of the adequacy of the Town's reserves. The Trustee shall be named as additional insured and loss payee on any public liability insurance.

Any property damage insurance policy required by the Lease will be so written or endorsed as to make payments under such insurance policy with a value equal to or less than the then current deductible payable to the Town. Property damage payments under such insurance policy in excess of the then current deductible will designate the Trustee as loss payee. All certificates evidencing such policies shall be deposited with the Trustee. No agent or employee of the Town shall have the power to adjust or settle any loss with respect to the Leased Property in excess of the deductible amount, whether or not covered by insurance, without the prior written consent of the Trustee.

### **Granting of Easements**

As long as no Event of Nonappropriation or Event of Lease Default shall have happened and be continuing, the Trustee, shall upon the request of the Town, (a) grant or enter into easements, permits, licenses, party wall and other agreements, rights-of-way (including the dedication of public roads) and other rights or privileges in the nature of easements, permits, licenses, party wall and other agreements and rights of way with respect to any property or rights included in the Lease (whether such rights are in the nature of surface rights, sub-surface rights or air space rights), free from the Lease and any security interest or other encumbrance created thereunder; (b) release existing easements, permits, licenses, party wall and other agreements, rights-of-way, and other rights and privileges with respect to such property or rights, with or without consideration; and (c) execute and deliver any instrument necessary or appropriate to grant, enter into or release any such easement, permit, license, party wall or other agreement, right-of-way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant, agreement or release and (ii) a written application signed by the Town Representative requesting such grant, agreement or release and stating that such grant, agreement or release will not materially impair the effective use or materially interfere with the operation of the Leased Property.

### **Damage, Destruction and Condemnation**

Damage, Destruction and Condemnation. If, during the Lease Term, (a) the Leased Property shall be destroyed (in whole or in part), or damaged by fire or other casualty; or (b) title to, or the temporary or permanent use of, the Leased Property or the estate of the Town or the Trustee in the Leased Property is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or entity acting under governmental authority; or (c) a breach of warranty or a material defect in the construction, manufacture or design of the Leased Property becomes apparent; or (d) title to or the use of all or a portion of the Leased Property is lost by reason of a defect in title thereto; then the Town shall be obligated to continue to pay Base Rentals and Additional Rentals pursuant to the Lease (subject to Article 6 of the Lease).

Obligation to Repair and Replace the Leased Property. The Town and the Trustee, to the extent Net Proceeds are within their respective control, shall cause such Net Proceeds of any insurance policies, performance bonds or condemnation awards, to be deposited in a separate trust fund. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the Town, upon receipt by the Trustee of requisitions signed by the Town Representative stating with respect to each payment to be made: (a) the requisition number; (b) the name and address of the person, firm or entity to whom payment is due; (c) the amount to be paid; and (d) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust

fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation.

The Town and the Trustee shall agree to cooperate and use their best reasonable efforts subject to the terms of the Indenture to enforce claims which may arise in connection with material defects in the construction, manufacture or design of the Leased Property or otherwise. The Trustee may rely conclusively upon any such requisition received and shall have no obligation to make an independent investigation in connection therewith. If there is a balance of any Net Proceeds allocable to the Leased Property remaining after such repair, restoration, modification, improvement or replacement has been completed, this balance shall be used by the Town, to: (a) add to, modify or alter the Leased Property or add new components thereto, or (b) prepay the Base Rentals with a corresponding adjustment in the amount of Base Rentals payable under Exhibit C (Base Rentals Schedule) to the Lease or (c) accomplish a combination of (a) and (b).

Any repair, restoration, modification, improvement or replacement of the Leased Property paid for in whole or in part out of Net Proceeds allocable to the Leased Property shall be the property of the Town, subject to the Site Lease, the Lease and the Indenture and shall be included as part of the Leased Property under the Lease.

Insufficiency of Net Proceeds. If the Net Proceeds (plus any amounts withheld from such Net Proceeds by reason of any deductible clause) are insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required under Section 9.2 of the Lease, the Town may elect to:

(a) complete the work or replace such Leased Property (or portion thereof) with similar property of a value equal to or in excess of such portion of the Leased Property and pay as Additional Rentals, to the extent amounts for Additional Rentals which have been specifically appropriated by the Town are available for payment of such cost, any cost in excess of the amount of the Net Proceeds allocable to the Leased Property, and the Town agrees that, if by reason of any such insufficiency of the Net Proceeds allocable to the Leased Property, the Town shall make any payments pursuant to the provisions of this paragraph, the Town shall not be entitled to any reimbursement therefor from the Trustee, nor shall the Town be entitled to any diminution of the Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, payable under Article 6 of the Lease; or

(b) apply the Net Proceeds allocable to the Leased Property to the payment of the Purchase Option Price in accordance with the Lease, or an appropriate portion thereof. In the event of an insufficiency of the Net Proceeds for such purpose, the Town shall, subject to the limitations of the Lease, pay such amounts as may be necessary to equal that portion of the Purchase Option Price which is attributable to the Leased Property for which Net Proceeds have been received (as certified to the Trustee by the Town); and in the event the Net Proceeds shall exceed such portion of the Purchase Option Price, such excess shall be used as directed by the Town in the same manner as set forth in the Lease; or

(c) if the Town does not timely budget and appropriate sufficient funds to proceed under either (a) or (b) above, an Event of Nonappropriation will be deemed to have occurred and, subject to the Town's right to cure, the Trustee may pursue remedies available to it following an Event of Nonappropriation.

The above referenced election shall be made by the Town within 90 days of the occurrence of an event specified in the Lease (Damage, Destruction and Condemnation). It is declared in the Lease to be the Town's present intention that, if an event described in the Lease (Damage, Destruction and Condemnation) should occur and if the Net Proceeds shall be insufficient to pay in full the cost of repair, restoration, modification, improvement or replacement of the Leased Property, the Town would use its

best efforts to proceed under either paragraph (a) or paragraph (b) above; but it is also acknowledged that the Town must operate within budgetary and other economic constraints applicable to it at the time, which cannot be predicted with certainty; and accordingly the foregoing declaration shall not be construed to contractually obligate or otherwise bind the Town.

### **Purchase Option and Conditions for Purchase Option**

Purchase Option. The Town has the option to purchase the Trustee's leasehold interest in the Leased Property at any time, but only if an Event of Lease Default or an Event of Nonappropriation has not occurred and is then continuing. The Town shall give the Trustee notice of its intention to exercise its option not less than forty-five (45) days in advance of the date of exercise and shall deposit the required moneys with the Trustee on or before the date selected to pay the Purchase Option Price. The Trustee may waive such notice or may agree to a shorter notice period in the sole determination of the Trustee.

Conditions for Purchase Option. The Trustee shall transfer and release the Trustee's leasehold interests in the Leased Property to the Town in the manner provided for in the Lease; provided, however, that prior to such transfer and release, either:

(a) the Town shall have paid the then applicable Purchase Option Price which shall equal the sum of the amount necessary to defease and discharge the Indenture as provided therein (i.e., provision for payment of all principal and interest portions of any and all Certificates which may have been executed and delivered pursuant to the Indenture shall have been made in accordance with the terms of the Indenture) plus any fees and expenses then owing to the Trustee; or

(b) the Town shall have paid all Base Rentals set forth in Exhibit C (Base Rentals Schedule) to the Lease, for the entire maximum Lease Term, and all then current Additional Rentals required to be paid pursuant to the Lease.

At the Town's option, amounts then on deposit in any fund held under the Indenture (except the Rebate Fund and excluding any defeasance escrow funds) may be credited toward the Purchase Option Price.

### **Assignment by the Trustee; Replacement of the Trustee**

Except as otherwise provided in this Lease and the Indenture, the Lease may not be assigned by the Town for any reason other than to a successor by operation of law. However, the Leased Property may be subleased, as a whole or in part, by the Town, without the necessity of obtaining the consent of the Trustee or any owner of the Certificates subject to each of the following conditions:

(a) The Leased Property may be subleased, in whole or in part, only to an agency or department of, or a political subdivision of, the State, or to another entity or entities with Approval of Special Counsel;

(b) The Lease, and the obligations of the Town thereunder, shall, at all times during the Lease Term remain obligations of the Town, and the Town shall maintain its direct relationships with the Trustee, notwithstanding any sublease;

(c) The Town will furnish or cause to be furnished to the Trustee a copy of any sublease agreement; and

(d) No sublease by the Town shall cause the Leased Property to be used for any purpose which would cause the Town to violate its tax covenant in the Lease.

## **Events of Lease Default**

Any one of the following shall be Events of Lease Default under the Lease:

- (a) failure by the Town to pay any Base Rentals or Additional Rentals, which have been specifically appropriated by the Town for such purpose, during the Initial Term or any Renewal Term, within five (5) Business Days of the date on which they are due; or
- (b) subject to the holdover tenant provisions of the Lease, failure by the Town to vacate or surrender possession of the Leased Property by March 1 of any Renewal Term in respect of which an Event of Nonappropriation has occurred; or
- (c) failure by the Town to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in (a) or (b), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be received by the Town from the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold its consent to an extension of such time if corrective action can be instituted by the Town within the applicable period and diligently pursued until the default is corrected; or
- (d) failure by the Town to comply with the terms of the Site Lease.

The foregoing provisions of the Lease are subject to the following limitations: (i) the Town shall be obligated to pay the Base Rentals and Additional Rentals, which have been specifically appropriated by the Town for such purpose, only during the then current Lease Term, except as otherwise expressly provided in the Lease; and (ii) if, by reason of Force Majeure, the Town or the Trustee shall be unable in whole or in part to carry out any agreement on their respective parts contained in the Lease other than the Town's agreement to pay the Base Rentals and Additional Rentals due under the Lease, the Town or the Trustee shall not be deemed in default during the continuance of such inability. The Town and the Trustee each agree, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the Town or the Trustee from carrying out their respective agreements; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Town.

## **Remedies on Default; Limitations on Remedies**

Whenever any Event of Lease Default shall have happened and be continuing beyond any applicable cure period, the Trustee may, or shall at the request of the owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as to costs and expenses as provided in the Indenture, without any further demand or notice, take one or any combination of the following remedial steps:

- (a) terminate the Lease Term and give notice to the Town to vacate and surrender possession of the Leased Property, which vacation and surrender the Town agrees to complete within sixty (60) days from the date of such notice; provided, in the event the Town does not vacate and surrender possession on the termination date, the holdover provisions of the Lease shall apply;
- (b) lease or sublease the Leased Property or sell or assign any interest the Trustee has in the Leased Property, including the Trustee's leasehold interest in the Leased Property;
- (c) recover from the Town:
  - (i) the portion of Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable under

the Lease, during any period in which the Town continues to occupy, use or possess the Leased Property; and

(ii) Base Rentals and Additional Rentals, for which a specific Appropriation has been effected by the Town for such purpose, which would otherwise have been payable by the Town under the Lease during the remainder, after the Town vacates and surrenders possession of the Leased Property, of the Fiscal Year in which such Event of Lease Default occurs.

(d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Site Lease, the Lease and the Indenture.

The Trustee shall also be entitled, upon any Event of Lease Default, to any moneys in any funds or accounts created under the Indenture (except the Rebate Fund or any defeasance escrow accounts).

A judgment requiring a payment of money may be entered against the Town by reason of an Event of Lease Default only as to the Town's liabilities described in paragraph (c) above. A judgment requiring a payment of money may be entered against the Town by reason of an Event of Nonappropriation only to the extent that the Town fails to vacate and surrender possession of the Leased Property as required by the Lease, and only as to the liabilities described in paragraph (c)(i) above. The remedy described in paragraph (c)(ii) above is not available for an Event of Lease Default consisting of failure by the Town to vacate and surrender possession of the Leased Property by March 1 following an Event of Nonappropriation.

### **No Remedy Exclusive**

Subject to the limitations on remedies described in the preceding paragraph, no remedy conferred upon or reserved to the Trustee, is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

## **THE INDENTURE**

### **General**

The Indenture is being executed and delivered to provide for the execution, delivery and payment of and security for the Certificates, the net proceeds of which will be used to finance the Project. The Certificates evidence undivided interests in the right to receive Revenues under the Lease. The Trustee has entered into the Indenture for and on behalf of the Owners of the Certificates and the Trustee will hold the Revenues and the Leased Property and will exercise the Trustee's rights under the Site Lease and the Lease for the equal and proportionate benefit of the Owners of the Certificates as described in the Indenture, and will disburse money received by the Trustee in accordance with the Indenture.

### **Application of Revenues and Other Moneys**

All Base Rentals payable under the Lease and other Revenues shall be paid directly to the Trustee. If the Trustee receives any other payments on account of the Lease, the Trustee shall immediately deposit the same as provided below.

Except for Net Proceeds to be applied pursuant to Section 9.02 of the Lease and Additional Rentals required to be deposited in the Reserve Fund, the Trustee shall deposit all Revenues and any other

payments received in respect of the Lease, immediately upon receipt thereof, to the Base Rentals Fund in an amount required to cause the aggregate amount on deposit therein to equal the amount then required to make the principal and interest payments due on the Certificates on the next Interest Payment Date. In the event that the Trustee receives Prepayments under the Lease, the Trustee shall apply such Prepayments to the Optional Redemption of the Certificates or portions thereof in accordance with the Indenture.

## **Funds and Accounts**

The Indenture provides for the creation and establishment of the various funds and accounts as described in the following paragraphs. The Trustee holds these funds and accounts in trust for the benefit of the Owners of the Certificates.

**Base Rentals Fund.** The Base Rentals Fund shall be used for the deposit of all Revenues, upon receipt thereof by the Trustee, except for Net Proceeds to be applied pursuant to Section 9.02 of the Lease and Additional Rentals required to be deposited in the Reserve Fund. Moneys in the Base Rentals Fund shall be used solely for the payment of the principal of and interest on the Certificates whether on an Interest Payment Date, at maturity or upon prior redemption, except as provided in the Indenture with respect to transfers that may be made to the Rebate Fund.

The Base Rentals Fund shall be in the custody of the Trustee. The Trustee shall withdraw sufficient funds from the Base Rentals Fund to pay the principal of and interest on the Certificates as the same become due and payable whether on an Interest Payment Date, at maturity or upon prior redemption, which responsibility, to the extent of the moneys therein, the Trustee accepts.

Any moneys held in the Base Rentals Fund shall be invested by the Trustee in accordance with Article 5 of the Indenture.

**The Reserve Fund.** *Investors should be aware that no Reserve Fund secures the Certificates.*

A special fund is created under the Indenture to be held by the Trustee and designated as the “Town of Castle Rock, Colorado, 2020 Lease Purchase Agreement Reserve Fund” (the “Reserve Fund”). Upon the execution and delivery of any series of Additional Certificates that are secured by the Reserve Fund, there shall be deposited to a separate account of the Reserve Fund, from the proceeds derived from the sale of such Additional Certificates or from other available moneys, such amount, if any, as may be necessary to fund the separate Reserve Fund to the then applicable Reserve Fund Requirement. Any moneys paid by the Town pursuant to the last paragraph of Section 3.04 of the Indenture shall also be deposited to the Reserve Fund. Moneys held in the Reserve Fund shall be invested and reinvested by the Trustee in accordance with Article 5 of the Indenture. Except to the extent transferred to the Rebate Fund, income derived from the investment of the moneys in the Reserve Fund shall be retained in the Reserve Fund to the extent the amount on deposit therein is less than the Reserve Fund Requirement.

If the amount on deposit in the Reserve Fund exceeds the Reserve Fund Requirement for any reason, the amount to be released from the Reserve Fund shall be applied as directed in writing by the Town. Any excess amount released from the Reserve Fund may be deposited in the Base Rentals Fund, or deposited into a defeasance escrow account, or may be applied for other purposes, as directed in writing by the Town and in accordance with the Town’s tax covenant in the Lease.

Except as provided in the Indenture, moneys held in the Reserve Fund, excluding income derived from the investment thereof, shall be applied to any of the following purposes:

(a) To the payment of the principal amount of the Certificates and any Additional Certificates secured by the Reserve Fund and interest thereon, as the same shall become due, to the extent of any deficiency in the Base Rentals Fund;



(b) At the option of the Trustee, to the payment of any Additional Rentals in the event the Town shall fail to make payment thereof;

(c) At the option of the Trustee, subsequent to the occurrence of an Event of Nonappropriation or an Event of Indenture Default, to the payment of any cost or expense necessary to preserve or protect the Leased Property or the interest of the Trustee or the Certificate Owners therein, or necessary to make any repairs or modifications to the Leased Property in preparation for subleasing the Leased Property or other disposition thereof, or the fees and expenses of the Trustee including fees and expenses of its Counsel, as the Trustee may deem to be in the best interests of the Certificate Owners;

(d) Except to the extent applied pursuant to (c) above, upon the termination of the Lease Term by reason of the occurrence of an Event of Nonappropriation or an Event of Indenture Default, to the redemption or payment of the Certificates and any Additional Certificates secured by the Reserve Fund then Outstanding and the payment of interest thereon;

(e) In the event that the Town shall exercise its option to purchase the Trustee's leasehold interest in the Leased Property and terminate the Lease Term upon payment of the Purchase Option Price, to the Town, or, at the option of the Town, as a reduction of such Purchase Option Price;

(f) At the option of the Town, in reduction of the final and, to the extent sufficient therefor, the next preceding payments of Base Rentals (in inverse order) payable by the Town under the Lease; or

(g) To be deposited in escrow for the payment or defeasance of the Certificates and any Additional Certificates secured by the Reserve Fund pursuant to Article 6 of the Indenture.

Notwithstanding the foregoing or any other provisions in the Indenture, to the extent that the Reserve Fund is funded in whole or in part with a Qualified Surety Bond, the Trustee shall draw on any such Qualified Surety Bond only for the purpose of paying the principal of or interest on the Certificates secured by such Qualified Surety Bond to the extent of any deficiency in the Base Rental Fund and for no other purposes, unless approved in writing by the provider of such Qualified Surety Bond.

The Town may at any time substitute (i) cash or Permitted Investments for a Qualified Surety Bond, (ii) a Qualified Surety Bond for cash or Permitted Investments, (iii) a Qualified Surety Bond for another Qualified Surety Bond so long as the amount on deposit in the Reserve Fund after any such substitution is at least equal to the Reserve Fund Requirement, or (iv) a combination of cash and/or one or more Qualified Surety Bonds. Notwithstanding the foregoing, or any other provisions contained in the Indenture, no Qualified Surety Bond shall be accepted by the Trustee for substitution for cash or Permitted Investments unless the Trustee has received an opinion of Special Counsel to the effect that such substitution and the intended use by the Town of the cash or Permitted Investments to be released from the Reserve Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates.

For the purposes of determining the amount on deposit in the Reserve Fund, a Qualified Surety Bond shall be valued at the amount available to be drawn thereunder. If the Reserve Fund contains both cash and a Qualified Surety Bond, all cash held in the Reserve Fund shall be applied to the purposes of the Reserve Fund before a demand is made on the Qualified Surety Bond. In the event that the Reserve Fund contains two or more Qualified Surety Bonds, demands shall be made on such Qualified Surety Bonds on a pro-rata basis. All Revenues available for replenishment of the Reserve Fund shall be applied first to reimburse the providers of the Qualified Surety Bonds, and second to replenish cash in the Reserve Fund.

To the extent that draws are made on a Qualified Surety Bond that has been deposited in the Reserve Fund, the Town has agreed to make any required payments to the provider of such Qualified

Surety Bond as Additional Rentals. The Town has further agreed that failure by the Town to budget and appropriate moneys for the payment of Additional Rentals shall constitute an Event of Nonappropriation.

Rebate Fund. A special fund is created and established under the Indenture to be held by the Trustee, and to be designated the “Town of Castle Rock, Colorado, 2020 Lease Purchase Agreement, Rebate Fund” (the “Rebate Fund”). To the extent necessary to comply with the provisions of the Tax Certificate, there shall be deposited into the Rebate Fund investment income on moneys in any fund created under the Indenture (except defeasance escrows). In addition to the deposit of investment income as provided in the Indenture, there shall be deposited into the Rebate Fund moneys received from the Town as Additional Rentals for rebate payments pursuant to the Lease; moneys transferred to the Rebate Fund from any other fund created pursuant to the Indenture; and all other moneys received by the Trustee when accompanied by directions not inconsistent with the Lease or the Indenture that such moneys are to be paid into an account of the Rebate Fund. The Town will cause (or direct the Trustee to cause) amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury at the address and times provided in the Tax Certificate, and in the amounts calculated to ensure that the Town’s rebate obligations are met, in accordance with the Town’s tax covenants in the Lease. Amounts on deposit in the Rebate Fund shall not be subject to the lien of the Indenture to the extent that such amounts are required to be paid to the United States Treasury.

If, at any time after the Trustee receives instructions by the Town to make any payments from the Rebate Fund, the Trustee determines that the moneys on deposit in an account of the Rebate Fund are insufficient for the purposes thereof, and if the Trustee does not receive Additional Rentals or cannot transfer investment income so as to make the amount on deposit in the appropriate account in the Rebate Fund sufficient for its purpose, the Trustee may transfer moneys to an account in the Rebate Fund from the following funds in the following order of priority: the Reserve Fund (to the extent it is cash-funded), and the Base Rentals Fund. Any moneys so advanced from the Reserve Fund shall be included in the Town’s estimates of Additional Rentals for the ensuing Fiscal Year pursuant to the Lease, and any moneys so advanced from the Base Rentals Fund shall be included as an Additional Rental for the current Fiscal Year pursuant to the Lease, and shall be repaid to the fund from which advanced upon payment to the Trustee of such Additional Rentals. Upon receipt by the Trustee of an opinion of Special Counsel to the effect that the amount in an account of the Rebate Fund is in excess of the amount required to be therein pursuant to the provisions of the Tax Certificate, such excess shall be transferred to the Base Rentals Fund.

The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report. The Town may, at its own expense, retain an independent firm of professionals in such area to calculate such rebate amounts.

Notwithstanding the foregoing, in the event that the Lease has been terminated or the Town has failed to comply with the Lease so as to make the amount on deposit in the appropriate account in Rebate Fund sufficient for its purpose, the Trustee shall make transfers of investment income or of moneys from the above-described funds in such combination as the Trustee shall determine to be in the best interests of the Certificate Owners.

Costs of Execution and Delivery Fund. A special fund is created and established with the Trustee and denominated the “Town of Castle Rock, Colorado, 2020 Lease Purchase Agreement Costs of Execution and Delivery Fund.” Upon the delivery of the Certificates there shall be deposited into the Costs of Execution and Delivery Fund from the proceeds of the Certificates the amounts directed by Section 3.01 of the Indenture and the Underwriter shall deliver to the Trustee a closing memorandum detailing the anticipated amounts of Costs of Execution and Delivery. Payments from the Costs of Execution and Delivery Fund shall be made by the Trustee upon receipt of a statement or a bill for the provision of Costs of Execution and Delivery of the Certificates approved by the Town Representative.

The Trustee shall transfer all moneys remaining in the Costs of Execution and Delivery Fund to the credit of the Town upon the final payment of all Costs of Execution and Delivery, as certified in writing by the Town Representative. Any amounts remaining in the Costs of Execution and Delivery Fund on November 1, 2020, shall be credited to the Town.

### **Defeasance and Discharge of the Indenture**

(a) When the principal or redemption price (as the case may be) of, and interest on, all the Certificates executed and delivered under the Indenture have been paid or provision has been made for payment of the same (or, in the case of redemption of the Certificates pursuant to the Extraordinary Redemption provisions of Section 4.03 of the Indenture, if full or partial payment of the Certificates and interest thereon is made as provided therein), together with all other sums payable under the Indenture relating to the Certificates, including all fees and expenses of the Trustee, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Town to the Trustee and to the Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall (1) release the Site Lease and transfer and convey the Trustee's leasehold interest in the Leased Property to the Town as provided by the Lease, (2) release the Lease and the Indenture, (3) execute such documents to evidence such releases as may be reasonably required by the Town, and (4) turn over to the Town all balances then held by the Trustee in the Funds or Accounts under the Indenture except for amounts held in any defeasance escrow accounts. If payment or provision therefor is made with respect to less than all of the Certificates, the particular Certificates (or portion thereof) for which provision for payment shall have been considered made shall be selected by the Town.

(b) Provision for the payment of all or a portion of the Certificates shall be deemed to have been made when the Trustee holds in the Base Rentals Fund, or there is on deposit in a separate escrow account or trust account held by a trust bank or escrow agent, either moneys in an amount which shall be sufficient, and/or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, concurrently deposited in trust, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificates on and prior to the redemption date or maturity date thereof, as the case may be. Prior to any discharge of the Indenture or the defeasance of any Certificates becoming effective, there shall have been delivered to the Trustee a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the applicable Certificates in full on the maturity or redemption date thereof unless fully funded with cash.

(c) Neither the Federal Securities nor the moneys deposited in the Base Rentals Fund or separate escrow account or trust account pursuant to the Indenture shall be withdrawn or used for any purpose other than, and shall be segregated and held in trust for, the payment of the principal of, premium, if any, and interest on the Certificates or portions thereof; provided, however, that other Federal Securities and moneys may be substituted for the Federal Securities and moneys so deposited prior to their use for such purpose.

(d) Whenever moneys or Federal Securities shall be deposited with the Trustee or a separate escrow agent for the payment or redemption of any Certificates more than forty-five (45) days prior to the date that such Certificates are to mature or be redeemed, the Trustee shall mail a notice stating that such moneys or Federal Securities have been deposited and identifying the Certificates for the payment of which such moneys or Federal Securities are being held, to all Owners of Certificates for the payment of which such moneys or Federal Securities are being held, or if such Certificates are registered in the name of the Depository, such notice may be sent, in the alternative, by electronic means in accordance with the regulations of the Depository.

(e) At such time as any Certificate shall be deemed paid as provided in (b) above, such Certificate shall no longer be secured by or entitled to the benefits of the Indenture, the Lease or the Site

Lease, except for the purpose of exchange and transfer and any payment from such cash or Federal Securities deposited with the Trustee.

### **Investment of Moneys**

All moneys held as part of the Base Rentals Fund, the Reserve Fund, the Rebate Fund, the Costs of Execution and Delivery Fund, or any other fund or account created under the Indenture (other than any defeasance escrow accounts) shall be deposited or invested and reinvested by the Trustee, at the written direction of the Town, in Permitted Investments; provided, however, that the Trustee shall make no deposits or investments of any fund or account created under the Indenture which shall interfere with or prevent withdrawals for the purpose for which the moneys so deposited or invested were placed in trust thereunder or for payment of the Certificates at or before maturity or interest thereon as required thereunder.

If the Trustee is not provided written directions concerning investment of moneys held in the Funds, the Trustee may invest in money market mutual funds, provided they mature or are subject to redemption prior to the date such funds will be needed. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the Town shall confirm that the investment transactions identified therein accurately reflect the investment directions of the Town, unless the Town notifies the Trustee in writing to the contrary within thirty (30) days of the date of such statement. The Trustee is specifically authorized to purchase or invest in shares of any investment company provided that such investments are Investment Obligations at the time of such investment that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial, or other services for compensation), (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States, and (iii) maintains a constant asset value per share. The Trustee is specifically authorized to implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments.

The Trustee may make any and all such deposits or investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees.

Except as otherwise provided in the Indenture, deposits or investments shall at all times be a part of the fund or account from which the moneys used to acquire such deposits or investments shall have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account.

The Trustee may transfer investments from any Fund or Account to any other Fund or Account in lieu of cash when a transfer is required or permitted by the provisions of the Indenture.

The Town has acknowledged in the Indenture that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant a right to receive brokerage confirmations of security transactions relating to the funds held pursuant to the Indenture, the Town waives receipt of such confirmations, to the extent permitted by law. The Trustee shall furnish a statement of security transactions on its regular monthly reports.

### **Events of Indenture Default**

Each of the following shall be an Event of Indenture Default:

(a) Failure to pay the principal of or premium, if any, on any Certificate when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption;

- (b) Failure to pay any installment of interest on any Certificate when the same shall become due and payable;
- (c) the occurrence of an Event of Nonappropriation; or
- (d) the occurrence of an Event of Lease Default.

Upon the occurrence of any Event of Indenture Default, the Trustee shall give notice thereof to the Owners of the Certificates. The Trustee shall waive any Event of Nonappropriation which is cured by the Town within thirty (30) days of the receipt of notice by the Trustee as provided in the Lease, by a duly effected Appropriation to pay all Base Rentals and sufficient amounts to pay reasonably estimated Additional Rentals coming due for such Renewal Term. The Trustee may waive any Event of Nonappropriation which is cured by the Town within a reasonable time with the procedure described in the preceding sentence.

### **Remedies**

If any Event of Indenture Default occurs and is continuing, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as provided in Section 8.01(d) of the Indenture, without any further demand or notice, enforce for the benefit of the Owners of the Certificates each and every right of the Trustee as the lessee under the Site Lease and the lessor under the Lease. In exercising such rights of the Trustee and the rights given the Trustee under the Indenture, the Trustee may, or shall at the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon indemnification as provided in Section 8.01(d) of the Indenture, take such action as, in the judgment of the Trustee, upon advice of its counsel, would best serve the interests of the Owners of the Certificates, including calling the Certificates for redemption prior to their maturity in the manner and subject to the provisions of Article 4 of the Indenture and exercising the Lease Remedies provided in the Lease, provided however that such action shall not include consequential or punitive damages against the Town.

### **Application of Moneys in Event of Indenture Default**

Any moneys received, collected or held by the Trustee following an Indenture Event of Default and any other moneys held as part of the Trust Estate (except for moneys held in the Rebate Fund or any defeasance escrow account) shall be applied in the following order:

- (a) To the payment of the reasonable costs and expenses of the Trustee, and expenses of the proceedings resulting in the collection of such moneys and of all fees, costs, expenses, liabilities and advances incurred or made by the Trustee, including, but not limited to, its Counsel fees, and disbursements of the Trustee, and the payment of its reasonable compensation and any advances, including any amounts remaining unpaid;
- (b) To the payment of interest then owing on the Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of interest ratably, without preference or priority of one Certificate over another or of any installment of interest over any other installment of interest; and
- (c) To the payment of principal or redemption price (as the case may be) then owing on the Outstanding Certificates, and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or redemption price ratably, without preference or priority of one Certificate over another.

The surplus, if any, shall be paid to the Town.

## **Duties of the Trustee**

The Trustee accepts the provisions of the Site Lease, the Lease and the Indenture and accepts the trusts imposed upon it by the Indenture and agrees to perform said trusts, but only upon and subject to the express terms and conditions set forth in the Site Lease, the Lease and the Indenture, and no implied covenants or obligations shall be read into the Indenture, the Lease or the Site Lease against the Trustee.

The Trustee covenants for the benefit of the Owners of the Certificates that the Trustee will observe and comply with its obligations under the Site Lease, the Lease and the Indenture.

The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect its interest in the Leased Property and the other property or property rights included in the Trust Estate and all the rights of the Owners under the Indenture against all claims and demands of all persons whomsoever.

Before taking any action pursuant to the Indenture, the Lease or the Site Lease, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses (including, without limitation, attorney's fees and expenses) which it may incur and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or resolution related to the protection of the environment or hazardous substances, except liability which is adjudicated to have resulted from its negligence or willful misconduct, by reason of any action so taken.

## **Notice of Default; Right to Investigate**

The Trustee shall, within thirty (30) days after it receives notice thereof, give written notice by first class mail or by electronic means to the Owners of the Certificates of all Events of Indenture Default known to the Trustee and send a copy of such notice to the Town, unless such defaults have been remedied. The Trustee shall not be required to take notice or be deemed to have notice of any default unless it has actual knowledge thereof or has been notified in writing of such default by the Town or the Owners of at least 25% in aggregate principal amount of the Outstanding Certificates. The Trustee may, however, at any time request the Town to provide full information as to the performance of any covenant under the Lease; and, if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made an investigation into any matter related to the Site Lease, the Lease and the Leased Property.

## **Resignation of Trustee**

The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the Town not less than sixty (60) days before the date when it is to take effect; provided notice of such resignation is mailed by registered or certified mail to the Owner of each Outstanding Certificate at the address shown on the registration books, or in the event that the Certificates are registered in the name of the Depository, such notice may, in the alternative, be given by electronic means in accordance with the requirements of the Depository. Such resignation shall take effect only upon the appointment of a successor Trustee. If no successor Trustee is appointed within sixty (60) days following the date designated for the resignation of the Trustee, the resigning Trustee may apply to a court of competent jurisdiction to appoint a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds, or to other amounts due arising prior to the date of such resignation shall survive resignation.

## **Removal of Trustee**

Any Trustee may be removed at any time, after payment of all outstanding fees and expenses of the Trustee being so removed, by the Town or by the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, upon written notice being filed with the Trustee, the Town and the

Owner of each Outstanding Certificate at the address shown on the registration books. Such removal shall take effect only upon the appointment of a successor Trustee. The rights of the Trustee to be held harmless, to insurance proceeds or to other amounts due arising prior to the date of such removal shall survive removal.

### **Appointment of Successor Trustee**

If the Trustee or any successor trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the Town shall appoint a successor, and shall cause a notice of such appointment to be mailed by registered or certified mail to the Owners of all Outstanding Certificates at the address shown on the registration books. If the Town fails to make such appointment within thirty (30) days after the date notice of resignation is filed, the Owners of a majority in aggregate principal amount of the Certificates then Outstanding may do so. If the Owners have failed to make such appointment within sixty (60) days after the date notice of resignation is filed, the Trustee may petition a court of competent jurisdiction to make such appointment.

Any successor trustee shall be a national or State bank with trust powers or a bank and trust company or a trust company, in each case having capital and surplus of at least \$50,000,000, if there be one able and willing to accept the trust on reasonable and customary terms.

### **Supplemental Indentures**

Supplemental Indentures and Amendments Not Requiring Certificate Owners' Consent. The Trustee may, with the written consent of the Town, but without the consent of or notice to the Owners, enter into such indentures or agreements supplemental thereto, for any one or more or all of the following purposes:

- (a) to grant additional powers or rights to the Trustee;
- (b) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency rating the Certificates;
- (c) to authorize the execution and delivery of Additional Certificates for the purposes and under the conditions set forth in the Indenture;
- (d) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Certificates; or
- (e) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity, or to correct or supplement any provision contained therein which may be defective or inconsistent with any other provisions contained therein or to make such other amendments to the Indenture which do not materially adversely affect the interests of the Owners of the Certificates.

### Supplemental Indentures and Amendments Requiring Certificate Owners' Consent.

- (a) Exclusive of supplemental indentures and amendments covered by the Indenture, the written consent of the Town and the consent of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, shall be required for any indenture or indentures supplemental thereto.
- (b) Notwithstanding the foregoing, without the consent of the Owners of all of the Certificates at the time Outstanding nothing contained in the Indenture shall permit, or be construed as permitting:

(i) A change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate or the rate of interest thereon, without the consent of the owner of such Certificate;

(ii) The deprivation of the Owner of any Certificate then Outstanding of the interest created by the Indenture (other than as originally permitted thereby) without the consent of the Owner of such Certificate;

(iii) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates (except with respect to the possible subordination of Additional Certificates); or

(iv) A reduction in the aggregate principal amount of the Certificates required for consent to such supplemental indenture.

If at any time the Town shall request the Trustee to enter into a supplemental indenture which requires the consent of the Certificate Owners, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed to the Registered Owners of the Certificates at the addresses last shown on the registration records of the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Certificate Owners. If, within 60 days or such longer period as shall be prescribed by the Town following the mailing of such notice, the required consents have been furnished to the Trustee as provided in the Indenture, no Certificate Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

#### **Amendment of the Lease and the Site Lease**

The Trustee and the Town shall have the right to amend the Lease and the Site Lease without the consent of or notice to the Owners of the Certificates, for one or more of the following purposes:

(a) to add covenants of the Trustee or the Town or to grant additional powers or rights to the Trustee;

(b) to make any amendments necessary or desirable to obtain or maintain a rating from any Rating Agency of the Certificates;

(c) in order to more precisely identify the Leased Property, including any substitutions, additions or modifications to the Leased Property as the case may be, as may be authorized under the Site Lease and the Lease;

(d) to make additions to the Leased Property, amend the schedule of Base Rentals and make all other amendments necessary for the execution and delivery of Additional Certificates in accordance with Section 2.08 of the Indenture;

(e) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest portion of the Base Rentals allocable to the Certificates; or

(f) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or in the Indenture or in any



amendment thereto or to make such other amendments to the Lease or the Site Lease which do not materially adversely affect the interests of the Owners of the Certificates.

If the Trustee or the Town proposes to amend the Lease or the Site Lease in such a way as would materially adversely affect the interests of the Owners of the Certificates, the Trustee shall notify the Owners of the Certificates of the proposed amendment and may consent thereto only with the consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates; provided, that the Trustee shall not, without the unanimous consent of the Owners of all Certificates Outstanding, consent to any amendment which would (1) decrease the amounts payable in respect of the Lease, or (2) change the Base Rentals Payment Dates or (3) change any of the prepayment provisions of the Lease.

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## APPENDIX C

### BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Certificates will be made to Cede& Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the Town or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Certificate certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.*

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Town of Castle Rock, Colorado, a duly organized and existing home rule municipality of the State of Colorado, (the “Issuer”), in connection with its authorization, execution and delivery of an annually renewable Lease Purchase Agreement, dated as of October 8, 2020 (the “Lease”), with UMB Bank, n.a., solely in its capacity as trustee under the Indenture described herein, (the “Trustee”), as lessor, and the Issuer, as lessee, and the execution and delivery of the Certificates of Participation, Series 2020, in the aggregate principal amount of \$8,485,000 (the “Certificates”), evidencing proportionate interests in the Base Rentals and other Revenues under the Lease. The Certificates are being executed and delivered pursuant to an Indenture of Trust, dated as of October 8, 2020 (the “Indenture”), by the Trustee. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Lease or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Fiscal Year” shall mean the period beginning on January 1 of a calendar year and ending on December 31 of the same calendar year, or such other 12-month period as may be adopted by the Issuer in accordance with law.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, which is currently available at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement prepared in connection with the Certificates.

“Participating Underwriter” shall mean the original underwriter of the Certificates required to comply with the Rule in connection with an offering of the Certificates.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Certificate.

### SECTION 3. Provision of Annual Reports.

a. The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer's fiscal year, commencing nine (9) months following the end of the Issuer's fiscal year ending December 31, 2020, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the Issuer; it is not required that the format reflected in this Official Statement be used in future years.

b. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit "A."

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

a. A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

b. An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Certificates.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Certificates. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Certificates:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to rights of bondholders, if material;

- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;<sup>1</sup>
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation<sup>2</sup> of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, *if material*; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation<sup>2</sup> of the obligated person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

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<sup>1</sup> For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

<sup>2</sup> For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term “financial obligation” is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the Issuer intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Certificates; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Certificates.

SECTION 8. Dissemination Agent. (a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and any other agreement between the Issuer and the Dissemination Agent.

(b) In addition to the filing duties on behalf of the Issuer described in this Disclosure Certificate, the Dissemination Agent shall:

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

(2) send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the Issuer, certify in writing to the Issuer that the Annual Report has been provided pursuant to this Disclosure Certificate and the date it was provided.

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section (3)(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Certificates, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Certificates may take such



actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Lease, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

DATE: October 8, 2020

**TOWN OF CASTLE ROCK, COLORADO**

By \_\_\_\_\_  
Mayor

**EXHIBIT “A”**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Town of Castle Rock, Colorado

Name of Bond Issue: Certificates of Participation, Series 2020, in the aggregate principal amount of \$8,485,000, evidencing proportionate interests in the Base Rentals and other Revenues under an annually renewable Lease Purchase Agreement dated as of October 8, 2020, between UMB Bank, n.a., solely in its capacity as trustee under the Indenture, as lessor, and the Town of Castle Rock, Colorado, as lessee.

Date of Issuance: October 8, 2020.

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the Certificates as required by the Lease Purchase Agreement, dated as of October 8, 2020, and the Continuing Disclosure Certificate executed on October 8, 2020, by the Issuer. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_\_\_.

Dated: \_\_\_\_\_, \_\_\_\_\_

**TOWN OF CASTLE ROCK, COLORADO**

By \_\_\_\_\_  
Mayor

**EXHIBIT “B”**

**INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED**

See page -iv- of this Official Statement

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**APPENDIX E**  
**FORM OF OPINION OF SPECIAL COUNSEL**

[Closing date]

Town of Castle Rock, Colorado  
100 North Wilcox Street  
Castle Rock, Colorado 80104

**\$8,485,000**  
**Certificates of Participation, Series 2020**  
**Evidencing Proportionate Interests in the Base Rentals and other Revenues under an Annually**  
**Renewable Lease Purchase Agreement dated as of October 8, 2020, as amended,**  
**between UMB BANK, N.A., solely in its capacity as trustee under the Indenture, as lessor,**  
**and the TOWN OF CASTLE ROCK, COLORADO, as lessee**

Ladies and Gentlemen:

We have acted as special counsel to the Town of Castle Rock, Colorado (the “Town”), in connection with its authorization, execution and delivery of the Site Lease Agreement, dated as of October 8, 2020, (the “Site Lease”), between the Town, as lessor, and UMB Bank, n.a., solely in its capacity as trustee (the “Trustee”) under the Indenture (as hereinafter defined), as lessee, and the Lease Purchase Agreement, dated as of October 8, 2020 (the “Lease”), between the Trustee, as lessor, and the Town, as lessee. Certificates of Participation, Series 2020, in the aggregate principal amount of \$8,485,000 (the “Certificates”), each dated October 8, 2020, are authorized under an Indenture of Trust, dated as of October 8, 2020 (the “Indenture”), executed and delivered by the Trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Lease and the Indenture. The Certificates evidence proportionate interests in the Base Rentals and certain other revenues paid under the Lease, as provided in the Certificates, the Lease and the Indenture.

In such capacity as special counsel, we have examined certified proceedings of the Town Council, the Site Lease, the Lease, the Indenture, the Certificates, and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter.

Regarding questions of fact material to our opinions, we have relied upon the certified proceedings of the Town, certifications of the Trustee, certifications of the Underwriter, and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, and subject to the following qualifications, it is our opinion as special counsel that:

1. The Site Lease and the Lease have been duly authorized by the Town and duly executed and delivered by authorized officials of the Town and, assuming due authorization, execution and delivery by the Trustee, constitute valid and binding obligations of the Town. None of the Site Lease, the Lease, or the Certificates constitutes a general obligation, other indebtedness or multiple fiscal year financial obligation of the Town within the meaning of any constitutional, home rule charter, or statutory debt limitation. Notwithstanding the foregoing, the Town’s failure specifically to budget and appropriate

funds to make payments due under the Lease for the ensuing Fiscal Year will extinguish the obligations of the Town to pay Base Rentals and Additional Rentals beyond the then current Fiscal Year.

2. Assuming the due authorization, execution, and delivery of the Site Lease, the Lease, and the Indenture by the Trustee, and the due execution and delivery of the Certificates by the Trustee, the Certificates evidence valid and binding proportionate interests in the right to receive certain payments under the Lease.

3. The portion of the Base Rentals which is designated in the Lease as interest and paid as interest on the Certificates is excludable from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), is excludable from alternative minimum taxable income as defined in Section 55(b)(2) of the Code, and is excludable from Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof; except that we express no opinion as to the effect which any termination of the Town's obligations under the Lease may have upon the treatment for federal or Colorado income tax purposes of any moneys received or paid under the Indenture subsequent to such termination. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the Town's certified proceedings and in certain other documents and certain other certifications furnished to us.

The opinions expressed in this opinion letter are subject to the following:

The rights of the owners of the Certificates and the enforceability of the Certificates, the Site Lease and the Lease are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In rendering the foregoing opinions, we are not opining upon matters relating to the corporate status of the Trustee, the power of the Trustee to execute or deliver the Site Lease, the Lease, the Indenture or the Certificates, or the enforceability of the Site Lease, the Lease, the Indenture or the Certificates against the Trustee.

In this opinion letter issued in our capacity as special counsel, we are opining only upon those matters set forth herein and we are not passing upon the accuracy, adequacy or completeness of the Official Statement relating to the Certificates or any other statements made in connection with any offer or sale of the Certificates, or upon any federal or state tax consequences arising from the receipt or accrual of interest with respect to, or the rights and obligations under, the Site Lease, the Lease, or the Certificates, except those specifically addressed above, or upon any matters pertaining to the priority of any security instrument executed in connection with this transaction, the existence of any liens or other encumbrances on the Leased Property, the ownership of or proper description of any property included in the Leased Property, or any other real estate matters related to the Leased Property.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

BUTLER SNOW LLP

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Castle Rock, Colorado (the “Issuer”) in connection with the authorization, execution, and delivery of the Lease Purchase Agreement, dated as of [CLOSING DATE], 2025 (the “Lease”), between UMB Bank, n.a., solely in its capacity as trustee under the Indenture described herein (the “Trustee”), as lessor, and the Issuer, as lessee, and the execution and delivery of the Certificates of Participation, Series 2025, in the aggregate principal amount of \$[ ] (the “Certificates”). The Certificates are being issued pursuant to the Indenture of Trust, dated as of [CLOSING DATE], 2025 (the “Indenture”) executed by the Trustee. The Issuer covenants and agrees as follows:

**SECTION 1. Purpose of this Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Fiscal Year” shall mean the period beginning on January 1 of a calendar year and ending on December 31 of the same calendar year, or such other 12-month period as may be adopted by the Issuer in accordance with law.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system, which is currently available at <http://emma.msrb.org>.

“Official Statement” means the final Official Statement prepared in connection with the Certificates.

“Participating Underwriter” shall mean the original underwriter of the Certificates required to comply with the Rule in connection with an offering of the Certificates.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as in effect on the date of this Disclosure Certificate.

### SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer's Fiscal Year, commencing nine (9) months following the end of the Issuer's Fiscal Year ending December 31, 2025, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent, if any. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The information to be updated may be reported in any format chosen by the Issuer: it is not required that the format reflected in the Official Statement be used in future years.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, file or cause to be filed with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit "A."

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements, if any, prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Certificates.

Any or all of the items listed above may be incorporated by reference from other documents (including official statements), which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Listed Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the events listed below with respect to the Certificates. All of the events currently mandated by the Rule are listed below; however, some may not apply to the Certificates:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, *if material*;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;



- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) Modifications to rights of bondholders, *if material*;
- (8) Bond calls, *if material*, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Certificates, *if material*;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;<sup>1</sup>
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*;
- (15) Incurrence of a financial obligation<sup>2</sup> of the obligated person, *if material*, or agreement to covenants, events of default, remedies, priority rights, or other similar terms

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<sup>1</sup> For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

<sup>2</sup> For purposes of the events identified in subparagraphs (b)(5)(i)(C)(15) and (16) of the Rule, the term “financial obligation” is defined to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” shall not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with the Rule. In complying with Listed Events (15) and (16), the Issuer intends to apply the guidance provided by the Rule or other applicable federal securities law, SEC Release No. 34-83885 (August 20, 2018) and any future guidance provided by the SEC or its staff.

of a financial obligation of the obligated person, any of which affect security holders, *if material*; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation<sup>2</sup> of the obligated person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Certificates; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Certificates.

SECTION 8. Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer elects not to appoint a successor Dissemination Agent, it shall perform the duties thereof under this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and any other agreement between the Issuer and the Dissemination Agent.

(b) In addition to the filing duties on behalf of the Issuer described in this Disclosure Certificate, the Dissemination Agent shall:

(1) each year, prior to the date for providing the Annual Report, determine the appropriate electronic format prescribed by the MSRB;

(2) send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) certify in writing to the Issuer that the Annual Report has been provided pursuant to this Disclosure Certificate and the date it was provided.

(4) If the Annual Report (or any portion thereof) is not provided to the MSRB by the date required in Section (3)(a), the Dissemination Agent shall file with the MSRB a notice in substantially the form attached to this Disclosure Certificate as Exhibit A.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Certificates, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Indenture or the Lease, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

[The remainder of this page intentionally left blank.]

DATE: [CLOSING DATE], 2025.

TOWN OF CASTLE ROCK, COLORADO

By: \_\_\_\_\_  
Mayor

**Approved as to form:**

\_\_\_\_\_  
Michael J. Hyman, Town Attorney

[Signature Page to Continuing Disclosure Certificate]

**EXHIBIT “A”**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Town of Castle Rock, Colorado  
Name of Bond Issue: Certificates of Participation, Series 2025  
Date of Issuance: [CLOSING DATE], 2025  
CUSIP Number: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate dated [CLOSING DATE], 2025. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_, \_\_\_\_\_

TOWN OF CASTLE ROCK, COLORADO

By: \_\_\_\_\_  
Mayor

**EXHIBIT “B”**

**OFFICIAL STATEMENT TABLES TO BE UPDATED**

**[TO BE DISCUSSED]**

93796103.v3

# **ORDINANCE CONCERNING THE FINANCING OF THE CONSTRUCTION OF A RECREATION CENTER WITH ASSOCIATED AMENITIES AND SUPPORTING PUBLIC IMPROVEMENTS**

JUNE 3, 2025



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## BACKGROUND

- The Town has been in negotiations with the Developer, CD-Acme, LLC, regarding redevelopment of the former Acme Brick Company site.
- One of the key features of the redevelopment is the construction of a sports development center to be owned and operated by the Town.
- The Center will consist of an approximately 145,177-square foot recreation facility with associated on-site utilities, infrastructure, landscaping, and parking.



# PROJECT FINANCING

- The Developer is responsible for the construction of the Center in accordance with plans prepared by the Town's architect on approximately 10 acres property to be dedicated by the Developer to the Town.
- The Town is responsible for financing the costs of constructing of the Center, which it intends to accomplish through the issuance of approximately \$75,500,000 in tax-exempt certificates of participation (COP's).
- The ordinance that Town Council is being asked to consider at tonight's meeting sets forth the parameters of that financing.

# LEASE-BACKED FINANCING – WHO'S INVOLVED

- The Town of Castle Rock
- CD-Acme, LLC – Developer of the Brickyard
- UMB Bank – the Trustee
- Hilltop Securities – the Town's financial advisor
- Butler Snow – the Town's bond counsel
- Stifel Nicolaus – the Underwriter
- Stradling Law – the Underwriter's counsel



# LEASE-BACKED FINANCING – HOW IT WORKS

- Developer will convey ownership of a 10.36-acre parcel of land within the Brickyard development to the Town for the Sports Development Center (the “SDC Parcel”).
- The Town, as lessor, will enter into a Site Lease Agreement with the Trustee, as lessee, for the Leased Property (i.e., the SDC Parcel and the buildings and improvements located thereon).
- The Trustee, as lessor, will enter into a Lease Purchase Agreement with the Town, as lessee, for the Leased Property (commonly referred to as a “leaseback”).

# LEASE-BACKED FINANCING – HOW IT WORKS

- Per the terms of the Lease Purchase Agreement, the Town will make rental payments to the Trustee.
- The Town will make these rental payments twice annually over a 30-year period (i.e., the lease term”).
- For federal and state income tax purposes, the rental payments will include both a principal and interest component.
- At the end of the lease term, the Town may pay the then applicable purchase option price and acquire full title to the Leased Property (Please note: the Lease Purchase Agreement will provide a prepayment option for the Town).



# LEASE-BACKED FINANCING – HOW IT WORKS

- The Trustee will execute and deliver an Indenture of Trust, pursuant to which the Trustee will issue Certificates of Participation (COP's).
- A COP is a financing instrument that allows an investor to purchase a share of rental payments from a Town lease (as opposed to purchase a bond that is secured by Town revenues).
- The Trustee will then enter into a Certificate Purchase Agreement with the Underwriter, who will offer the COP's for sale to investors.
- The net proceeds from the sale of the COPs will be used by the Town to finance the Sports Development Center.

# LEASE-BACKED FINANCING – ADVANTAGES

- The use of lease-backed financing in Colorado was first approved in the case of *Gude v. City of Lakewood*, 636 P.2d 691 (1981), as an exception to the election requirements concerning general obligation debt in the Colorado Constitution.
- Lease-backed financings are also exempt from the election requirements in the TABOR Amendment – *County of Boulder v. Dougherty, Dawkins, Strand & Bigelow, Inc.*, 890 P.2d 199 (Colo. App. 1994).
- The reason for these decisions is that the Town's obligation to make rental payments is subject to the annual appropriation of funds by the Town Council.
- The COP's are secured by the Trustee's leasehold interest – in other words, if the Town "walks away" from the lease, the Trustee is free to find another operator.



# LEASE-BACKED FINANCING – PARAMETERS

- Town Council is delegating to the Town Manager and the Finance Director authority to approve the final financing terms, subject to the following parameters:
  - The Site Lease termination date shall be no later than December 31, 2064;
  - The Lease term shall not extend beyond December 31, 2054;
  - The aggregate principal amount of the Base Rentals payable by the Town pursuant to the Lease shall not exceed \$75,500,000;
  - The maximum annual repayment amount of Base Rentals payable by the Town pursuant to the Lease shall not exceed \$7,400,000;
  - The maximum total repayment amount of Base Rentals payable by the Town pursuant to the Lease shall not exceed \$155,000,000;
  - The Lease shall be subject to prepayment at the option of the Town, without penalty, no later than December 1, 2036; and
  - The maximum net effective interest rate on the interest component of the Base Rentals relating to the 2025 Certificates shall not exceed 5.25%.

## BUDGETARY IMPACTS TO THE TOWN

- The Town will be financing a maximum of \$75,500,000 in costs for the construction of the sports development center and associated public infrastructure.
- The maximum total repayment amount will not exceed \$155,000,000.
- The maximum annual repayment amount will not exceed \$7,400,000.





"I MOVE TO APPROVE ORDINANCE NO. 2025-021 AS INTRODUCED BY TITLE."

"I MOVE TO APPROVE ORDINANCE NO. 2025-021 AS INTRODUCED BY TITLE, WITH THE FOLLOWING CONDITIONS: \_\_\_\_\_."

"I MOVE TO CONTINUE ORDINANCE NO. 2025-021 TO THE TOWN COUNCIL MEETING ON \_\_\_\_\_."



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 10. **File #:** RES 2025-072

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**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Tara Vargish, P.E., Director, Development Services

**Resolution Approving the Second Amended and Restated Development Agreement for Cornerstone Presbyterian Church [located at 2607 5<sup>th</sup> St.]**

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### **Executive Summary**

This item concerns a Second Amended and Restated Development Agreement between the Town of Castle Rock and Cornerstone Presbyterian Church for the property formerly known as Country Acres. The revised Agreement updates and replaces the original 1990 Annexation Agreement and the First Amended and Restated Development Agreement adopted in 2010. It reflects the current development status of the site, outlines conditions for future utility connections, and confirms applicable regulatory requirements.

Town Council previously approved a Utilities Infrastructure Reimbursement Agreement (Resolution No. 2025-046) to facilitate connection of the property to the Town's wastewater system. The revised Development Agreement now provides a clear regulatory framework to govern future redevelopment of the site and ensure compliance with Town requirements while maintaining allowances for the property's ongoing use.

Staff recommends approval of the Second Amended and Restated Development Agreement.

### **Background and Purpose**

The Cornerstone Presbyterian Church property was annexed in 1990 and is currently developed with two existing church-related buildings. The original and first amended development agreements are outdated and do not reflect the current or planned use of the site. The revised agreement:

- Accurately reflects current site conditions and development status.
- Provides a framework for the eventual connection of the site to municipal water and wastewater systems.
- Affirms that no additional development obligations (such as public land dedications or infrastructure improvements) will be imposed, other than those specifically outlined in the Agreement.

### **Proposed Development Agreement**

Key sections of the proposed development agreement are listed below:

#### **6.01 Existing Conditions**

Acknowledges two existing church-related buildings, allowing continued operation. Any new development must comply with current regulations. No new building permits without platting, except for minor permits. Minor permits shall not include new buildings or structures, building expansions or placement of additional temporary structures on the Property.

#### **6.02 & 6.03 Water and Wastewater Connections**

- Continued use of the domestic well and on-site disposal system until connection.
- Payment of all applicable fees and abandonment of existing systems required upon connection to the Town's water or wastewater systems.
- Connection must comply with state and local requirements.

#### **7.01 Transportation Improvements**

If needed, the Owner will dedicate up to 60 feet of right of way from the centerline of 5th Street at no cost to the Town.

#### **7.02 Access Modification**

Town retains the right to modify property access to maintain a safe and functional transportation network, regardless of prior site access approvals.

#### **8.01 Public Land Dedication**

No further public land dedication or cash in lieu is required for this property.

### **Budget Impact**

This agreement does not impose any new financial obligations on the Town. It confirms Owner responsibility for utility connection costs and formalizes the reimbursement structure for sanitary sewer installation.

### **Finding**

Staff finds the Second Amended and Restated Development Agreement to be consistent with Town policies and an appropriate mechanism for managing the future use and infrastructure service for the Cornerstone Presbyterian Church site.

### **Recommendation**

Staff recommends approval of the Second Amended and Restated Development Agreement for Cornerstone Presbyterian Church, as proposed.

### **Proposed Motions**

#### **Option 1: Approval**

*"I move to approve the Resolution approving the Second Amended and Restated Development Agreement for Cornerstone Presbyterian Church as presented."*

#### **Option 2: Approval with Conditions**

*"I move to approve the Resolution approving the Second Amended and Restated Development Agreement for Cornerstone Presbyterian Church, with the following conditions:" (list conditions)*

#### **Option 3: Continue item to next hearing (need more information to make decision)**

*"I move to continue this item to the Town Council meeting on [date], 2025, at [time]."*

### **Attachments**

- Attachment A: Vicinity Map
- Attachment B: Resolution
- Attachment C: Second Amended Development Agreement
- Attachment D: First Amended and Restated Development Agreement
- Attachment E: Original Annexation Agreement



**Meeting Date:** June 17, 2025

## **AGENDA MEMORANDUM**

**To:** Honorable Mayor and Members of Town Council

**Through:** Dave Corliss, Town Manager

**From:** Tara Vargish, P.E., Director, Development Services

**Title:** **A Resolution Approving the Cornerstone Presbyterian Church Second Amended and Restated Development Agreement**

### **Executive Summary**

This item concerns a Second Amended and Restated Development Agreement between the Town of Castle Rock and Cornerstone Presbyterian Church for the property formerly known as Country Acres. The revised Agreement updates and replaces the original 1990 Annexation Agreement and the First Amended and Restated Development Agreement adopted in 2010. It reflects the current development status of the site, outlines conditions for future utility connections, and confirms applicable regulatory requirements.



Town Council previously approved a Utilities Infrastructure Reimbursement Agreement (Resolution No. 2025-046) to facilitate connection of the property to the Town's wastewater system. The revised Development Agreement now provides a clear regulatory framework to govern future redevelopment of the site and ensure compliance with Town requirements while maintaining allowances for the property's ongoing use.

Staff recommends approval of the Second Amended and Restated Development Agreement.

### **Background and Purpose**



The Cornerstone Presbyterian Church property was annexed in 1990 and is currently developed with two existing church-related buildings. The original and first amended development agreements are outdated and do not reflect the current or planned use of the site. The revised agreement:

- Accurately reflects current site conditions and development status.
- Provides a framework for the eventual connection of the site to municipal water and wastewater systems.
- Affirms that no additional development obligations (such as public land dedications or infrastructure improvements) will be imposed, other than those specifically outlined in the Agreement.

### **Proposed Development Agreement**

Key sections of the proposed development agreement are listed below:

#### **6.01 Existing Conditions**

Acknowledges two existing church-related buildings, allowing continued operation. Any new development must comply with current regulations. No new building permits without platting, except for minor permits. Minor permits shall not include new buildings or structures, building expansions or placement of additional temporary structures on the Property.

#### **6.02 & 6.03 Water and Wastewater Connections**

- Continued use of the domestic well and on-site disposal system until connection.
- Payment of all applicable fees and abandonment of existing systems required upon connection to the Town's water or wastewater systems.
- Connection must comply with state and local requirements.

#### **7.01 Transportation Improvements**

If needed, the Owner will dedicate up to 60 feet of right of way from the centerline of 5th Street at no cost to the Town.

#### **7.02 Access Modification**

Town retains the right to modify property access to maintain a safe and functional transportation network, regardless of prior site access approvals.

#### **8.01 Public Land Dedication**

No further public land dedication or cash in lieu is required for this property.

### **Budget Impact**

This agreement does not impose any new financial obligations on the Town. It confirms Owner responsibility for utility connection costs and formalizes the reimbursement structure for sanitary sewer installation.

### **Finding**

Staff finds the Second Amended and Restated Development Agreement to be consistent with Town policies and an appropriate mechanism for managing the future use and infrastructure service for the Cornerstone Presbyterian Church site.

### **Recommendation**

Staff recommends approval of the Second Amended and Restated Development Agreement for Cornerstone Presbyterian Church, as proposed.

### **Proposed Motions**

#### **Option 1: Approval**

*"I move to approve the Resolution approving the Second Amended and Restated Development Agreement for Cornerstone Presbyterian Church as presented."*

#### **Option 2: Approval with Conditions**

*"I move to approve the Resolution approving the Second Amended and Restated Development Agreement for Cornerstone Presbyterian Church, with the following conditions:" (list conditions)*

#### **Option 3: Continue item to next hearing (need more information to make decision)**

*"I move to continue this item to the Town Council meeting on [date], 2025, at [time]."*

### **Attachments**

Attachment A: Vicinity Map

Attachment B: Resolution

Attachment C: Development Agreement





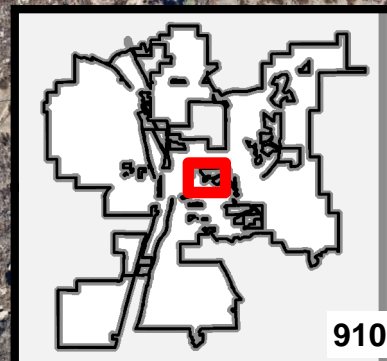
### Vicinity Map



■ Subject Property

0 115 230 460  
Feet

Disclaimer: If you are unable to access any portion of this map due to a disability as defined under Colorado House Bill 21-1110, we are here to help! Please call us at 303-663-4440, email the Town's accessibility team at [accessibility@CRgov.com](mailto:accessibility@CRgov.com) or submit an accommodation request form at [CRgov.com/A11yRequest](https://CRgov.com/A11yRequest).





**RESOLUTION NO. 2025 - \_\_\_\_**

**A RESOLUTION APPROVING THE SECOND AMENDED AND  
RESTATED DEVELOPMENT AGREEMENT FOR CORNERSTONE  
PRESBYTERIAN CHURCH**

**WHEREAS**, Cornerstone Presbyterian Church of Castle Rock, a Colorado non-profit corporation (the “Owner”) is the owner of certain property located within the Town of Castle Rock (the “Town”), which property is described in the attached ***Exhibit 1*** (the “Property”); and

**WHEREAS**, the Property is the subject of that certain Annexation Agreement (Country Acres Annexation No. 1 and No. 2) dated February 22, 1990, which Agreement was superseded by the Country Acres Amended and Restated Development Agreement dated November 22, 2010; and

**WHEREAS**, to facilitate the connection of the Property to the Town wastewater system, the Owner and the Town entered into a Utilities Infrastructure Reimbursement Agreement for a Sanitary Sewer Connection, dated May 20, 2025, which Agreement was approved by Town Council Resolution No. 2025-046; and

**WHEREAS**, the Owner has requested that the Town consider amending the development agreement to more accurately reflect the existing development of the Property and provide a clear path forward for the eventual connection of the Property to the Town water system; and

**WHEREAS**, for this purpose, the Owner and the Town have negotiated the terms of a Second Amended and Restated Development Agreement, which Agreement is being presented for consideration by the Town Council at tonight’s meeting; and

**WHEREAS**, the Town Council finds and determines that it is appropriate for the Town to enter into the Second Amended and Restated Development Agreement with the Owner for the continued development of the Property.

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

**Section 1.     Approval.** The Second Amended and Restated Development Agreement is hereby approved in the form presented at tonight’s meeting. The Mayor and the other proper Town officials are hereby authorized to execute the Second Amended and Restated Development Agreement by and on behalf of the Town.

**PASSED, APPROVED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2025, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading by a vote of \_\_ for and \_\_ against.

**ATTEST:**

**TOWN OF CASTLE ROCK**

---

Lisa Anderson, Town Clerk

---

Jason Gray, Mayor

**Approved as to form:**

**Approved as to content:**

---

Michael J. Hyman, Town Attorney

---

Tara Vargish, Development Services Director

**EXHIBIT 1**  
**LEGAL DESCRIPTION OF THE PROPERTY**

TRACT NO. 1 AS SHOWN ON MAP OF CONARD SURVEY COMPANY DATED DECEMBER 7, 1959 IN THE NEW FILE CASE OF THE CLERK AND RECORDER'S OFFICE AS RECEPTION NO. 107039 AND DESCRIBED AS FOLLOWS:

TRACT NO. 1:

A TRACT OF LAND LYING PARTIALLY IN THE SOUTHEAST 1/4 OF SECTION 1 AND PARTIALLY IN THE NORTHEAST 1/4 OF SECTION 12, ALL IN TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE 6TH PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE QUARTER CORNER COMMON TO SAID SECTIONS 1 AND 12; THENCE NORTH 0 DEGREES 51 MINUTES EAST 181.60 FEET ON THE CENTERLINE OF SAID SECTION 1; THENCE EAST 334.58 FEET TO INTERSECT THE WESTERLY LINE OF TRACT NO. 2 AS SHOWN ON THE MAP REFERRED TO ABOVE; THENCE SOUTH 8 DEGREES 58 MINUTES WEST ON SAID WESTERLY LINE A DISTANCE OF 316.26 FEET TO INTERSECT THE NORTHERLY RIGHT OF WAY LINE OF STATE HIGHWAY NO. 86 AT A POINT FROM WHENCE THE SAID STATE HIGHWAY BRASS CAP RIGHT OF WAY MARKER FOR STATION 73 PLUS 02.1 BEARS NORTH 89 DEGREES 28 MINUTES 26 SECONDS EAST A DISTANCE OF 168.10 FEET; THENCE WESTERLY ON SAID NORTHERLY RIGHT OF WAY LINE AROUND A CURVE TO THE RIGHT WHOSE RADIUS IS 1086 FEET, A CHORD DISTANCE OF 293.86 FEET NORTH 79 DEGREES 43 MINUTES 24.5 SECONDS WEST TO INTERSECT THE CENTERLINE OF SAID SECTION 12 AFOREMENTIONED; THENCE NORTH 0 DEGREES 51 MINUTES EAST ON SAID CENTERLINE 78.4 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH A RIGHT OF WAY AND EASEMENT FOR ROAD PURPOSES OVER AND ACROSS THE SOUTHWEST CORNER OF TRACT NO. 2 AS SHOWN ON MAP REFERRED TO ABOVE, COUNTY OF DOUGLAS, STATE OF COLORADO.

**CORNERSTONE PRESBYTERIAN CHURCH  
SECOND AMENDED AND RESTATED DEVELOPMENT AGREEMENT**  
(formerly referred to as Country Acres)

**DATE:** June 17, 2025

**PARTIES:** **TOWN OF CASTLE ROCK**, a home rule municipal corporation, 100 Wilcox Street, Castle Rock, Colorado 80104 (the “Town”).

**CORNERSTONE PRESBYTERIAN CHURCH OF CASTLE ROCK**, a Colorado non-profit corporation, P.O. Box 908, Castle Rock, Colorado 80104 (the “Owner”).

**RECITALS:**

A. Initially capitalized words and phrases used in this Agreement have the meanings stated in Article I, or as indicated elsewhere in the Agreement.

B. The Parties have determined that it is in their mutual interest to enter into this Agreement governing the development of the Property.

C. The Parties acknowledge that this Agreement contains reasonable conditions and requirements to be imposed upon the development of the Property, and that these restrictions are imposed to protect and enhance the public health, safety and welfare of the Town and its residents.

D. Each Party has taken the requisite corporate action as may be required under its respective governance instruments to authorize such Party’s execution of this Agreement and to legally bind such Party to perform its obligations under this Agreement.

**COVENANTS:**

**NOW, THEREFORE**, in consideration of these mutual promises, the Parties agree and covenant as follows:

**ARTICLE I  
DEFINITIONS**

**1.01 Defined Terms.** Unless the context expressly indicates to the contrary, the following words when capitalized in the text shall have the meanings indicated:

**Agreement:** this Cornerstone Presbyterian Church Second Amended and Restated Development Agreement, inclusive of any future amendments thereto.

**Annexation Agreement:** the Annexation Agreement (Country Acres Annexation No. 1 and No. 2) dated February 22, 1990, and recorded August 1, 1990, at Reception No. 9018563 in the Records.

**Charter:** the Home Rule Charter of the Town, as amended.

**Code:** the Castle Rock Municipal Code, as amended.

**County:** Douglas County, Colorado.

**C.R.S.:** the Colorado Revised Statutes, as amended.

**Development Fees:** the capital recovery fees and charges imposed by the Town under the Town Regulations on development and building, including, but not limited to, Development Impact Fees, Renewable Water Resource Fees and System Development Fees, as the same may be amended from time to time and applied uniformly throughout the Town.

**Development Impact Fees:** the charges imposed by the Town as a condition to obtaining a Town building permit for the purpose of defraying any and all costs incurred by the Town for growth-related improvements, facilities, and equipment for parks, recreation, fire, police, transportation, stormwater management, municipal facilities, and general government or administration, as the same may be amended from time to time and applied uniformly throughout the Town.

**Facilities:** the infrastructure prescribed by Town Regulations or expressly prescribed under this Agreement necessary to furnish Municipal Services and Public Utilities to the Property, including the infrastructure required to extend or connect the Facilities to complimentary infrastructure off-site of the Property.

**First Amended and Restated Development Agreement:** the Country Acres Amended and Restated Development Agreement dated November 22, 2010, and recorded January 14, 2011, at Reception No. 2011003866 in the Records.

**Force Majeure:** acts of God, floods, storms, fires, sabotage, terrorist attack, strikes, riots, war, labor disputes, forces of nature, the authority and orders of government, or pandemic.

**Minor Permits:** tenant finish building permits, roofing permits, and other permits to mitigate health and safety concerns with the existing structure. Minor permits shall not include new buildings or structures, building expansions or placement of additional temporary structures on the Property.

**Municipal Services:** public safety, water, wastewater, stormwater drainage and detention, parks and recreation, transportation and street maintenance, general administrative services including code enforcement and any other service provided by Town within the municipality under its police powers.

**Owner:** the person(s) or entity(ies), individually or collectively, that hold fee simple title to any portion of the Property, according to the records of the County Clerk and Recorder. The use of the singular "Owner" shall refer to all owners of the Property, unless the context of the Agreement otherwise limits the reference and subject to Section 2.01 of this Agreement. As of the date of

execution of this Agreement, Cornerstone Presbyterian Church of Castle Rock, is the Owner of the Property.

**Party or Parties:** individually or collectively, the Town and Owner, together with (except as otherwise limited by the terms of this Agreement) their designated successors and assigns.

**PDP:** the Country Acres Planned Development Plan approved by Ordinance No. 1990-004 and recorded in the Records at Reception No. 9018569.

**Plans:** the plans, documents, drawings and specifications prepared by or for Owner for the construction, installation or acquisition of the Facilities, as approved by the Town under the Town Regulations.

**Plat:** a subdivision plat of the Property or any portion thereof approved under the Town Regulations.

**Property:** the real property described in the attached *Exhibit 1*.

**Public Utilities:** the infrastructure necessary to extend services (other than Municipal Services) to the Property, which are provided by a public or quasi-public utilities including natural gas, electricity and cable television.

**Records:** the real property records of the County Clerk and Recorder.

**Renewable Water Resource Fees:** the charges imposed by the Town as a condition to the right to connect to the Water System for the purpose of defraying any and all costs incurred by the Town in acquiring and developing renewable water resources and in utilizing, expanding and developing any and all facilities associated therewith, as the same may be amended from time to time and applied uniformly throughout the Town.

**System Development Fees:** the charges imposed by the Town as a condition to the right to connect to the Water and Wastewater systems for the purpose of defraying any and all capital costs incurred by the Town in utilizing, expanding and developing facilities for the provision of water and wastewater services, as the same may be amended from time to time, and applied uniformly throughout the Town.

**Town Regulations:** the Charter, Code, ordinances, resolutions, rules and regulations of the Town, technical criteria, and the provisions of all zoning, subdivision and building codes, as the same may be amended from time to time and applied uniformly throughout the Town.

**Water System:** the facilities used to treat, store, and deliver municipal potable water, including, but not limited to, all transmission, storage and filtration facilities, and all reservoirs, streams, water rights, trenches, pipes and drains, that are owned, operated, and maintained by the Town.

**Wastewater System:** the facilities used to collect and treat municipal sanitary sewage, including, but not limited to sewer mains, interceptors and treatment facilities, whether owned, operated, and maintained by the Town or by the Plum Creek Water Reclamation Authority.

Certain other terms are defined in the text of the Agreement and shall have the meaning indicated.

**1.02 Cross-reference.** Any reference to a section or article number, without further description, shall mean such section or article in the Agreement.

## **ARTICLE II APPLICATION AND EFFECT**

**2.01 Binding Effect.** The Agreement shall apply to the Property and its covenants shall be binding upon the successors and assigns of the parties in the same manner and to the same effect as if such successors were signatories to the Agreement. The parties acknowledge that the Property is both benefited and burdened by the mutual covenants of the Agreement, and such covenants shall constitute real covenants binding upon successors in interest to the Property.

**2.02 Supersession.** This Agreement supersedes the Annexation Agreement, insofar as the Annexation affects the development of the Property, and the First Amended and Restated Development Agreement. Accordingly, neither the Annexation Agreement nor the First Amended and Restated Development Agreement shall have any force or effect with respect to the development of the Property.

**2.03 Owner Responsibility.** The Owner of the Property upon which development approval is requested shall have the ultimate responsibility for performance of the covenants and obligations assumed by Owner under this Agreement, irrespective of whether development activity on the Property is undertaken by Owner, or a third party on behalf of Owner. Town shall accept performance of the covenants of the Agreement from a developer on behalf of the Owner, unless such performance requires the conveyance, encumbrance or security of the Owner's interest in the Property, in which event the express consent or joinder of the Owner shall be required.

**2.04 Town Regulations.** Town Regulations shall apply to the Property in the same manner and effect as within other areas of the municipality. Unless expressly stated to the contrary in the Agreement, the Agreement shall not in any manner restrict or impair the lawful exercise by the governing body of the Town of its legislative, quasi-legislative or administrative powers as applied to the Property, including specifically the amendment, modification or addition to the Town Regulations, subsequent to the execution of the Agreement. The development and use of the Property shall be subject to all Development Fees, other fees, and taxes imposed by the Town through the Town Regulations.

When the Agreement calls for compliance with the Town Regulations, the operative Town Regulations in effect at the time such compliance is required shall govern unless the provisions of this Agreement provide to the contrary.

### ARTICLE III GENERAL OBLIGATIONS

**3.01 Municipal Services.** Town shall provide the Property with Municipal Services at an equivalent service level as provided elsewhere within its municipal boundaries, provided that the portion of the Property for which Municipal Services are requested has been developed in substantial compliance with this Agreement and Town Regulations. Town reserves the right to contract with other governmental or private entities for delivery of Municipal Services to the Property, provided such service level is comparable to that provided by the Town in its proprietary capacity. The respective obligations of the parties for development of infrastructure necessary for provision of the Municipal Services to the Property is addressed in Article V.

**3.02 Permitted Development.** The development of the Property shall be in accordance with this Agreement and Town Regulations, and applicable state and federal law and regulations. Subject to the further provisions of Article V, Town shall allow and permit the development of the Property, upon submission of a proper application, payment of all fees, exactions, and charges imposed by the Town Regulations, including Development Fees, and compliance with all conditions precedent to permitting imposed by the Agreement or Town Regulations. Town shall coordinate with Owner in any filings or applications before other governmental jurisdictions necessary for Owner to fulfill its obligations under this Agreement.

### ARTICLE IV WATER RIGHTS

**4.01 Conveyance.** The water rights underlying the Property were previously conveyed by Special Warranty Deed recorded in the Records at Reception No. 9018570. In order for Owner to continue utilizing the domestic well on the Property, the Town has conveyed its interest in the Upper Dawson aquifer that underlies the Property for the domestic well. Pursuant to Section 6.02 below, Owner shall reconvey to the Town its interest in the Upper Dawson aquifer that underlies the Property as a condition precedent to Owner's connection to the Town municipal water distribution system by special warranty deed in the form attached as *Exhibit 2*.

### ARTICLE V FACILITIES DEVELOPMENT

**5.01 Responsibility.** Except as may otherwise be provided in Article VI of this Agreement, Owner shall not be responsible for the development of any additional Facilities.

### ARTICLE VI EXISTING USES AND REDEVELOPMENT

**6.01 Existing Conditions.** There are two existing structures located on the Property consisting of a 3,240-square foot building and a 1,344-square foot building (the "Existing Structures"), that are permitted and allowed for use and operation under applicable Town Regulations. The use of the Existing Structures for church and related uses will be allowed to continue; provided, however, that any new or additional uses or occupancy of the Property shall



be subject to the Town zoning and business licensing laws and other Town Regulations, except as specifically exempted under this Article VI. The Existing Structures are currently served by an existing private domestic well and wastewater disposal system. Owner retains the exclusive obligation to maintain and operate these private water and wastewater systems until connection to the Water and Wastewater Systems in accordance with this Article VI.

**6.02 Water Connection and Well Abandonment.** Owner shall be permitted to utilize the existing domestic well to serve the Property until such time as Owner decides to connect to the Water System. As a condition precedent to connecting to the Water System, Owner shall pay all Renewable Water Resource Fees and System Development Fees in effect at the time of such connection. In addition, Owner shall:

- A. Connect to the Water System at the nearest available location that will supply sufficient water pressure and volume for Owner's needs. Town acknowledges and agrees that no additional Facilities will be required for such connection. Accordingly, the Town will not be seeking reimbursement from Owner for any previously incurred Facilities costs;
- B. Abandon the existing domestic well and remove all equipment associated with such well in accordance with the rules promulgated by the State Board of Examiners of Water Well Construction and Pump Installation Contractor in effect at the time of such abandonment; and
- C. Convey all of its interest in the Upper Dawson aquifer that underlies the Property in accordance with Section 4.01 of this Agreement.

**6.03 Wastewater System Connection.** Owner shall connect to the Wastewater System in accordance with the terms and conditions set forth in that certain Town of Castle Rock Utilities Infrastructure Reimbursement Agreement for Sanitary Sewer Connection, dated May 20, 2025, and approved by Town Council Resolution No. 2025-046. As a condition precedent to connecting to the Wastewater System, Owner shall pay all System Development Fees in effect at the time of such connection. Within 120 days following the date of such connection, Owner shall abandon the Property's existing wastewater disposal system in accordance with the rules promulgated by the State Water Quality Control Commission in effect at the time of such abandonment.

**6.04 Plat Required.** Except for Minor Permits, no building permits shall be issued for any improvements on the Property prior to the approval and recordation of a Plat for the Property.

**6.05 Removal of Existing Structures.** In the event Owner moves or relocates the Existing Structures, such removal or relocation shall be done in strict accordance with the Town Regulations.

## **ARTICLE VII TRANSPORTATION**

**7.01 Transportation Improvements.** In the event the Town determines that additional right-of-way is needed for improvements to 5<sup>th</sup> Street, Owner shall convey such right of way at no expense to Town upon request. The width of the right-of-way conveyance shall be limited to 60-feet from the centerline of the existing paved roadway.

**7.02 Access Modification.** Irrespective of any provision of this Agreement, or any designation of site access on an approved Site Development Plan or any other land use approval granted for the Property, Town reserves the right to modify access to the Property in order to maintain a safe and convenient transportation network in order to protect the public health, safety and welfare.

## **ARTICLE VIII PUBLIC LANDS AND OPEN SPACE**

**8.01 Public Land Dedication.** Owner shall not be responsible for the dedication of any Public Land or additional payment of cash-in-lieu of Public Land dedication.

## **ARTICLE IX DEFAULT, REMEDIES AND DISCONNECTION**

**9.01 Event of Default.** Failure of Town or Owner to perform any covenant, agreement, obligation or provision of this Agreement, shall constitute an event of default under this Agreement; provided, however, that no Party will be in default of this Agreement if such Party's failure to perform any of the duties under this Agreement is due to Force Majeure.

**9.02 Default Notice.** In the event either Party alleges that the other is in default, the non-defaulting Party shall first notify the defaulting Party in writing of such default, and specify the exact nature of the default in such notice. Except as otherwise provided herein, the defaulting Party shall have 20 business days from receipt of such notice within which to cure such default before the non-defaulting Party may exercise any of its remedies hereunder. If such default is not of a type which can be cured within such twenty (20) day period and the defaulting Party commenced the cure within the twenty (20) day period and is actively and diligently pursuing such cure, the defaulting Party shall have a reasonable period of time given the nature of the default following the end of the twenty (20) day period to cure such default, provided that such defaulting Party is at all times within such additional time period actively and diligently pursuing such cure in good faith.

**9.03 Remedies.** In addition to specific remedies provided elsewhere in the Agreement (including Town's right to withhold development approvals), upon default, the non-defaulting Party shall have the right to take whatever action at law or in equity appears necessary or desirable to enforce performance and observation of any obligation, agreement or covenant of the defaulting party under the Agreement, or to collect the monies then due and thereafter to become due. In any such legal action, the prevailing Party shall be entitled to recover its reasonable attorney's fees and litigation costs from the other Party.

## ARTICLE X GENERAL PROVISIONS

**10.01 Applicable Law.** This Agreement shall be construed in accordance with the laws of the State of Colorado.

**10.02 Amendment.** Any and all changes to this Agreement, in order to be mutually effective and binding upon the parties and their successors, must be in writing and duly executed by the signatories or their respective representatives, heirs, successors or assigns.

**10.03 Notice.** The addresses of the parties to this Agreement are listed below. Any and all notices allowed or required to be given in accordance with this Agreement are deemed to have been given when delivered to the other parties or three (3) days following the date the same is deposited in the United States mail, registered or certified, postage prepaid, return receipt requested, addressed to the other parties at the addresses noted: or such address as is subsequently endorsed in writing, or in the event of transfer of the Property to the address of such grantee as indicated in the recorded instrument whereby such grantee acquired an interest in the Property.

If to Town:                      Town Manager  
   Town of Castle Rock  
   100 Wilcox Street  
   Castle Rock, CO 80104  
   Phone: 303-660-1374  
   Email: [TownManager@CRgov.com](mailto:TownManager@CRgov.com)

With a required copy to:

Town Attorney  
Town of Castle Rock  
100 Wilcox Street  
Castle Rock, CO 80104  
Phone: 303-660-1370  
Email: [legal@crgov.com](mailto:legal@crgov.com)

If to Owner:                      Cornerstone Presbyterian Church of Castle Rock  
   P.O. Box 908  
   Castle Rock, CO 80104

**10.04 Severability.** It is understood and agreed by the parties hereto that if any part, term, or provision of this Agreement is by the Courts held to be illegal or in conflict with any law of the State of Colorado, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be invalid.

**10.05 Conflicts.** If the terms and provisions of this Agreement are in conflict with any prior agreement between the Town and the Owner, the terms and provisions of this Agreement, as it may be amended from time to time, shall control.

**10.06 Verification.** The Town and the Owner shall provide the other written verification regarding the status, performance or completion of any action required of the Town or the Owner under the Agreement or by the terms of any other agreement.

**10.07 Attorney's Fees.** Should either Party be required to resort to litigation to enforce the terms of this Agreement, the prevailing Party, plaintiff or defendant, will be entitled to costs, including reasonable attorney's fees and expert witness fees, from the opposing Party. If the court awards relief to both Parties, each will bear its own costs in their entirety.

**10.08 Entire Agreement.** This instrument embodies the whole agreement of the Parties. There are no promises, terms, conditions or obligations other than those contained herein, and this Agreement shall supersede all previous communications, representations, or agreements, either verbal or written.

**10.09 Recording.** This Agreement will be recorded in the Records after mutual execution by the Parties following execution.

(Signature Pages to Follow)

**IN WITNESS WHEREOF**, Town and Owner have caused this Agreement to be executed as of the date first written above.

**ATTEST:**

**TOWN OF CASTLE ROCK**

\_\_\_\_\_  
Lisa Anderson, Town Clerk

\_\_\_\_\_  
Jason Gray, Mayor

**Approved as to form:**

\_\_\_\_\_  
Michael J. Hyman, Town Attorney

**COUNTY OF**                                 )  
  ) ss.  
**STATE OF**                                 )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2025, by Jason Gray, as Mayor, and Lisa Anderson, as Town Clerk for the Town of Castle Rock, Colorado.

Witness my official hand and seal.  
My commission expires: \_\_\_\_\_.

( S E A L )

\_\_\_\_\_  
Notary Public

**OWNER:**

**CORNERSTONE PRESBYTERIAN CHURCH  
OF CASTLE ROCK**, a Colorado non-profit corporation

\_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_

**STATE OF** )  
 ) ss.  
**COUNTY OF** )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2025, by \_\_\_\_\_, as \_\_\_\_\_, for Cornerstone Presbyterian Church of Castle Rock, a Colorado non-profit corporation.

Witness my official hand and seal.  
My commission expires: \_\_\_\_\_

( S E A L )

\_\_\_\_\_  
Notary Public

**EXHIBIT 1**  
**LEGAL DESCRIPTION OF THE PROPERTY**

TRACT NO. 1 AS SHOWN ON MAP OF CONARD SURVEY COMPANY DATED DECEMBER 7, 1959 IN THE NEW FILE CASE OF THE CLERK AND RECORDER'S OFFICE AS RECEPTION NO. 107039 AND DESCRIBED AS FOLLOWS:

TRACT NO. 1:

A TRACT OF LAND LYING PARTIALLY IN THE SOUTHEAST 1/4 OF SECTION 1 AND PARTIALLY IN THE NORTHEAST 1/4 OF SECTION 12, ALL IN TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE 6TH PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE QUARTER CORNER COMMON TO SAID SECTIONS 1 AND 12; THENCE NORTH 0 DEGREES 51 MINUTES EAST 181.60 FEET ON THE CENTERLINE OF SAID SECTION 1; THENCE EAST 334.58 FEET TO INTERSECT THE WESTERLY LINE OF TRACT NO. 2 AS SHOWN ON THE MAP REFERRED TO ABOVE; THENCE SOUTH 8 DEGREES 58 MINUTES WEST ON SAID WESTERLY LINE A DISTANCE OF 316.26 FEET TO INTERSECT THE NORTHERLY RIGHT OF WAY LINE OF STATE HIGHWAY NO. 86 AT A POINT FROM WHENCE THE SAID STATE HIGHWAY BRASS CAP RIGHT OF WAY MARKER FOR STATION 73 PLUS 02.1 BEARS NORTH 89 DEGREES 28 MINUTES 26 SECONDS EAST A DISTANCE OF 168.10 FEET; THENCE WESTERLY ON SAID NORTHERLY RIGHT OF WAY LINE AROUND A CURVE TO THE RIGHT WHOSE RADIUS IS 1086 FEET, A CHORD DISTANCE OF 293.86 FEET NORTH 79 DEGREES 43 MINUTES 24.5 SECONDS WEST TO INTERSECT THE CENTERLINE OF SAID SECTION 12 AFOREMENTIONED; THENCE NORTH 0 DEGREES 51 MINUTES EAST ON SAID CENTERLINE 78.4 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH A RIGHT OF WAY AND EASEMENT FOR ROAD PURPOSES OVER AND ACROSS THE SOUTHWEST CORNER OF TRACT NO. 2 AS SHOWN ON MAP REFERRED TO ABOVE, COUNTY OF DOUGLAS, STATE OF COLORADO.

**EXHIBIT 2**  
**SPECIAL WARRANTY DEED**  
**(Water Rights)**

**THIS SPECIAL WARRANTY DEED**, is made this \_\_\_\_ day of \_\_\_\_\_, 202\_\_, between **CORNERSTONE PRESBYTERIAN CHURCH OF CASTLE ROCK**, a Colorado non-profit corporation (hereinafter referred to as “Grantor”), and the **TOWN OF CASTLE ROCK**, a home rule municipality of the County of Douglas, State of Colorado, whose address is 100 North Wilcox Street, Castle Rock, Colorado 80104, (hereinafter referred to as “Grantee”).

**WITNESSETH**, that Grantor, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has granted, bargained, sold, and conveyed, by these presents does grant, bargain, sell, convey, and confirm unto Grantee, and Grantee’s heirs, successors, and assigns forever, all water and water rights in the Upper Dawson aquifer that underlies the following described property situate, lying and being in the County of Douglas, State of Colorado:

See *Exhibit 1*, attached hereto and incorporated herein by this reference.

**TOGETHER WITH** all and singular the hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues, and profits thereof; and all of the estate, right, title, interest, claim, and demand whatsoever, of Grantor, either in law or equity, of, in, and to the above bargained water and water rights, with the hereditaments and appurtenances;

**TO HAVE AND TO HOLD** the said water and water rights above bargained and described with the appurtenances, unto Grantee, and Grantee’s heirs, successors, and assigns forever. Grantor, for Grantor and Grantor’s heirs, successors, and assigns, does covenant and agree that Grantor shall and will **WARRANT AND FOREVER DEFEND** the above bargained water and water rights in the quiet and peaceable possession of Grantee, and Grantee’s heirs, successors, and assigns, against all and every person or persons claiming the whole or any part thereof, by, through or under Grantor, subject to Statutory Exceptions.

(signature pages to follow)



**IN WITNESS WHEREOF**, Grantor has executed this Deed on the date set forth above.

**GRANTOR:**

**CORNERSTONE PRESBYTERIAN CHURCH OF CASTLE ROCK**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**STATE OF COLORADO**                    )  
  ) ss.  
**COUNTY OF DOUGLAS**                )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 202\_\_,  
by \_\_\_\_\_, as \_\_\_\_\_, for Cornerstone  
Presbyterian Church of Castle Rock

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

**EXHIBIT 1**  
**LEGAL DESCRIPTION OF PROPERTY**

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TRACT NO. 1:

A TRACT OF LAND LYING PARTIALLY IN THE SOUTHEAST 1/4 OF SECTION 1 AND PARTIALLY IN THE NORTHEAST 1/4 OF SECTION 12, ALL IN TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE 6TH PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE QUARTER CORNER COMMON TO SAID SECTIONS 1 AND 12; THENCE NORTH 0 DEGREES 51 MINUTES EAST 181.60 FEET ON THE CENTERLINE OF SAID SECTION 1; THENCE EAST 334.58 FEET TO INTERSECT THE WESTERLY LINE OF TRACT NO. 2 AS SHOWN ON THE MAP REFERRED TO ABOVE; THENCE SOUTH 8 DEGREES 58 MINUTES WEST ON SAID WESTERLY LINE A DISTANCE OF 316.26 FEET TO INTERSECT THE NORTHERLY RIGHT OF WAY LINE OF STATE HIGHWAY NO. 86 AT A POINT FROM WHENCE THE SAID STATE HIGHWAY BRASS CAP RIGHT OF WAY MARKER FOR STATION 73 PLUS 02.1 BEARS NORTH 89 DEGREES 28 MINUTES 26 SECONDS EAST A DISTANCE OF 168.10 FEET; THENCE WESTERLY ON SAID NORTHERLY RIGHT OF WAY LINE AROUND A CURVE TO THE RIGHT WHOSE RADIUS IS 1086 FEET, A CHORD DISTANCE OF 293.86 FEET NORTH 79 DEGREES 43 MINUTES 24.5 SECONDS WEST TO INTERSECT THE CENTERLINE OF SAID SECTION 12 AFOREMENTIONED; THENCE NORTH 0 DEGREES 51 MINUTES EAST ON SAID CENTERLINE 78.4 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH A RIGHT OF WAY AND EASEMENT FOR ROAD PURPOSES OVER AND ACROSS THE SOUTHWEST CORNER OF TRACT NO. 2 AS SHOWN ON MAP REFERRED TO ABOVE, COUNTY OF DOUGLAS, STATE OF COLORADO.

**COUNTRY ACRES AMENDED AND RESTATED  
DEVELOPMENT AGREEMENT**

---

**DATE:** November 22, 2010.

**PARTIES:** **TOWN OF CASTLE ROCK**, a home rule municipal corporation,  
100 Wilcox Street, Castle Rock, Colorado 80104 ("Town").

**CORNERSTONE PRESBYTERIAN CHURCH OF CASTLE  
ROCK**, a Colorado non-profit corporation, P.O. Box 908, Castle  
Rock, Colorado 80104 ("Owner").

**MORTGAGEE:** **FirstBank of Douglas County**

**RECITALS:**

A. The parties have determined that it is in their mutual interest to enter into an agreement governing the development of the property described in the attached **Exhibit 1** ("Property").

B. The parties acknowledge that this Agreement contains reasonable conditions and requirements to be imposed upon the development of the Property, and that these restrictions are imposed to protect and enhance the public health, safety and welfare.

C. Mortgagee is a party to this agreement solely for the purpose of subordinating its lien and interest in the Property to the terms and conditions of this agreement.

**COVENANTS:**

**THEREFORE**, in consideration of these mutual promises, the parties agree and covenant as follows:

**ARTICLE I  
DEFINITIONS**

**1.01 Defined Terms.** Unless the context expressly indicates to the contrary, the following words when capitalized in the text shall have the meanings indicated:

**Agreement:** this Country Acres Amended and Restated Development Agreement and any amendments to this Agreement.

**Annexation Agreement:** the Annexation Agreement (Country Acres Annexation No. 1 and No. 2) dated February 22, 1990, recorded August 1, 1990 at Reception No. 9018563 in the Records.

**Charter:** the Home Rule Charter of the Town, as amended.

**Code:** the Castle Rock Municipal Code, as amended.

**Development Exactions:** the fees and charges imposed by Town under the Town Regulations on development, including System Development Fees.

**Facilities:** the infrastructure prescribed by Town Regulations necessary to furnish Municipal Services and Public Utilities to the Property, including the infrastructure required to extend or connect the Facilities to complimentary infrastructure off-site of the Property.

**Minor Permits:** tenant finish building permits, roofing permits, and other permits to mitigate health and safety concerns with the existing structure. Minor permits shall not include new buildings or structures, building expansions or placement of additional temporary structures on the Property.

**Municipal Services:** police and fire protection, storm water drainage, street maintenance, general administrative services including Code enforcement and any other service provided by Town within the municipality under its police powers.

**Owner:** the person(s) in title to any portion of the Property, according to the records of the Douglas County Clerk and Recorder. The use of the singular "Owner" shall refer to all Owners of the Property, unless the context of the Agreement otherwise limits the reference. As of the date of execution of this Agreement, the Owner of the Property is Cornerstone Presbyterian Church of Castle Rock.

**Plans:** the plans, documents, drawings and specifications prepared by or for Owner for the construction, installation or acquisition of the Facilities, as approved by the Town.

**Plat:** a final subdivision plat of the Property.

**Property:** the real property located in Douglas County, Colorado, described in the attached *Exhibit 1*.

**Public Utilities:** the infrastructure necessary to extend services (other than Municipal Services) to the Property, which are provided by a public or quasi-public utilities including natural gas, electricity and cable television.

**Records:** the public records of the Clerk and Recorder of Douglas County, Colorado.

**System Development Fees:** the capital recovery charges for water and wastewater plant imposed under the Code.

**Town Regulations:** the Charter, ordinances, resolutions, rules and regulations of the Town, including the Code, and other provisions of all zoning, subdivision and building codes, as the same may be amended from time to time and applied uniformly throughout the Town.

**Urban Services:** Municipal Services and services provided through Public Utilities.

Certain other terms are defined in the text of the Agreement and shall have the meaning indicated.

**1.02 Cross-reference.** Any reference to a section or article number, without further description, shall mean such section or article in the Agreement.

## **ARTICLE II APPLICATION AND EFFECT**

**2.01 Binding Effect.** The Agreement shall apply to the Property and its covenants shall be binding upon the successors and assigns of the parties in the same manner and to the same effect as if such successors were signatories to the Agreement. The parties acknowledge that the Property is both benefited and burdened by the mutual covenants of the Agreement, and such covenants shall constitute real covenants binding upon successors in interest to the Property.

**2.02 Supersession.** This Agreement supersedes the Annexation Agreement insofar as that document affects the Property. Accordingly, the Annexation Agreement shall have no force or effect with respect to the Property.

**2.03 Owner Responsibility.** The Owner of the Property upon which development approval is requested shall have the ultimate responsibility for performance of the covenants and obligations assumed by Owner under this Agreement, irrespective of whether development activity on the Property is undertaken by Owner, or a third party on behalf of Owner. Town shall accept performance of the covenants of the Agreement from a developer on behalf of the Owner, unless such performance requires the conveyance, encumbrance or security of the Owner's interest in the Property, in which event the express consent or joinder of the Owner shall be required.

**2.04 Town Regulations.** Town Regulations shall apply to the Property in the same manner and effect as within other areas of the municipality. Unless expressly stated to the contrary in the Agreement, the Agreement shall not in any

manner restrict or impair the lawful exercise by the governing body of the Town of its legislative, quasi-legislative or administrative powers as applied to the Property, including specifically the amendment, modification or addition to the Town Regulations, subsequent to the execution of the Agreement. The development and use of the Property shall be subject to all Development Exactions, fees and taxes imposed by the Town through the Town Regulations.

When the Agreement calls for compliance with the Town Regulations, the operative Town Regulations in effect at the time such compliance is required shall govern unless the provisions of this Agreement provide to the contrary.

### ARTICLE III GENERAL OBLIGATIONS

**3.01 Municipal Services.** Town shall provide the Property with Municipal Services at an equivalent service level as provided elsewhere within its municipal boundaries, provided that the portion of the Property for which Municipal Services are requested has been developed in substantial compliance with this Agreement and Town Regulations. Town reserves the right to contract with other governmental or private entities for delivery of Municipal Services to the Property, provided such service level is comparable to that provided by the Town in its proprietary capacity. The respective obligations of the parties for development of infrastructure necessary for provision of the Municipal Services to the Property is addressed in Article V.

**3.02 Permitted Development.** The development of the Property shall be in accordance with this Agreement and Town Regulations, and applicable state and federal law and regulations. Subject to the further provisions of Article V, Town shall allow and permit the development of the Property, upon submission of proper application, payment of fees, exactions and charges imposed by the Town Regulations, including Development Exactions, and compliance with conditions precedent to permitting imposed by the Agreement or Town Regulations. Town shall coordinate with Owner in any filings or applications before other governmental jurisdictions necessary for Owner to fulfill its obligations under this Agreement.

#### ARTICLE IV WATER RIGHTS

**4.01 Conveyance.** The water rights underlying the Property were previously conveyed by Special Warranty Deed recorded in the Records at Reception No. 9018570. In order for Owner to continue utilizing the domestic well on the Property, the Town has agreed to convey its interest in the Upper Dawson aquifer that underlies the Property for the domestic well. Such conveyance shall be by quitclaim deed in the form attached as **Exhibit 2**. Pursuant to Section 6.02 below, Owner shall re-convey to the Town its interest in the Upper Dawson as a condition to Owner's connection to the Town municipal water distribution system.

#### ARTICLE V FACILITIES DEVELOPMENT

**5.01 Responsibility.** Except for the Facilities the Town is obligated to develop under the Town Regulations in consideration of the imposition and collection of Development Impact Fees, development of the Facilities shall be the exclusive obligation of Owner, and Owner shall bear the cost of planning, design, construction and financing of the Facilities and all other related and incidental activities. The Facilities shall be developed in strict accordance with Town Regulations, this Agreement and the applicable SIA and Plat. Owner's construction of the Facilities shall not relieve it of the obligation to pay in full applicable Development Exactions, pursuant to the Town Regulations. Upon dedication of Facilities by Owner and acceptance by Town, Town shall have the exclusive management and control of the Facilities.

**5.02 Cooperation in Facilities Development.** Town and Owner shall cooperate in obtaining necessary permits and approvals required by other governmental agencies in order to develop Facilities. Town shall apply for any such permits or approvals in its name or in the joint names of the Town and Owner, if so required by the governmental agencies.

**5.03 Facilities Surety.** Owner shall post surety in accordance with Town Regulations to assure the completion and warranty of Facilities to be constructed by Owner.

**5.04 Subdivision Improvements Agreement.** The Town Regulations require that a subdivider enter into a Subdivision Improvements Agreement ("SIA") at

the time of approval of a Plat. The SIA addresses with greater specificity the Facilities to be constructed to serve the Plat and the financial guarantees to assure construction of the Facilities.

**5.05 Off-site Facilities.** Owner shall be obligated to acquire the necessary easement or fee interest (as required by Town) from adjacent properties necessary to develop any off-site Facilities. In the event Owner is unable to acquire such property interests, Town shall make best efforts to exercise its powers of eminent domain to condemn the necessary property, provided Owner has furnished Town with appropriate assurances and financial guarantees to cover the costs of such acquisitions. Owner shall have the right to utilize any current rights of way or easements owned or controlled by Town as necessary to construct the Facilities and develop the Property, subject to compliance with applicable Town Regulations, and Town shall cooperate with Owner in obtaining the cooperation and consent of any other governmental entities to utilize any applicable rights of way held or controlled by another governmental entity. The construction of any off-site Facilities necessary to serve the Property shall be at the sole expense and obligation of Owner.

## ARTICLE VI EXISTING USES AND REDEVELOPMENT

**6.01 Existing Conditions.** There are currently two existing structures on the Property ("Structures") consisting of a 3240 square foot building and a 1344 square foot building, that are permitted and allowed for use and operation under applicable Town Regulations. The use of the Structures for church and related uses will be allowed, however any new or additional uses or occupancy of the Property shall be subject to the Town zoning and business licensing and other Town Regulations, except as specifically exempted under this Article VI. The Structures are currently served by an existing private domestic well and wastewater disposal system. Owner retains the exclusive obligation to maintain and operate these private water and wastewater systems until connection to the Town's systems in accordance with this Article VI.

**6.02 Condition to Occupancy.** Prior to occupying the Structures, Owner shall:



- A. Provide the Town with a letter from Tri-County Health Department or CDPHE certifying that the well can support the proposed use. Owner shall provide a Water Supply Fixture Unit Analysis in accordance with Appendix E of the 2006 International Plumbing Code prepared by a Professional Engineer licensed in the State of Colorado to the Utilities Department. Owner shall provide such a letter and a Water Supply Fixture Unit Analysis for any change in use/occupancy. If a change in use, upgrade /expansion of the existing buildings, or redevelopment of the Property causes an increase in water demands that exceeds what can be supported by the existing well, Owner shall pay for and construct a connection to Town water distribution system in accordance with Town regulations.
- B. Provide the Town with a letter from Tri-County Health Department certifying that the individual sewage disposal system (ISDS) can support the proposed use. Owner shall provide a Drainage Fixture Unit Analysis in accordance with the 2006 International Plumbing Code prepared by a Professional Engineer licensed in the State of Colorado to the Utilities Department. Owner shall provide such a letter and a Drainage Fixture Unit Analysis for any change in use/occupancy. If a change in use, upgrade /expansion of the existing buildings, or redevelopment of the Property causes an increase in wastewater demands that exceeds what can be supported by the existing individual sewage disposal system, Owner shall pay for and construct a connection to Town wastewater collection system in accordance with Town regulations.

**6.03 Water Connecton and Well Abandonment.** As a condition to the Town's issuance of the first building permit for structural improvements on the Property, excluding Minor Permits, Owner shall connect to the Town's potable water distribution system and pay all System Development Fees and other Development Exactions in accordance with Town Regulations.

Within 120 days from the date of such connection, Owner shall:

- A. convey to Town the existing domestic well and all equipment associated with such well on the Property;
- B. abandon the well in accordance with the State Engineer's well abandonment requirements; and
- C. convey by quitclaim deed Owner's interest in the Upper Dawson aquifer underlying the Property.

**6.04 Sanitary Sewer Connection and Wastewater Disposal System Abandonment.** As a condition to the Town's issuance of the first building permit for structural improvements on the Property, excluding Minor Permits, Owner shall connect to the Town's wastewater collection system in accordance with the requirements of the

Town Regulations, and pay all System Development Fees and other Development Exactions at the time of such connection.

Within 120 days from the date of such connection, Owner shall abandon the wastewater disposal system in accordance with all Town Regulations and/or State and Federal requirements.

**6.05 Plat Required.** Except for Minor Permits, no building permits shall be issued for any improvements on the Property prior to the approval and recordation of a Plat for the Property.

**6.06 Existing Structure Removal.** In the event Owner moves or relocates the Structures, such removal or relocation shall be done in strict accordance with the Town Regulations.

## ARTICLE VII TRANSPORTATION

**7.01 Transportation Improvements.** At the time of first Plat, Owner shall be responsible for the design and construction of the following transportation improvements, on-site and adjacent to Fifth Street. Such improvements may include, but not be limited to, street pavement, curb and gutter, sidewalks, street lighting, auxiliary lanes as determined by an approved Traffic Impact Study, improved access driveways, parking areas and traffic control devices. In the event the Town determines additional right of way is needed for improvements to 5<sup>th</sup> Street, Owner shall convey such right of way at no expense to Town concurrently with the recordation of the first Plat on the Property. The width of the right-of-way conveyance shall be limited to 60-feet from the centerline of the existing paved roadway. In the event the width, alignment or other necessary design details for 5<sup>th</sup> street are unknown at the time of first Plat, Owner may deposit cash-in-lieu of design and construction based on an approved engineers cost opinion.

**7.02 Access Modification.** Irrespective of any provision of this Agreement, or any designation of site access on an approved Preliminary Site Plan, or any other land use approval granted for the Property, Town reserves the right to modify access to the Property in order to maintain a safe and convenient transportation network in order to protect the public health, safety and welfare.

## **ARTICLE VIII PUBLIC LANDS AND OPEN SPACE**

**8.01 Public Land Dedication.** Prior to and as a condition to recordation of the first Plat on the Property, Owner shall pay to Town \$1,462 as cash-in-lieu of land dedication.

## **ARTICLE IX DEFAULT, REMEDIES AND DISCONNECTION**

**9.01 Event of Default.** Failure of Town or Owner to perform any covenant, agreement, obligation or provision of this Agreement, shall constitute an event of default under this Agreement.

**9.02 Remedies.** In addition to specific remedies provided elsewhere in the Agreement (including Town's right to withhold development approvals), upon default, the non-defaulting party shall have the right to take whatever action at law or in equity appears necessary or desirable to enforce performance and observation of any obligation, agreement or covenant of the defaulting party under the Agreement, or to collect the monies then due and thereafter to become due. In any such legal action, the prevailing party shall be entitled to recover its reasonable attorney's fees and litigation costs from the other party.

**9.03 Default Notice.** In the event either party alleges that the other is in default, the non-defaulting party shall first notify the defaulting party in writing of such default, and specify the exact nature of the default in such notice. The defaulting party shall have twenty (20) working days from receipt of such notice within which to cure such default before the non-defaulting party may exercise any of its remedies hereunder, provided that (i) such default is capable of being cured; (ii) the defaulting party has commenced such cure within said 20-day period; (iii) the defaulting party diligently prosecutes such cure to completion. If such default is not of a nature that can be cured in such twenty (20) day period, corrective action must be commenced within such period by the defaulting party and thereafter diligently pursued.

## **ARTICLE X GENERAL PROVISIONS**

**10.01 Applicable Law.** This Agreement shall be construed in accordance with the laws of the State of Colorado.

**10.02 Amendment.** Any and all changes to this Agreement, in order to be mutually effective and binding upon the parties and their successors, must be in writing and duly executed by the signatories or their respective representatives, heirs, successors or assigns.

**10.03 Notice.** The addresses of the parties to this Agreement are listed below. Any and all notices allowed or required to be given in accordance with this Agreement are deemed to have been given when delivered to the other parties or three (3) days following the date the same is deposited in the United States mail, registered or certified, postage prepaid, return receipt requested, addressed to the other parties at the addresses noted: or such address as is subsequently endorsed in writing, or in the event of transfer of the Property to the address of such grantee as indicated in the recorded instrument whereby such grantee acquired an interest in the Property.

TOWN: Town Attorney  
Town of Castle Rock  
100 Wilcox Street  
Castle Rock, CO 80104

OWNER: Cornerstone Presbyterian Church of Castle Rock  
P.O. Box 908  
Castle Rock, CO 80104

**10.04 Severability.** It is understood and agreed by the parties hereto that if any part, term, or provision of this Agreement is by the Courts held to be illegal or in conflict with any law of the State of Colorado, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be invalid.

**10.05 Conflicts.** If the terms and provisions of this Agreement are in conflict with any other agreement between the Town and the Owner, the terms of the latest agreement shall control.

**10.06 Verification.** The Town and the Owner shall provide the other written verification regarding the status, performance or completion of any action required of the Town or the Owner under the Agreement or by the terms of any other agreement.

**10.07 Attorney's Fees.** Should either party be required to resort to litigation to enforce the terms of this Agreement, the prevailing party, plaintiff or defendant, will be entitled to costs, including reasonable attorney's fees and expert witness fees, from the opposing party. If the court awards relief to both parties, each will bear its own costs in their entirety.

**10.08 Entire Agreement.** This instrument embodies the whole agreement of the parties. There are no promises, terms, conditions or obligations other than those contained herein, and this Agreement shall supersede all previous communications, representations, or agreements, either verbal or written.

ATTEST:

TOWN OF CASTLE ROCK

Sally A. Misare  
Sally A. Misare, Town Clerk

Ryan Reilly  
Ryan Reilly, Mayor

Approved as to form:

Robert J. Slentz  
Robert J. Slentz, Town Attorney

STATE OF COLORADO )

ss.

COUNTY OF DOUGLAS )

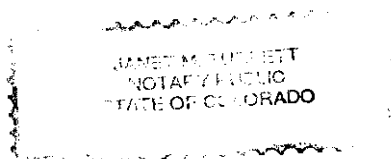
The foregoing instrument was acknowledged before me this 3<sup>rd</sup> day of January, 2011 by Sally A. Misare as Town Clerk and Ryan Reilly as Mayor of the Town of Castle Rock.

Witness my official hand and seal.

My commission expires: 4-3-2012

(SEAL)

Janet M. Turbett  
Notary Public



OWNER:

**CORNERSTONE PRESBYTERIAN CHURCH  
OF CASTLE ROCK**, a Colorado non-profit corporation,

By: 

Its: Ruling Elder

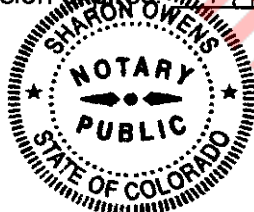
STATE OF COLORADO )  
COUNTY OF El Paso ) ss.

The foregoing instrument was acknowledged before me this 22<sup>nd</sup> day  
November of 2010 by Andrew Hsieh as  
Ruling Elder for Cornerstone Presbyterian Church of Castle Rock, a  
Colorado non-profit corporation.

Witness my official hand and seal.

My commission expires 11/2/11

(SEAL)



  
Notary Public

My Commission Expires 11/2/11  
J:\LEGAL\AGREEMENT\Country Acres\Amended Restated DA.doc

**MORTGAGEE JOINDER**

By execution of this Agreement, Mortgagee subordinates its lien and interest in the Property created by Deed of Trust recorded May 7, 2010 at Reception No. 2010028355, to the real covenants and restrictions of this Agreement. Mortgagee shall have no affirmative obligation hereunder, nor shall Town have the right to seek performance of this Agreement from Mortgagee except in the event Mortgagee acquires legal title to the Property, in which event Mortgagee shall be bound by the terms, conditions and restrictions of this Agreement.

**MORTGAGEE:****FIRSTBANK OF DOUGLAS COUNTY**

By: [Signature]  
 Its: Vice President

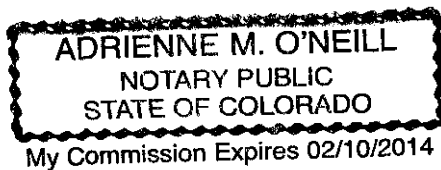
STATE OF Colorado )  
 ) ss.  
 COUNTY OF Douglas )

The foregoing instrument was acknowledged before me this 2nd day of November December, 2010 by Elizabeth Klein as Vice President for FirstBank of Douglas County.

Witness my official hand and seal.  
 My commission expires: 01/01/14

(SEAL)

Notary Public



## EXHIBIT 1

**LEGAL DESCRIPTION**

TRACT NO. 1 AS SHOWN ON MAP OF CONARD SURVEY COMPANY DATED DECEMBER 7, 1959 IN THE NEW FILE CASE OF THE CLERK AND RECORDER'S OFFICE AS RECEPTION NO. 107039 AND DESCRIBED AS FOLLOWS:

TRACT NO. 1:

A TRACT OF LAND LYING PARTIALLY IN THE SOUTHEAST 1/4 OF SECTION 1 AND PARTIALLY IN THE NORTHEAST 1/4 OF SECTION 12, ALL IN TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE 6TH PRINCIPAL MERIDIAN AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE QUARTER CORNER COMMON TO SAID SECTIONS 1 AND 12; THENCE NORTH 0 DEGREES 51 MINUTES EAST 181.60 FEET ON THE CENTERLINE OF SAID SECTION 1; THENCE EAST 334.58 FEET TO INTERSECT THE WESTERLY LINE OF TRACT NO. 2 AS SHOWN ON THE MAP REFERRED TO ABOVE; THENCE SOUTH 8 DEGREES 58 MINUTES WEST ON SAID WESTERLY LINE A DISTANCE OF 316.26 FEET TO INTERSECT THE NORTHERLY RIGHT OF WAY LINE OF STATE HIGHWAY NO. 86 AT A POINT FROM WHENCE THE SAID STATE HIGHWAY BRASS CAP RIGHT OF WAY MARKER FOR STATION 73 PLUS 02.1 BEARS NORTH 89 DEGREES 28 MINUTES 26 SECONDS EAST A DISTANCE OF 168.10 FEET; THENCE WESTERLY ON SAID NORTHERLY RIGHT OF WAY LINE AROUND A CURVE TO THE RIGHT WHOSE RADIUS IS 1086 FEET, A CHORD DISTANCE OF 293.86 FEET NORTH 79 DEGREES 43 MINUTES 24.5 SECONDS WEST TO INTERSECT THE CENTERLINE OF SAID SECTION 12 AFOREMENTIONED; THENCE NORTH 0 DEGREES 51 MINUTES EAST ON SAID CENTERLINE 78.4 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH A RIGHT OF WAY AND EASEMENT FOR ROAD PURPOSES OVER AND ACROSS THE SOUTHWEST CORNER OF TRACT NO. 2 AS SHOWN ON MAP REFERRED TO ABOVE, COUNTY OF DOUGLAS, STATE OF COLORADO.



**EXHIBIT 2**  
**QUIT CLAIM DEED**

**GRANTOR:** **TOWN OF CASTLE ROCK**, a Colorado municipal corporation, 100 Wilcox Street, Castle Rock, CO 80104

**GRANTEE:** CORNERSTONE PRESBYTERIAN CHURCH OF CASTLE ROCK, a Colorado non-profit corporation, PO Box 908, Castle Rock, CO 80104.

Grantor, for the consideration of ten dollars and other good and valuable consideration, in hand paid, hereby sells and quit claims to Grantee any interest Grantor may have in the Upper Dawson aquifer as conveyed to Grantor by Special Warranty Deed recorded August 1, 1990 at Reception No. 9018570, beginning in Book 924 at Page 150 in the Douglas County Public records ("Water Deed") together with all appurtenances thereto, excepting and reserving the rights to all remaining water rights conveyed in the Water Deed.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

**GRANTOR:**

**ATTEST:**

**TOWN OF CASTLE ROCK**

**Sally A. Misare, Town Clerk**

**Ryan Reilly, Mayor**

**Approved as to form:**

**Robert J. Slentz, Town Attorney**

STATE OF COLORADO )  
 ) ss.  
COUNTY OF )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2010 by Sally A. Misare as Town Clerk and Ryan Reilly as Mayor of the Town of Castle Rock, Colorado.

Witness my official hand and seal.  
My commission expires: \_\_\_\_\_

(SEAL)

**Notary Public**

EXHIBIT 2

DC9018563

SPY

**ANNEXATION AGREEMENT**  
(Country Acres Annexation No. 1 and No. 2)

AGREEMENT made this 22 day of February, 1990, by and between THE TOWN OF CASTLE ROCK, and Colorado municipal corporation, 680 N. Wilcox Street, Castle Rock, Colorado 80104, ("Town"), and 2607 EAST HIGHWAY 86 PARTNERSHIP, a Colorado general partnership, ("Owner").

WHEREAS, Owner desires to annex certain property to the Town, to be known as Country Acres Annexation, more particularly described in Exhibits 1 and 2 (the "Property").

WHEREAS, Town is willing to allow the annexation and development of the Property in accordance with these terms and conditions.

NOW, THEREFORE, in consideration of these mutual promises, the parties agree as follows:

1. **Annexation Premises.** Owner warrants to the Town that the Property is contiguous, or can be lawfully brought into contiguity with the Town boundaries as required by applicable statute, and that all other elements and conditions necessary for annexation have been met. Owner further warrants that it has exclusive ownership and control over the Property, has full authority and power to enter into this Agreement, and that all lienholders against the Property, if any, have joined in this Agreement, as evidenced by the certificate of ownership and encumbrance attached as Exhibit 3.

2. **Definitions:**

**Approving Documents**

(a) Ordinance No. 90-02, annexing that portion of the Property described in Exhibit 1 thereto.

(b) Ordinance No. 90-03, annexing that portion of the Property described in Exhibit 2 thereto and approving the Annexation Agreement.

(c) Ordinance No. 90-04, amending the zoning district map of the Town of Castle Rock, Colorado, (rezoning the property described in Exhibits 1 and 2 thereto from zoning classification RR to PD).

**Public Improvements.** "Public Improvements" shall mean streets and street striping, curbs, gutters, sidewalks, bike paths, bridges, culverts, drainage structures, water and sewer mains, transmission and service lines, manholes, fire hydrants, sewage lift stations, non-electric traffic and street signs, street lighting and such other improvements which are required to be built by Owner and dedicated to Town, under Town regulations.

**Redevelopment.** "Redevelopment" shall mean the erection of any structure requiring the issuance of a building permit other than the erection of a replacement structure for the present temporary accessory structure now located on the Property, provided that such replacement structure does not exceed 2,000 square feet.

**Warranty.** "Warranty" shall mean the express promise made by the Owner that all Public Improvements constructed by Owner are and shall be free from defective design, material and workmanship, and are designed and constructed to Town standards. The warranty period for all Public Improvements shall be two (2) years from and after the date of their written acceptance by Town. The Warranty extended by Owner shall be the exclusive Warranty with respect to Public Improvements and shall be in lieu of all other warranties, express or implied.

3. **Municipal Utilities.** The existing private water and sewer systems servicing the Property may be maintained until Redevelopment occurs or January 1, 2005, whichever occurs first, at which time Owner, at its expense, shall connect to the municipal water and sewer system, concurrently with and as condition to, Redevelopment of the Property. If such connection is not completed within the required time, the Town may thereafter connect the premises to the water, water and sewer, or sewer system, as applicable, of the Town and shall have a lien against the Property for the cost of making the connection and such lien may be foreclosed by certification of Town's cost to the Douglas County Treasurer to be placed on the tax roll and collected in the same manner as delinquent ad valorem property taxes. At such time as municipal services are provided, they shall be provided at the same rates, charges and fees (including development fees, other authorized fees and exactions) as charged to other users, similarly situated in Town, in accordance with this Agreement and ordinances and resolutions in effect at the time such charges are assessed.

4. **Compliance With Regulations.** Owner shall develop the Property in accordance with this Agreement, all ordinances, codes and regulations of the Town, the minimum standards and design criteria of the Town, and with the Approving Documents. At the time of Redevelopment, all Public Improvements required thereunder shall be constructed.

5. **Water.** Owner shall convey to Town all water and water rights appurtenant to the Property concurrently with annexation in accordance with section 3.20.030 of the Municipal Code and Resolution No. 89-51; reserving such rights as necessary to continue to provide the existing private water supply to the property in accordance with the terms of this Agreement. Owner shall retain sole responsibility for maintenance of the private water supply and completing its proper abandonment when required, as provided above.

6. **Transportation Improvements.** Town shall not require transportation improvements to be made on the Property until such time as Redevelopment of the Property takes place. "Transportation Improvements" include parking areas, curb, gutter and sidewalks, acceleration and deceleration lanes, access entryways, and non-electric traffic control devices. At the time of Redevelopment, owner shall construct such transportation improvements as are required under applicable Town standards then in effect. Those improvements, if any, required by the jurisdiction permitting expanded access on the what is now designated as State Highway 86 shall be to the standards of such jurisdiction.

7. **Public Land Dedication Policy.** Due to the limited area of the Property, cash in lieu of public land dedication shall be required at the time of Redevelopment. The amount of such cash payment shall be determined pursuant to the applicable Town ordinance in effect at the time of Redevelopment.

8. **Recreation Center Development Fee.** In the event that residential uses for the Property are chosen at Redevelopment, Owner shall pay to the Town a recreation center development fee of \$26.50 per dwelling unit at the time of final subdivision plat approval.

9. **Owner Reliance.** Owner is entering into this Agreement and in reliance upon the Town's concurrent approval of the Preliminary Site Plan and Planned Development ordinance. If Town fails to approve Approving Documents by appropriate ordinance or resolution of if an initiative or referendum is passed at any time which substantially amends or alters this contract and/or any of the Approving Documents, or if the Town through its legislative powers unilaterally amends or alters the approved Preliminary Site Plan or the Planned Development ordinance in a material manner, the Town will not object to the Owner disconnecting a portion or all of the Property from the Town under any applicable provisions of Colorado law, provided the Town has not taken action in reliance on the annexation to its detriment.

10. **Owner Default.** In the event of default by Owner under the provisions of this Agreement, Town reserves the right to withhold building permits, certificates of occupancy, or any other permits and approvals for the Property, in addition to its other lawful remedies.

11. **Parties Bound.** This Agreement shall be binding upon and inure to the benefit of the parties and the successors in interest to the Property. The covenants of Owners are real covenants which shall bind successive owners of the Property, irrespective of the specific reference of this Agreement in the instrument transferring title to the Property.

12. **Changes Only in Writing.** Any and all changes to this Agreement, in order to be mutually effective and binding upon the parties and their successors, must be in writing and duly executed by the parties or successors.

13. **Attorney's Fees.** In any litigation concerning this Agreement the prevailing party shall be entitled to recover its reasonable attorney's fees and costs.

14. **Recordation.** This Agreement shall be recorded with the Douglas County Clerk and Recorder concurrently with the annexation map.

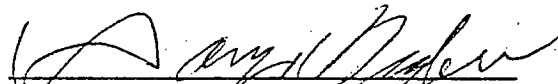
#### APPROVAL OF THE TOWN COUNCIL


This Agreement was considered by the Town Council of the Town of Castle Rock, Colorado, on February 22, 1990 and Resolution No. 90-03 was passed by a vote of 7 for and 0 against approving this Agreement and directing the Mayor of the Town of Castle Rock and the Town Clerk to execute such Agreement. The approval of this Agreement shall lapse in 90 days, unless within such period Owner furnishes all necessary submittals, executes all of the Approving Documents requiring its signature and pays all applicable annexation and zoning fees. Recordation of this document constitutes certification that the Owner has complied with this condition.

ATTEST: THIS IS NOT AN ORIGINAL SIGNATURE

TOWN OF CASTLE ROCK

THIS IS NOT AN ORIGINAL SIGNATURE

  
Gary R. Higbee, Town Clerk

  
W. H. Schechter, Jr., Mayor

APPROVED AS TO FORM:

THIS IS NOT AN ORIGINAL SIGNATURE

  
Robert J. Slentz, Town Attorney

STATE OF COLORADO )  
COUNTY OF Douglas ) ss.

The foregoing instrument was acknowledged before me this 26th day of February 1990, by W. H. Schechter, Jr., as Mayor and Gary R. Higbee, as Town Clerk of the Town of Castle Rock, Colorado, a municipal corporation.

Witness my hand and official seal.

My Commission expires: 1-27-92

THIS IS NOT AN ORIGINAL SIGNATURE

[SEAL]

Julie Lynn Heath  
Notary Public

#### APPROVAL BY THE OWNER AND LIENHOLDER

2607 EAST HIGHWAY 86 PARTNERSHIP,  
a Colorado General Partnership

THIS IS NOT AN ORIGINAL SIGNATURE

By: Cliff Epps, General Partner  
Cliff Epps, General Partner

#### LIENHOLDER CONSENT AND JOINDER

The undersigned beneficiary of that certain lien created by document recorded as Reception No. 8733725, Douglas County, Colorado, by execution of this instrument agrees that the upon recordation, its interest under the lien in the real property described in Exhibit 1 and 2 shall be junior and subordinate to this Annexation Agreement and the covenants of Owner to Town contained herein. Further, the undersigned lienholder joins in the dedication of the water rights to the Property in accordance with paragraph 5 of this Agreement.

FIRSTBANK OF CASTLE ROCK, N.A.

Melvin J. Sorensen, President  
By: Melvin J. Sorensen, President

THIS IS NOT AN ORIGINAL SIGNATURE

COLORADO

COUNTY OF Douglas

) ss.

The foregoing instrument was acknowledged before me this 18<sup>th</sup> day of June, 1990, by Clift Epps, General Partner, of 2607 East Highway 86 Partnership, a Colorado General Partnership.

Witness my hand and official seal.

THIS IS NOT AN ORIGINAL SIGNATURE

My Commission expires: 10/8/90

[SEAL]

Karen E. Schubert  
Notary Public

COLORADO

COUNTY OF Douglas

) ss.

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of June, 1990, by Melvin J. Sorensen as President of FirstBank of Cast Lienholder. Rock, N.A.,

Witness my hand and official seal.

THIS IS NOT AN ORIGINAL SIGNATURE

My Commission expires: May 6, 1994

[SEAL]

Sharon L. Thompson  
Notary Public

EXHIBIT 1

-----PROPERTY DESCRIPTION-----

A tract of land lying partially in the Southeast  $\frac{1}{4}$  of Section 1 and partially in the Northeast  $\frac{1}{4}$  of Section 12, all in Township 8 South, Range 67 West of the 6th Principal Meridian in Douglas County, Colorado and more particularly described:  
Commencing at the  $\frac{1}{4}$  corner common to said Sections 1 and 12;  
Thence N  $0^{\circ}52'E$  181.60 feet on the North-South centerline of said Section 1;

Thence East 334.58 feet to intersect the Westerly line of Mrs. Clara Christensen's property;

Thence S  $8^{\circ}58'W$  on said Westerly line a distance of 316.26 feet to intersect the Northerly Right of Way line of State Highway No. 86 at a point from whence the said State Highway Brass Cap Right of Way Marker for Station 73 plus 02.1 bears N  $89^{\circ}28'26"E$  a distance of 168.10 feet;

Thence Westerly on said Northerly Right of Way line around a curve to the right whose radius is 1086 feet, a chord distance of 293.86 feet N  $79^{\circ}43'24.5"W$  to intersect the North-South centerline of said Section 12 aforementioned;

Thence N  $0^{\circ}51'E$  on said North-South centerline 78.4 feet to the point of beginning.

EXCEPT the North 12.22 feet of the above Tract  
Said Tract contains 2.016 acres.

9018563 - 08/01/90 15:28 - RETA A. CRAIN DOUGLAS CO. COLO. CLERK & RECORDER  
B0924 - P0127 - \$40.00 - 7/ 8







# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 11. **File #:** MIN 2025-012

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**To:** Honorable Mayor and Members of Town Council

**From:** Lisa Anderson, Town Clerk

**Minutes:** June 3, 2025 Town Council Meeting

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### **Executive Summary**

Attached are minutes from the June 3, 2025, Town Council meeting for your review and approval.



## Town Council Meeting Minutes - Draft

Mayor Jason Gray  
Mayor Pro Tem Laura Cavey  
Councilmember Ryan Hollingshead  
Councilmember Kevin Bracken  
Councilmember Mark Davis  
Councilmember Max Brooks  
Councilmember Tim Dietz

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Tuesday, June 3, 2025

6:00 PM

Town Hall Council Chambers  
100 North Wilcox Street  
Castle Rock, CO 80104  
[www.CRgov.com/CouncilMeeting](http://www.CRgov.com/CouncilMeeting)

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*This meeting is open to the public. All times indicated on the agenda are approximate. Town Council Meetings are also streamed online in real time at [www.CRgov.com/WatchCouncil](http://www.CRgov.com/WatchCouncil), and are broadcast for Comcast Cable subscribers on Channel 22 (please note there is a delay to the broadcast). Public Comments may also be submitted in writing online at [www.CRgov.com/CouncilComments](http://www.CRgov.com/CouncilComments) by 1:00 p.m. June 3, 2025, to be included in the public record. If you are unable to access any portion of these materials due to a disability as defined under Colorado House Bill 21-1110, please call us at 303-663-4440, email the Town's accessibility team at [accessibility@CRgov.com](mailto:accessibility@CRgov.com) or submit an accommodation request form at [www.CRgov.com/A11yRequest](http://www.CRgov.com/A11yRequest)*

### COUNCIL DINNER & INFORMAL DISCUSSION

### INVOCATION

The Mayor provided the Invocation.

### CALL TO ORDER / ROLL CALL

**Present:** 7 - Mayor Gray, Mayor Pro Tem Cavey, Councilmember Hollingshead, Councilmember Bracken, Councilmember Davis, Councilmember Brooks, Councilmember Dietz

### PLEDGE OF ALLEGIANCE

### COUNCIL COMMENTS

Mayor Gray extended his sympathies and support to the Jewish community. He reminded citizens of the events coming up this summer.

Councilmember Dietz offers a motion for future discussion and direction to waive fees and water tap fees to the Town for Heroes Hall. Second Cavey. Council unanimously approved.

Councilmember Cavey is disappointed in what she has read in social media accusing Council of being on the take, or that the County threatened Castle Rock by taking away funding if they don't support Home Rule. She suggested the keyboard warriors educate themselves and to quit spreading lies. The June ballot question is to elect people to be on the board to write the charter. There will be three public meetings to form the charter. November will be the election to approve the charter or not.

Councilmember Cavey recognized Shannon Eklund for all she does for the Council, staff, and the community with a Value Award.

**Moved by Councilmember Dietz, seconded by Mayor Pro Tem Cavey, to bring an item back to a future Council meeting to consider waiving any Town fees for Heroes Hall. The motion passed by a vote of:**

**Yes:** 7 - Gray, Cavey, Hollingshead, Bracken, Davis, Brooks, Dietz

## UNSCHEDULED PUBLIC APPEARANCES

Citizens that addressed Council:

Jackie commented on pedestrian safety in Festival Park and noted a vehicle driving through the park. Staff will follow-up.

## TOWN MANAGER'S REPORT

[ID 2025-067](#) **Update: Calendar Reminders**

[ID 2025-068](#) **Update: Fourth Quarter Financial Review, Period Ending December 31, 2024**

[ID 2025-069](#) **Development Services Project Updates**

Tara Vargish, Director of Development Services, provided the update.

Mayor Pro Tem Cavey commented about the Whataburger proposal. She has a concern with that intersection and would like staff to look at traffic solutions. Dan Sailer, Director of Public Works, stated they will have to do a traffic impact analysis with their application.

[ID 2025-070](#) **Update: Quasi-Judicial Projects**

## TOWN ATTORNEY'S REPORT

No report.

## ACCEPTANCE OF AGENDA

**Moved by Councilmember Bracken, seconded by Councilmember Hollingshead, to Accept the Agenda as presented.. The motion failed by a vote of:**

**Yes:** 7 - Gray, Cavey, Hollingshead, Bracken, Davis, Brooks, Dietz

## CONSENT CALENDAR

**Moved by Councilmember Bracken, seconded by Mayor Pro Tem Cavey, to Approve the Consent Calendar as presented. The motion passed by a vote of:**

**Yes:** 7 - Gray, Cavey, Hollingshead, Bracken, Davis, Brooks, Dietz

[ORD 2025-018](#) **Ordinance Approving the Public Finance Agreement Between the Town of Castle Rock, CD-ACME LLC, Brickyard Metropolitan District No. 1, and the Castle Rock Urban Renewal Authority (Second Reading - Approved on First Reading on May 20, 2025 by a vote 6-0)**

[ORD 2025-019](#) **Ordinance Amending Chapter 3.04, Article I of the Castle Rock Municipal Code by Providing for a Town Sales Tax Credit Against Certain Public Improvement Fees Paid at Brickyard (Second Reading**

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- Approved on First Reading on May 20, 2025 by a vote 6-0)

- [RES 2025-063](#) Resolution Waiving the Formal Written Bidding Requirement on the Basis of Sole Source and Approving an Equipment Acquisition Agreement with BNT Enterprises, LLC D/B/A Peak Motor Coach for the Acquisition of Two Ambulances
- [RES 2025-064](#) Resolution Approving the First Amendment to the Economic Incentive Loan Agreement By and Between the Town of Castle Rock and Brinkerhoff Restaurants, LLC, for the Hummingbird Event Center
- [RES 2025-065](#) Resolution Approving a First Amendment to the Town of Castle Rock Spot Water Lease Agreement with Dakan Ranch II LLC
- [RES 2025-066](#) Resolution Approving the Second Amendment to the Service Agreement between the Town of Castle Rock and Burns & McDonnell Engineering for the Front Street Downtown Connection, RWRWTC Pump Upgrades and Liggett Road Pipe Upsize Projects  
*[Located in various locations throughout Castle Rock, CO]*
- [MIN 2025-011](#) Minutes: May 20, 2025 Town Council Meeting

## ADVERTISED PUBLIC HEARINGS & DISCUSSION ACTION ITEMS

- [ORD 2025-016](#) Ordinance Annexing to the Town of Castle Rock, Colorado, 533.445 Acres of Land Located in Parts of Sections 34, 35, and 36, Township 8 South, Range 67 West, and Part of Section 1, Township 8 South, Range 67 West of the 6th Principal Meridian, Douglas County, Colorado, Pursuant to an Annexation Petition Submitted By JRW Family Limited Partnership LLLP (Pine Canyon Annexation) (Second Reading - Approved on First Reading on May 20, 2025 by a vote 7-0)  
*[located on both the east and west sides of Interstate 25 (I-25). The portion of the property east of I-25 is generally north of Scott Boulevard, south of Black Feather Trail, west of Founders Parkway, and east of Front Street]*

Mayor Gray read Ordinance 2025-016, Ordinance 2025-017, and Ordinance 2025-020 into the record to be presented together but voted on separately.

Tara Vargish, Director of Development Services, Mark Marlowe, Director of Castle Rock Water, and the applicant are available to take any questions.

Councilmember Dietz requested that another traffic study be completed.

Mayor Gray stated we will have impact studies for each development as they go forward.

Councilmember Davis inquired if the road connecting Founders to Front Street be made to four lanes. Vartish stated they are requiring it to meet their current design

standards. She deferred to the applicant.

The representative for the applicant referenced the traffic study and realizes it may call for an upgrade to a four-lane road.

No public comment.

Mayor Gray stated they wanted to ensure this property was developed in the Town of Castle Rock.

**Moved by Councilmember Hollingshead, seconded by Mayor Gray, to Approve Quasi-Judicial Ordinance ORD 2025-016 as presented. The motion passed by a vote of:**

**Yes:** 7 - Gray, Cavey, Hollingshead, Bracken, Davis, Brooks, Dietz

[ORD 2025-017](#) **Ordinance Approving the Initial Zoning for 533.445 Acres of Land Located in Parts of Sections 34, 35, and 36, Township 8, South, Range 67 West, and Part of Section 1, Township 8 South, Range 67 West of the 6th Principal Meridian, Douglas County, Colorado, Pursuant to a Zoning Application Submitted by JRW Family Limited Partnership LLLP (Pine Canyon Planned Development) (Second Reading - Approved on First Reading on May 20, 2025 by a vote 7-0) [located on both the east and west sides of Interstate 25 (I-25). The portion of the property east of I-25 is generally north of Scott Boulevard, south of Black Feather Trail, west of Founders Parkway, and east of Front Street]**

Councilmember Davis noted his concerns of the hotel and its affect on traffic and neighbors.

Councilmember Cavey stated she is in favor of the annexation but is looking for balance and is bringing forward concerns from the community regarding traffic and density.

Councilmember Brooks stated they will work out details on the Site Development Plan as they move forward.

Councilmember Bracken stated he won't do a bait and switch and will vote yes.

**Moved by Councilmember Hollingshead, seconded by Mayor Gray, to Approve Quasi-Judicial Ordinance ORD 2025-017 as presented. The motion passed by a vote of:**

**Yes:** 4 - Gray, Hollingshead, Bracken, Brooks

**No:** 3 - Cavey, Davis, Dietz

[ORD 2025-020](#) **Ordinance Approving the Annexation and Vested Property Rights Development Agreement (Pine Canyon); and Vesting Site-Specific Development Plans through December 31, 2050 (Second Reading - Approved on First Reading on May 20, 2025 by a vote 7-0) [located on both the east and west sides of Interstate 25 (I-25). The portion of the property east of I-25 is generally north of Scott Boulevard, south of Black**

*Feather Trail, west of Founders Parkway, and east of Front Street]*

Councilmember Dietz asked the developer to consider what he has asked for.

**Moved by Councilmember Hollingshead, seconded by Mayor Gray, to Approve Quasi-Judicial Ordinance ORD 2025-020 as presented. The motion passed by a vote of:**

**Yes:** 6 - Gray, Hollingshead, Bracken, Brooks, Cavey, Davis

**No:** 1 - Dietz

**RES 2025-067 Resolution in Support of the Heroes Hall Veterans Center**

David Corliss, Town Manager, presented the item. Staff will report back on the fee waiver.

Citizens that addressed Council:

George Teal, Commissioner, Army veteran, resident, and VP Heroes Hall Foundation Board, stated this resolution will do a great deal to help them in their efforts to assist veterans in Douglas County.

Larry Underwood with the American Legion and Army veteran stated this will be a great benefit to veterans and appreciates anything the Town can do for them.

Wayne is an Army vet and this allows veterans to get together to talk to other veterans and appreciates the Town and the County.

Brian incoming commander for VFW thanked Council for their consideration and is grateful to have a place to share with other veterans.

Luke feels this is an opportunity to serve veterans in Douglas County alongside the VA in Castle Rock.

Councilmember Dietz thanked Council for the support and is a Navy veteran.

Mayor Pro Tem Cavey thanked all the veterans for everything they do.

**Moved by Councilmember Dietz, seconded by Councilmember Davis, to Approve Resolution RES 2025-067 as presented. The motion passed by a vote of:**

**Yes:** 7 - Gray, Cavey, Hollingshead, Bracken, Davis, Brooks, Dietz

## **QUASI JUDICIAL HEARINGS**

**RES 2025-069 Resolution Approving a Site Development Plan for a Residential Development Within The Memmen Young Portion - The Villages at Castle Rock Infill Planned Development (Founders Vista) [180.5 Acres, located west of Ridge Road, south of Fifth Street, and north of Plum Creek Parkway]**

Mayor Gray confirmed there is no conflict of interest and that the item was properly noticed.

Tara Vargish, Director of Development Services, presented the item.

Mayor Pro Tem Cavey confirmed the developer pays a portion of widening Ridge Road.

Councilmember Davis inquired about the relocation of the tower. Vargish stated there is a single family home and will relocate the cell tower. Davis inquired about the access road. Vargish stated there is an access road north to access utilities, and the access road goes through next to his property on town-owned drainage.

Rusty Hall and his team gave a presentation.

Councilmember Dietz, Mayor Pro Tem Cavey and Councilmember Davis inquired about the blasting required.

Mayor Gray asked Fire Chief Croom to comment on blasting.

Mayor Gray asked Dan Sailer, Director of Public Works if the existing improvements are adequate, and if he is in agreement with their traffic study.

Mayor Pro Tem Cavey asked if they are planning on widening Ridge Road.

The traffic engineer spoke to the level of service.

Councilmember Davis shared concerns over traffic impact.

Citizens that addressed Council:

Doug Reagan shared concerns affecting his property. He asked to move the curve of the road to avoid moving his shed and removing vegetation.

Brad Patton inquired about the sewer line and grade, and if the Town has looked at that.

Mayor Gray asked to address Doug's concerns. The applicant emphasized the need for access to the detention pond.

Mayor Pro Tem Cavey thanked the applicant.

**Moved by Councilmember Brooks, seconded by Councilmember Hollingshead, to Approve Quasi-Judicial Resolution RES 2025-069 as presented. The motion passed by a vote of:**

**Yes:** 7 - Gray, Cavey, Hollingshead, Bracken, Davis, Brooks, Dietz

## **RECESS TO CASTLE ROCK URBAN RENEWAL AUTHORITY BOARD MEETING**

### **CASTLE ROCK URBAN RENEWAL AUTHORITY BOARD MEETING**

Called to order 8:25 pm

Teal present, Meyers absent.



**Present:** 8 - Chair Gray, Vice Chair Cavey, Commissioner Hollingshead, Commissioner Bracken, Commissioner Davis, Commissioner Brooks, Commissioner Dietz, Commissioner Teal

[URA MIN  
2025-002](#)

Minutes: Approval of the May 20, 2025, Minutes

**Moved by Commissioner Bracken, seconded by Commissioner Davis, to Approve CRURA Minutes URA MIN 2025-002 as presented. The motion passed by a vote of:**

**Yes:** 7 - Gray, Cavey, Hollingshead, Bracken, Davis, Brooks, Dietz    Abstained: Teal

[URA RESO  
2025-003](#)

Resolution Approving the Public Finance Agreement between the Castle Rock Urban Renewal Authority, the Town of Castle Rock, CD-Acme LLC, and Brickyard Metropolitan District No. 1

Mike Hyman, Town Attorney, presented the item.

No public comment.

Commissioner Teal spoke in favor of the project.

Commissioner Dietz thanked Teal for being here.

**Moved by Commissioner Dietz, seconded by Commissioner Bracken, to Approve CRURA Resolution URA RESO 2025-003 as presented. The motion passed by a vote of:**

**Yes:** 7 - Gray, Cavey, Hollingshead, Bracken, Davis, Brooks, Dietz, Teal

## RECONVENE TOWN COUNCIL MEETING

Reconvened at 8:38pm

## ADDITIONAL ADVERTISED PUBLIC HEARINGS & DISCUSSION ACTION ITEMS

[ORD 2025-021](#)

**Ordinance Concerning the Financing of the Acquisition and Construction of a Recreation Center with Associated Amenities and Supporting Public Improvements, and in Connection Therewith Authorizing the Execution and Delivery by the Town of a Site Lease Agreement, a Lease Purchase Agreement, and Other Documents Related Thereto; and Providing Other Matters Related Thereto**

Mike Hyman, Town Attorney, presented the item.

Mayor Pro Tem Cavey inquired about the interest rate and asked if it is locked in for the COPs with the option to refinance if interest rates go down.

No public comment.

**Moved by Councilmember Brooks, seconded by Councilmember Hollingshead, to Approve Ordinance ORD 2025-021 as presented. The motion passed by a vote of:**

**Yes:** 7 - Gray, Cavey, Hollingshead, Bracken, Davis, Brooks, Dietz

[RES 2025-068](#)

**Resolution Approving the Rec Center Agreement By and Between**

**CD-Acme, LLC, and the Town of Castle Rock Regarding the Development and Construction of the Castle Rock Sports Center Project**

Jeff Brauer, Director of Parks and Recreation, presented the item.

No public comment.

**Moved by Councilmember Brooks, seconded by Councilmember Dietz, to Approve Resolution RES 2025-068 as presented. The motion passed by a vote of:**

**Yes:** 7 - Gray, Cavey, Hollingshead, Bracken, Davis, Brooks, Dietz

**[RES 2025-070](#)**

**Resolution Finding that the Petition for Annexation Submitted by ACM Dawson Trails VIII JV LLC and the Town of Castle Rock are in Substantial Compliance with Article II, Section 30(1)(B) of the Colorado Constitution and Section 31-12-107(1), C.R.S.; and Setting a Date, Time and Place for a Hearing to Determine if the Subject Properties are Eligible for Annexation Under Article II, Section 30 of the Colorado Constitution and Sections 31-12-104 and 31-12-105, C.R.S. [Territorial Road Annexation]**

Tara Vargish, Director of Development Services, presented the item.

No public comment.







**Moved by Councilmember Hollingshead, seconded by Mayor Pro Tem Cavey, to Approve Resolution RES 2025-070 as presented. The motion passed by a vote of:**

**Yes:** 7 - Gray, Cavey, Hollingshead, Bracken, Davis, Brooks, Dietz

**[RES 2025-071](#) Resolution Waiving the Formal Written Bidding Requirement on the Basis of Sole Source and Approving a Master Services Agreement and Order Form with Flock Group Inc. for the Flock Safety Drone-As-First-Responder Program**

Mayor Pro Tem Cavey recused herself from the vote due to her employment with Verizon and their relationship with Flock.

Police Chief Cauley presented the item.

Citizens that addressed Council:

Susan McAfee spoke in support.

**Moved by Councilmember Davis, seconded by Councilmember Hollingshead, to  
Approve Resolution RES 2025-071 as presented. The motion passed by a vote of:**

**Yes:** 6 - Gray, Hollingshead, Bracken, Davis, Brooks, Dietz

**Abstain:** 1 - Cavey

**Moved by Councilmember Davis, seconded by Councilmember Hollingshead, to Extend the Council meeting. The motion passed by a vote of:**

**Yes:** 7 - Gray, Hollingshead, Bracken, Davis, Brooks, Dietz, Cavey

[DIR 2025-021](#)

**Discussion/Direction: Results of 2025 Community Survey**

Kristin Read, Assistant Town Manager, presented the item.

Mayor Pro Tem Cavey commented that the developers need to contribute more towards maintenance of infrastructure and more criteria for land dedication for open space that the community could use and enjoy.

Councilmember Davis asked if the developer can be required to make a trail in their open space. He reminded citizens that they are able to park in the county parking garage and suggests making signs to make citizens aware.

**ADDITIONAL UNSCHEDULED PUBLIC APPEARANCES**

**RECESS TO EXECUTIVE SESSION**

[EXEC  
2025-003](#)

**Executive Session: Town Manager and Town Attorney Annual Performance Evaluations (Continued from June 3, 2025 Town Council Meeting)**

Continued to June 17, 2025 Council meeting.

**Moved by Mayor Pro Tem Cavey, seconded by Councilmember Brooks, to Move Executive Session EXEC 2025-003 to the June 17, 2025 Council meeting. The motion passed by a vote of:**

**Yes:** 7 - Gray, Cavey, Hollingshead, Bracken, Davis, Brooks, Dietz

**RECONVENE TOWN COUNCIL MEETING - ADDITIONAL COUNCIL COMMENTS**

[EXEC  
2025-004](#)

**Executive Session Report: June 3, 2025 - Town Manager and Town Attorney Annual Performance Evaluations (Continued to June 17, 2025 Town Council Meeting)**

Extended to June 17, 2025 Council meeting.

**ADJOURN**

Meeting adjourned at 10pm.



Submitted by Lisa Anderson, Town Clerk.

**Moved by Councilmember Bracken, seconded by Mayor Pro Tem Cavey, to Adjourn.**

**The motion passed by a vote of:**

**Yes:** 6 - Gray, Cavey, Hollingshead, Bracken, Davis, Dietz

**Not Present:** 1 - Brooks



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 12. **File #:** DIR 2025-022

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**To:** Honorable Mayor and Members of Town Council

**From:** Trish Muller, CPA, Finance Director

**Discussion/Direction of Applications for the 2025 2nd Quarter Council Community Grant Program, Nine Applications**

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### **Executive Summary**

The Council Community Grant Program (CCGP) has an annual budget of \$16,000 funded by the Town Council Non-profit Grants account in the General Fund. The Town disburses funds for the grants quarterly in \$4,000 increments to non-profit organizations within the Castle Rock community. Individual grants cap at \$1,000 per request. The Town of Castle Rock Finance Department receives the applications, reviews them for eligibility, and presents the grant requests to Town Council.

The Town received seven (9) qualified applications for the 2nd Quarter CCGP (**Attachment A**).

Organization	Amount Requested	Purpose
The Green Thumb	\$1000	Nonprofit organization dedicated to fostering a passion for plant and flower care among the youth and geriatric populations.
The Third Meal	\$1000	By partnering with Douglas County School District, Third Meal knows which families require assistance and can ensure that kids who are experiencing food insecurity can dine with dignity.
Heavy Athletics	\$1000	A club that gives youth a positive after school outlet and provides physical, mental and social development.
Lady Trailblazer	\$1000	Using evidence-based STEM leadership program, Girls' Persist, adolescent girls are taught self-confidence, critical thinking skills, and decision-making while influencing overall STEM persistence.
Gridiron Club	\$1000	Without CV Gridiron Club, the Castle View football program would not be able to operate effectively or provide safety gear and game transportation for the youth.
Castle Rock Orchestra	\$1000	The Castle Rock Orchestra performs four concerts a season to an average of 150 audience members. The last two seasons have been in partner with the Castle Rock Children's Choir, consisting of 25-30 Castle Rock Youth.
A Precious Child	\$1000	In 2024, 273 Castle Rock residents were served, 103 specifically through the Resource Bridge Program. Of the Castle Rock residents that are served, all are low-income with 86% living between 101-200% below the Federal Poverty Level.
Band Booster Club	\$1000	The CV Band Booster finds value in performing for the community and shows this by performing annually at the Douglas County Fair Parade, having the Pep Band perform for the elementary schools and attending events such as Shake Shack opening.
Castle Country Assisted Living	\$1000	Castle Country Assisted Living's vision is to create new possibilities for a quality life for aging adults. This vision is upheld by providing seniors a safe residential environment, ability to choose their care, providing basic services, and providing outreach to surrounding communities and becoming a valuable community asset.

This memo intends to present these applications to Council for consideration and approval.

### **Discussion**

The General Fund acts as the source of monies for the Council Community Grant Program. Specific non-profit organizations for community-based projects receive CCGP funds. Organizations may apply on an as-needed basis, and staff reviews applications quarterly.

Eligible project areas for CCGP include projects that contribute to Castle Rock's "quality of life" with special emphasis on programs and activities for:

- Youth
- Seniors
- Community based environment and sustainability

- Community based performing and visual arts

**Attachment B** lists the amounts awarded for the 2023-2025 Council Community Grant Program.

**Brief Overview of Application:**

**The Green Thumb** - Mission to cultivate an appreciation for nature and environmental stewardship through flower and plant growth via hands-on education and engagement, empowering both generations to connect with the beauty and benefits of the natural world in effort to obtain food sustainability.

**The Third Meal** - Millions of children in American only get 2 meals a day, Third Meal feeds them their third meal. By partnering with corporations, donors, restaurants, social workers and link them with children who need meals.

**Heavy Athletics** - Hosting kids from Castle View High School, Douglas County High School, Colorado Early Colleges, and Castle Rock Middle School is Colorado's largest youth Olympic weightlifting club.

**Lady Trailblazer** - Helps girls dealing with the transition from adolescence into adulthood by tackling real-life challenges that help them make valuable self-discoveries.

**Gridiron Club** - An organization lead by parents of players that provide essential funding and support for the Castle View Football Teams. With close to 200 student athletes, valuable lessons are taught through team sports.

**Castle Rock Orchestra** - An adult community orchestra with many of their members residing in Castle Rock and Douglas County.

**A Precious Child** - Providing children and families who are challenged by poverty with resource navigation and holistic support services.

**Band Booster Club** - Composed solely of volunteers, the CV Band Booster's purpose is to support the Castle View High School Band program.

**Castle Country Assisted Living** - A mission to provide compassionate and supportive communities for seniors

**Budget Considerations**

The 2025 budget includes \$16,000, \$4,000 available for each quarter, in the Town Council Non-profit Grants account in the General Fund for the 2025 Council Community Grant Program.

**Staff Recommendation**

Staff defers to council decisions on awards to applicants. Traditionally Council approves a \$1,000 award to each of the non-profit organizations presented in this grant cycle, assuming consideration of a maximum of 4 applications per quarter. However, for the 1<sup>st</sup> quarter of 2025, there are seven applicants that qualify for the grant program and have asked for funding. It is council's discretion to augment current guidelines of this grant program, or keep them the same.

**Proposed Motion**

*"I move to award funding to the following organizations:*

Organization	Amount Awarded
The Green Thumb	
The Third Meal	
Heavy Athletics	
Lady Trailblazer	
Gridiron Club	
Castle Rock Orchestra	
A Precious Child	
Band Booster Club	
Castle Country Assisted Living	

**Alternative Motions**

*"I move to award funding to the following organization(s) for a different amount:*

*Organization*

*(New Amount)*

*"I move to continue this item to the Town Council meeting on \_\_\_\_\_ date to allow additional time to (list information needed)."*

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**Item #: 12. File #: DIR 2025-022**

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**Attachments**

Attachment A: Applications

Attachment B: Award History

**2025 Second Quarter - Council Community Grant Program Application - Submission #156006**

Date Submitted: 3/18/2025



**2025 COUNCIL COMMUNITY GRANT PROGRAM APPLICATION**

Second Quarter - Due by Tuesday, May 20, 2025

**Name of organization:\***

Third Meal

**Address:\***

825 SE Peacock Lane

**City:\***

Portland

**State:\***

OR

**Zip:\***

97214

**Contact name:\***

Ray Roske

**Telephone number:\***

303-588-4014

**Email address:\***

rayroske@gmail.com

**Description of organization:\***

Millions of children in America only get 2 meals a day...We're feeding them their third meal, and we're doing it in a way that builds their self-esteem. We're opening doors at our partner restaurants for them to go in and order off the menu just like anybody else. And we're teaching them that they are not a burden. They are important. Their future is our future.

The Third Meal is a 501c3 non-profit, EIN 85-3987492. We partner with corporations, donors, restaurants, social workers and link them with children who need meals. Our motto is "Dine with Dignity".

We make it possible for children to not only eat, but be able to enjoy an experience millions of people take for granted - to go into a restaurant and order off the menu just like anyone else, without the stigma so often associated with 'being in need'.

<https://thethirdmeal.org/>

**Non-profit status:\***

- ☒ 501(c)(3)  
☐ 501(c)(19)

**Please attach proof of non-profit status as PDF:\***

Letter for Mary for third meal EIN CP575Notice.pdf

**Additional attachments as PDF:**

No file chosen

**Amount requested (\$1000 maximum):\***

1,000

**Description of specific project for requested funds:\***

The Third Meal partners with Douglas County School District to ensure that kids who are experiencing food insecurity can dine in partner restaurants for dinner, at no cost to them. These funds will do directly to an account that funds meals for Castle Rock kids and families who are facing food insecurity. We partner directly with Douglas County School District to know which families require assistance. This \$1,000 will provide approximately 100 meals to select Castle Rock kids and families that attend a Douglas County public school.

**Eligible project area(s), programs and activities for:\***

- ☒ Youth  
☐ Seniors  
☐ Community-based environmental and sustainability  
☐ Community-based performing visual arts  
☐ Other

**Other (please explain):**

**How does this project benefit Castle Rock residents?\***

See above...

This \$1,000 budget will go directly to a local fund account for participating Castle Rock restaurants to cover the food expenses so that these families (mentioned above) can come in and dine at no expense to them.

**Please submit completed application, or print and deliver to:**

Town of Castle Rock (Finance Department), 100 N. Wilcox St., Castle Rock, CO 80104



**Print**

**2025 Second Quarter - Council Community Grant Program Application - Submission #155930**

**Date Submitted: 3/15/2025**



**2025 COUNCIL COMMUNITY GRANT PROGRAM APPLICATION**

Second Quarter - Due by Tuesday, May 20, 2025

**Name of organization:\***

The Green Thumb Inc.

**Address:\***

19865 Riverglen Lane

**City:\***

Monument

**State:\***

CO

**Zip:\***

80132

**Contact name:\***

Elaine Martin

**Telephone number:\***

303-468-5453

**Email address:\***

support@rootedplants.org

**Description of organization:\***

The Green Thumb is a nonprofit organization dedicated to fostering a passion for plant and flower care among the youth and geriatric populations in underserved locations. Our mission is to cultivate an appreciation for nature and environmental stewardship through flower and plant growth via hands-on education and engagement, empowering both generations to connect with the beauty and benefits of the natural world in effort to obtain food sustainability.

**Non-profit status:\***

- ☒ 501(c)(3)  
☐ 501(c)(19)

**Please attach proof of non-profit status as PDF:\***

501c3 FINAL LETTER.pdf

**Additional attachments as PDF:**

No file chosen

**Amount requested (\$1000 maximum):\***

\$1000

**Description of specific project for requested funds:\***

Our current program, “If You Give A Child A Plant”, will be offered to 25 students per session, one day per week 8:00 am - 9:00 am for thirty days (four visits) to the children in the Castle Rock School District.

We are a start-up nonprofit organization with November 2024 being our inception date.

**Eligible project area(s), programs and activities for:\***

☒ Youth

☐ Seniors

☐ Community-based environmental and sustainability

☐ Community-based performing visual arts

☐ Other

**Other (please explain):**

**How does this project benefit Castle Rock residents?\***

We will be partnering with the Castle Rock School district to work with elementary students via their before school program.

**Please submit completed application, or print and deliver to:**

Town of Castle Rock (Finance Department), 100 N. Wilcox St., Castle Rock, CO 80104

2025 Second Quarter - Council Community Grant Program Application - Submission #157255

Date Submitted: 4/20/2025



2025 COUNCIL COMMUNITY GRANT PROGRAM APPLICATION

Second Quarter - Due by Tuesday, May 20, 2025

Name of organization:\*

Lady Trailblazer Inc.

Address:\*

2648 McCracken lane

City:\*

Castle Rock

State:\*

Colorado

Zip:\*

80104

Contact name:\*

Carletta A Stewart

Telephone number:\*

9073175732

Email address:\*

carletta@theladytrailblazer.com

Description of organization:\*

Established in 2018, Lady Trailblazer Incorporated

We are a 501 (c) (3) committed to assisting adolescent girls answer the all-important question "Who am I?" This is achieved through problem-solving workshops led by a team of dedicated professionals. In Lady Trailblazer programs, girls dealing with the transition from adolescence into adulthood tackle real-life challenges that help them make valuable self-discoveries and develop persistence, self-reliance and leadership skills that will serve them for the rest of their lives.

Non-profit status:\*

- ☒ 501(c)(3)  
☐ 501(c)(19)

Please attach proof of non-profit status as PDF:\*

Lady Trailblazer 501 (c) 3 documentation.pdf

Additional attachments as PDF:

No file chosen

**Amount requested (\$1000 maximum):\***

1,000

**Description of specific project for requested funds:\***

Our evidence-based STEM leadership program is designed to put problems into practice while fostering an environment for girls to thrive. The program consists of scenario-based leadership activities viable for shaping self-efficacy while increasing her capacity for science, technology, engineering, and mathematics. The program utilizes the proprietary The Self-efficacy Test skills building models of learning© to assist adolescent girls with self-confidence, critical thinking skills, and decision-making while influencing overall STEM persistence.

**Eligible project area(s), programs and activities for:\***

☒ Youth

☐ Seniors

☐ Community-based environmental and sustainability

☐ Community-based performing visual arts

☐ Other

**Other (please explain):**

**How does this project benefit Castle Rock residents?\***

Girls' Persist is a STEM program offered and facilitated at South Ridge Elementary School in Plum creek throughout the academic school year and during the summer. Girls' Persist benefits girls within the community by providing STEM exposure early on and therefore to help shape their innate and undeveloped skills towards STEM learning.

**Please submit completed application, or print and deliver to:**

Town of Castle Rock (Finance Department), 100 N. Wilcox St., Castle Rock, CO 80104

2025 Second Quarter - Council Community Grant Program Application - Submission #156567

Date Submitted: 4/3/2025



2025 COUNCIL COMMUNITY GRANT PROGRAM APPLICATION

Second Quarter - Due by Tuesday, May 20, 2025

Name of organization:\*

Heavy Athletics

Address:\*

4021 Mesa Meadows Ct

City:\*

Castle Rock

State:\*

Colorado

Zip:\*

80109-3581

Contact name:\*

Jordan Boriack

Telephone number:\*

916-224-4053

Email address:\*

hvyathweightlifting@gmail.com

Description of organization:\*

Colorado's largest youth Olympic weightlifting club. A year round after school program at Castle View high school serving over 40 kids from Castle View High School, Douglas County High School, Colorado Early Colleges, and Castle Rock Middle School. Providing youth development physically, mentally, and socially through team training in the Olympic lifts (snatch and clean and jerk). Multiple national champions, 3x state champions, and helping multiple youth receive scholarships for collegiate team lifting. A club that gives youth a positive outlet after school and builds life long healthy habits.

Non-profit status:\*

- ☒ 501(c)(3)  
☐ 501(c)(19)

Please attach proof of non-profit status as PDF:\*

Nonprofit Articles.pdf

**Additional attachments as PDF:**

No file chosen

**Amount requested (\$1000 maximum):\***

1000

**Description of specific project for requested funds:\***

To help buy materials (platforms, weights, hiring staff) to run a high school state championship.

**Eligible project area(s), programs and activities for:\***

- ☒ Youth
- ☐ Seniors
- ☐ Community-based environmental and sustainability
- ☐ Community-based performing visual arts
- ☐ Other

**Other (please explain):**

**How does this project benefit Castle Rock residents?\***

By providing a state championship high school meet in town we will spread our influence to more youth and be able to provide the benefits of the club to a wider group. A state championship helps youth showcase their hardwork, dedication, and bring attention to the importance of physical activity, mental fortitude, and social interaction with their peers in a team setting.

**Please submit completed application, or print and deliver to:**

Town of Castle Rock (Finance Department), 100 N. Wilcox St., Castle Rock, CO 80104

**Print**

**2025 Second Quarter - Council Community Grant Program Application - Submission #157746**

**Date Submitted: 5/1/2025**



**2025 COUNCIL COMMUNITY GRANT PROGRAM APPLICATION**

Second Quarter - Due by Tuesday, May 20, 2025

**Name of organization:\***

Castle View Gridiron Club

**Address:\***

PO Box 1941

**City:\***

Castel Rock

**State:\***

CO

**Zip:\***

80104

**Contact name:\***

Danny Young

**Telephone number:\***

541-914-9391

**Email address:\***

danny@cvgridiron.com

**Description of organization:\***

the Castle View Gridiron Club is a non-profit booster club organization lead by parents of players that provides essential funding and support for the Castel View football teams.

**Non-profit status:\***

☒ 501(c)(3)

☐ 501(c)(19)

**Please attach proof of non-profit status as PDF:\***

Federal Tax Exempt Letter.jpg

**Additional attachments as PDF:**

No file chosen

**Amount requested (\$1000 maximum):\***

1000

**Description of specific project for requested funds:\***

100% of the funds will go towards providing essential safety gear ( helmets /pads), equipment, supplies, meals, and transpiration for the Castel View Varsity, JV, and Freshman football teams

**Eligible project area(s), programs and activities for:\***

☒ Youth

☐ Seniors

☐ Community-based environmental and sustainability

☐ Community-based performing visual arts

☐ Other

**Other (please explain):**

**How does this project benefit Castle Rock residents?\***

Without the CV Gridiron Club, the Castle View football program would not be able to operate effectively or provide safety gear and game transportation for our youth. Unfortunately, the Douglas County School District does not supply the teams with enough resources or money to run a program, leaving organizations like the CV Gridiron Club responsible to ensure our coached and [players have what they need to be safe and and successful. Close to 200 student athletes are part of the program each year, learning valuable lessons through team sports. The part we love the most is watching our students perform on the field. the community of Castle Rock coming together under the Friday night lights to root on the home team is a great benefit for our community as a whole. We appreciate the Town of Castle Rock's support last year and we look forward to the continued support - Thank you

**Please submit completed application, or print and deliver to:**

Town of Castle Rock (Finance Department), 100 N. Wilcox St., Castle Rock, CO 80104



2025 Second Quarter - Council Community Grant Program Application - Submission #158300

Date Submitted: 5/14/2025



2025 COUNCIL COMMUNITY GRANT PROGRAM APPLICATION

Second Quarter - Due by Tuesday, May 20, 2025

Name of organization:\*

Castle View Band Booster Club

Address:\*

PO Box 1538

City:\*

Castle Rock

State:\*

Co

Zip:\*

80104

Contact name:\*

Leigh Wright

Telephone number:\*

8018563918

Email address:\*

cvbandboosterclub@gmail.com

Description of organization:\*

The Castle View Band Booster Club is a 501(c)3 organization whose purpose is to support the Castle View High School Band program and its students.

Non-profit status:\*

☒ 501(c)(3)

☐ 501(c)(19)

Please attach proof of non-profit status as PDF:\*

CV-Band-Booster-Tax-Letter.PDF

Additional attachments as PDF:

Choose File No file chosen

**Amount requested (\$1000 maximum):\***

\$1000

**Description of specific project for requested funds:\***

The Castle View Band Booster Club supports the many facets of the band program. We are a non-profit organization composed solely of volunteers. Through the donations of both time and finances, we are able to provide the band students with the things they need to succeed as young aspiring musicians.

**Eligible project area(s), programs and activities for:\***

☒ Youth

☐ Seniors

☐ Community-based environmental and sustainability

☒ Community-based performing visual arts

☐ Other

**Other (please explain):**

**How does this project benefit Castle Rock residents?\***

The Castle View Band Director, Mark Cellar, finds great importance and value in finding opportunities within the community for CVHS Bands students to perform. For example, each year the marching band and color guard performs in the annual Douglas County Fair Parade and the pep band performs at area elementary schools to promote the music program. In past years, the pep band has performed at grand opening events such as Shake Shack and at the First Fridays concert series in Festival Park. The jazz band has also performed at local events, community centers and weddings. By performing locally, the program is working to promote the importance of music in the education system and contributes to a sense of community.

**Please submit completed application, or print and deliver to:**

Town of Castle Rock (Finance Department), 100 N. Wilcox St., Castle Rock, CO 80104

2025 Second Quarter - Council Community Grant Program Application - Submission #158043

Date Submitted: 5/8/2025



2025 COUNCIL COMMUNITY GRANT PROGRAM APPLICATION

Second Quarter - Due by Tuesday, May 20, 2025

Name of organization:\*

LCMA dab Castle Rock Orchestra

Address:\*

PO Box 464

City:\*

Castle Rock

State:\*

CO

Zip:\*

80104

Contact name:\*

Matthew Rose

Telephone number:\*

303-408-0980

Email address:\*

matthewleerose@comcast.net

Description of organization:\*

The Castle Rock Orchestra is an adult community orchestra based in Castle Rock, Colorado, since 2007. The ensemble rehearses at The First United Methodist Church of Castle Rock, 1200 South Street, Castle Rock, CO on Sundays from 2pm to 4pm. The group is a part of the Littleton Community Music Association (littletonmusic.org), a Colorado non-profit. [www.CastleRockorchestra.org](http://www.CastleRockorchestra.org).

Non-profit status:\*

- ☒ 501(c)(3)  
☐ 501(c)(19)

Please attach proof of non-profit status as PDF:\*

20160428 - LCMA - 84-1292053 - IRS Letter of Determination.pdf

Additional attachments as PDF:

No file chosen

**Amount requested (\$1000 maximum):\***

1000

**Description of specific project for requested funds:\***

For our 18th season (Fall 2025 to Spring 2026), we are requesting funds to purchase music for our March and May 2026 concerts.

**Eligible project area(s), programs and activities for:\***

☐ Youth

☐ Seniors

☐ Community-based environmental and sustainability

☒ Community-based performing visual arts

☐ Other

**Other (please explain):**

**How does this project benefit Castle Rock residents?\***

The Castle Rock Orchestra performs four concerts a season to an average of 150 audience members. The group consists of 50 area musicians, the majority whom live in Douglas County and Castle Rock. We are always encouraged by the number of families and seniors that are able to attend our family-friendly and affordable concerts. IN the last two seasons we have also been performing one to two concerts with the Castle Rock Children's Choir which consists of 25-30 Castle Rock youth.

**Please submit completed application, or print and deliver to:**

Town of Castle Rock (Finance Department), 100 N. Wilcox St., Castle Rock, CO 80104

**2025 Second Quarter - Council Community Grant Program Application - Submission #158375**

**Date Submitted: 5/15/2025**



**2025 COUNCIL COMMUNITY GRANT PROGRAM APPLICATION**

Second Quarter - Due by Tuesday, May 20, 2025

**Name of organization:\***

Castle Country Assisted Living

**Address:\***

221 Cantril St

**City:\***

Castle Rock

**State:\***

CO

**Zip:\***

80104

**Contact name:\***

Cheryl Griffin

**Telephone number:\***

3039441212

**Email address:\***

ed@castlecountry.org

**Description of organization:\***

The mission of Castle Country Assisted Living (CCAL) is to provide compassionate and supportive communities for seniors. Specific organizational values with which to carry out the mission include providing creativity, compassion, commitment, responsibility, promoting well-being, and community.

Our vision is to create new possibilities for a quality life for aging adults. Organization goals include the following:

1. To provide a safe residential environment for older adults, including low-income adults, promoting independence and individuality of each resident with dignity and respect.
2. To assist older adults in improving their quality of life by maintaining their ability to choose their care and overall lifestyle.
3. To provide basic services including laundry, three home-cooked meals by professional culinary staff, wellness clinics, and other personal care support as needed.
4. To implement and provide a variety of physical, social, emotional, spiritual programs/resources to promote one's overall health and well-being.
5. To initiate and provide outreach to surrounding communities and collaborative efforts with other agencies, educating others and becoming a valuable community asset.

**Non-profit status:\***

- ☒ 501(c)(3)  
☐ 501(c)(19)

**Please attach proof of non-profit status as PDF:\***

CCAL W9.pdf

**Additional attachments as PDF:**

No file chosen

**Amount requested (\$1000 maximum):\***

\$1,000

**Description of specific project for requested funds:\***

To enhance and expand the landscaping of the exterior of the Cantril House. The Cantril House is one of three homes within the non-profit (501c3) Castle Country Assisted Living, Inc. It has been remodeled to accommodate memory care for our elderly population. An attempt will be made to comply with the Town of Castle Rock's xeriscaping initiative. Any remaining funds may be used for the beautification of the exterior of the Valley House.

**Eligible project area(s), programs and activities for:\***

- ☐ Youth  
☒ Seniors  
☐ Community-based environmental and sustainability  
☐ Community-based performing visual arts  
☐ Other

**Other (please explain):**

**How does this project benefit Castle Rock residents?\***

The Cantril House is strategically located at the corner of Cantril and Second St. It is home to memory care residents and is visited by their families and friends. Situated in the historic district of the Craig and Gould neighborhood it is visible to many. The beautification of this home enhances the old town of Castle Rock and adds to the enjoyment of the Castle Rock Historical Society tours.

**Please submit completed application, or print and deliver to:**

Town of Castle Rock (Finance Department), 100 N. Wilcox St., Castle Rock, CO 80104

2025 Second Quarter - Council Community Grant Program Application - Submission #158173

Date Submitted: 5/12/2025



2025 COUNCIL COMMUNITY GRANT PROGRAM APPLICATION

Second Quarter - Due by Tuesday, May 20, 2025

Name of organization:\*

A Precious Child

Address:\*

7051 W. 118th Ave.

City:\*

Broomfield

State:\*

Colorado

Zip:\*

80020

Contact name:\*

Becca Cuntala

Telephone number:\*

(720) 902-4963

Email address:\*

beccacuntala@apreciouschild.org

**Description of organization:\***

Founded in 2008 and serving just over 41 children out of a garage that year, A Precious Child now has a 26,000-sq. ft. facility in Broomfield and a network of Satellite Resource Centers and community distributions spread throughout eight-Denver Metro counties, including Douglas County and the town of Castle Rock. Our mission is to provide children in need with opportunities and resources to empower them to achieve their full potential. A Precious Child provides children and their families challenged by poverty or crisis with resource navigation and holistic support services, as well as basic essentials and access to educational and extracurricular opportunities that are often not available to children faced with their family’s economic hardship. In partnership with over 300 human service-based agencies and with the help of 7,000 volunteers annually, our cradle to career support bridges the gap in a child’s unmet needs and education so that every child has the opportunity to become a secure, self-reliant, contributing member of their community. Annually, A Precious Child is able to serve over 55,000 children and families living in poverty or crisis in Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Jefferson and Weld Counties distributing over \$11.4M in value of basic goods, including over 10,000 backpacks full of school supplies and over 10,000 gifts fulfilling children’s holiday wishes.

Currently, there are nearly 16,000 children living in need across Douglas County who have access to our cradle and career support through any combination of our five programs:

The Resource Bridge program, please see section below.

The Fill A Backpack program provides backpacks filled with grade-appropriate school supplies to children in need to maximize their academic potential.

The giveACCESS program ensures that children in need can participate in sports, arts and educational opportunities alongside their peers by providing donated equipment, financial assistance and camps.

The Precious Gift program provides gifts to children who would otherwise go without during monumental times in their lives such as the holiday seasons.

The Pathways workforce readiness program provides work-based learning opportunities for at-risk young adults aged 16-24, equipping them with essential skills and experiences to secure their first job.

Our services have supported Douglas residents like Kelly, who said, “It’s been a huge help to be able to get diapers and wipes for the baby, so thankful and the clothes for all kids is so helpful because the kids grow so fast!”

In 2024 our Clients Outcome Survey demonstrated that as a result of goods and services from A Precious Child, 86% of caregivers reported that their children have improved mental health, while 82% have higher self-esteem. Additionally, 82% of caregivers said their stress had been reduced and 83% said that A Precious Child’s programs helped improve their family’s stability and well-being. While no single program can eliminate poverty, a 2023 evaluation by third-party firm QREM confirmed that A Precious Child’s assistance can reduce the length of time a family experiences poverty, increasing the likelihood of long-term stability or extending the time between periods of financial hardship.

Non-profit status:\*

☒ 501(c)(3)

☐ 501(c)(19)

**Please attach proof of non-profit status as PDF:\***

IRS 501c3 determination letter A Precious Child.pdf

**Additional attachments as PDF:**

2024 At A Glance and Resource Bridge Impact.pdf

**Amount requested (\$1000 maximum):\***

1000



**Description of specific project for requested funds:\***

Through our Resource Bridge program, we aim to serve over 100 children and caregivers in Castle Rock who are living in poverty. At least 11% of those served will be onsite at our Broomfield facility to receive 1-on-1 resource navigation with a Family Advocate, while the remaining will be provided with services through our Community Distributions placed locally. During intake, we focus on the barriers that perpetuate poverty by addressing families' points of instability and providing meaningful support. Each client completes a Needs Assessment Form prior to meeting with a Family Advocate allowing for personalized, holistic support and targeted referrals to appropriate resources. Last year, the top referrals included additional resources for Housing / Utility Support, Child Programming, Food Assistance, Employment Assistance, and Transportation. Outside of Spanish, a language all Family Advocates are fluent, we use electronic translators and translator apps for communication.

After receiving 1-on-1 support, families can access our cost-free store to stock up on essentials such as clothing, home goods, toys, books, diapers, baby essentials, hygiene supplies and culturally relevant food in the Food Pantry. Families facing transportation barriers can access services from our Satellite Resource Centers and Community Distributions placed strategically in high target neighborhoods, hosted with Agency Partners who are local, trusted organizations in their communities.

We have MOUs with over 300 Agency Partners including nonprofits, schools, hospitals, and government agencies. Specific to Castle Rock, we work with Douglas County Health Department, Douglas County Department of Human Services, Florence Crittenton, Griffith Centers, Metro Migrant Education Program (APS)-South, Foundation for Douglas County Schools, James Resource Network, Shiloh House, and Thriving Families Colorado/Motherwise Program. These partnerships allow us to spread our resources further across Douglas County to towns such as Castle Rock to reach more families in need. This also allows for two-way communication, so that we can better understand the opportunities and challenges our peer organizations are facing as well as share our own critical information.

All of our services are provided at no cost to families and our hosting partners. When a family doesn't have to worry about the basics, they are able to allocate their limited income to other critical expenses setting them on a path to economic and emotional stability.

Additionally, we are in the planning phase to open a second location in Denver South (in 2026) replicating the successful model of our current resource navigation and cost-free store. This will help eliminate major transportation barriers for Castle Rock residents and others in Douglas County. This will be a phased opening, accounting for staff capacity and ensuring our supply of donated items meets the increased demand. We have already begun to establish new connections for community and corporate goods drives as well as individual donation item drop-offs in the Denver South area. When fully staffed and operating, we will be able to significantly increase our reach within our geographic footprint, hopefully doubling our impact.

**Eligible project area(s), programs and activities for:\***

☒ Youth

☐ Seniors

☐ Community-based environmental and sustainability

☐ Community-based performing visual arts

☐ Other

**Other (please explain):**

### **How does this project benefit Castle Rock residents?\***

In 2024, we served 273 unique Castle Rock residents through all of our cradle to career programs (and 103 specifically through the Resource Bridge program). This included distributing 223 pounds of essentials goods, 32 pounds of food, 144 backpacks full of grade-appropriate school supplies, 81 holiday gifts to fulfill the wishes of children, and 1,272 diapers to keep little ones healthy, safe, and dry.

Of the Castle Rock residents that we serve, all are low-income with 86% living between 101-200% below the Federal Poverty Level; 68% female, 30% male and 2% Trans/Nonbinary; 81% of the ages 0-18 and 19% of the ages 19-66+; 45% identify as Caucasian, 40% as Latino, 8% as African American, 2% Multi-racial, 1% American Indian, 1% Asian and 3% other. On average, a family that we serve is a family of four with an annual income of only \$19,000. Through our Resource Bridge program, we are able to save families over \$2,000 out of their income, allowing them to spend those limited funds on other critical expenses such as housing, healthcare, childcare, and transportation—supporting them on a path to economic and social stability.

With support from the Town of Castle Rock through this grant opportunity, we can ensure that we will reach more Castle Rock residents through our Resource Bridge program to provide basic needs. Without dedicated support, we anticipate maintaining the same level of impact as in previous years, dependent on the program budget. We are navigating the uncertainties surrounding current and future federal funding, and the impact it may have on our services. To date, we have received verbal confirmation from the Colorado Health and Human Services that the Diaper Grant (\$275,000) we've received in the past will be reduced with the possibility of the funds being cut in full. We were assured this was not a reflection of A Precious Child's work, and in fact, if there are funds available, we remain as one of the state's top three organizations to support this work given our wide network of agency partners and distribution capacity through our 26,000 sq-ft facility. Beyond this, we are also in a required off year with the Anschutz Foundation, one of our largest foundation supporters. In response to these challenges, we have ramped up our efforts to bring on new foundation, corporate, and individual partners as well as focused campaigns and goods drives through the second quarter to compensate for increased need in high-quality, donated items.

### **Please submit completed application, or print and deliver to:**

Town of Castle Rock (Finance Department), 100 N. Wilcox St., Castle Rock, CO 80104

COUNCIL COMMUNITY GRANT PROGRAM

	2022 AWARDS	2023 AWARDS	2024 AWARDS	2025 AWARDS
Aging Resources of Douglas County				1st Qtr 1000
All Vet Honor Guard			4th Qtr \$1,000	
American Legion Post 1187	4th Qtr \$2,000	4th Qtr \$2,000	4th Qtr \$1,000	
A Precious Child	3rd Qtr \$500			
Best Buddies				1st Qtr \$1000
Castle Rock Artist Alliance			1st Qtr \$1000	
Castle Rock Band	3rd Qtr \$500	3rd Qtr \$1000		1st Qtr \$1000
Castle Rock Chorale				1st Qtr \$1000
Castle Rock High Noon Rotary Foundation			2nd Qtr \$1000	
Castle Rock Orchestra	2nd Qtr \$667	1st Qtr \$500	1st Qtr \$1,000	
Castle Rock Pirates Rugby Club		1st Qtr \$500	2nd Qtr \$1000	1st Qtr \$1000
Castle View Band Boosters		1st Qtr \$500	2nd Qtr \$1000	
Castle View Gridiron Club			3rd Qtr \$1,000	
Castle View High School's Technology Student Association Chapter		3rd Qtr \$1000	4th Qtr \$1,000	
Clothes To Kids Denver	3rd Qtr \$500	3rd Qtr \$1000		
Denver Regional Mobility and Access Council		3rd Qtr \$1000		
Douglas County High School After Prom	1st Qtr \$1000	1st Qtr \$500	1st Qtr \$1,000 / 4th Qtr \$1,000	
Douglas County High Schools Academic & Athletic Association	3rd Qtr \$500			
Douglas Land Conservancy	2nd Qtr \$667	2nd Qtr \$750	3rd Qtr \$1000	
Help & Hope Center	2nd Qtr \$667	4th Qtr \$2,000	4th Qtr \$1,000	
Honor Bell Foundation			1st Qtr \$1000	
Lady Trailblazer Incorporated	1st Qtr \$1000	2nd Qtr \$750	3rd Qtr \$1000	
Max W Donahue			4th Qtr \$1,000	
Paul's Mystery Ship to End ALS		2nd Qtr \$750	2nd Qtr \$1,000	1st Qtr \$1000
Parkinsons Association of the Rockies			4th Qtr \$1,000	
Rimmel's Ranch		2nd Qtr \$750		
The Mane Mission			3rd Qtr \$1000	
Sunday Salmon Inc				1st Qtr \$1000
TOTAL	\$ 8,001.00	\$ 13,000.00	\$ 19,000.00	\$ 7,000.00





Town of Castle Rock

Second Quarter

# Council Community Grant Program

Presented by  
Finance

Council Date:  
June 17th, 2025





Second Quarter

# Overview of Current Policy

This program aims to support projects that contribute to Castle Rock's quality of life with emphasis on programs and activities for:

- Youth
- Seniors
- Community based environmental and sustainability
- Community based performing and visual arts



Finance  
Department





Second Quarter

# Overview of Current Budget

This program is funded through the Town Council Non-profit Grants account in the General Fund. On September 5th, 2023 Council increased the quarterly grants.

- Annual Budget of \$16,000
- Quarterly disbursements up to \$4,000
- \$1,000 awarded per organization



Finance  
Department



Second Quarter

# Overview of Previous Quarter

Last quarter we had seven (7) applicants. Town Council awarded each organization \$1,000.



Finance  
Department



Second Quarter

# Overview of Applicants

1.

The Green Thumb

2.

The Third Meal

3.

Heavy  
Athletics

4.

Lady  
Trailblazer

5.

Gridiron  
Club

6.

Castle Rock  
Orchestra

7.

A Precious  
Child

8.

Band Booster  
Club

9.

Castle Country  
Assisted Lliving



Finance  
Department



First Time  
Applicant

# THE GREEN THUMB

Purpose for Funds: Will be used towards their current program, If you give a child a plant - offered to 25 students per session.

Age Group Impacted: Youth

Eligibility Status: Eligible ✓

## OVERVIEW

Nonprofit organization dedicated to fostering a passion for plant and flower care among the youth and geriatric populations.

Mission to cultivate an appreciation for nature and environmental stewardship through flower and plant growth via hands-on education and engagement, empowering both generations to connect with the beauty and benefits of the natural world in effort to obtain food sustainability.



Finance  
Department

First Time  
Applicant

# THIRD MEAL

Purpose for Funds: Submitted into local fund account for participating Castle Rock restaurants to cover food expenses.

Age Group Impacted: Youth

Eligibility Status: Eligible ✓

## OVERVIEW

Millions of children in American only get 2 meals a day, Third Meal feeds them their third meal. By partnering with corporations, donors, restaurants, social workers and link them with children who need meals.

By partnering with Douglas County School District, Third Meal knows which families require assistance and can ensure that kids who are experiencing food insecurity can dine with dignity.



Finance  
Department

First Time  
Applicant

# HEAVY ATHLETICS

Purpose for Funds: To help buy materials to run a high school state championship.

Age Group Impacted: Youth

Eligibility Status: Eligible ✓

## OVERVIEW

Hosting kids from Castle View High School, Douglas County High School, Colorado Early Colleges, and Castle Rock Middle School is Colorado's largest youth Olympic weightlifting club.

A club that gives youth a positive after school outlet and provides physical, mental and social development.



Finance  
Department



Awarded  
\$1000 in  
Quarter 3 -  
2024

# LADY TRAILBLAZER

Purpose for Funds: Will be put towards evidence-based STEM leadership program.

Age Group Impacted: Youth

Eligibility Status: Eligible ✓

## OVERVIEW

Helps girls dealing with the transition from adolescence into adulthood by tackling real-life challenges that help them make valuable self-discoveries.

Using evidence-based STEM leadership program, Girls' Persist, adolescent girls are taught self-confidence, critical thinking skills, and decision-making while influencing overall STEM persistence.



Finance  
Department

Awarded  
\$1000 in  
Quarter 3 -  
2024

# GRIDIRON CLUB

Purpose for Funds: Providing essential safety gear, equipment, supplies, meals and transportation.

Age Group Impacted: Youth

Eligibility Status: Eligible ✓

## OVERVIEW

An organization lead by parents of players that provide essential funding and support for the Castle View Football Teams.

With close to 200 student athletes, valuable lessons are taught through team sports. Without CV Gridiron Club, the Castle View football program would not be able to operate effectively or provide safety gear and game transportation for the youth.



Finance  
Department

Awarded  
Every Year  
Since 2022

# CASTLE ROCK ORCHESTRA

Purpose for Funds: Music purchase for the 18th season (Fall 2025 to Spring 2026)

Age Group Impacted: All

Eligibility Status: Eligible ✓

## OVERVIEW

An adult community orchestra with many of their members residing in Castle Rock and Douglas County.

The Castle Rock Orchestra performs four concerts a season to an average of 150 audience members. The last two seasons have been in partner with the Castle Rock Children's Choir, consisting of 25-30 Castle Rock Youth.



Finance  
Department



Awarded  
\$500 in  
Quarter 3 -  
2022

# A PRECIOUS CHILD

Purpose for Funds: Aims to serve over 100 children and caregivers in Castle Rock who are living in poverty via the Resource Bridge Program.

Age Group Impacted: Youth

Eligibility Status: Eligible ✓

## OVERVIEW

Providing children and families who are challenged by poverty with resource navigation and holistic support services.

In 2024, 273 Castle Rock residents were served, 103 specifically through the Resource Bridge Program. Of the Castle Rock residents that are served, all are low-income with 86% living between 101-200% below the Federal Poverty Level.



Finance  
Department

# BAND BOOSTER CLUB

Purpose for Funds: To provide band students with the things they need to succeed as young aspiring musicians.

Age Group Impacted: Youth

Eligibility Status: Eligible ✓

Awarded  
\$1000 in  
Quarter 2 -  
2024

## OVERVIEW

Composed solely of volunteers, the CV Band Booster's purpose is to support the Castle View High School Band program.

The CV Band Booster finds value in performing for the community and shows this by performing annually at the Douglas County Fair Parade, having the Pep Band perform for the elementary schools and attending events such as Shake Shack opening.



Finance  
Department



First Time  
Applicant

# CASTLE COUNTRY ASSISTED LIVING

Purpose for Funds: To enhance the landscaping of the exterior of the Cantril House.

Age Group Impacted: Seniors

Eligibility Status: Eligible ✓

## OVERVIEW

A mission to provide compassionate and supportive communities for seniors. Castle Country Assisted Living's vision is to create new possibilities for a quality life for aging adults.

This vision is upheld by providing seniors a safe residential environment, ability to choose their care, providing basic services, and providing outreach to surrounding communities and becoming a valuable community asset.



Finance  
Department



Second Quarter

# Proposed Motion

I move to award funding to the following organizations:

## ORGANIZATION

The Green Thumb  
Third Meal  
Heavy Athletics  
Lady Trailblazer  
Castle View Gridiron Club  
A Precious Child  
Castle View Band Booster Club  
Castle Country Assisted Living

## RECOMMENDED



Finance  
Department



Second Quarter

## Alternative Motion

I move to award funding to the following organization(s) for a different amount:

*Organization*

*(New Amount)*

I move to continue this item to the Town Council meeting on \_\_\_\_\_ date to allow additional time to (list information needed).



Finance  
Department





# Questions?



Finance  
Department





# Thank You!



Finance  
Department



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 13. **File #:** ORD 2025-022

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**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Michael J. Hyman, Town Attorney

**Ordinance Amending Section 9.06.010 of the Castle Rock Municipal Code by Adding Adult Performances to the Charge of Public Indecency and Related Definitions (First Reading)**

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### **Executive Summary**

The proposed changes to the provisions of Section 9.06.010 of the Castle Rock Municipal Code to add adult performances to the charge of public indecency arise out of concerns brought to the attention of our office by District 6 Councilmember Tim Dietz.

### **History of Past Town Council, Boards & Commissions, or Other Discussions**

The Town Council first adopted a code prohibiting public indecency, indecent exposure, and public nudity in 2023. See Town Ordinance No. 2023-024. The provisions of that code have remained unchanged since that time.

### **Discussion**

Earlier this year, Councilmember Dietz contacted the Town Attorney's Office, raising a concern that the Castle Rock Municipal Code did not explicitly prohibit performances of live adult entertainment in public places. Although the Town has adopted an ordinance that regulates sexually oriented businesses (see Castle Rock Municipal Code Chapter 17.56), that ordinance is designed to prevent the deleterious location and concentration of sexually oriented businesses within the Town and, as such, does not address individual behavior outside the confines of a licensed establishment.

The proposed ordinance is intended to plug that apparent gap in our Code. Accordingly, a person who performs live adult entertainment in a public place or a location where the conduct may reasonably be expected to be viewed by members of the public commits an act of public indecency if the performance is done with the intent to sexually arouse the viewer and involves:

- The exposure of the public region, the buttocks, the breast of any person, or male or

- female genitalia, whether real or prosthetic; or
- The performance of sexual activities, whether real or simulated.

An exception to the prohibition is provided if the performance takes place within a permitted sexually oriented business. At the present time, the Town does not have any permitted sexually oriented businesses within its boundaries.

As is the case with any of the existing provisions of Chapter 9.06, those persons who violate the proposed ordinance may be prosecuted in the Castle Rock Municipal Court. Those persons who are found guilty by the Court may be punished by a fine of not more than \$1,000.00 or by imprisonment to exceed one year, or by both such fine and imprisonment. See Castle Rock Municipal Code Section 1.08.010. Further, the Town Attorney's Office has opined that the amendment to Section 9.06.010 is legally defensible and should withstand constitutional scrutiny if challenged.

### **Budget Impact**

None.

### **Staff Recommendation**

The Town Attorney's Office recommends approval of the proposed ordinance

### **Proposed Motion**

*"I move to approve the ordinance as introduced by title."*

### **Alternative Motions**

*I move to approve the ordinance as introduced by title, with the following conditions:*

\_\_\_\_\_.

*I move to continue the ordinance to the Town Council meeting on \_\_\_\_\_.*

### **Attachments**

Attachment A - Ordinance Amending Section 9.06.010 of the Castle Rock Municipal Code

Attachment B - Presentation

**ORDINANCE NO. 2025-022**

**AN ORDINANCE AMENDING SECTION 9.06.010 OF THE CASTLE ROCK MUNICIPAL CODE BY ADDING ADULT PERFORMANCES TO THE CHARGE OF PUBLIC INDECENCY AND RELATED DEFINITIONS**

**WHEREAS**, the Town desires to add adult performances to Section 9.06.010 of the Castle Rock Municipal Code (the “Code”), concerning public indecency; and,

**WHEREAS**, the Town Council finds and determines that it is in the best interests of the residents to amend Section 9.06.010 of the Code.

**NOW, THEREFORE, IT IS ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK, COLORADO:**

**Section 1. Amendment.** Section 9.06.010 of the Castle Rock Municipal Code is amended to read as follows:

9.06.010        Public indecency.

- A.     It is unlawful for any person to commit public indecency. A person who performs any of the following in a public place or where the conduct may reasonably be expected to be viewed by members of the public commits public indecency:
1.        An act of sexual intercourse; or
  2.        A lewd exposure of an intimate part of the body, not including the genitals, done with intent to arouse or to satisfy the sexual desire of any person; or
  3.        A lewd fondling or caress of the body of another person; or
  4.        A knowing exposure of the person's genitals to the view of a person under circumstances in which such conduct is likely to cause affront or alarm to the other person; OR
  5.        A PERFORMANCE OF LIVE ADULT ENTERTAINMENT, OTHER THAN AT A PERMITTED “SEXUALLY ORIENTED BUSINESS,” AS THAT TERM IS DEFINED IN SECTION 17.56.020, WITH THE INTENT TO SEXUALLY AROUSE THE VIEWER OF THE PERFORMANCE AND WHICH INVOLVES:
    - a.        THE EXPOSURE OF THE PUBIC REGION, THE BUTTOCKS, THE BREAST OF ANY PERSON, OR MALE OR FEMALE GENITALIA, REGARDLESS OF WHETHER THE EXPOSURE IS OF A REAL OR PROSTHETIC BODY PART OR AREA; OR
    - b.        THE PERFORMANCE OF SEXUAL ACTIVITIES, WHETHER REAL OR SIMULATED.



B. For purposes of this section:

1. “Intimate part” means the external genitalia or the perineum or the anus or the buttocks or the pubes or the breast of any person.
2. “SEXUAL ACTIVITIES” INCLUDES:
  - a. THE FONDLING OR OTHER INTENTIONAL TOUCHING OF HUMAN GENITALS, PUBIC REGION, BUTTOCKS, OR ANUS, INCLUDING THROUGH CLOTHING;
  - b. SEX ACTS, WHETHER REAL OR SIMULATED, INCLUDING INTERCOURSE, ORAL COPULATION, SODOMY OR MASTURBATION, INCLUDING THROUGH CLOTHING; OR
  - c. THE DEPICTION, WHETHER REAL OR SIMULATED, OF HUMAN GENITALS IN A STATE OF SEXUAL STIMULATION.

**Section 2. Severability.** If any clause, sentence, paragraph, or part of this ordinance or the application thereof to any person or circumstances shall for any reason be adjudged by a court of competent jurisdiction as invalid, such judgment shall not affect the remaining provisions of this ordinance.

**Section 3. Safety Clause.** The Town Council finds and declares that this ordinance is promulgated and adopted for public health, safety and welfare and this ordinance bears a rational relation to the legislative object sought to be obtained.

**APPROVED ON FIRST READING** this 17th day of June, 2025, by the Town Council of the Town of Castle Rock, Colorado, by a vote of \_\_\_\_ for and \_\_\_\_ against, after publication in compliance with Section 2.02.100.C of the Castle Rock Municipal Code; and

**PASSED, APPROVED AND ADOPTED ON SECOND READING** this \_\_\_\_ day of \_\_\_\_\_, 2025, by the Town Council of the Town of Castle Rock, Colorado, by a vote of \_\_\_\_ for and \_\_\_\_ against as required by Section 2.02.100 of the Castle Rock Municipal Code.

**ATTEST:**

**TOWN OF CASTLE ROCK**

\_\_\_\_\_  
Lisa Anderson, Town Clerk

\_\_\_\_\_  
Jason Gray, Mayor

**Approved as to form:**

**Approved as to content:**

\_\_\_\_\_  
Michael J. Hyman, Town Attorney

\_\_\_\_\_  
David L. Corliss, Town Manager

# **ORDINANCE AMENDING SECTION 9.06.010 OF THE CASTLE ROCK MUNICIPAL CODE REGARDING ADULT PERFORMANCES**

JUNE 17, 2025



>

# BACKGROUND

- The proposed amendment arises out of concerns brought to our attention by District 6 Councilmember Tim Dietz
- The Town Council adopted Chapter 9.06 of the Castle Rock Municipal Code prohibiting public indecency, indecent exposure, and public nudity in 2023.
- The existing Code does not explicitly prohibit performance of live adult entertainment in public places.



# REASON FOR THE AMENDMENT

- Chapter 17.56 of the Castle Rock Municipal Code regulates the operation of sexually oriented businesses within the Town.
- The ordinance is designed to prevent the concentration of sexually oriented businesses by limiting the areas in which they may operate and their hours of operation, prohibiting sales of alcoholic beverages, and establishing a minimum age for entry.
- Chapter 17.56, however, does not address individual behavior outside the confines of a licensed establishment.

# WHAT DOES THE ORDINANCE PROHIBIT?

- The purpose of the proposed ordinance is to plug that gap in our Code.
- A person who performs live adult entertainment –
  - In a public place; or
  - A location where the conduct may reasonably be expected to be viewed by the public,
- Commits public indecency if –
  - The performance is done with the intent to sexually arouse the viewer and:
    - Involves the exposure of the pubic region, the buttocks, the breast of any person, or male or female genitalia, whether real or prosthetic; or
    - The performance of sexual activities, whether real or simulated.



# WHAT ARE THE CONSEQUENCES?

- Those persons who violate the proposed ordinance may be prosecuted in the Castle Rock Municipal Court.
- If found guilty by the Court, the offender may be punished by:
  - A fine of not more than \$1,000.00;
  - Imprisonment not to exceed one year; or
  - Both such fine and imprisonment.



"I MOVE TO APPROVE ORDINANCE NO. 2025-022 AS INTRODUCED BY  
TITLE ON FIRST READING."

"I MOVE TO APPROVE ORDINANCE NO. 2025-022 AS INTRODUCED  
BY TITLE, WITH THE FOLLOWING CONDITIONS:  
\_\_\_\_\_."

"I MOVE TO CONTINUE ORDINANCE NO. 2025-022 TO THE TOWN  
COUNCIL MEETING ON \_\_\_\_\_."



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 14. **File #:** ORD 2025-023

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**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Tara Vargish, PE, Director, Development Services  
Tammy King, Zoning Manager  
Brad Boland, AICP Long Range Project Manager

### **Ordinance Amending Various Provisions of Chapter 17.61 of the Castle Rock Municipal Code Regarding Accessory Dwelling Units (First Reading)**

---

#### **Executive Summary**

In 2018, the Town of Castle Rock adopted regulations allowing accessory dwelling units (ADUs) town-wide, with a mix of administrative approvals for internal units and a public hearing/Use By Special Review (UBSR) process for detached units or additions. While intended to provide housing flexibility in allowing an ADU, the UBSR process-requiring neighborhood meetings and public hearings-has proven burdensome for many homeowners looking to add a detached or expanded unit. All ADU applications that have gone through the UBSR process were unanimously approved with no public opposition.

In May 2024, the State of Colorado passed House Bill 24-1152 (HB24-1152), which mandates that many municipalities, including Castle Rock, allow at least one ADU per single-family lot and approve them through an administrative process. The law also limits restrictive local regulations, including those related to setbacks and owner-occupancy.

Castle Rock's existing ADU regulations are largely consistent with the new state law. However, to ensure full compliance and improve the homeowner experience, staff recommends several updates to the ordinance. Key changes include:

- Eliminating the UBSR process for all ADUs in favor of administrative review
- Removing perpetual owner-occupancy requirements, while requiring proof of owner occupancy at the time of permit
- Setting a minimum size for interior ADUs at 750 sq ft



- Clarifying setback rules to ensure they are not more restrictive than those for primary structures
- Expanding allowance of ADUs in all single-family areas, including those with prior PD limitations

These updates reflect feedback the Town has received from ADU applicants and aligns with state law while maintaining the original goals of the ADU program: providing alternative housing options, increasing housing flexibility, and supporting evolving family needs.

Staff presented the proposed amendments to the ADU regulations to the Town Council at its April 15, 2025, meeting to seek direction on whether to proceed with bringing the changes forward for further consideration. Town Council directed staff to proceed with public hearings to adopt the proposed changes. On May 22, Planning Commission reviewed the proposed changes and recommended approval by a vote of 4-0.

### **Recommendation**

Planning Commission voted 4-0 to recommend to Town Council approval of the proposed changes to the ADU regulations.

### **Proposed Motion**

#### **Option 1: Approval**

*"I move to approved the ordinance, as introduce by title."*

#### **Option 2: Approval with Conditions**

*"I move to approve the Ordinance, with the following conditions: " (list conditions)*

#### **Option 3: Continue item to next hearing (need more information to make decision)**

*"I move to continue this item to the Town Council meeting on [date], at [time]."*

### **Attachments**

Attachment A: Proposed Ordinance



**Meeting Date:** June 17, 2025

## **AGENDA MEMORANDUM**

**To:** Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Tara Vargish, PE, Director, Development Services  
Tammy King, Zoning Manager  
Brad Boland, AICP Long Range Project Manager

**Title:** Accessory Dwelling Unit Regulations Amendment

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### **Executive Summary**

In 2018, the Town of Castle Rock adopted regulations allowing accessory dwelling units (ADUs) town-wide, with a mix of administrative approvals for internal units and a public hearing/Use By Special Review (UBSR) process for detached units or additions. While intended to provide housing flexibility in allowing an ADU, the UBSR process—requiring neighborhood meetings and public hearings—has proven burdensome for many homeowners looking to add a detached or expanded unit. All ADU applications that have gone through the UBSR process were unanimously approved with no public opposition.

In May 2024, the State of Colorado passed House Bill 24-1152 (HB24-1152), which mandates that many municipalities, including Castle Rock, allow at least one ADU per single-family lot and approve them through an administrative process. The law also limits restrictive local regulations, including those related to setbacks and owner-occupancy.

Castle Rock's existing ADU regulations are largely consistent with the new state law. However, to ensure full compliance and improve the homeowner experience, staff recommends several updates to the ordinance. Key changes include:

- Eliminating the UBSR process for all ADUs in favor of administrative review
- Removing perpetual owner-occupancy requirements, while requiring proof of owner occupancy at the time of permit
- Setting a minimum size for interior ADUs at 750 sq ft
- Clarifying setback rules to ensure they are not more restrictive than those for primary structures
- Expanding allowance of ADUs in all single-family areas, including those with prior PD limitations

These updates reflect feedback the Town has received from ADU applicants and aligns with state law while maintaining the original goals of the ADU program: providing

alternative housing options, increasing housing flexibility, and supporting evolving family needs.

Staff presented the proposed amendments to the ADU regulations to the Town Council at its April 15, 2025, meeting to seek direction on whether to proceed with bringing the changes forward for further consideration. Town Council directed staff to proceed with public hearings to adopt the proposed changes. On May 22, Planning Commission reviewed the proposed changes and recommended approval by a vote of 4-0.

## **Background**

### **Town Regulations**

Town Council approved accessory dwelling unit (ADU) regulations in January 2018 to permit and regulate accessory dwelling units across the Town unless expressly prohibited in a PD. An accessory dwelling unit (ADU) is a secondary smaller, independent residential dwelling unit located on the same lot as a stand-alone single-family home.

The Town's ADU regulations were originally drafted in 2018 to allow for all ADUs to be approved through an administrative process. During the public hearing process, Town Council requested changes to the regulations that would require ADU's go through the Use By Special Review (UBSR) process unless the ADU is within an existing structure and no additional square footage is added to the structure to establish the ADU. Interior remodels, such as basement finishes would be handled administratively through the building permit process. At the time of adoption, Town Council indicated that they would be open to re-evaluate this process after a few years of seeing the outcome of these units and the public feedback to see if the UBSR process was still an appropriate process.

As of the end of 2024, a total of 81 building permits were issued for ADUs. A total of 9 ADUs were approved through the UBSR process. The UBSR process included neighborhood meetings, a hearing at Planning Commission for recommendation, and a hearing at Town Council for final decision. Every ADU that has gone through the UBSR process was approved unanimously and there was no negative public comment at the public hearings. Applicants for ADUs are residential homeowners, and staff has gotten feedback over the years that the public hearing process was lengthy for them and at times felt daunting and onerous.

Other pertinent requirements from the Town's ADU regulations for this discussion are as follows:

- Allowance – Allowed in all residential zoning districts unless expressly prohibited in PD Zoning Regulations
- Owner Occupancy - The property owner must occupy either the primary dwelling unit or the ADU
- Dual Rental Prohibited – A deed restriction is recorded prohibiting the concurrent renting of both the primary dwelling unit and the ADU.
- Size – The floor area of an ADU located interior to the primary dwelling unit shall

not exceed fifty percent of the primary dwelling unit. The building footprint of a detached ADU or a new ADU addition to the primary dwelling unit shall not exceed eight hundred square (850) feet

### State Law Changes

Colorado House Bill 24-1152 (HB24-1152), enacted on May 13, 2024, aims to increase the number of accessory dwelling units (ADUs) in the state. Most prominently, HB24-1152 requires that certain jurisdictions, such as the Town of Castle Rock, permit the construction of at least one ADU per single-family detached home through an administrative process and that jurisdictions cannot enforce regulations that unduly restrict ADU construction. HB24-115 requires that jurisdictions come into compliance with these requirements by June 30, 2025.

HB 24-1152 sets forth the following requirements that municipalities shall follow;

- Allow ADUs in all single family residentially zoned areas
- ADUs shall be approved through an administrative process
- Sets minimum size requirements
- Prohibits restrictive setback requirements
- Prohibits owner occupancy requirements
- Allows for proof of owner occupancy at the time of building permit issuance

Town staff submitted the proposed amendments to the Department of Local Affairs (DOLA) for review to ensure consistency with the requirements of House Bill 24-1152. DOLA staff confirmed that the proposed changes are in conformance with the legislation and did not recommend any modifications.

### Discussion

Castle Rock led the way among surrounding jurisdictions by allowing ADU's generally town-wide with the 2018 ADU regulations. The Town's ADU regulations comply with the recent state law in many areas, however there are a few items that staff is recommending to change for the benefit of residents as well as to comply with state law. The proposed amended ordinance language (Attachment A) is consistent with HB24-1152. Proposed changes include:

- Allowance: Allow ADUs in all single-family residential areas regardless if they had been prohibited in a Planned Development Plan
- Process: All ADUs would go through an administrative process, removing the UBSR/public hearing steps for the detached ADUs
- Owner Occupancy: Adds requirement that proof of owner occupancy at time of building permit of ADU. Removes the requirement for owner occupancy of either the primary dwelling or accessory dwelling unit through perpetuity.
- Size: Sets for a minimum square footage of an ADU that is within the primary dwelling unit of 750 square feet.
- Setbacks: Clarifies setback requirements if zoning districts are silent to accessory dwelling units and does not allow for setbacks of accessory dwellings to be more restrictive than the primary dwelling unit.

## **Staff Findings**

Staff believes that a change to an administrative approval for all ADUs is appropriate due to the lack of controversy surrounding the projects that went through the Use by Special Review process, and the feedback received by some of the applicants. By removing the use by special review process, homeowners will have a more streamlined process that doesn't create the rigor and time to go through the neighborhood meetings and public hearings. Staff believes that the other changes, including removing the deed restriction for owner occupancy, do not significantly change the intent of the Town's ADU regulations, and help add clarity to the existing regulations.

Staff has drafted an ordinance that would amend the ADU code to address the items discussed above, while maintaining the original intent of Town Council to provide (i) alternative housing options to make more efficient use of existing housing stock and infrastructure, (ii) flexible use of space for property owners, and (iii) a mix of housing type that responds to changing family dynamics. Staff recommends that Planning Commission recommend approval of the amended ADU regulations to Town Council.

## **Recommendation**

Planning Commission voted 4-0 to recommend to Town Council approval of the proposed changes to the ADU regulations.

## **Proposed Motion**

### **Option 1: Approval**

*"I move to approved the ordinance, as introduce by title."*

### **Option 2: Approval with Conditions**

*"I move to approve the Ordinance, with the following conditions: " (list conditions)*

### **Option 3: Continue item to next hearing (need more information to make decision)**

*"I move to continue this item to the Town Council meeting on [date], at [time]."*

## **Attachments**

Attachment A: Proposed Ordinance

**ORDINANCE NO. 2025-023**

**AN ORDINANCE AMENDING VARIOUS PROVISIONS OF CHAPTER  
17.61 OF THE CASTLE ROCK MUNICIPAL CODE REGARDING  
ACCESSORY DWELLING UNITS**

**WHEREAS**, since the adoption of Ordinance No. 2017-032, the Town of Castle Rock (the “Town”) has allowed the construction of accessory dwelling units as an accessory use to single-family detached dwellings throughout the community; and

**WHEREAS**, during the 2024 Legislative Session, the Colorado General Assembly adopted House Bill 24-1152 suggesting changes to local land use laws for the purpose of increasing the number of accessory dwelling units; and

**WHEREAS**, Town staff has reviewed House Bill 24-1152 and has determined that the Town’s existing ordinance is generally consistent with this legislation; and

**WHEREAS**, Town staff recommends that, given the Town’s success with encouraging accessory dwelling units as an available housing type, the best interests of the Town and its residents would be served by amending Chapter 17.61 to adopt a streamlined administrative process for approving new accessory dwelling units and to eliminate the requirement that the primary dwelling unit be occupied by the property owner.

**NOW, THEREFORE, IT IS ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK, COLORADO:**

**Section 1. Amendment.** Section 17.61.020 of the Castle Rock Municipal Code is amended to read as follows:

17.61.020 - Purpose and intent.

- A. The intent of permitting accessory dwelling units is to provide (i) alternative housing options to make more efficient use of existing housing stock and infrastructure, (ii) flexible use of space for property owners, and (iii) a mix of housing type that responds to changing family dynamics. Because accessory dwelling units do not require additional land, they can be incorporated into established neighborhoods more easily than other forms of housing.
- B. Irrespective of any provision in this Chapter, to the extent any PD zoning regulations ~~expressly preempt any conflicting Town regulations~~ REGARDING THE CREATION OF AN ACCESSORY DWELLING UNIT AS AN ACCESSORY USE TO ANY SINGLE-UNIT DETACHED DWELLING UNIT ARE IN CONFLICT WITH THIS CHAPTER 17.61, the provisions of ~~the PD zoning regulations~~ THIS CHAPTER shall govern and control.

**Section 2. Amendment.** Section 17.61.040 of the Castle Rock Municipal Code is

amended to read as follows:

17.61.040 - Applicability and compliance.

- A. Accessory Dwelling Units must comply with all provisions of this Chapter 17.61 and any applicable PD zoning regulations. In the event of a conflict between this Chapter and the PD zoning regulations, the more ~~restrictive~~ PERMISSIVE provision(s) shall apply, ~~except as provided in Section 17.61.050.B.8 as to the size of an ADU.~~
- B. Accessory Dwelling Units are prohibited in:
  - ~~(i)-1. properties zoned Mobile Home-ANY MH MANUFACTURED HOME ZONE DISTRICT, OR~~
  - ~~(ii)-2. a-Any residentially zoned property that contains an existing/proposed duplex, triplex, condo-CONDOMINIUM, townhouse-TOWNHOME, or multifamily units dwelling, or.~~
  - ~~(iii) — where expressly prohibited in PD zoning regulations.~~
- C. Accessory Dwelling Units ~~may be~~ ARE allowed in all residential zone districts AND IN ANY AREA WITHIN A PLANNED DEVELOPMENT DISTRICT DESIGNATED FOR SINGLE-FAMILY RESIDENTIAL USES upon AN ADMINISTRATIVE REVIEW BY THE DIRECTOR AND approval of a Use By Special Review ("UBSR") in accordance with Section 17.39.010 BUILDING PERMIT.; provided, however, that no UBSR is required under the following circumstances:
  - ~~1. — If the ADU is within an existing structure and no additional square footage is added to the structure to establish the ADU; or~~
  - ~~2. — If, at the time of initial construction, the ADU is proposed to be included in the building permit for a new single family residence. (Note: This subsection does not except new accessory dwelling units on lots with an existing single family home from the UBSR process.)~~

**Section 3. Amendment.** Section 17.61.050 of the Castle Rock Municipal Code is amended to read as follows:

17.61.050 - Regulation and restrictions.

- A. Criteria. In order to be classified as an ADU, a structure must meet each of the following building criteria:
  - 1. Provisions of living;

2. A kitchen;
  3. A bathroom;
  4. A facility for sleeping; and
  5. Physical separation from the primary dwelling unit, as follows:
    - a. A detached ADU is presumed to have physical separation for the purposes of this section.
    - b. When an ADU is attached to the primary dwelling unit, physical separation is required between the primary dwelling unit and the ADU. Such physical separation may be accomplished with a wall, a wall with a door, or other similar feature. Where a wall exists, the presence of a door frame, door hinges, pocket, or an opening equal to or less than thirty-eight (38) inches in width shall constitute physical separation.
- B. A building permit meeting all Town regulations must be obtained for all construction activities associated with developing Accessory Dwelling Units.
- C. The Town may issue a building permit authorizing the construction and use of an Accessory Dwelling Unit, provided the following conditions apply:
1. Number. No more than one (1) ADU may be created or maintained on a single lot or tract.
  2. Owner Occupancy.
    - a. ~~The property owner OF AN EXISTING PRIMARY DWELLING UNIT, as evidenced in the Douglas County public records, must occupy either the Primary Dwelling Unit or the Accessory Dwelling Unit, or both DEMONSTRATE THAT SUCH OWNER RESIDES IN THE PRIMARY DWELLING UNIT AT THE TIME AN APPLICATION IS SUBMITTED FOR A BUILDING PERMIT FOR CONSTRUCTION OF AN ADU.~~
    - b. ~~In the event the property is not owned by a natural person(s), then an individual with ownership or direct interest in the entity, as demonstrated to the Director, may be considered a property owner.~~
    - c. ~~The Director may waive this Owner Occupancy requirement for temporary absences of less than one (1) year provided that the owner has maintained the permitted use for a minimum of two (2) years and submits proof of temporary absence.~~



3. ~~Dual Rental Prohibited. At no time may both the Primary Dwelling Unit and Accessory Dwelling Unit be renter occupied. Prior to issuance of a building permit for an ADU, the property owner shall record a deed restriction, in a form acceptable to the Director, prohibiting the concurrent renting of both the Primary Dwelling Unit and the Accessory Dwelling Unit.~~ SHORT-TERM RENTALS. NOTHING IN THIS CHAPTER 17.61 SHALL PRECLUDE THE TOWN FROM ENACTING OR APPLYING A LOCAL LAW REGULATING THE USE OF ACCESSORY DWELLING UNITS FOR SHORT-TERM RENTALS.
4. Subdivision. Accessory Dwelling Units may not be subdivided or otherwise conveyed into separate ownership from the Primary Dwelling Unit on the lot or tract.
5. Utilities.
  - a. No separate water or sewer taps will be allowed for the ADU.
  - b. All billing for water, sewer and storm water services will be billed to the Primary Dwelling Unit account holder. As a condition to issuance of a building permit, the account holder shall certify to the Town that they will be responsible for all utility charges incurred by the ADU.
  - c. Should an ADU require the enlargement of the Primary Dwelling Unit's existing water tap, the applicant shall pay the incremental System Development Fees (as set forth in Chapter 13.12 of the Code) based on the new tap size, together with any connection fees.
6. HOA Compliance. It shall be the obligation of the property owner to obtain compliance with any homeowner association requirements for the ADU. The Town will not independently verify such compliance.
7. Design. An ADU shall be designed to maintain the architectural design, style, appearance and character of the Primary Dwelling Unit, and must be consistent with the existing façade, roof pitch, siding, eaves, window treatment and color of the Primary Dwelling Unit. The ADU shall be permanently affixed to an engineered foundation. All district zoning regulations applicable to the construction and placement of structures shall apply to ADUs.
8. Size. The floor area of an ADU located interior to the Primary Dwelling Unit shall not exceed fifty percent (50%) of THE Primary Dwelling Unit OR SEVEN HUNDRED FIFTY (750) SQUARE FEET, WHICHEVER IS GREATER. ~~The building footprint of a~~ A detached ADU or a new ADU addition to the Primary Dwelling Unit shall not exceed AN eight hundred (800) square feet—FOOT BUILDING FOOTPRINT ATTRIBUTABLE TO THE ADU, unless the

APPLICABLE PD zoning regulations establish a ~~different~~ MORE PERMISSIVE limitation, in which event the PD zoning regulations governing size shall apply.

9. SIDE SETBACK. THE SIDE SETBACK OF AN ADU SHALL MEET THE SIDE SETBACK REQUIREMENTS FOR AN ACCESSORY STRUCTURE IN THE APPLICABLE ZONE DISTRICT OR PD ZONING REGULATIONS; PROVIDED, HOWEVER, THAT IF THE SIDE SETBACK REQUIREMENTS FOR AN ACCESSORY STRUCTURE ARE GREATER THAN THOSE OF THE PRIMARY DWELLING UNIT, THE SIDE SETBACK OF AN ADU SHALL BE EQUAL TO THAT OF THE PRIMARY DWELLING UNIT.
10. REAR SETBACK. THE REAR SETBACK OF AN ADU SHALL MEET THE REAR SETBACK REQUIREMENTS FOR AN ACCESSORY STRUCTURE IN THE APPLICABLE ZONE DISTRICT OR PD ZONING REGULATIONS. IF, HOWEVER, NO REAR ACCESSORY STRUCTURE SETBACK REQUIREMENTS EXIST, THEN THE REAR SETBACK OF AN ADU SHALL BE FIVE (5) FEET.
- 9-11. Entrance. If an ADU is created by an addition to an existing Primary Dwelling Unit that requires a new separate outside entrance, only one (1) entrance may be located visible from the street upon which the property is addressed. The additional entrance may be located on the side of, or in the rear of the Primary Dwelling Unit.
- 10-12. Deviation from stated conditions. A request for deviation from the applicable regulations to install features that facilitate access and mobility for disabled persons shall be considered by the Board of Adjustment pursuant to Chapter 17.06 of the Code.
- 11-13. Pets. The restriction on the number of animals allowed under the Code shall be per lot, irrespective of the number of dwelling units located on the lot.
- 12-14. ~~Prohibited structures~~ PROHIBITION. Mobile homes, recreational vehicles, and travel trailers AND OTHER MOTOR VEHICLES, ATTACHMENTS, AND ACCESSORIES are prohibited as Accessory Dwelling Units.

**Section 4. Severability.** If any part or provision of this Ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provisions or application, and to this end the provisions of this Ordinance are declared to be severable.

**Section 5. Safety Clause.** The Town Council finds and declares that this Ordinance is promulgated and adopted for the public health, safety and welfare and this Ordinance bears a rational relation to the legislative object sought to be obtained.

**APPROVED ON FIRST READING** this \_\_\_\_ day of \_\_\_\_\_, 2025, by the Town Council of the Town of Castle Rock, Colorado, by a vote of \_\_ for and \_\_ against, after publication in compliance with Section 2.02.100.C of the Castle Rock Municipal Code; and

**PASSED, APPROVED AND ADOPTED ON SECOND AND FINAL READING** this \_\_\_\_ day of \_\_\_\_\_, 2025, by the Town Council of the Town of Castle Rock, Colorado, by a vote of \_\_ for and \_\_ against.

**ATTEST:**

**TOWN OF CASTLE ROCK**

\_\_\_\_\_  
Lisa Anderson, Town Clerk

\_\_\_\_\_  
Jason Gray, Mayor

**Approved as to form:**

**Approved as to content:**

\_\_\_\_\_  
Michael J. Hyman, Town Attorney

\_\_\_\_\_  
Tara Vargish, Director of Development Services

**To:** Honorable Mayor and Members of Town Council

**From:** Kristin Read, Assistant Town Manager

**..Title**

Update: Short-Term Rentals

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### **Executive Summary**

Staff last provided Council with an update on the issue of short-term rentals within the community in February 2021 (**Attachment A**). This topic arose again during a recent Council discussion of accessory dwelling units, and Council requested staff provide updated information on the issue of short-term rentals. The purpose of this item is to provide that update.

### **Discussion**

Council originally discussed this issue in February 2020, when there were roughly 120 short-term rentals operating in Castle Rock. By the time of staff's 2021 update a year later, that had fallen to roughly 60 short-term rentals – likely due to declines in travel related to the pandemic. In reviewing multiple available data sources in April 2025, staff believes the number of short-term rentals in Castle Rock has returned to the range of 100 to 150 properties, out of a housing stock of roughly 31,000 units.

In 2020, staff examined whether to engage a vendor to facilitate pursuing greater compliance with business licensing and sales tax collection requirements for short-term rentals and did not believe it worthwhile to pursue at that time based on cost-benefit analysis. Staff refreshed information on this option in April 2025 and believes there would now be a cost benefit to engaging a third-party vendor for licensing and tax collection compliance, should Council desire. Though the number of short-term rentals is similar to when this option was originally examined, the cost of third-party support has fallen from \$18,000 per year in 2020 to \$5,000 annually now. Further, since the time this issue was last examined, Castle Rock voters have approved a 6% lodging tax, which applies to short-term rentals, increasing the associated revenue potential.

Roughly 30 property hosts operating rentals within Town have obtained a Town business license and are remitting sales and lodging tax. Further, Airbnb recently began remitting sales and lodging tax to the Town on behalf of its hosts under the State's "marketplace facilitators" regulations. In 2024, the Town brought in \$669,050 in sales and lodging tax revenue related to short-term rentals. Estimating conservatively, staff believes this could increase to \$749,050 annually if all 100+ short-term rental properties complied with the Town's licensing and tax-collection requirements.

Beyond the issue of business licensing and sales and lodging tax collection, Council could consider implementing regulations specific to short-term rentals, up to and including a ban of such rentals in Castle Rock. Within Douglas County, Castle Pines and Parker prohibit all short-term rentals, while Lone Tree allows grandfathered short-term rentals to operate but does not allow new short-term rentals. Douglas County allows short-term rentals in unincorporated areas with a license, and as long as the area's zoning specifically allows such use.

There are no State regulations for short-term rentals. Municipal regulations vary, as summarized in an April 2022 Colorado Lawyer article, and address aspects including maximum occupancy, owner occupation, parking and the percentage of a community's housing that may be used as short-term rentals, to name a few (**Attachment B**). Regulations are typically implemented to address nuisances or to promote housing affordability, among other values. HOAs may also regulate short-term rentals.

Few concerns have been raised about the short-term rentals operating in Castle Rock since they have come onto the marketplace. Staff is happy to take Council's direction regarding any particular regulations they might wish to examine further but does not have any recommendation beyond requiring business licensing and sales and lodging tax collection, so that all lodging properties in Castle Rock are on a level playing field in this regard.

### **Attachment**

**Attachment A:** Staff Report from February 2021 Short-Term Rental Update

**Attachment B:** The State of Short-Term Rentals in Colorado from Colorado Lawyer magazine

**To:** Honorable Mayor and Members of Town Council  
**From:** Kristin Read, Assistant Town Manager  
**Thru:** David L. Corliss, Town Manager  
**Title:** Update: Short-Term Rentals

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## **Executive Summary**

Council in February 2020 discussed the issue of short-term rentals within the community. Council directed staff to define the rentals within Town Code and to continue efforts to collect from the rentals the sales tax due to the Town. The purpose of this memo is to provide an update on staff efforts to date in this area.

## **Discussion**

At the time of Council's last discussion on this issue, staff found approximately 120 listings in the Castle Rock area on Airbnb and about 25 on VRBO. (Staff disclosed these numbers were not exact – especially given the unincorporated pockets that exist throughout and around Castle Rock – but they provided a ballpark figure for listings in the area. Also, property owners may choose to list on more than one service, so there could be some overlap between the two sites.) Subsequent to the Council discussion, staff purchased services from a third-party vendor that validated this analysis – in February 2020, the service found 116 listings in Castle Rock, 103 of which would be considered short-term rentals, estimated to be comprised of 93 unique properties.

Likely due to declines in travel related to the COVID-19 pandemic, listings have fallen off by about 35% over the last year. The January 2021 third-party report showed 67 listings, 60 of which would be considered short-term rentals, comprised of 60 unique properties.

The service – which staff has not renewed for 2021 and which costs \$380 annually – also estimates the annual revenue generated by each property. The most common estimate as of the January 2021 report was \$0, for 19 of the 60 properties. Of those estimated to be generating revenue, there were:

Less than \$5,000 annually:	10 properties
\$5,000-\$10,000 annually:	13 properties
\$10,000-\$25,000 annually:	14 properties
\$25,000-\$50,000 annually:	four properties

The Town's general 4% sales tax is applicable to short-term rentals. Using median figures from the above estimates, short-term rentals in Town could be estimated to be generating \$517,500 in rental charges. Applying the 4% Town sales tax, these properties could potentially generate \$20,700 in tax revenue. However, getting to that amount of remittance could come at a cost to the Town.

While Airbnb and VRBO listings generally charge renters local taxes, those services are not remitting taxes to the Town. Staff is unable to enforce remittance without either 1) cooperation from the listing services or 2) assistance from a third-party service, since the actual addresses of rentals are not made public except to renters. Staff during 2020 made an initial attempt to gain voluntary compliance from Airbnb but has not heard back from that service, which is has been inundated with similar

requests from communities throughout the country. Staff in 2021 intends to refresh its request to Airbnb and to make a voluntary request compliance of VRBO, as well.

Staff did investigate a third-party service that could assist with compliance in February 2020, and the cost for that was quoted at about \$18,000 annually. Given the potential tax revenues for these properties is presently about \$21,000 (this is down from about \$24,000, when similar analysis was completed in February 2020), staff did not believe it worthwhile to pursue a third-party option to gain compliance.

Roughly a dozen property hosts operating rentals within Town have obtained a Town business license and are remitting Town sales tax, so pursuit of compliance using a paid service would most likely be a financial “wash” as the rentals market and as the Town’s taxation policies presently stand. That said, any future lodging tax could be made applicable to these rentals. So, if the Town pursues and voters approve a lodging tax, it may make more financial sense or the Town to pursue a third-party compliance option then, should efforts to obtain voluntary compliance prove unsuccessful.

As to the additional direction given to define the rentals within Town Code, staff has generated a definition for incorporation within Town Code. However, staff’s analysis is that this definition is not necessary to collect Town sales tax on short-term rentals and is not likely to facilitate additional compliance. Staff has the goal of incorporating the definition into the Code on its radar and plans to advance that item along with other sales tax definition changes at an optimal point in the coming years.

Staff aimed to roll up the aforementioned information very succinctly in the 2021 Major Projects List presented to Council on December 15, 2020, by indicating: “Staff has concluded research regarding short-term rentals within Castle Rock but can resume activity in this area if Council so provides direction.” Staff provides this more detailed update now, based on Council’s recent request, and asks Council to please provide any additional direction desired.

### **Attachment**

**Attachment A:** Staff Report from February 2020 Short-Term Rental Discussion



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 2/18/2020

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**Item #:** 12. **File #:** DIR 2020-006

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**To:** Honorable Mayor and Members of Town Council

**From:** Kristin Read, Assistant Town Manager

**Discussion/Direction:** Short-Term Rentals

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### Executive Summary

Council in December directed staff look into the issue of short-term rentals within the community. Among the topics requested to be researched were the prevalence in Town of such rentals - generally defined by stays of 30 days or less - as well as tax, regulatory and business-related issues. Staff has completed initial research in these areas and presents this report for Council's discussion and any further direction.

### Discussion

Short-term rentals have been more prevalent across the Country since online listing service Airbnb surged in popularity over the last decade. An attached article indicates Airbnb has about half of the market share, with longtime service VRBO having the second-largest share. Numerous smaller services are in the market, too. There are three basic varieties of rentals: 1) shared accommodations, where the resident remains on site with the guests; 2) unhosted sharing, where the resident vacates the unit so it can be used by short-term guests; and 3) dedicated rentals, where there is no primary resident.

Without a reservation, the listing services generally do not release a property's exact address. Using map searches in early February, staff found approximately 120 listings in the Castle Rock area on Airbnb and about 25 on VRBO. These numbers are not exact - especially given the unincorporated pockets that exist throughout and around Castle Rock - but they provide a ballpark figure for listings in the area. Council should keep in mind that property owners may choose to list on more than one service, so there could be some overlap between the two sites. Listings exist in most neighborhoods within Castle Rock, which has roughly 21,000 total housing units, to provide context as to the prevalence of listings.

Examining a listing on either site, one will notice listed among the applicable charges taxes including "occupancy taxes and fees" on Airbnb and "lodging tax" on VRBO. However, neither Airbnb nor VRBO are presently remitting taxes to the Town of Castle Rock. Airbnb executes with municipalities "Voluntary Collection Agreements" prior to remitting taxes, and the Town does not presently have one in place. Cities with the agreements in place have experienced challenges collecting tax revenues



from Airbnb; see the “Wired” article in **Attachment A**.

Still, the Town is receiving limited sales tax revenue from a handful of property “hosts” who have obtained Town business licenses as required to operate a business within Castle Rock. The Town’s 4% general sales tax is applicable to short-term rentals. The Town does not have a lodging tax, but any future lodging tax would be applicable to the rentals, as well.

Numerous Colorado municipalities have chosen to restrict or regulate short-term rentals. See **Attachment B** for a summary compiled by the Colorado Municipal League last year. Within Douglas County, the City of Castle Pines, Highlands Ranch Community Association and the Town of Parker prohibit short-term rentals, while Lone Tree does not regulate nor require licenses for them.

Town Code at present is silent on the issue, so the presumption is they are allowed where not restricted by homeowners association rules. Checking in with the larger HOAs in Town, staff found rentals shorter than one month are not allowed in Founders Village nor The Meadows, and rentals shorter than six months are not allowed in Terrain. (Staff also checked with the Crystal Valley HOA but had not received a response as of the writing of this memo.)

There are numerous considerations when evaluating whether to regulate short-term rentals, one of the chief of which is enforcement. Companies including Harmari, Host Compliance and LODGINGRevs contract with cities to monitor listings, verify compliance and collect complaints. Airbnb itself has launched a “Neighborhood Support” webpage where concerns can be submitted. Concerns about short-term rentals generally relate to noise, parking, trash and transient occupants. Positive aspects of the rentals include that they provide supplementary income to community members and can increase tourism spending and tax dollars within the local economy. Regulations are generally seen as a way to balance these various interests, as well as to provide for life-safety inspections and to level the playing field between these rentals and other commercial lodging businesses. Though, the rentals have been found to provide low direct competition for hotels, including by the American Planning Association and within a paper by a Harvard Business School professor.

Staff offers this information in response to Council’s direction and requests any further direction arising out of this briefing.

### **Attachment**

**Attachment A:** Inside Airbnb’s ‘Guerilla War’ Against Local Governments, Wired  
**Attachment B:** Short-Term Rental Property Ordinance Matrix-March 2019, CML

PARIS MARTINEAU BUSINESS 03.20.2019 07:00 AM

## Inside Airbnb's 'Guerrilla War' Against Local Governments

The high-profile unicorn is battling cities from Boston to San Diego over collecting taxes and enforcing zoning rules.



ALYSSA FOOTE; GETTY IMAGES

"Read my lips: We want to pay taxes," Chris Lehane, Airbnb's global head of public policy, [told the nation's mayors](#) in 2016. In the years since, the home-sharing site has repeated the declaration in [press releases](#), [op-eds](#), [emails](#), and on [billboards](#). On its website, Airbnb says it is "democratizing revenue by generating tens of millions of new tax dollars for governments all over the world."

But when Palm Beach County, Florida, a popular tourist destination, passed an ordinance in October 2018 requiring [Airbnb](#) and other short-term rental companies to collect and pay the county's 6 percent occupancy tax on visits arranged through their sites, Airbnb sued.

Palm Beach County tax collector Anne Gannon wasn't surprised. "We knew we were going to get sued," she says. "That's what they do all over the country. It's their mode of operation."

Gannon has been cajoling, threatening, and ordering Airbnb to collect taxes for its hosts since 2014. Five years, three lawsuits, and millions in unpaid occupancy taxes later, she's still trying. "All we want them to do is pay their taxes," she says. "They absolutely don't want to pay their taxes the way we want to collect them. That's the bottom line."

Similar dramas are playing out around the country. From Nashville to New Orleans to Honolulu, Airbnb is battling local officials over requests to collect occupancy taxes and ensure that the properties listed on its site comply with zoning and safety rules. In the past five months alone, the company has spent more than half a million dollars to overturn regulations in San Diego and has sued Boston, Miami, and Palm Beach County over local ordinances that require Airbnb to collect taxes or remove illegal listings. Elsewhere, Airbnb has fought city officials over regulations aimed at preventing homes from being transformed into de facto hotels and requests from tax authorities for more specific data about hosts and visits.

Airbnb is engaged in "a city-by-city, block-by-block guerrilla war" against local governments, says Ulrik Binzer, CEO of Host Compliance, which helps cities draft and enforce rules for short-term rentals, sometimes putting it at odds with hosting platforms. "They need to essentially fight every one of these battles like it is the most important battle they have."

Founded in 2008 as an early champion of the sharing economy by allowing people to rent homes, apartments, and rooms to others, Airbnb has grown into a lodging colossus, offering more than 6

Special Offer. [Subscribe to WIRED](#)

One reason Airbnb is often a cheap option for travelers: Running a hotel or bed and breakfast is expensive; snapping photos of your home, apartment, or spare room and filling out an online profile is not. Hotels must comply with a litany of health, safety, and zoning rules—as well as register with local agencies and agree to collect certain taxes—before they can book a single guest.

Airbnb maintains that, in some cases, it's not permitted to collect occupancy taxes required of hotels and other lodgings; it's also not responsible for ensuring the rooms and homes listed on its sites comply with zoning or health regulations. The company says it follows local and state laws but considers itself a “platform,” serving merely to connect hosts and visitors, rather than a lodging provider—more akin to Facebook than Marriott.

ADVERTISEMENT

The onus is on hosts, Airbnb argues, to collect and pay any relevant taxes and to comply with other regulations. In practice, though, few actually do—at least not without considerable effort by local authorities—according to interviews with more than a dozen local government officials and advisers.

Some officials agree with Airbnb. In an early 2018 survey of state tax departments by [Bloomberg](#), officials in 25 states said it was the host's responsibility to pay occupancy tax for an Airbnb stay. Officials in 14 states said they consider it the responsibility of Airbnb or other short-term rental operators. The survey was taken before the US Supreme Court ruled in June that states may collect sales tax from online retailers even when they don't have a physical presence in that state. The survey did not include local authorities, who are often more reliant on revenue from occupancy taxes, especially in popular tourist areas.

To be sure, these aren't Airbnb's taxes, any more than Hilton “pays” taxes for its guests' hotel stays. Rather, the officials sparring with Airbnb want the company to collect and forward the taxes from guests, much as hotels do. Airbnb says it isn't required to collect the taxes in many places; early on, it largely didn't.

#### Airbnb dominates the short-term rental business.

Share of US short-term rental listings on more than 100 sites.

Airbnb VRBO HomeAway Flipkey Booking Others

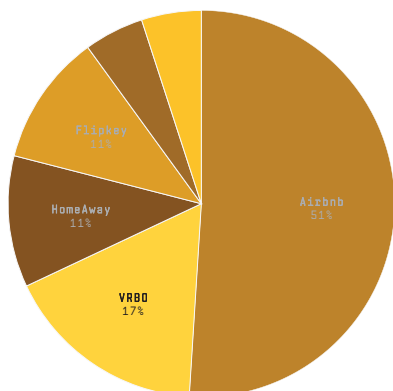


Chart: WIRED • Source: Host Compliance

That changed around 2014, when Airbnb began striking deals with officials in select cities to collect and deliver taxes from its hosts. It calls these Voluntary Collection Agreements, or VCAs. In Portland, site of the first agreement, city officials legalized home-sharing and lowered the registration fee for short-term rentals around the same time Airbnb agreed to add a 11.5 percent occupancy tax on each booking. It later negotiated similar deals in San Francisco, Chicago, Philadelphia, Washington, DC, and elsewhere. The company says it has signed more than 350 such agreements nationwide and more than 500 around the world, and has collected more than \$1 billion in taxes.

“Some governments have rules requiring platforms like Airbnb to collect and remit taxes, and we make every attempt to comply with these obligations,” says Christopher Nulty, Airbnb's head of public policy. “However, many governments do not have such rules and so Airbnb has proactively established more than 500 voluntary collection agreements globally to ensure our community is paying their fair share of taxes. We are eager to do everything we can to ensure we are paying our fair share and willing to work with any government that will work with us.”

However, those agreements don't require hosts to meet other zoning, health, and safety rules, and they prohibit cities from attempting to collect back taxes. Some also create obstacles for local agencies to identify and police hosts who list through the site. Dan Bucks, former director of the Montana Department of Revenue and former executive director of the US Multistate Tax Commission, [analyzed](#) some of the few publicly available Airbnb agreements and found that most prevented city officials from learning the names or addresses of Airbnb hosts, making it impossible for officials to enforce local codes. Bucks says the agreements helped Airbnb grow by "providing a shield of secrecy" to hosts. His study was partially funded by the American Hotel and Lodging Association, which is often at odds with Airbnb and other short-term rental companies.

**"All we want them to do is pay their taxes."**

— ANNE GANNON, PALM BEACH COUNTY TAX COLLECTOR

Airbnb says its VCAs are designed to help government agencies collect tax revenue, not to help them enforce other laws related to short-term rentals. The company says the agreements show that it is a responsible corporate citizen.

Historically, other online rental services, such as Booking.com, HomeAway, and VRBO, have not collected these taxes in many places. In the past two years, [HomeAway](#) and [VRBO](#) have begun collecting some occupancy taxes in a handful of areas—sometimes using [their own version](#) of a VCA. Booking.com does not offer any occupancy-tax collection services, compounding the revenue drain for municipalities. Booking.com's global communications manager, Kim Soward, says the company pays all required taxes. Expedia Group—owner of HomeAway, VRBO, VacationRentals, and other sites—did not respond to multiple requests for comment.

Airbnb is the undeniable giant of the field, and is reportedly preparing for an initial public offering. About 51 percent of all short-term rental listings in the US are on Airbnb, according to an analysis by Binzer, of Host Compliance. VRBO controls 17 percent of listings and HomeAway 11 percent, he says.

## Poster Child

New Orleans was hailed as the [poster child for Airbnb's work](#) with local governments after signing a VCA in December 2016. Around the same time, the city struck a deal with Airbnb to legalize short-term rentals while requesting that the company share the names and addresses of hosts, ban certain illegal listings, and create an online system that automatically registers hosts with the city, among other things. Many viewed the deal as a sign Airbnb was learning to live with local taxes and regulations.

Today, city officials say they're disappointed. They say a surge in short-term rentals has exacerbated New Orleans' affordable housing crunch and turned entire residential blocks into de facto hotels. Jane's Place Neighborhood Sustainability Initiative, a local housing group, says there were 4,319 whole-unit Airbnb listings in the city last year, more than double the 1,764 in 2015. The group found that 11 percent of operators, including many from outside Louisiana, control 42 percent of the city's short-term rentals.

The largest operator, a company called Sonder, has 197 short-term rental permits. Nearly 80 percent of Sonder's listings are booked through platforms like Airbnb, according to Sonder's director of communications, Mason Harrison. "That's a different story than the mom-and-pop" narrative that Airbnb often uses to describe its hosts, says New Orleans councilmember Kristin Gisleson Palmer.

City officials say the registration system Airbnb launched in April 2017 didn't give them some data they had requested, such as the identity of the property owner or tenant, the number of bedrooms in the property, and contact information for the property manager. To collect the missing data, city staffers say they had to contact 4,786 applicants over three months. "We could not really effectively use [the data provided] for enforcement and holding folks accountable," Palmer says.

In May 2018, the city council imposed a nine-month freeze in some areas on new permits for renting a home without an owner present. The following month, Airbnb disabled the registration system—including another enforcement-enabling feature, which displayed hosts' license numbers on their Airbnb listings.

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A February 15 report by the city's Department of Safety and Permits, obtained by WIRED, states that disabling the registration system caused a year of work by city officials tracking short-term rentals to "disappear overnight." The report concludes that Airbnb and other short-term rental companies had engaged in "deliberate data obfuscation, refusal to provide the required data, and a total failure of cooperation with any enforcement mechanisms pursued by the City." The report notes that Airbnb continues to collect and remit occupancy taxes for its listings in the city.

Airbnb says city officials' description of events is "inaccurate," and that it is supplying all the information that is required. The company says there were "initial bumps in the road that Airbnb was working with the city to address, only to have lawmakers abruptly change the rules in May 2018." Those changes, the company says, made the registration system ineffective.

"Housing affordability is a challenge in New Orleans—in fact 70 percent of our host community have said they rely on the income they make to stay in their homes," Airbnb says. The company says it is committed to working with officials to resolve any concerns.

To print the document, click the "Original Document" link to open the original PDF. At this time it is not possible to print the document with annotations.

A February report by the New Orleans Department of Safety and Permits is critical of short-term rental companies.

Blocking New Laws

Airbnb says it complies with laws that require it to collect and pay taxes for hosts. But it has also worked to forestall such laws—even seeking at times to strip cities of authority over short-term rentals. That’s what happened in Nashville in late 2017 and early 2018.

As the city inched closer to prohibiting so-called “mini hotels”—non-owner-occupied homes used exclusively as vacation rentals—Airbnb shifted its focus from City Hall to the state Capitol three blocks away. In the latter half of 2017, the company more than doubled the number of lobbyists it employed in Tennessee, to from four to 11, and spent between \$225,000 and \$350,000 on lobbying between February 2017 and August 2018, according to reports the company filed with the state.

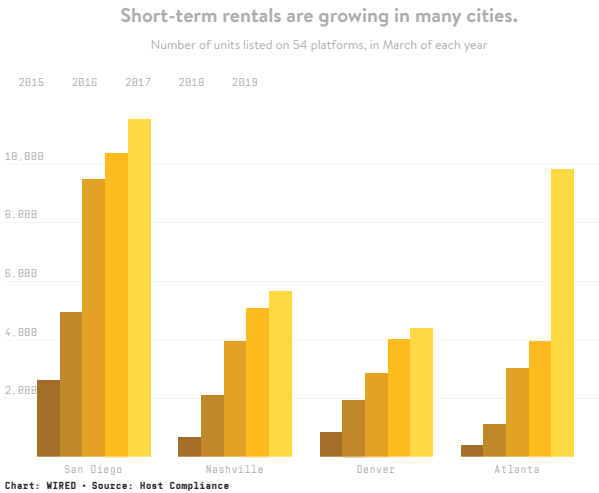
In January 2018, the Tennessee Department of Revenue signed a VCA with Airbnb. The agreement requires Airbnb to collect and pay the 7 percent state sales tax on its bookings, but does not cover the 5 percent occupancy tax in Nashville, by far its largest market in the state. A few days later, Nashville passed its ordinance prohibiting mini hotels.

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Around this time, a political action committee called the Committee to Expand Middle Class By Airbnb, Inc. donated \$10,000 to groups representing Tennessee Republicans, according to campaign finance records. The donations included \$2,500 to the campaign of state representative Cameron Sexton, who had introduced a bill in 2017 specifying that short-term rentals should not be considered hotels under state law. The bill, known as the Short-Term Rental Unit Act, was drafted in consultation with Airbnb and other short-term rental companies, including HomeAway, according to the *Tennessean*. It included a provision stripping cities of the power to ban existing short-term rentals. The Tennessee General Assembly passed the bill in April 2018.

Local activists say the law cripples cities’ ability to tackle an important local issue. “The Tennessee state Legislature and Tennessee’s governor decided to severely weaken the basic protections for the health, safety, and well-being of Nashvillians that were created by our local government,” John Stern, president of the Nashville Neighborhood Alliance, a residents’ group, says via email.

Airbnb says the Tennessee law was the work of “state lawmakers who care deeply about this issue and worked to organize a broad coalition of supporters—including the business, technology, property rights, and home sharing communities.” Sexton did not return a request for comment.



Similar scenarios have unfolded elsewhere after cities have moved to restrict short-term rentals. In February 2016, the Austin City Council voted to phase out mini hotels in residential areas by 2022. In the following months, several other Texas cities passed similar restrictions. Then, early in 2017, Texas state lawmakers introduced two bills in the legislature preventing municipalities from banning

Airbnb says it has “excellent working relationships” with many Texas cities and hopes to extend the VCA with the state to “new tax agreements with Texas municipalities to help them collect new revenue from home sharing.”

## Where's the Money?

Gannon, the Palm Beach tax collector, has been tilting at travel companies for a decade. In 2009, she sued Expedia, Orbitz, Priceline, and Travelocity for failing to collect and pay occupancy taxes on the full cost of the hotel rooms they were selling; three years later, the companies settled the suit and agreed to pay nearly \$2 million in back taxes.

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She then turned to the online home-rental companies. In 2014, she sued Airbnb, HomeAway, and TripAdvisor, alleging they should be classified as “dealers” renting accommodations under Florida law, and thus required to collect occupancy taxes on behalf of their hosts. In January, after five years, a judge ruled that the services were not dealers under Florida law and did not have to collect the taxes for hosts. Gannon is appealing the ruling.

In 2015, the Florida Department of Revenue signed a VCA authorizing Airbnb to collect and remit the 6 percent sales tax for all listings in the state, plus local sales and occupancy taxes for some counties.

Soon after, Gannon asked to see the details of the agreement; state officials told her it was confidential. So she sued the Florida Department of Revenue, alleging that the agency's secrecy violated the state's public records law. A few hours later, the department faxed a copy of its Airbnb VCA to Gannon's office; she says she was instructed not to share it with anyone. It required Airbnb to provide the state only with aggregate data and allowed the company to withhold “any personally identifiable information” about hosts or guests. Most other VCAs signed with state or local governments contain identical language.

Officials say such details about hosts and their rentals are crucial to enforcing local laws and ensuring the lump sum tax payments match up with detailed data on stays. Shielding names and other details from tax officials “is a gross departure from standard practice,” says Bucks, the former tax commissioner.

### "We're the middle—the hosts are stuck in the middle."

— MARIA VALE, AIRBNB HOST IN PALM BEACH COUNTY, FLORIDA

In New Orleans, the February report by the city's Department of Safety and Permits says Airbnb provided officials there with anonymous account numbers in place of addresses or taxpayer identifiers, making it difficult for the city to audit the information. “It is impossible to track whether we are getting all the money that we are supposed to get,” says Andrew Sullivan, chief of staff for Palmer, the New Orleans councilmember.

Airbnb disagrees. “Airbnb provides the necessary information to ensure tax payments are accurate, including number of nights, charges, and the amount of tax collected,” Nulty says. He says the company welcomes audits; however, many of the company's VCAs prohibit cities from auditing Airbnb more than once every two years.

To print the document, click the "Original Document" link to open the original PDF. At this time it is not possible to print the document with annotations.

*Airbnb's 2016 VCA with Sonoma County, California.*

## A Public Clash

Palm Beach County's monthly commissioners meeting is typically a dull affair. But October 16, 2018, was different.

The chambers were packed with people dressed in white, holding hot pink flyers. The reason: Gannon's proposal to amend the county's Tourist Development Ordinance to require platforms such as Airbnb to collect and remit occupancy taxes on behalf of hosts, and to share more data with the county.

A few weeks earlier, emails from Airbnb had arrived in the inboxes of its hosts in the county. "Home-sharing in Palm Beach County is under attack," many declared in bold letters, asserting that Gannon had proposed an "unfriendly" ordinance that would make hosts' lives more difficult. The emails implored hosts to attend the hearing and "use your voice to oppose this proposal and share the benefits" of home sharing.

Around 100 hosts attended the meeting. But Gannon was prepared. Having seen several of the emails, she assembled a three-page document rebutting what she calls Airbnb's "campaign of misinformation," line by line. The packet was printed on hot pink paper and given to each person who walked through the door.

During the meeting, some hosts expressed doubts about Airbnb's position. Some recalled seeing a message from Airbnb stating that it was collecting and remitting taxes on their rentals, though the company was not. "I have this underlying fear ... that I am breaking a law that I don't really know about," said Ruth Riegelhaupt-Herzig, an Airbnb host since 2015.

"We thought Airbnb took care of everything, and I was a little scared I was in trouble with the government," host Maria Vale said at the meeting. "All I'm saying is we're the middle—the hosts are stuck in the middle."

Nulty says that Airbnb makes it clear to hosts which taxes it collects via [this webpage](#), which lists areas with VCAs and what taxes they cover. The page does not explain which taxes hosts are required to collect on their own. A [different Airbnb page](#) instructs hosts to tell guests to bring extra money when checking in so the host can collect taxes in person. Riegelhaupt-Herzig says that isn't effective, as most guests are wary of paying an additional 6 or 10 percent directly to the host, in addition to the booking charges they paid online through Airbnb.

What's more, all stays booked in the area have a charge labeled "Occupancy Taxes and Fees" added to the final bill, because of the state's VCA. "So for us to turn around and say, 'I'm sorry, you haven't paid the occupancy tax in Palm Beach County,' they think we're scamming them," which isn't good for a reviews-based business, Riegelhaupt-Herzig told WIRED. She says she has been paying the county occupancy tax since October out of her own pocket.

**\$137** per night

★★★★★ 11

Dates

04/17/2019



04/29/2019

Guests

1 guest



\$144 x 12 nights (?)

\$1,731



Cleaning fee (?)	\$150
Service fee (?)	\$231
Occupancy taxes and fees (?)	\$126
<b>Total</b>	<b>\$2,151</b>

**Request to Book**

**You won't be charged yet**

Screenshot of the confirmation for a booking in Palm Beach County, Florida, showing occupancy taxes and fees. AIRBNB

After more than an hour of testimony, commissioner Dave Kerner said Airbnb had allowed its hosts to “be misled” about paying taxes. “That is concerning,” Palm Beach County mayor Melissa McKinlay said. “And so I will support this ordinance today.” It was approved unanimously seconds later.

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In San Diego last year, Airbnb took a different tack to counter a new law. City officials had signed a VCA with Airbnb in 2015. But they grew unhappy with the setup's lack of transparency and the inability to audit, says San Diego councilmember Barbara Bry. What's more, Airbnb use had skyrocketed in San Diego since then. In March 2015, there were more than 2,600 rental units listed on short-term rental sites in San Diego, according to Host Compliance; by 2019, that total had soared to more than 11,500. Host Compliance says two-thirds of short-term rentals in San Diego are posted on Airbnb. Bry says that the rise of full-time investor-owned short-term rentals in residential areas has hurt enrollment in public schools, transformed neighborhoods into districts of mini hotels, and contributed to a citywide housing shortage.

Last August, the San Diego City Council passed an [ordinance](#) that banned the short-term rental of homes that aren't the owner's primary residence and required platforms to collect taxes on behalf of their hosts, effectively overriding their VCA. Bry says she assumed Airbnb would sue, but it didn't. Within days, Airbnb threw its weight behind a movement to overturn the new rules through a citywide referendum.

Public records show Airbnb donated \$1.1 million to a California political action committee called “Committee To Expand the Middle Class, Supported by Airbnb, Inc.” That group reported spending \$300,000 to hire signature gatherers to circulate petitions opposing the San Diego ordinance. Airbnb also directly donated \$276,358 to a second group around the same time, records show.

Four weeks after the city council approved the new rules, representatives of Airbnb, HomeAway, and Stand for Jobs delivered more than 62,000 signatures calling for a referendum to rescind the ordinance, nearly twice the number needed to force a citywide vote.

City councilmembers said they didn't want to risk losing the vote, so they rescinded the ordinance, with plans to try again. “I'm disappointed that a corporation reportedly valued at \$31 billion descended upon our city with its unlimited millions of dollars and used deceptive tactics to force us to where we are today,” Bry said during a council meeting on October 22, just before the council voted to rescind its ordinance.

Airbnb says the petitions garnered so many signatures because the ordinance “would have devastated the local economy, impacted property rights in every San Diego neighborhood, and cost the city



and the response that will come from the state's attorney general and the state's attorney general to a public role.

Airbnb's battles with local officials have intensified since last year's Supreme Court ruling in a case involving online retailers. Some tax experts say the decision undercuts Airbnb's position that it doesn't have to collect taxes for its hosts. "There is no doubt whatsoever now that on a constitutional basis Airbnb can be required to collect [taxes]," says Bucks. "There is no justification for these special deals anymore." Airbnb says it's monitoring state-by-state developments related to the case.

Airbnb's recent lawsuits against Palm Beach, Boston, and Miami focus on another aspect of those cities' ordinances: a requirement that platforms remove listings that don't comply with the law. Airbnb says the requirements are unconstitutional and technologically unfeasible. But the company does remove illegal listings in its hometown of [San Francisco](#), and has conducted occasional or ongoing purges in New Orleans, Santa Monica, [Japan](#), [Berlin](#), [Vancouver](#), and, briefly, [New York City](#). In New York, Airbnb sued to block a city ordinance requiring it to turn over more detailed information on listings; a judge in January blocked the law from taking effect.

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In Boston, city councilor Michelle Wu helped lead the push last year for an ordinance aimed at discouraging hosts from turning apartments and homes into mini hotels. The ordinance requires hosts to register with the city and restricts short-term rentals to owner-occupied units. "Airbnb describes itself as a quaint little home-sharing service ... but the reality is that it has grown to be a corporate entity that makes millions of dollars from businesses taking advantage of loopholes and running de facto hotels," she says.

On April 17, Airbnb sent emails to thousands of Boston Airbnb users criticizing Wu. The email claimed that she was aligned with "big hotel interests" and falsely said she intended to place a "restrictive 30-day cap on unhosted stays." Wu says Airbnb never sought to discuss the ordinance or check the claims in the email. Airbnb says Wu's proposal was "anti-tenant, anti-middle class," and "overly restrictive."



Michelle Wu 吳弭

@wutrain

Interesting strategy, @Airbnb. No changes proposed since last amendment w @LydiaMEDwards. Not sure where you're getting 30-day cap, but spreading fake news doesn't bode well for credibility that you'll be a partner to the city as we work to address the housing crisis #bospoli [twitter.com/chrisvillani44...](#)

Chris Villani @ChrisVillani44

.@Airbnb has sent out an E-mail to Boston area residents urging people to call Boston City Council President @wutrain & urge her to drop what they call "unreasonable" restrictions on city rentals

Hi Chris,

Boston City Councilor Michelle Wu has a proposal that would place unreasonable restrictions on home sharing in the city and we need your help to stop it. She has aligned with big hotel interests against the interests of regular Bostonians. Will you use our speakout tool and send an email to Mayor Walsh and City Council today asking them to support responsible home sharing in Boston?

Send an email

The Wu proposal would place unnecessary restrictions on home sharing by:

- Placing a restrictive 30-day cap on unhosted stays.
- Prohibiting renters from sharing their homes, something not done anywhere else in the United States.
- Requiring notification of neighbors and that platforms like Airbnb collect and share an invasive amount of personal information putting your privacy at risk.

We know that when the collective voices of the Airbnb community

248 8:58 AM - Apr 17, 2018

136 people are talking about this

The ordinance passed in June. Four months later, Airbnb sued the city, alleging the rules—which went into effect January 1—violate state and federal laws. Wu says the city modeled its ordinance after San Francisco's, which Airbnb complies with. The Boston lawsuit—much like others recently filed by Airbnb—only challenges requirements that platforms remove illegal listings and share information with local officials to aid enforcement. The suit seeks an injunction against parts of the law, and the city has agreed not to enforce those sections until a judge rules.

A few weeks after Airbnb sued Boston, Massachusetts governor Charlie Baker signed legislation to tax and regulate short-term rentals at both the state and local levels. The law, which goes into effect

https://www.wired.com/story/inside-airbnbs-guerrilla-war-against-local-governments/

1047

Airbnb's municipal confrontations have been a boon for Binzer, whose company Host Compliance works with 150 cities to identify short-term rental owners skirting taxes and regulations and to devise an enforcement strategy without striking deals with Airbnb. He used to be an occasional Airbnb host himself—and paid occupancy taxes—when he lived in Tiburon, California; then he was tapped to help local officials quantify Airbnb's business in town. He says cities are often overmatched by Airbnb, in part because the company periodically tweaks the site in ways that impede tax collectors and enforcement agencies.

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For example, Binzer says that until December 2016, Airbnb included the street name of a property in the metadata attached to the listing. Airbnb's terms of service prohibit third parties from scraping its site for this kind of information, but critics say it's crucial for enforcement. Officials in some cities used this data to identify hidden hosts. Then Airbnb removed the street name, and altered the geocoding for listings, changing the latitude and longitude so properties appear in slightly different locations.

"It's a cat and mouse game," Binzer says. "They literally put the pin in the wrong place of where the actual property is."

Airbnb says it shields the street name and other personal information related to hosts "to ensure an added level of privacy when third-party scrape sites aim to compile listing information."

## From Negotiation to Litigation

Around the time Palm Beach County Commissioners passed the short-term rental tax ordinance in October, Gannon says she spoke with a representative from Airbnb. She recalls the company floating a gradual implementation strategy: Airbnb would comply with some of the new rules immediately, but others—like a system requiring hosts to be properly registered with tax authorities—would be phased in over time.

Gannon thought that seemed reasonable, as long as Airbnb collected and paid the taxes. But she didn't have time to see the discussion through. A month and a half after the ordinance was passed, Airbnb sued the county. The suit argues Airbnb can't be required to police illegal listings and share host information because "Airbnb is a realization of Congress's [free speech] goals" and a "classic intermediary." It doesn't question whether the company can be compelled to collect occupancy taxes; Airbnb is not collecting them in the county, though the ordinance went into effect on January 20. HomeAway also sued the county; the suits have since been combined.

"They were just stringing us along until they had their lawsuit ready to file," Gannon says. "It's typical of Airbnb ... They're getting ready to issue an IPO and go public."

To print the document, click the "Original Document" link to open the original PDF. At this time it is not possible to print the document with annotations.

*Airbnb's lawsuit against Palm Beach County, Florida.*

*Updated 3-21-2019, 5:30 pm EDT: This story was updated to clarify the relationship between the American Hotel and Lodging Association and Airbnb, to clarify a characterization of Airbnb's corporate citizenship, and to add a comment clarifying Airbnb's position about its cooperation with the city of New Orleans. The updated story also makes clear that HomeAway was among the companies that helped draft a Tennessee law and that HomeAway has sued Palm Beach County.*

*Updated 4-5-2019, 4:50 pm EDT: This story was updated to correct the amount Airbnb spent to oppose a San Diego ordinance.*

*Updated 4-12-2019, 6:00 pm EDT: This story was updated to incorporate additional comment from Airbnb regarding the company's stance on collecting taxes.*

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Short Term Rental Property Ordinance Meeting March 2019  
 Council, Colorado Association of Ski Towns, CMC, City of Fort Collins

City	Primary License Allowed	Non-Primary License Allowed	Which Taxes Required	Tax Collected By	License Required	Neighbor Notification	Concentration Limit	Zoning Limitations	Fees	Occupancy Requirement	Require a "local responsible party" to take complaints?	Utilities a 24 hour call center for complaints?	Compliance Efforts? (City, County, State, or other)	Website to STR ordinance/regulations	Number of listings (Approx.)	Other
Avon	yes	yes	yes	yes	yes, non-transferable	no	no	Short Term Overlay Districts - primarily town code	Annual Business License none fee is \$75	none	No	No	Mar/Free	<a href="http://www.avon.org/cit">http://www.avon.org/cit</a>	135	
Alamosa	yes	no	8% lodging tax	yes	yes	no	no	yes, secondary to primary, neither on external evidence of business activity	\$39 fee	no	No	No	STR Helpline	<a href="https://www.alamosa.org/cit">https://www.alamosa.org/cit</a>	300	require location certificate in public ads, no limit on number of days or amount of permits used in the city, however, must not be a primary use, and must be being used exclusively by primary residence
Boulder	yes	yes, only for rented basis with the owner's residence	yes	yes, annually renewable	no	no	no or no greater than 10% of all of the units in the building	no	\$150 annually plus a charge on initial license	none	No	No	Not permitted in employee housing units. Requires host to provide address			
Beaver Creek	no	yes	yes	by BCR/C	yes, annual Business License	no	no	no	\$300 annually	Yes	Yes	30 days	We are utilizing hotel management software, monitoring on that can who have not paid appropriate		1200	ICRC select STR, City Assessment and codes, lodging assessment at STR
Blue River	yes	yes	yes	7.5% lodging tax	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.blueriver.com/cit">www.blueriver.com/cit</a>	148	
Boulder	yes	no	yes	7.5% lodging tax	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.blueriver.com/cit">www.blueriver.com/cit</a>	148	
Breckenridge	yes	yes	yes	yes	yes, non-transferable	no	no	no	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.breckenridge.com/cit">www.breckenridge.com/cit</a>	301	
Castle Rock	Yes	Yes	4.6% lodging tax, 5% sales tax & 5% Excise Tax. The owner of the property is responsible for collecting and paying the taxes through the project.	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.castlerock.com/cit">www.castlerock.com/cit</a>	289	
Denver	yes	no	lodging tax 10-12%, 5% sales tax, 5% occupational tax, 5% business personal sales tax for short term rentals	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.denver.org/cit">http://www.denver.org/cit</a>	289	
Dillon	Yes	Yes	yes	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.dillon.com/cit">http://www.dillon.com/cit</a>	113	
Durango	yes	yes	yes	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.durango.com/cit">http://www.durango.com/cit</a>	113	
Elk Park	no	yes	yes	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.elkpark.com/cit">http://www.elkpark.com/cit</a>	113	
Elk Park - inside Estes Valley	yes	yes	yes	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.elkpark.com/cit">http://www.elkpark.com/cit</a>	113	
Fort Collins	yes	yes	yes	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.fortcollins.com/cit">http://www.fortcollins.com/cit</a>	113	
Fraser	yes	yes	yes	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.fraser.com/cit">http://www.fraser.com/cit</a>	113	
Frisco	yes	yes	yes	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.frisco.com/cit">http://www.frisco.com/cit</a>	113	
Golden	yes	yes	yes	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.golden.com/cit">http://www.golden.com/cit</a>	113	
Grand Lake	yes	yes	yes	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.grandlake.com/cit">http://www.grandlake.com/cit</a>	113	
Shuttle	yes	yes	yes	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.shuttle.com/cit">http://www.shuttle.com/cit</a>	113	
Steamboat Springs	yes	yes	yes	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.steamboat.com/cit">http://www.steamboat.com/cit</a>	113	
Telluride	yes	yes	yes	yes	yes, non-transferable	no	no	yes, determine occupancy limits	\$200 first time, \$75 annually	none	No	No	We utilize iTravel	<a href="http://www.telluride.com/cit">http://www.telluride.com/cit</a>	113	
Vail	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

[illegible]



# The State of Short-Term Rentals in Colorado

BY REAGAN LARKIN AND AMY BRIMAH



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*This article provides an overview of the current state of short-term rental regulation in Colorado. It focuses on local requirements across the state.*

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Colorado property owners have enjoyed record-setting appreciation in property values over the last decade. But soaring property prices have arguably caused a housing crisis, which has contributed to a severe labor shortage, particularly in resort communities. Causes of the housing crisis have been targeted through legislation, ballot initiatives, and local ordinances, with short-term residential lodging rentals (STRs) singled out as a primary culprit. This article offers an overview of STR regulation in Colorado. It focuses on county and municipal requirements throughout the state.

#### **Regulatory Overview**

STRs are governed by layers of state and local laws and regulations, and through private leases and covenants enforced by homeowners' associations (HOAs). STRs are generally defined as residential properties available for rent for a period of fewer than 30 days.<sup>1</sup> STRs may include all or a portion of a property and range from entire luxury homes to single rooms. STR owners and/or authorized property managers must typically obtain an STR-specific license and a sales and lodging tax or business license.<sup>2</sup>

In recent years, and especially in the last few months, state legislators and local officials have introduced a rash of legislation, ballot initiatives, and local regulations aimed at controlling the growth of STRs and, in some cases, curbing or banning them altogether.<sup>3</sup>

#### **Legislative Initiatives**

During the 2020 legislative session, the Colorado General Assembly passed HB 20-1093, which authorizes counties to adopt ordinances to license and regulate STRs.<sup>4</sup> The bill became effective September 14, 2020.

Legislators have also attempted to increase taxes on STRs in recent years. Legislation was

“  
In recent years, and especially in the last few months, state legislators and local officials have introduced a rash of legislation, ballot initiatives, and local regulations aimed at controlling the growth of STRs and, in some cases, curbing or banning them altogether.  
”

introduced in 2020 proposing to reclassify residential properties leased as STRs, which are currently taxed at a lower rate, to “non-residential” (i.e., commercial) properties that are taxed at a rate more than three times

higher than residential properties.<sup>5</sup> A similar bill was introduced by the General Assembly's Legislative Oversight Committee Concerning Tax Policy and Task Force in 2021.<sup>6</sup> While the 2020 and 2021 bills were ultimately rejected, a bill to reclassify the tax status of STRs is expected to be introduced in the 2022 legislative session.

#### **Ballot Initiatives**

Ballot initiatives to increase taxes on STRs to support initiatives to offset or counteract the effects of STRs have become increasingly popular. These efforts are particularly popular in mountain towns, which face critical housing shortages for resort workers. For example, in November 2019 Telluride voters approved a 2.5% tax on all STRs, effective January 1, 2020, to be applied to an affordable housing fund.<sup>7</sup>

In 2021, voters in Avon, Crested Butte, Leadville, and Ouray considered similar taxes. Avon voters approved a 2% tax on STRs.<sup>8</sup> The proceeds from the tax, which went into effect on January 1, 2022, are earmarked for community housing funds and expected to generate between \$1 and \$1.5 million in revenue annually.<sup>9</sup> Crested Butte voters approved a 2.5% increase on STRs, increasing the total excise tax on STRs to 7.5%,<sup>10</sup> to support workforce housing.<sup>11</sup> Leadville voters approved a 4.92% accommodation tax on STRs units, among other accommodations,<sup>12</sup> to fund affordable and community housing.<sup>13</sup> Ouray voters approved a 15% excise tax to support workforce housing and wastewater treatment facilities.<sup>14</sup>

In 2021, Telluride voters also raised the business license fees for STRs, with the increased revenue to be dedicated to Telluride's Affordable Housing Fund.<sup>15</sup> In addition, Telluride voters considered two competing ballot initiatives on capping STR licenses. Voters rejected a cap on short-term rental licenses at 400 and an annual lottery system for permits,<sup>16</sup>

“

Thus, the increase in municipal tax proceeds resulting from spending by STR renters, versus the negative impacts STRs have on communities where they're located, continues to be a policy and legal struggle for local governments, police departments, and other regulators. Accordingly, local governments around the state have imposed a range of regulations, and some have either capped or suspended the issuance of new STR licenses.

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which would have cut the existing number of licenses nearly in half.<sup>17</sup> Instead, Telluride voters approved a cap to limit the number of STR licenses to the number that had been issued as of election day, November 2, 2021.<sup>18</sup>

### Local Rules and Ordinances

Even before boards of county commissioners were handed specific authority to license and regulate STRs, municipalities regulated them by requiring licenses or permits to rent STRs and collecting taxes on the rentals.<sup>19</sup> Local and county requirements vary substantially. For example, unincorporated Eagle County has no restrictions on STRs, and unincorporated Routt County bans them altogether.<sup>20</sup> Durango and Breckenridge cap STR permits and have long permit waiting lists.<sup>21</sup>

Many other counties and municipalities have similar ordinances and rules. As noted above, STRs are typically defined as rentals of residential dwellings for less than 30 consecutive days. Some jurisdictions add occupancy limits<sup>22</sup> and parking requirements to the duration requirement.<sup>23</sup> In counties and municipalities that require STR licenses or permits, those licenses and permits are typically effective for one- or two-year terms and must be renewed before such period expires.<sup>24</sup> Proof of insurance is typically required,<sup>25</sup> as is designation of a point

person who must be available 24 hours a day to respond to emergencies.<sup>26</sup>

Some municipalities engage third-party companies that monitor STRs to identify illegal STR operations within the municipalities and to ensure compliance.<sup>27</sup>

Notwithstanding the breadth of regulations, the STR market continues to expand, with more companies competing with giants such as Airbnb and VRBO to attract both listings and renters. Local realtors also participate in brokering STRs. Not to be left behind, the traditional hospitality industry also has a presence in the STR market through platforms such as Homes & Villas by Marriott International.<sup>28</sup> And aggregator and property management sites offer strong analytical tools to sell data to subscribers about everything from nightly pricing to the STR market strength in particular locations.<sup>29</sup>

Yet local governments must balance the competing and conflicting desired policy outcomes of various players. Some constituents want less STR regulation to benefit STR operators and listing owners, tourism, and the resulting STR-generated tax dollars. Others want more regulation to limit STRs based on the perceived negative impact STRs have had on housing prices in general, the affordable housing market, neighborhood safety, and the character of communities that are not designed for tourists.

The push for increased regulation is driven in part by studies indicating the negative effects of STRs. For example, according to several studies, the conversion of leases for periods over 30 days into STRs has exacerbated the housing crisis,<sup>30</sup> which may have created worker shortages as workforce housing evaporates in some communities. A study in Boston concluded that “home sharing is increasing rents by decreasing the supply of units available to potential residents.”<sup>31</sup> This study also concluded that an increase in Airbnb listings relative to total housing units is correlated with a decrease in the number of non-STR units offered for rent.<sup>32</sup> Thus, the increase in municipal tax proceeds resulting from spending by STR renters, versus the negative impacts STRs have on communities where they're located, continues to be a policy and legal struggle for local governments, police departments, and other regulators. Accordingly, local governments around the state have imposed a range of regulations, and some have either capped or suspended the issuance of new STR licenses. Regulations for specific counties and, where applicable, their constituent municipalities, are described below.

### The City and County of Denver

The City and County of Denver (Denver) implemented its first STR licensing requirements

in 2016.<sup>33</sup> Denver requires a license to offer a short-term rental in a primary residence, which is the only type of premises eligible for an STR license. A person can have only one primary residence, which is where the person's habitation is fixed for the term of the license and is the person's usual place of return, as documented by specified identification such as a driver's license.<sup>34</sup> Accordingly, Denver does not allow investor-owned STRs or multiple licenses per person.<sup>35</sup> The license applicant must provide a valid Colorado driver's license or state identification card and at least two other documents to demonstrate primary residency.<sup>36</sup> The applicant must also self-certify that the information on the application is accurate and truthful under penalty of perjury.<sup>37</sup>

Denver limits the services offered by third-party booking providers to facilitating STRs. It is unlawful for booking service providers to receive payment, directly or indirectly, for an unlicensed STR located in Denver, and providers face strict liability and civil penalties of \$1,000 per violation per day.<sup>38</sup> STR owners and third-party booking providers must collect Denver's lodger's tax at 10.75% of the listing price, including cleaning fees, for the first 29 nights of any reservation.

### **El Paso County**

The El Paso County commissioners discussed STRs at meetings in 2019<sup>39</sup> but did not adopt a countywide permitting or licensing system. However, several municipalities within the county have permitting systems.

### **Colorado Springs**

In 2018, the Colorado Springs City Council adopted a permitting system for STRs.<sup>40</sup> In 2019, the city amended its STR permitting ordinance to establish two types of permits, owner occupied and non-owner occupied.<sup>41</sup> "Owner occupied" means the property owner occupies the dwelling for at least 185 days each year.<sup>42</sup> Permissible STR locations are also limited. Owner-occupied STR units are allowed in lawful dwelling units in zones where residential units are allowed.<sup>43</sup> Non-owner-occupied STRs are not permitted in single-family zoning districts and must be 500 feet from another permitted STR unit.<sup>44</sup>

While the city does not cap the number of permits issued, the limitation on non-owner-occupied permits likely acts to suppress or decrease the number of non-owner-occupied permits sought and issued. Further, the city limits the number of licenses to one permit per lawful dwelling unit<sup>45</sup> on a property and up to four STR units per property.<sup>46</sup> Each owner of a condominium or similar building is limited to two STR units per property.<sup>47</sup> And the use of STRs for commercial or large social events, including weddings, is prohibited.<sup>48</sup>

### **Manitou Springs**

Manitou Springs limits STRs to 2% of the available residential structures within city limits.<sup>49</sup> According to official data, that figure is 58 potential permits.<sup>50</sup> STR units must be a minimum of 500 feet from other STRs.<sup>51</sup> Property owners who meet these conditions may apply for a Minor Conditional Use Permit (MCUP), to be approved by the planning commission.<sup>52</sup> To maintain the MCUP, the property owner must rent the property for a minimum of 21 days per year.<sup>53</sup> On December 7, 2021, Manitou Springs promulgated a temporary one-year moratorium for the acceptance and processing of applications for STRs, which is effective until October 31, 2022.<sup>54</sup>

### **Boulder County**

Boulder County requires a license to operate an STR in unincorporated Boulder County.<sup>55</sup> It offers a primary dwelling license or a secondary dwelling license for STRs, and a vacation rental license.<sup>56</sup> A vacation rental license is permitted only in certain zone districts in unsubdivided land and is not permitted in subdivisions. The difference between a secondary dwelling license and a vacation rental license is based on the number of nights rented, with rentals for over 60 nights per year subject to a vacation rental license.

### **Boulder**

Boulder has a "system of rental licenses for all dwelling and rooming accommodations in the city that are rented to tenants"<sup>57</sup> and requires a valid license for all rental properties in Boulder.<sup>58</sup> Additional rules apply to STRs.<sup>59</sup>

Owners are required to obtain an STR license before advertising their property for rent, and the property must be the owner's principal residence.<sup>60</sup> "Principal residence" is defined as the dwelling unit in which a person resides for more than one half of the year.<sup>61</sup> The name on the license must be the same as the name on the deed for the property, and the owner must be a natural person, trust, or nonprofit organization.<sup>62</sup> The owner must follow the city's occupancy limits, and advertisements must contain the maximum allowed unrelated occupancy as well as the rental housing license.<sup>63</sup> A license will not be issued for a permanently affordable dwelling unit.<sup>64</sup> An accessory unit or a principal dwelling unit on a single-family lot or parcel with an accessory unit may not be rented as an STR unless certain additional requirements are met, and it may not be rented for more than 120 days in a calendar year.<sup>65</sup>

### **City and County of Broomfield**

The City and County of Broomfield (Broomfield) prohibits STRs of a residence that is not the property owner's principal residence.<sup>66</sup> A principal residence is defined as the dwelling unit in which a person resides for more than half the year, with additional limitations based on the address on the license and number of days listed.<sup>67</sup> The property owner must be a natural person or the beneficiary of a trust whose name appears on the deed to the property on which the dwelling unit to be rented is located.<sup>68</sup> Broomfield limits the number of occupants based on the square feet of the interior living space and does not permit more than four cars at or near the property.<sup>69</sup>

### **Larimer County**

Larimer County passed an ordinance for the enforcement of STRs on November 8, 2021, and a license is now required in unincorporated Larimer County for STRs.<sup>70</sup>

### **Fort Collins**

Fort Collins requires an STR license for both primary and non-primary residences.<sup>71</sup> A primary STR is one occupied by the property owner for at least nine months and includes a duplex or carriage house on the same property. Non-primary STRs are not owner occupied.



STRs are only permitted in single-family (R-1) dwellings.<sup>72</sup> STRs are not allowed in multifamily R-2 buildings, which are apartment or condominium buildings with three or more dwelling units on a single property, unless such buildings were built to R-1 building standards. Fort Collins considers STR use of multifamily buildings to be too risky, because only single-family homes have extra fire wall protection at the property lines and roof areas.<sup>73</sup>

Fort Collins also requires a certification from the owner that the dwelling unit complies with specific sanitation, mechanical, electrical, structural, and fire safety requirements.<sup>74</sup> The dwelling unit must be located in a zone district that allows short-term primary rentals as specified in the Fort Collins Land Use Code;<sup>75</sup> or it must have been used as an STR since before March 31, 2017, and owners must show that a valid sales and use and lodging tax license was obtained before October 31, 2017.<sup>76</sup> The lodging tax in Fort Collins is 3%.

### Eagle County

Eagle County has not adopted a permitting or licensing system for STRs.

### Vail

Vail requires the owner or property management firm to register the STR.<sup>77</sup> Registration requires an affidavit, signed by the owner or the property management firm, under penalty of perjury, certifying that the STR is in habitable condition and complies with certain health and safety standards.<sup>78</sup> If the STR is located within a duplex, the owner or property manager must provide written notice to the last known address of the adjoining residential dwelling unit.<sup>79</sup> Each owner or property management firm is required to appoint a natural person who remains within “a sixty (60) minute distance” of the STR and is available 24 hours per day, seven days a week, to serve as the STR’s local representative.<sup>80</sup> Complaints related to the STR are to be directed to the local representative.<sup>81</sup>

### Grand County

All property owners who engage in STRs in unincorporated Grand County must obtain a license.

### Winter Park

Winter Park requires STR registration before advertising or operating the STR.<sup>82</sup> A “high impact” STR, which is one that accommodates more than 20 people, must also apply for a special use permit before registration.<sup>83</sup>

The Winter Park Town Council recently passed an incentive program, “The Short Term Fix,” to encourage owners to rent their properties to full-time tenants rather than nightly visitors.<sup>84</sup> For a one-bedroom unit, the town offers property owners who choose to rent to an employee working at least 35 hours a week in Winter Park \$5,000 for a six-month lease and \$10,000 for a year lease.<sup>85</sup> For a two- or three-bedroom unit, the town provides a \$10,000 upfront payment for a six-month lease and \$20,000 for a year lease.<sup>86</sup> Winter Park’s Short-Term Fix 2021–22 budget was exhausted, so applications are no longer being accepted at this time.

### Summit County

Summit County has been regulating short-term lodging and vacation rentals since 2018 when it initially began requiring property owners to obtain permits.<sup>87</sup> In June 2021, the Summit County Board of County Commissioners (Board) adopted Ordinance 20 to improve existing STR regulations.<sup>88</sup>

Shortly after adopting Ordinance 20, in September 2021, the Board noted that “more than 30% of all Summit County’s housing stock [was] being utilized as short-term vacation rentals.”<sup>89</sup> Further, an increase in short-term rentals was contributing to a loss of workforce housing, “resulting in local businesses being understaffed and cutting hours and services due to the lack of employees.”<sup>90</sup> With such concerns in mind, and to “prevent [] the further conversion of potential long-term housing stock,” the Board instituted a 90-day moratorium on the acceptance of new STR applications to give the county time to review data and propose further regulations and amendments.<sup>91</sup> The moratorium was effective from September 17, 2021, to December 17, 2021.<sup>92</sup>

Six months after adopting Ordinance 20, on December 16, 2021, Summit County adopted Ordinance 20-B, amending and revising Ordinance 20.<sup>93</sup> Under Ordinance 20-B, the county adopted

regulations creating a two-tier license system, assigned by zones—the STR Resort Overlay Zone and the STR Neighborhood Overlay Zone.<sup>94</sup> As their names suggest, the zones distinguish between resort communities and residential neighborhoods.<sup>95</sup> Resort licenses are required for areas within the STR Resort Overlay Zone, which includes Keystone, Copper Mountain, Tiger Run Resort, and unincorporated areas at the base of Peak 8 in Breckenridge.<sup>96</sup> Resort licenses have greater occupancy and allowances, and place no restrictions on the number of nights rented.<sup>97</sup> On the other hand, the STR Neighborhood Overlay Zone provides for three types of licenses, varying by the number of nights leased.<sup>98</sup>

### Breckenridge

According to its city council, Breckenridge has experienced a “steady and dramatic” increase in the issuance of STR licenses from 2012 to 2020.<sup>99</sup> Accordingly, Breckenridge imposed a cap on the number of licenses allowed for nonexempt STR properties at 2,200, effective November 2, 2021.<sup>100</sup> The city council believes the cap will achieve an overall reduction of 276 nonexempt accommodation unit licenses.<sup>101</sup>

### Routt County

STRs are prohibited in unincorporated Routt County, except in commercial districts.<sup>102</sup>

### Steamboat Springs

Steamboat Springs requires owners of residential properties used for “vacation home rentals” to obtain a vacation home rental permit, except for properties located in resort and gondola districts.<sup>103</sup> A “vacation home rental” is defined as a single-family dwelling or duplex used as a lodging establishment where the owner does not reside and in which the owner is not residing during the rental period.<sup>104</sup> The resort and gondola districts are not currently subject to restrictions and are referred to as “by-right” areas—places where property owners have the right to rent their properties without a permit or approval from the city.<sup>105</sup> STRs are prohibited in the city’s open space, industrial, and commercial districts.<sup>106</sup> The permitting process requires public notice and the opportunity for objections

to be filed with the planning director.<sup>107</sup> Valid objections are referred to the city council for review at a public hearing.<sup>108</sup>

Steamboat Springs also allows STRs under its temporary use regulations, without requiring the property owner to obtain a vacation home rental permit.<sup>109</sup> Under a temporary use permit, a single-family dwelling or duplex may be used as an STR two or less times per year for a maximum of 30 days per calendar year.<sup>110</sup>

A “vacation rental” (as opposed to a vacation home rental) is defined as “[a] dwelling unit, in a multiple-family or mixed-use building, used as a lodging establishment where the owner does not reside in the dwelling unit.”<sup>111</sup> Vacation rentals may be rented on a short-term basis by-right, except in open space and industrial zones.<sup>112</sup> A permit is not required for a vacation rental.<sup>113</sup>

After members of the Steamboat community expressed concerns regarding the impacts of vacation homes and STRs,<sup>114</sup> the Steamboat Springs City Council imposed a 90-day moratorium on receipt of applications for permits in June 2021, citing “a severe shortage of housing of the local workforce” and the diversion of existing and new housing into the STR pool as a contributing factor to the housing shortage.<sup>115</sup> The city council later extended the moratorium to January 31, 2022, to allow time for the planning commissioners to continue their comprehensive review of the city’s policies regarding vacation home rentals and STRs.<sup>116</sup>

During the moratorium, the council has been engaging with the community to obtain feedback concerning STR regulations and the impacts of STRs on the community.<sup>117</sup> In early 2022, the Steamboat Springs Planning Commission director and the City Attorney’s Office began the process of creating a proposed set of “overlay zones” for review and approval by the planning commission. The zones will dictate how the properties in each zone are regulated with regard to STRs. There will likely be three levels of regulation: STRs will be banned, restricted, or not subject to any restrictions, depending on their locations within the overlay zones.<sup>118</sup>

Steamboat Springs seems to be unique in that it doesn’t define the period or length of stay of vacation rentals or STRs.

## **Pitkin County**

Pitkin County is currently considering imposing license requirements for STRs in unincorporated parts of the county. On December 15, 2021, the Pitkin County commissioners unanimously approved the first reading of an ordinance that would require short-term rentals to be licensed with the county and in compliance with various regulations.<sup>119</sup> A second reading of the ordinance and a public hearing occurred on January 26, 2022, and was continued for subsequent public hearings.<sup>120</sup>

## **Aspen**

Aspen requires STR owners to obtain a vacation rental permit to operate a vacation rental,<sup>121</sup> which is defined as “[t]he short term occupancy of a residential dwelling unit by the general public for a fee.”<sup>122</sup> Individual rooms within a residential dwelling unit are expressly exempt from the definition of vacation rental.<sup>123</sup> The requirement to obtain a permit does not apply to lodges, timeshare lodges, bed and breakfasts, and hotels.<sup>124</sup> Currently, Aspen allows a dwelling unit to be leased on a short-term basis (i.e., 30 consecutive days or less) without limitations in most city zones.<sup>125</sup> Aspen also requires property owners to notify any applicable HOAs when they apply for a vacation rental permit.<sup>126</sup>

However, changes to Aspen’s STR regulations are forthcoming. On December 8, 2021, the Aspen City Council imposed an immediate, emergency moratorium on the acceptance of residential development and building permits and applications for STR licenses based, at least partially, on concerns for lack of availability of affordable local housing for employees and residents.<sup>127</sup> The moratorium is being challenged in court by the Aspen Board of Realtors, which is seeking declaratory and injunctive relief to stop the city from enforcing the moratorium.<sup>128</sup>

## **San Miguel County**

San Miguel County approved STRs of single-family residences in 2014 and requires owners to obtain a permit for such use.<sup>129</sup>

## **Telluride**

Telluride allows STRs for a period of 29 days or less.<sup>130</sup> However, in Residential Zone Districts,

STRs are capped at three STRs annually for a cumulative number of rental days not to exceed 29 days.<sup>131</sup> Notably, “long-term rentals” (for periods of at least 30 consecutive days) are allowed throughout the entire town, but a single property may not exceed three rentals in a calendar year.<sup>132</sup>

## **Tax Issues**

In 2019, the Colorado Legislature passed HB 19-1240, which assigned sales tax collection responsibilities to “marketplace facilitators,” who must collect and remit sales tax for sales made by “marketplace sellers” on the marketplace facilitator’s marketplace.<sup>133</sup> As a result of this legislation, STR facilitators must now collect and remit Colorado sales tax. According to the Colorado Department of Revenue, “[o]wners and managers of units rented for less than 30 consecutive days are required to collect and remit sales taxes. Applicable state, special district taxes, county lodging and local marketing district taxes, [and] all state-collected local and county sales taxes are also due on the rental price.”<sup>134</sup> Although the legislature has considered the issue, Colorado has not passed a change in the property tax classification of property used for STRs.<sup>135</sup>

## **HOA Issues**

STR-related issues may also be regulated by HOAs, which struggle with many of the same issues that local governments face. HOAs do not enjoy the power that local governments have over STR issues because the Colorado Common Interest Ownership Act<sup>136</sup> governs most HOAs and limits their ability to make regulations that differ from the recorded covenants and declarations establishing the HOA community. For example, CRS § 38-33.3-205(1)(l) requires that any restrictions on the use, occupancy, and alienation of units be contained in the recorded declaration. CRS § 38-33.3-217(4.5) requires that no amendment may change the uses to which any unit is restricted in the absence of a vote or agreement of at least 67% of owners, or any larger percentage specified in the declaration. As a result, declarations that permit STRs must be amended to change the provisions in the declaration governing STRs,

to the extent the HOA community desires to prohibit or limit STRs.

The Colorado Court of Appeals has upheld the statutory provisions, stating that “[f]or short-term vacation rentals to be prohibited, the covenants themselves must be amended. . . . [T]he board’s attempt to accomplish such amendment through its administrative procedures was unenforceable.”<sup>137</sup> From a practical standpoint, practitioners drafting new documents for an HOA or amending existing documents should discuss STR issues with the developer and HOA board, including the differences between a covenant that runs with the land and a rule or regulation that may be amended by the board, because HOA boards lack authority to change covenants in the declaration through rules.

#### Lease Considerations

Given the potential profitability in rental arbitrage, when drafting residential leases for clients, practitioners should encourage clients to consider including either a prohibition of STRs or, alternatively, a specific permitted use. Although many jurisdictions surveyed in this article require the owner’s written consent as part of the application for a third party to obtain a license (whether a property manager or tenant), third-party facilitators do not ask for verification that the person creating the listing has permission to list the property as an STR. If the premises are located in an area with an HOA, the lease’s STR terms should be consistent with those in the HOA documents, because the property owner must answer for any violations.

#### Practice Tips

STR regulation is a constantly changing area. Practitioners advising clients on owning or operating an STR should

- review local government regulations and determine if additional updates are pending.
- advise the client on tax compliance issues. Notably, third-party facilitators must now collect the taxes on behalf of the listing party, but if the third-party facilitator fails to perform, the owner becomes liable for complying with the tax regulations.
- understand applicable HOA requirements.


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HOAs and limits  
their ability to  
make regulations  
that differ from the  
recorded covenants  
and declarations  
establishing the  
HOA community.”

Only some local government license application processes include confirmation that the property is not subject to HOA regulations pertaining to STRs, so attorneys should review HOA documents before advising the client on whether an STR is permitted at the property.

- confirm that there are no additional applicable covenants recorded against the property or rental restrictions in the deed.

Ultimately, the property owner retains liability for compliance with all regulations and covenants, as STR platforms and facilitators to date have faced no liability for listings that do not comply with government regulations. Further, when a potential client informs the attorney that the client’s property was successfully listed on an STR platform, the attorney should not assume that the client has complied with the regulations or covenants governing the property.

#### Conclusion

Regulations concerning STRs continue to evolve as counties, municipalities, and HOAs balance competing demands. The shortage of housing in many parts of Colorado is not expected to resolve any time soon, and it is unclear whether STR regulations will stem such shortages. When advising clients about STRs, practitioners should be up to date on all regulations governing the premises and monitor changes at the state and local levels.<sup>138</sup> 



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#### NOTES

1. See, e.g., Colorado Springs, Colo., Code § 7.2.201 (defining “short term rental unit”).
2. See, e.g., Manitou Springs, Colo., Mun. Code § 18.89.020; Aspen, Colo., Mun. Code § 26.575.220(b)(1) and (e)(1)(b); Telluride, Colo., Land Use Code art. 3, §§ 3-201.B, 3-202.B, 3-203.B, 3-204.B, 3-205.B, 3-206.B, 3-219.B, and 3-601.G.
3. The legislation, regulations, and ballot initiatives cited in this article were current as of January 15, 2022. But given the swiftly changing nature of STR laws, practitioners should always verify the currency of laws and regulations before advising clients on STRs.
4. HB 20-1093, Concerning County Authority



To License And Regulate Short-Term Lodging Rentals, codified at CRS § 30-15-401(1)(s)(I).

5. SB 20-109, Concerning the Property Tax Classification of Property Used for Short-Term Rentals. Residential properties are currently taxed at 6.95% (CRS § 39-1-104.2(r)), while nonresidential lodging properties are taxed at 29% (CRS § 39-1-104(1)).

6. Interim Comm. Bill 9, Concerning the Property Tax Treatment of Real Property That is Used to Provide Lodging for Short-Term Stays, [https://leg.colorado.gov/sites/default/files/images/lcs/bill\\_9\\_22-0168.pdf](https://leg.colorado.gov/sites/default/files/images/lcs/bill_9_22-0168.pdf).

7. 2019 Telluride, Colo., Ballot Question 300, [https://results.enr.clarityelections.com/CO/San\\_Miguel/97201/web/#/detail/13](https://results.enr.clarityelections.com/CO/San_Miguel/97201/web/#/detail/13).

8. 2021 Avon, Colo., Ballot Issue 2C, <https://www.avon.org/civicalerts.aspx?aid=1827>.

9. Longwell, “Voters go for Avon short term rental tax,” *Vail Daily* (Nov. 2, 2021), <https://www.vaildaily.com/news/eagle-valley/voters-show-support-for-avon-short-term-rental-tax-in-early-results>.

10. Crested Butte, Colo., Ballot Question 2D, <https://results.enr.clarityelections.com/CO/Gunnison/111084/web.278093/#/detail/16>.

11. *Id.*

12. Leadville, Colo., Ballot Issue 2A, <https://results.enr.clarityelections.com/CO/Lake/111090/web.278093/#/detail/9>.

13. *Id.*

14. Ouray, Colo., Ballot Issue 2A, <https://results.enr.clarityelections.com/CO/Ouray/111103/web.278093/#/detail/13?v=281565%2F>.

15. Telluride, Colo., Ballot Question 2D, [https://results.enr.clarityelections.com/CO/San\\_Miguel/111114/web.278093/#/detail/11?v=282268%2F](https://results.enr.clarityelections.com/CO/San_Miguel/111114/web.278093/#/detail/11?v=282268%2F).

16. Telluride, Colo., Ballot Question 300, [https://results.enr.clarityelections.com/CO/San\\_Miguel/111114/web.278093/#/detail/12?v=282268%2F](https://results.enr.clarityelections.com/CO/San_Miguel/111114/web.278093/#/detail/12?v=282268%2F).

17. See Blevins, “Colorado mountain communities vote ‘yes’ on new short-term rental fees but reject heavier regulation,” *Colo. Sun* (Nov. 5, 2021), <https://coloradosun.com/2021/11/05/colorado-resort-town-voters-airbnb-vrbo-election>.

18. Telluride, Colo., Ballot Question 2D, *supra* note 15.

19. Municipalities have the power to regulate businesses that operate within the municipality under several laws, including, but not limited to (1) CRS § 31-15-501 (concerning municipal power to regulate businesses); (2) CRS § 31-15-401 (concerning municipal police powers); (3) the authority granted to home rule municipalities by Colo. Const. art. XX; and (4) the powers contained in local town and city charters.

20. Berg, “Colorado conundrum: How communities around the state are handling short-term rentals,” *Aspen Times* (Sept. 18, 2021), <https://www.aspentimes.com/news/colorado-conundrum-how-communities-around-the-state-are-handling-short-term-rentals>. See also Town of Breckenridge’s Short Term Rentals webpage, <https://www.townofbreckenridge.com/your-government/finance/short-term-rentals>.

townofbreckenridge.com/your-government/finance/short-term-rentals.

21. *Id.*

22. See, e.g., Colorado Springs, Colo., Code § 7.5.1706(H); Manitou Springs, Colo., Mun. Code § 18.89.040(E).

23. See, e.g., Manitou Springs, Colo., Mun. Code § 18.89.030(D)(5), (F); Fort Collins, Colo., Mun. Code § 15-644(a)(3).

24. See, e.g., Colorado Springs, Colo., Code § 7.5.1702(C).

25. See, e.g., Colorado Springs, Colo., Code § 7.5.1704(G); Fort Collins, Colo., Mun. Code § 15-644(a)(5).

26. See, e.g., Colorado Springs, Colo., Ordinance No. 18-112 § 7.5.1703(B)(4).

27. See, e.g., Manitou Springs, Short-Term Rental Operations, <https://www.manitouspringsgov.com/450/Short-Term-Rental-Operations>; Town of Breckenridge, Short Term Rentals, <https://www.townofbreckenridge.com/your-government/finance/short-term-rentals>; Berg, “Steamboat Springs hires short-term rental compliance company” *Steamboat Pilot & Today* (Aug. 10, 2021), <https://www.steamboatpilot.com/news/steamboat-springs-hires-short-term-rental-compliance-company>.

28. <https://homes-and-villas.marriott.com>.

29. See, e.g., <https://www.beyondpricing.com>; <https://www.airdna.co>. Denver is listed as the 15th best market for STR arbitrage in 2021 by AirDNA, <https://www.airdna.co/blog/short-term-rental-arbitrage-2021>.

30. Lee, “How Airbnb Short-Term Rentals Exacerbate Los Angeles’s Affordable Housing Crisis: Analysis and Policy Recommendations,” 10 *Harvard L. & Policy Rev.* 229, 230-35 (2016), [https://harvardlpr.com/wp-content/uploads/sites/20/2016/02/10.1\\_10\\_Lee.pdf](https://harvardlpr.com/wp-content/uploads/sites/20/2016/02/10.1_10_Lee.pdf). See also Barron et al., “Research: When Airbnb Listings in a City Increase, So Do Rent Prices,” *Harvard Bus. Rev.* (Apr. 17, 2019), <https://hbr.org/2019/04/research-when-airbnb-listings-in-a-city-increase-so-do-rent-prices>; Bivens, “The economic costs and benefits of Airbnb: No Reason for Local Policymakers to Let Airbnb Bypass Tax or Regulatory Obligations,” *Economic Policy Institute* (Jan. 30, 2019), [epi.org/157766](http://epi.org/157766); and Barker, “The Airbnb Effect On Housing And Rent,” *Forbes* (Feb. 21, 2020), <https://www.forbes.com/sites/garybarker/2020/02/21/the-airbnb-effect-on-housing-and-rent/?sh=5191edb92226>.

31. Merante and Horn, Is Home Sharing Driving up Rents? Evidence from Airbnb in Boston at 3 (Department of Economics University of Massachusetts Boston, Working Paper 2016-03), [http://repec.umb.edu/RePEc/files/2016\\_03.pdf](http://repec.umb.edu/RePEc/files/2016_03.pdf).

32. *Id.* at 4.

33. Revised Mun. Code, City and Cty. of Denver, Colo., Ordinance No. 262-16.

34. *Id.* at § 33-46(4).

35. *Id.* at §§ 33-49(b) and -48(f).

36. *Id.* at § 33-46(4).

37. *Id.* at § 33-48(b).

38. *Id.* at § 33-49(f) and (h).

39. Minutes from July 30, 2019, and October 15, 2019, El Paso County Board of County Commissioners Meetings, <https://www.agendasuite.org/iip/elpaso/file/getfile/10707>; <https://www.agendasuite.org/iip/elpaso/file/getfile/12025>.

40. See *generally* Colorado Springs, Colo., Ordinance No. 18-112.

41. See *generally* Colorado Springs, Colo., Ordinance No. 19-101.

42. Colorado Springs, Colo., Code § 7.2.201.

43. See *generally* Colorado Springs, Colo., Code § 7.5.1704.

44. Colorado Springs, Colo., Ordinance No. 19-101; Colorado Springs, Colo., Code § 7.5.1704(C), (D).

45. Colorado Springs, Colo., Code § 7.5.1704(B).

46. Colorado Springs, Colo., Ordinance No. 18-112; City of Colorado Springs, Colo., Code § 7.5.1704(B).

47. *Id.*

48. Colorado Springs, Colo., Ordinance No. 18-112, § 7.5.1706(D).

49. Manitou Springs, Colo., Mun. Code § 18.89.040(A).

50. See Manitou Springs’ Short-Term Rental Operations, *supra* note 27.

51. Manitou Springs, Colo., Mun. Code § 18.89.040(I).

52. Manitou Springs, Colo., Mun. Code § 18.89.020(A).

53. Manitou Springs, Colo., Mun. Code § 18.89.040(B).

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55. Boulder County, Colo., Ordinance 2020-01 (Dec. 3, 2020), <https://assets.bouldercounty.org/wp-content/uploads/2021/01/ordinance-2020-1.pdf>.

56. Boulder County, Colo., Land Use Code § 9-6-4; <https://www.bouldercounty.org/departments/land-use/short-term-dwelling-vacation-licensing>.

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58. Boulder, Colo., Revised Code § 10-3-2.

59. Boulder, Colo., Revised Code § 10-3-19.

60. Boulder, Colo., Revised Code § 10-3-19(I) and (j).

61. Boulder, Colo., Revised Code § 9-16-1.

62. Boulder, Colo., Revised Code § 10-3-19(b) and (d).

63. Boulder, Colo., Revised Code §§ 10-3-19(I) and -20(c).

64. Boulder, Colo., Revised Code § 10-3-19(g).

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66. Broomfield, Colo., Mun. Code § 5-39-050.

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70. Larimer County, Colo., Ordinance for Implementation and Enforcement of Short-Term





The CBA has partnered with Affinity Consulting Group  
to bring you a year-round portal offering:

Monthly webinars | Technology tutorials and resources

Checklists, tech reviews and recommendations

Ability to ask questions via cba community | Plus a whole lot more

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75. Fort Collins, Colo., Mun. Code § 15-646(a); Fort Collins, Colo., Land Use Code § 3.8.34.
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79. Town Code of Vail, Colo., § 4-14-4(C).
80. Town Code of Vail, Colo., § 4-14-5.
81. Town Code of Vail, Colo., § 4-14-13.
82. Town Code of Winter Park, Colo., § 3-10-4(A).
83. Town Code of Winter Park, Colo., § 3-10-3.
84. Town of Winter Park, The Short-Term Fix, <https://wpgov.com/the-short-term-fix>.
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87. See generally Summit County, Colo., Land and Development Code § 3821.
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95. *Id.*
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99. Breckenridge, Colo., Ordinance No. 29, Series 2021 (Sept. 28, 2021).
100. *Id.* at § 1.S.3.
101. *Id.*
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103. Steamboat Springs, Colo., Mun. Code, ch.

26, § 706.A.

104. Steamboat Springs, Colo., Mun. Code, ch. 26, § 302.E.4. Manufactured housing is specifically excluded from this definition.
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107. Steamboat Springs, Colo., Mun. Code, ch. 26, §§ 703.A(1), 706.B.
108. Steamboat Springs, Colo., Mun. Code, ch. 26, § 706.B.2.
109. "Temporary use" is defined as "[a] use that is established for a fixed period of time with the intent to discontinue such use upon the expiration of the time period." Steamboat Springs, Colo., Mun. Code, ch. 26, § 307.A.
110. Steamboat Springs, Colo., Mun. Code, ch. 26, § 307.A.8.
111. Steamboat Springs, Colo., Mun. Code, ch. 26, § 302.E(5).
112. Steamboat Springs, Colo., Mun. Code, ch. 26, §§ 300.D, 300.E, Table 300-1.
113. See generally Steamboat Springs Mun. Code, ch. 26, § 706.
114. Berg, "Steamboat likely to extend vacation home rental moratorium until June 30," *Steamboat Pilot & Today* (Dec. 10, 2021), <https://www.steamboatpilot.com/news/steamboat-likely-to-extend-vacation-home-rental-moratorium-until-june-30>.
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116. See Steamboat Springs City Council, Minutes of Regular Meeting No. 2021-26 (Oct. 19, 2021), <http://docs.steamboatsprings.net:10100/OnBaseAgendaOnline/Meetings/ViewMeeting?id=1331&doctype=2>.
117. Berg, "Steamboat continues discussions on where short-term rentals should be allowed, restricted or prohibited," *Steamboat Pilot & Today* (Dec. 14, 2021), <https://www.steamboatpilot.com/news/steamboat-continues-discussions-on-where-short-term-rentals-should-be-allowed-restricted-or-prohibited>.
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122. Aspen, Colo., Mun. Code § 26.104.100.
123. *Id.*
124. Aspen, Colo., Mun. Code § 26.575.220(b)

(2).

125. Aspen, Colo., Mun. Code § 26.575.220(c).
126. Aspen, Colo., Mun. Code § 26.575.220(d)(1).
127. Aspen, Colo., City Council Ordinance No. 27 (Series of 2021).
128. See *Aspen Board of Realtors, Inc. v. City of Aspen, et al.*, Pitkin County Dist. Court, Case No. 2021CV30131. On March 11, 2022, the court granted plaintiff's motion for preliminary injunction.
129. San Miguel, Colo., County Land Use Code § 5-3001.B.
130. Telluride, Colo., Land Use Code §§ 3-201.B, 3-202.B, 3-203.B, 3-204.B, 3-205.B, 3-206.B, 3-219.B, 3-601.
131. Telluride, Colo., Land Use Code art. 3, § 3-601.A.
132. Telluride, Colo., Land Use Code art. 3, § 3-601.B.
133. CRS § 39-26-102.
134. [https://tax.colorado.gov/sites/tax/files/DR1917\\_2020.pdf](https://tax.colorado.gov/sites/tax/files/DR1917_2020.pdf).
135. SB 20-109, concerning the property tax classification of property used for short-term rentals, was introduced on January 15, 2020, but postponed indefinitely in committee.
136. CRS §§ 38-33.3-101 et seq.
137. *Houston v. Wilson Mesa Ranch Homeowners Ass'n, Inc.*, 360 P.3d 255, 261 (Colo.App. 2015).
138. Several municipalities enacted additional or new legislation while this article was being produced.



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# Price Proposal

FOR

**Town of Castle Rock, CO**

April 25, 2025

presented by



**RENTALSCAPE**

engineered by



1620 Fifth Ave • Suite 400 • San Diego, CA 92101

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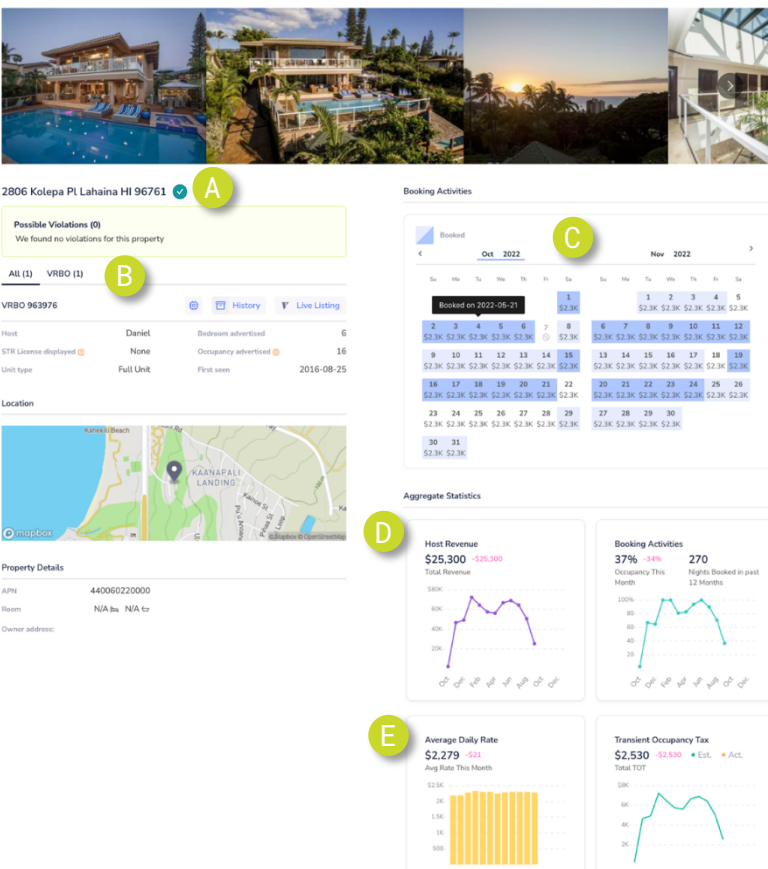
# Executive Summary

## Rentalscape Short-Term Rental ID & Monitoring Platform

Deckard Technologies utilizes data science expertise to assist local governments with managing their compliance activity and enforcement, such as short-term rental (STR) properties. Our technology ensures that everyone is held accountable to play by the same set of rules, follow all guidelines and ordinances, and pay their fair share of fees and taxes. To accurately track activity within the Town of Castle Rock, the Rentalscape platform identifies the exact address of the STR listings within the Town limits, enabling accurate display of STR activity within the Town and within community districts. Rentalscape groups listings and calculates statistics on a per-property basis. By mapping the exact location of properties, Rentalscape avoids double-counting activity. Knowing the exact location of STR properties enables compliance, enforcement, tax collection and complaint management activities.

## About Rentalscape

Deckard's Dashboard management platform for STR will discover, identify, and efficiently present all STR activity in **the Town of Castle Rock**, using unique technical capabilities such as its proprietary future booking detection software, automatic non-compliance recognition, industry-best address identification.



Rentalscape is the only platform that automatically updates upcoming rentals and bookings shortly after reservations are made.

This allows Rentalscape users to reach out to owners and hosts who are unlawfully renting and address any issues relating to these future rentals long before guests arrive, thereby eliminating disturbances, neighbor complaints and other common issues that often arise from illegal rentals.

- (A) Address
- (B) Sites Monitored
- (C) Bookings, Cost, Occupancy
- (D) Host Revenue
- (E) Average Daily Rate

Figure 1: Rentalscape Property Card

Rentalscape maintains a database of every booking and stay made on all major platforms. Our system contains information dating back to late 2019 for every STR in the Town of Castle Rock. All data can be viewed interactively on the Rentalscape portal with unlimited user access and downloaded on demand in Microsoft Excel format.

Rentalscape dashboard map view shows the exact location of all STR activity, includes districts as defined by the Town and displays individual property information and aggregate statistics on a per district basis.

Rentalscape presents detailed STR activities including the precise address, owner information, booking history, availability and more. For each individual booking, the platform provides the actual date the reservation was made as well as the start and end date of each booking, ensuring that the Town is able to distinguish back-to-back bookings. These insights are not possible to achieve by simply viewing the listings itself.

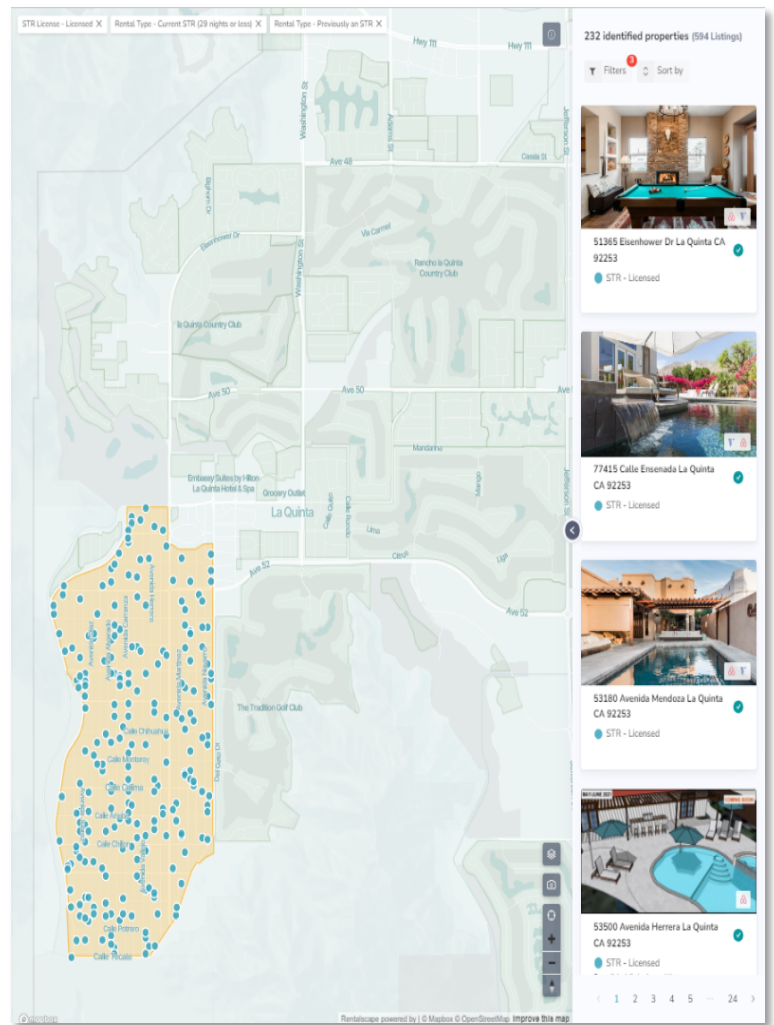


Figure 2: Rentalscape Map

## In Summary

In every jurisdiction in which we are providing service we have increased compliance and improved tax collection. Our process starts with producing the cleanest data possible – ensuring reporting is accurate and compliance levels are carefully monitored. We have in-house property appraisers and STR property managers. We also regularly consult with Town staff to ensure we are always up to date with the latest STR best practices. Our systems come with unlimited user access and unlimited end-user training. Our customers give testimonials regarding the ease of use of our systems and vastly superior level of customer service when compared to other providers in the market.

# References

We believe that **continuous innovation** is required to face the challenges of today and of tomorrow. We are proud of our achievements and solutions that enable cities and counties to manage short-term rental activities and to ensure local rules and ordinances are enforced for the betterment of local residents.

The following references are examples of successful partnerships between Deckard Technologies & its clients.

## City of Westminster, CO

Aric Otzelberger  
Operations Manager

aotzelbe@cityofwestminster.us  
303-658-2122

Product:  
Rentalscape, Outreach, Registration Portal, Tax Portal,  
Complaint Portal, 24/7 Complaint Hotline, Payment  
Integration

## Town of Mount Pleasant, SC

Jane Yager-Baumrind  
Planning & Development

jyager-baumrind@tompsc.com  
843-884-1229

Product:  
Rentalscape, 24/7 Complaint Line, Public facing portal,  
Registration portal

## City of Norman, OK

Jeanne Snider  
Assistant City Attorney

jeanne.sinder@normanok.gov  
405-217-7700

Product:  
Rentalscape, Outreach Campaign, Tax Portal,  
Registration Portal, Complaint Portal

## City of Rockport, TX

Judy Emerson  
Code Enforcement Officer

jemerson@cityofrockport.com  
361-556-5310

Product:  
Rentalscape, Outreach Campaign, Registration Portal, Tax  
Portal

## City of Charlevoix, MI

Jonathan Scheel  
Director of Planning and Zoning

jonathans@charlevoixmi.gov  
231-547-3251

Product:  
Rentalscape

# Proposed Products

## The Rentalscape Portal

The Rentalscape portal is a cloud-based system for Town staff to track STR properties, monitor STR activity, manage STR permits and record information about properties. The data in the system is constantly being updated as new properties are discovered and address identified, as new permit applications are made and as permits are expired or revoked.

The Rentalscape portal displays information on all STR listings found within the Town going back at least 12 months. We use US Census data to identify Town limits and any parcels or listings within the limits are monitored. Rentalscape also tracks properties outside the Town until they are accurately identified. On occasion, the STR listing estimated location for a property falls outside the Town, but the actual location of the property once address identified is inside the Town. Rentalscape displays:

1. Any permitted STR property
2. Any property with a currently live STR listing
3. Any property with historic STR listings
4. Any property with a future or past STR booking (even if the property currently does not have a live listing)

Rentalscape includes the ability to filter the properties displayed (e.g., only permitted properties, or only properties in a specific HOA), and to download all results. All data displayed is available for direct download from Rentalscape.

Information shown in Rentalscape for each property includes:

### Property characteristics

1. Property address
2. Owner name and mailing address
3. Residential type (primary residence, secondary/investment property)
4. Property type
5. Number of bedrooms and bathroom at the property, per public records data
6. A map showing the property's location
7. Maximum occupancy per the Town of Castle Rock ordinance

## Listing characteristics

1. Listing URL for each listing associated with each specific property
2. Listing ad ID for each listing associated with each specific property
3. Rental calendar showing current month's activity as well as past twelve months and upcoming three months booking activity (frequently updated calendar)
4. Rentalscape clearly and easily differentiates between regular bookings and host-blocked dates that are not revenue-generating
5. Host name (when available)
6. Stay limitations (minimum/maximum)
7. Permit/license number if included in the listing
8. Daily Rental rate at time of booking
9. Rental frequency
10. Individual links to all active listing for the property
11. **PDF copy of each listing, as well as a history of all previous versions of the listing**, to identify any possible changes, as well as keep a record in case the listing is taken down by the host. Each image has a date-stamp showing when it was created and is kept indefinitely.
12. Rental type (Whole home, shared home)
13. Bedrooms and bathrooms advertised
14. Maximum occupancy, per listing

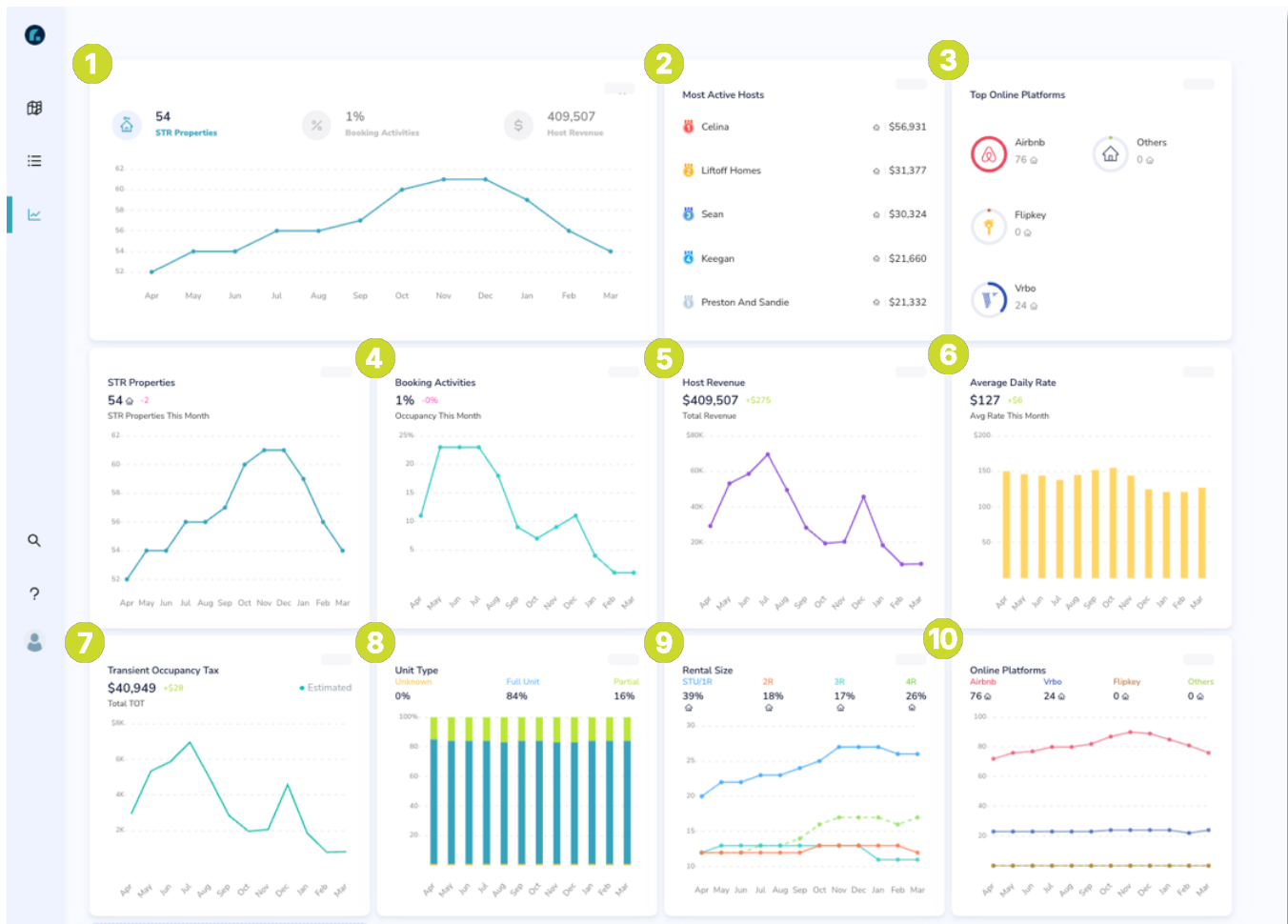
## Estimated sales tax based on rental activity

1. Occupancy rate
2. Estimated rental income
3. Estimated tax

Rentalscape is configured to match the Town 's ordinance and is capable of flagging violations following the Town 's exact rules, including but not limited to permit registration and occupancy advertised versus permitted occupancy. Rentalscape looks for bookings less than 30 days when flagging STRs. When bookings longer than 30 days are created, these are correctly categorized as long-term rentals and do not cause a property to be treated as an STR.

Rentalscape actively monitors permit status and STR listings daily, flagging violations as they occur. We have encountered situations where other providers have flagged properties as "no longer listed" or "only performing long-term rentals", that later re-list or take a short-term booking, and are subsequently missed by these other vendors as violating the Town ordinance. **Rentalscape continuously monitors every listing every day** including bookings up to a year in advance. As soon as an unpermitted booking is taken, Rentalscape sets a violation.

Rentalscape includes a **Dashboard** that provides an overview of all STR activity in the Town. This Dashboard includes aggregated revenue, bookings, and property data, and highlights top-earning hosts and owners as seen below. Please note that some charts will not be activated until we go live in the Town of Castle Rock.



- |                      |                         |
|----------------------|-------------------------|
| 1 STR PROPERTIES     | 7 ESTIMATED TAX REVENUE |
| 2 MOST ACTIVE HOSTS  | 8 UNIT TYPE             |
| 3 TOP PLATFORMS      | 9 RENTAL SIZE           |
| 4 BOOKING ACTIVITIES | 10 ONLINE PLATFORMS     |
| 5 HOST REVENUE       |                         |
| 6 AVERAGE DAILY RATE |                         |

# Implementation & Training

Implementation is on your timeline!! Upon Contract signing, Deckard will assign the Town of Castle Rock a Dedicated Account Manager, who will work with the Town to develop “best practices” based on Deckard’s experiences with other clients. The Client Success Manager will ensure that the implementation process proceeds smoothly and will be the main point of contact for any questions, suggestions, training, or concerns. The Client Success Manager will also participate in periodic calls with Town staff as requested.

Since Rentalscape is cloud-based, no hardware or software installation is required.

Most jurisdictions have been up and running with Rentalscape within a couple weeks with Address Identification complete within 4 weeks of receipt of the permit and listing data.

## Sample Timeline

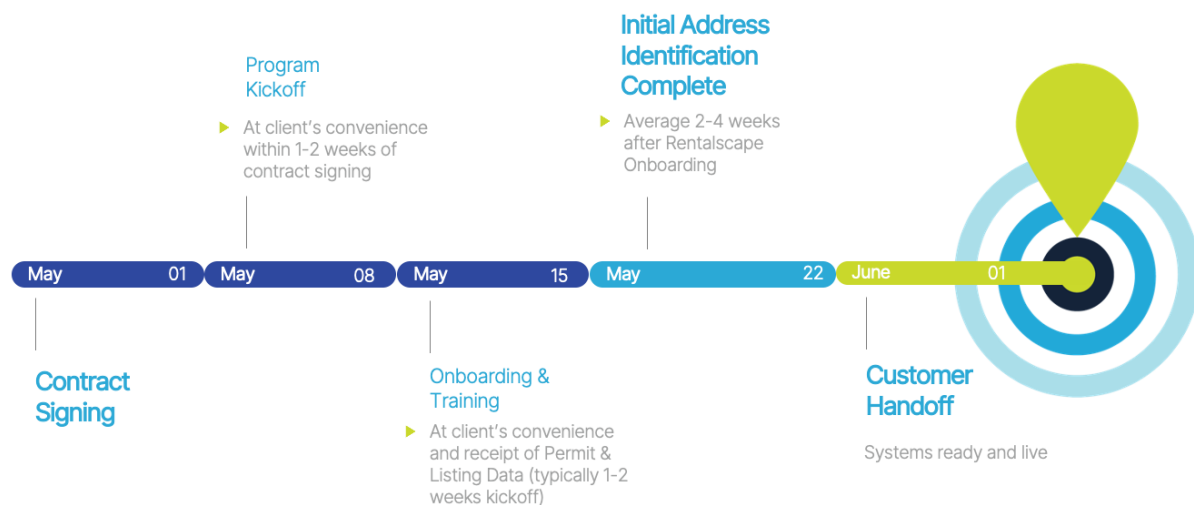


Figure 4: Sample Timeline for Rentalscape



# Pricing Proposal

Currently, Rentalscape is showing close to **147 live STR listings in the Town of Castle Rock**. Based on the number of live STR listings, we estimate there are **100+ short-term rental properties in the Town**, advertised on one or more platforms.

Deckard Technologies can provide a comprehensive, all-inclusive system that meets the requirements specified in the Proposal. Alternatively, each of our products is available for individual purchase as standalone items, allowing for tailored solutions to meet specific needs.

We only **charge fees on a per property, not per listing, basis**. Since a single property can have multiple listings, we feel it is unfair to charge fees based on listing count. Finally, we do not charge one fee for compliance monitoring and another for rental activity monitoring as, in our view, these are the same service.





## Base Product Pricing

ADDRESS IDENTIFICATION, COMPLIANCE MONITORING, & RENTAL ACTIVITY REPORTING	Price
<ul style="list-style-type: none"> <li>Identify property &amp; address</li> <li>Identify property owner address</li> <li>Real-time reporting of all new listings &amp; frequent calendar monitoring</li> <li>10,000+ Websites monitored Daily, worldwide</li> <li>FutureCast™ - Identify future bookings as they are made on the rental platform</li> </ul>	\$5,000 Annually
OUTREACH CAMPAIGN	
<ul style="list-style-type: none"> <li>Letter campaign to inform STR illegal operators regarding compliance requirements and procedures</li> <li>All letter templates will receive Town approval pre-campaign</li> <li>Campaign includes one Introductory letter and two additional escalation letters</li> </ul>	INCLUDED
REPORTING & ANALYSIS	
<ul style="list-style-type: none"> <li>On Demand, Dynamic reporting, offering multiple ad hoc reports</li> <li>Filters allowing users to focus on specific segments of the STR population</li> </ul>	INCLUDED
DEDICATED ACCOUNT MANAGER	
<ul style="list-style-type: none"> <li>Single Point of Contact for Town staff for all matters</li> <li>Ensures the Town is following Industry best practices</li> <li>Shepherds the implementation process from start to finish</li> <li>Periodic meetings/calls throughout the life of the account</li> </ul>	INCLUDED
UNLIMITED ACCOUNTS & TRAINING SESSIONS	
<ul style="list-style-type: none"> <li>No limit on the number of Rentalscape user accounts</li> <li>No per-session training costs</li> <li>Single Sign-On (SSO) available</li> <li>Dedicated client support staff available to assist with costumer request</li> </ul>	INCLUDED
TOTAL YEAR ONE	\$5,000

**Note:** Pricing valid for 90 days  
**Note 2:** Pricing Confidential

## Optional Products Pricing

### STR REGISTRATION PORTAL

- Online, intuitive portal for registration and renewal
- Fields configurable to meet Town needs
- Identify properties that need registration fee
- Provide daily reports on new and modified permits

\$5,000  
(OPTIONAL)

### TAX PAYMENT PORTAL

- Easy to use online tax payment portal
- Configurable tax, late fee and interest rates on a per-property basis
- Provide daily reports on tax payments and remittances to the Town

\$5,000  
(OPTIONAL)

### COMPLAINT 24/7 HOTLINE & ONLINE FORM

- 24/7 US bilingual (upon request) call center with live agents – **Classic** (see Page 13 for Detail Information)
- Online complaint form (Complaint Form only \$2,000)

\$3,500  
(OPTIONAL)

### CONSTITUENT PORTAL

- Public facing portal (Link placed on Jurisdiction's website)
- Permit/Licensing Data and Responsible Party Contact Info for every STR Property (Standard)

\$5,000  
(OPTIONAL)

### INSPECTION MODULE

- Enables field agents to create notes, comments, complaints, or tickets directly from the field during the inspections (mobile enabled)
- Record inspection data, including notes and complaints
- E-mail inspection results to property owners and Town staff

\$5,000  
(OPTIONAL)

# Product Line



## STR Registration and Renewal Portal

This system is fully configurable and tailored to each client, featuring custom branding and fields specific to jurisdiction requirements, such as occupancy limits and bedroom counts. It securely collects necessary documents for the STR registration process and includes an approval portal for efficient registration management. The platform offers configurable permit/license pricing and expiration settings, facilitates the collection of permit fees, supports renewals and updates, and provides regular reporting capabilities.



## Letter Campaign for STR Hosts

Rentalscape will create and distribute letters to illegal operators, detailing the jurisdiction's STR ordinances, requirements, and procedures. All letter templates will be reviewed and approved by the jurisdiction's staff before mailings commence. Our strategically timed, targeted letter campaigns have proven highly effective, reducing the number of unregistered hosts by over 50% within the first six months of new client engagement.



## Tax Payment Portal

The portal facilitates tax collection from STR operators on a monthly, quarterly, or yearly basis. The Rentalscape Tax Payment system gathers data on nights available for booking and nights booked, and it is customized to each jurisdiction. It features automatic tax calculation based on the jurisdiction's tax rate, incorporates late fee and penalty computations, and provides the flexibility to apply leniency on a collective jurisdiction basis when necessary. Using Stripe for payment processing, the system accepts credit card and ACH payments, with funds remitted directly to the jurisdiction. It also generates nightly reports for easy reconciliation, significantly reducing the manual effort associated with processing paper forms.



## 24/7 Complaint Line & Online Complaint Portal

The Complaint Line is available 24/7 to field public complaints related to short-term rentals, operated by live, U.S.-based call takers. Call takers collect essential information, such as the address, property owner, type of incident, and date, and then notify the designated jurisdiction contact. Our hotline services are offered at three different levels to accommodate various needs.

► **Basic:** Standard call flow. Information is taken and forwarded to the jurisdiction. Calls are referred to the appropriate staff without follow up required.

► **Classic:** Call Center will contact the local contact when information is available (permitted properties), notify them of the complaint then forward the information to the local jurisdiction contact.

► **Premier:** Premium call flow. Dispatcher will attempt to get a complaint resolution. The local contact can be contacted up to 3 times before referring caller out to appropriate staff.

► **Rentalscape Online Complaint Form:** Neighbors can report and provide evidence for non-emergency concerns with photos and videos. The Complaint Form is customized with your logo. All complaints are logged and reported to the appropriate staff/department.



## STR Constituent Portal

The Constituent Portal is an interactive public online map that displays all registered short-term rentals within the jurisdiction. It is fully configurable to meet the jurisdiction's needs, providing information such as the property owner and emergency contact details. The portal is branded with the jurisdiction's identity and can include links to related systems, like the short-term rental registration platform.



## Inspection Module

This module streamlines the inspection process, enhancing efficiency and effectiveness for field agents and jurisdiction staff. It is a mobile-enabled system that allows agents to conduct and document health and safety inspections directly in the field. Agents can add notes, comments, and even generate complaints or tickets in PDF format on-site.

# ACCESSORY DWELLING UNIT (ADU) CODE AMENDMENT

TOWN COUNCIL  
JUNE 17, 2025



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# ACCESSORY DWELLING UNITS (ADU)

## 2018 Town Adopted Chapter 17.61 Regulating ADUs

- An “accessory dwelling unit” (ADU) is a secondary smaller, independent residential dwelling unit located on the same lot as a single-family home.
- Intent of Town ADU regulations is to provide:
  - (i) alternative housing options to make more efficient use of existing housing stock and infrastructure,
  - (ii) flexible use of space for property owners, and
  - (iii) a mix of housing type that responds to changing family dynamics.

April 2025: Discussed proposed changes, Directed to bring back ordinance for Council consideration

# ACCESSORY DWELLING UNITS (ADU)

- Allowance – Allowed in all residential zoning districts unless expressly prohibited in PD Zoning Regulations
- Approval Process – Internal ADU's are Administrative, Detached or Addition's are UBSR (Neighborhood meetings & two Public Hearings)
- Owner Occupancy/Dual Rental - The property owner must occupy either the primary dwelling unit or the ADU. A deed restriction is recorded prohibiting the concurrent renting of both the primary dwelling unit and the ADU.
- Size – Interior ADU floor area shall not exceed 50% of the primary dwelling unit. Detached ADUs or Addition's to the primary dwelling unit shall not exceed eight hundred square (800) feet building footprint.



# GOALS OF CODE UPDATE

- Streamline process for external ADUs and home additions – making all ADUs Administrative
  - 81 ADUs permits since 2018:
    - 9 public hearing- all non-controversial
    - Added time and meetings for these residents
- Aline with State HB 24-1152 on variety of areas including:
  - Remove owner-occupancy requirements
  - Allow interior ADUs to be at least 750 sq ft minimum
  - Clarify setbacks are not more restrictive than those for primary unit
  - Allow ADUs in all single-family areas, regardless of PD limitations

# PROPOSED CHANGES

- Allowance – Allowed in all residential zoning districts ~~unless expressly prohibited in PD Zoning Regulations~~
- Approval Process – ~~Internal ADU's are Administrative, Detached or Addition's are UBSR (Neighborhood meetings & two Public Hearings)~~
- Owner Occupancy/Dual Rental ~~Prohibited~~ **Allowed**- The property owner must occupy either the primary dwelling unit ~~or the ADU~~ **at time of permitting. No requirement for owner occupancy after that.** ~~A deed restriction is recorded prohibiting the concurrent renting of both the primary dwelling unit and the ADU.~~ **Town is allowed to regulate ADUs for short-term rentals if desired.**
- Size – Interior ADU floor area shall not exceed 50% of the primary dwelling unit, **or 750 sqft whichever is greater.** Detached or Addition's to the primary dwelling unit shall not exceed eight hundred square (800) feet building footprint.
- Setback – Side setbacks to match setback for accessory structures, unless those are more restrictive than for the primary structure. Rear setbacks to match setback for accessory structures, however if no rear setback in zone district, it will be 5ft.



# RECOMMENDATION

Staff recommends updating the ADU code to improve the homeowner permitting process and to be in compliance with HB24-1152. Staff recommends approving an amendment to the ADU regulations to:

1. Eliminate the UBSR process, making all ADUs an administrative review
2. Remove owner-occupancy requirements, while requiring proof of owner occupancy at the time of permit
3. Allow interior ADUs to be at least 750 sq ft
4. Clarify setbacks are not more restrictive than those for primary structures
5. Allow ADUs in all single-family areas, including those with prior PD limitations

# PROPOSED MOTIONS

*“I move to approve the Ordinance as introduced by title.”*

## Alternative Motions

*“I move to direct staff to bring back an ordinance amending the ADU regulations as discussed tonight with the following changes \_\_\_\_\_.”*

*“I move to continue this item to the Town Council meeting scheduled for     [date]     at 6pm. ”*



# QUESTIONS?





# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 15. **File #:** ORD 2025-024

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**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Matt Gohl, Assistant Town Manager

**Ordinance Vacating Certain Right-of-Way Located Within Block 11, Craig and Gould's Addition to the Town of Castle Rock, in the NE 1/4 of Section 11, Township 8 South, Range 67 West of the 6th P.M., County of Douglas, State of Colorado (First Reading) [Cantril School, 312 Cantril St,]**

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### Discussion



The Town of Castle Rock acquired the historic Cantril school building in May 2023. The property, located in the Craig and Gould neighborhood, is currently platted with 12 lots and a 20' alley right-of-way (ROW) going directly through the center of the property. The area highlighted in red in the adjacent image identifies this ROW which is located in the same space as a playground, the historic building and existing parking.

In an ongoing effort to improve the Cantril building and property, staff is requesting approval of an ordinance (**Attachment A**) to vacate this ROW. There are currently no transportation uses allowed or planned in this area. Vacating this ROW will clean up existing lot lines and better reflect the actual use of the property. After vacating this ROW, the area will be joined to the adjacent parcels to the east and west

Vacating this portion of ROW is one step in the clean-up process for the overall Cantril property. Staff plans to replat and rezone the entire site at some point in the future. Because this area does not currently serve as public right of way and there are no plans to make this area public right of way in the future, staff recommends approval of this ordinance.

### **Budget Impact**

There is no budget impact related to approval of the proposed ROW vacation.

### **Recommendation**

Based on the analysis and findings outlined in this report, staff recommends that the Town Council approve this ROW vacation.

### **Proposed Motion**

"I move to approve the Ordinance as introduced by title."

### **Attachments**

Attachment A: Ordinance  
Exhibit 1:

Vacation Exhibit

**ORDINANCE NO. 2025-024**

**AN ORDINANCE VACATING CERTAIN RIGHT-OF-WAY LOCATED  
WITHIN BLOCK 11, CRAIG AND GOULD'S ADDITION TO THE TOWN  
OF CASTLE ROCK, IN THE NE ¼ OF SECTION 11, TOWNSHIP 8  
SOUTH, RANGE 67 WEST OF THE 6<sup>TH</sup> P.M., COUNTY OF DOUGLAS,  
STATE OF COLORADO**

**WHEREAS**, on May 2, 2023, the Town of Castle Rock (the “Town”) purchased the Cantril School Building and surrounding property located at 312 Cantril Street (the “Cantril Parcel”) from the Douglas County School District RE-1; and

**WHEREAS**, the Town Council finds that it is necessary to vacate a twenty (20)-foot-wide platted alleyway traversing the center of the Cantril Parcel, all as more particularly described in the map attached as *Exhibit 1* and legal description attached as *Exhibit 2* (the “Vacated Property”), and

**WHEREAS**, the Vacated Property is not a component of any current or planned transportation network.

**NOW, THEREFORE, IT IS ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK, COLORADO:**

**Section 1.     Vacation.** The Vacated Property is hereby vacated pursuant to the authority granted by Section 43-2-303(1)(a), C.R.S., subject to all matters of record. The vacation shall take effect upon the recordation of this Ordinance in the Douglas County public records.

**Section 2.     Vesting of Ownership.** Ownership of the Vacated Property shall vest solely in the Town in accordance with the provisions of Section 43-2-302, C.R.S.

**Section 3.     Severability.** If any clause, sentence, paragraph, or part of this ordinance or the application thereof to any person or circumstances shall for any reason be adjudged by a court of competent jurisdiction invalid, such judgment shall not affect the remaining provisions of this ordinance.

**Section 4.     Safety Clause.** The Town Council finds and declares that this ordinance is promulgated and adopted for the public health, safety and welfare and this ordinance bears a rational relation to the legislative object sought to be obtained.

**APPROVED ON FIRST READING** this 17th day of June, 2025, by the Town Council of the Town of Castle Rock, Colorado, by a vote of \_\_\_\_ for and \_\_\_\_ against, after publication in compliance with Section 2.02.100.C of the Castle Rock Municipal Code; and

**PASSED, APPROVED AND ADOPTED ON SECOND AND FINAL READING** this \_\_\_\_ day of \_\_\_\_\_, 2025, by the Town Council of the Town of Castle Rock, Colorado, by a vote of \_\_\_\_ for and \_\_\_\_ against.

**ATTEST:**

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Lisa Anderson, Town Clerk

**Approved as to form:**

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Michael J. Hyman, Town Attorney

**TOWN OF CASTLE ROCK**

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Jason Gray, Mayor

**Approved as to content:**

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Tara Vargish, Director of Development Services



**LEGAL DESCRIPTION  
20 FOOT ALLEY TO BE VACATED**

A PARCEL OF LAND BEING THE 20 FOOT ALLEY LOCATED IN BLOCK 11, CRAIG AND GOULD'S ADDITION TO THE TOWN OF CASTLE ROCK DESCRIBED IN BOOK C PAGE 22 LYING IN THE NORTHEAST QUARTER OF SECTION 11, TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE 6TH P.M., COUNTY OF DOUGLAS, STATE OF COLORADO MORE PARTICULARLY DESCRIBED AS FOLLOWS:

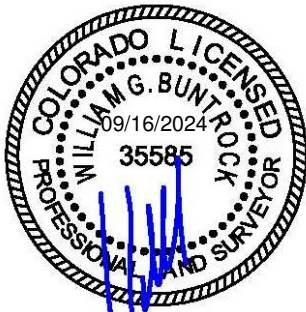
**COMMENCING** AT THE NORTHWEST CORNER OF LOT 1, OF SAID BLOCK 11, WHENCE A LINE TO THE NORTHEAST CORNER OF SAID BLOCK 11, BOTH BEING A FOUND 1.5" ALUMINUM CAP STAMPED CHAMBERS PLS 16099, SAID LINE BEARS N 85°25'29" E, A DISTANCE OF 299.96 FEET ALL PER COLORADO STATE PLANE COORDINATES CENTRAL (NAD 83), SAID LINE **BEING THE BASIS OF BEARINGS** FOR THIS DESCRIPTION;

THENCE ALONG THE NORTH LINE OF SAID LOT 1, N 85°25'29" E, A DISTANCE OF 139.98 FEET TO THE NORTHEAST CORNER OF SAID LOT 1, SAID CORNER ALSO BEING THE NORTHWEST CORNER OF THE 20 FOOT ALLEY OF SAID BLOCK 11, SAID CORNER BEING THE **POINT OF BEGINNING**:

THENCE ALONG SAID 20 FOOT ALLEY THE FOLLOWING FOUR (4) COURSES:

- 1) N 85°25'29" E, A DISTANCE OF 20.00 FEET;
- 2) S 04°37'36" E, A DISTANCE OF 300.22 FEET;
- 3) S 85°20'53" W, A DISTANCE OF 20.00 FEET;
- 4) N 04°37'36" W, A DISTANCE OF 300.25 FEET TO THE **POINT OF BEGINNING**;

THE ABOVE DESCRIPTION CONTAINS 6,005 SQUARE FEET OR 0.14 ACRES MORE OR LESS.



WILLIAM G BUNTROCK, PLS  
COLORADO LICENSED LAND SURVEYOR NO. 35585  
TRUE NORTH SURVEYING & MAPPING, LLC  
TN 24023 (ALLEY)



NOTICE - According to Colorado law you must commence any legal action based upon any defect in this survey within three years after you first discover such defect. In no event may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

ALLEY TO BE VACATED

# EXHIBIT A

## PAGE 2 OF 2

6,005 SQUARE FEET  
OR 0.14 ACRES +/-

NE 1/4 SEC 11  
T8S R67W 6TH P.M.  
DOUGLAS COUNTY, CO

POINT OF  
COMMENCEMENT  
NORTHWEST CORNER  
OF LOT 1, BLOCK 11

4TH STREET  
(80' ROW / BK C PG 22)

--- BASIS OF BEARINGS ---  
N 85°25'29" E 299.96'

NORTH CANTREL STREET  
(70' ROW / BK C PG 22)

POINT OF BEGINNING  
NORTHEAST CORNER OF  
LOT 1, BLOCK 11

BLOCK 11  
CRAIG AND GOULD'S  
ADDITION TO THE TOWN  
OF CASTLE ROCK  
(BOOK C PAGE 22)

20' ALLEY (BK C PG 22)

NORTH LEWIS STREET  
(70' ROW / BK C PG 22)



● A

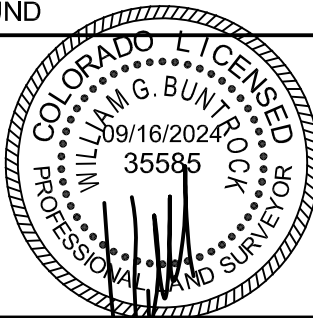
INDICATES FOUND NO.5 REBAR FLUSH WITH GROUND

● B

FOUND 1.5" ALUMINUM CAP STAMPED CHAMBERS  
PLS 16099 FLUSH WITH GROUND

3RD STREET  
(80' ROW / BK C PG 22)

LINE	BEARING	DISTANCE
L1	N 85°25'29" E	139.98'
L2	N 85°25'29" E	20.00'
L3	S 04°37'36" E	300.22'
L4	S 85°20'53" W	20.00'
L5	N 04°37'36" W	300.25'



DATE	09/16/2024
DRAWN	BB
CHECKED	BB
APPROVED	BB
PROJECT NO.	TN 24023
HORZ. SCALE	1" = 60'

NOTE: THIS EXHIBIT DOES NOT REPRESENT A MONUMENTED LAND SURVEY. IT IS INTENDED ONLY TO DEPICT THE ATTACHED DESCRIPTION.

# CANTRIL RIGHT-OF-WAY VACATION

TOWN COUNCIL  
JUNE 17, 2025



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>



# CANTRIL UPDATES

Purchased May 2023

## Building & Site Improvements:

- Exterior fencing replacement (w/ electrical)
- Interior paint and floor refinishing
- ADA restrooms, ADA lift, kitchen renovation, check-in desk, structural improvements, window restoration
- 1950s/1960s addition refresh
- ADA restroom renovation in 1960s addition (in progress)
- Electrical service upgrade (in progress)

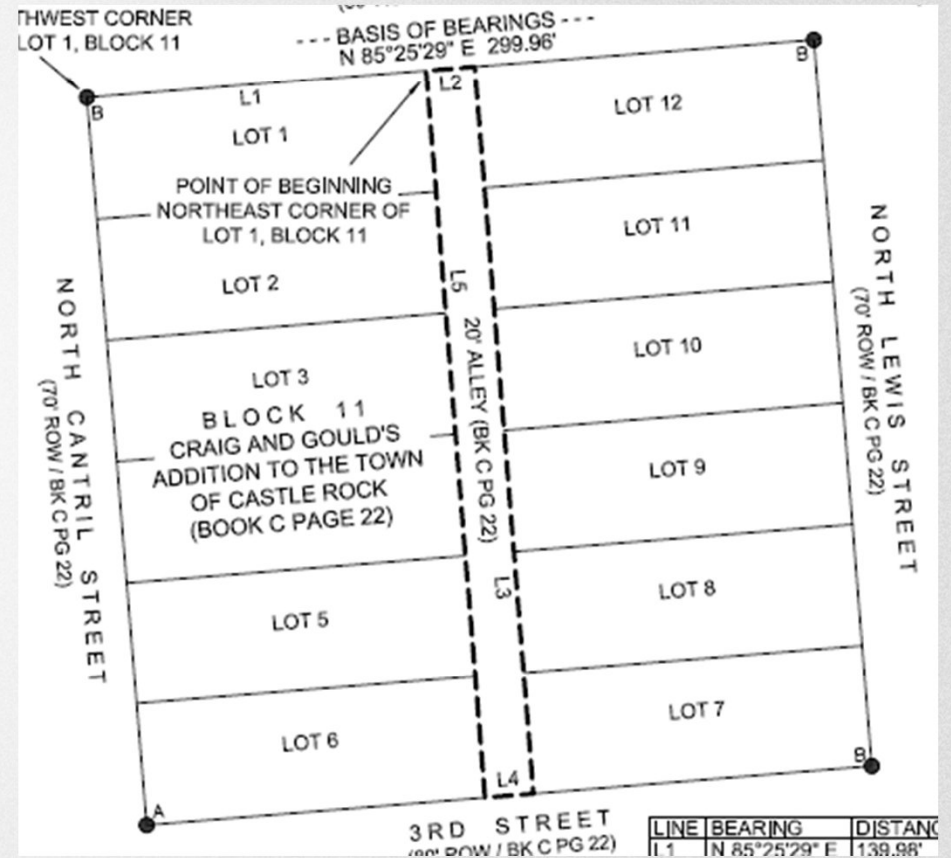
## Programming:

- Dance, pottery, kids' camps, language courses, events and more
- Partnership with Tri Art Project
- 1,624 program registrations in 2025
- Castle Rock Historical Society & Museum displays (desks, maps, etc.)





# CANTRIL RIGHT-OF-WAY VACATION



# PROPOSED MOTION

*“I move to approve the Ordinance as introduced by Title, on first reading.”*

# ALTERNATIVE MOTIONS

*“I move to move to approve the Ordinance as introduced by Title, with the following conditions:\_\_\_\_\_”*

*“I move to continue this item to the meeting on \_\_\_\_\_, 2025.”*

< >



# QUESTIONS?





# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

**Item #:** 16. **File #:** RES 2025-073

**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Roy Gallea, P.E., Engineering Manager  
Erin Evans, P.E., Project Manager

**Resolution Approving a Services Agreement with Dewberry Engineers, Inc. for the Plum Creek Diversion Upgrades Project** *[Located along plum Creek west of Sedalia, CO]*

### Executive Summary

Staff requests Town Council approval of a Resolution (**Attachment A**) approving a Services Agreement between the Town of Castle Rock and Dewberry Engineers for the Plum Creek Diversion Structure Upgrades Project. The Dewberry proposal cost is \$470,867. This cost includes engineering design and permitting services to both upgrade the existing diversion structure as well as navigate initial permitting and conceptual design of a new surface water diversion (CR-2) on Plum Creek. The scope of services to be completed by Dewberry is detailed in the proposal included as an exhibit to **Attachment A**. Dewberry's rate and fee schedule is also an attachment to the agreement.

Dewberry shall undertake the work upon execution of the agreement and shall complete the design by quarter four (Q4) of 2026. Construction is planned for 2026 / 2027. A location map of the existing Plum Creek Diversion Structure and proposed location for CR-2 is provided (**Attachments B & C**).

### Budget Impact

Dewberry's proposed fee is \$470,867. Staff requests an additional \$47,087 (Town-managed 10% contingency) be authorized for a total project authorization of \$517,954. The project will be funded from the accounts shown below.

Account Name	Account Number	Amount Requested	Contingency Requested	2025 Budget
Plum Crk Diversion Strc	211-4375-443.77-54	\$470,867	\$47,087	\$2,105,000

**Staff Recommendation**

Staff recommends Town Council approval of the resolution awarding the Services Agreement for the Plum Creek Diversion Structure Upgrades design services to Dewberry Engineers in the amount of \$470,867 plus a Town-managed 10% contingency in the amount of \$47,087, for a total authorization of \$517,954.

**Proposed Motion**

*"I move to approve the Resolution as introduced by title."*

**Alternative Motions**

*"I move to approve the resolution as introduced by title, with the following conditions: (list conditions)."*

*"I move to continue this item to the Town Council meeting on \_\_\_\_\_ date to allow additional time to (list information needed)."*

**Attachments**

Staff Report

Attachment A: Resolution  
Exhibit 1: Agreement

Attachment B: Location Map - Plum Creek Diversion

Attachment C: Location Map - CR-2

Attachment D: Plum Creek Diversion Conceptual Design





## **STAFF REPORT**

**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Roy Gallea, P.E., Engineering Manager  
Erin Evans, P.E., Project Manager

**Title:** **Resolution Approving a Services Agreement with Dewberry Engineers, Inc. for the Plum Creek Diversion Upgrades Project** *[Located along Plum Creek west of Sedalia, CO]*

---

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Dewberry shall undertake the work upon execution of the agreement and shall complete the design by quarter four (Q4) of 2026. Construction is planned for 2026 / 2027. A location map of the existing Plum Creek Diversion Structure and proposed location for CR-2 is provided (***Attachments B & C***).

### **Notification and Outreach Efforts**

The project is located on Town owned property with no significant impacts to the public expected. The Castle Rock Reservoir 1 & 2 Project is currently ongoing near the Plum Creek Diversion in Sedalia, CO. Staff will continue to coordinate between the two projects for any notifications or outreach required.

## **History of Past Town Council, Boards & Commissions, or Other Discussions**

On March 11<sup>th</sup>, 2024, Town Manger approved the service agreement with Verdantas LLC for \$150,429 with authorization of \$7,522 in staff-managed contingency to complete an alternatives analysis for the Plum Creek Diversion Structure Project.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on May 28, 2025, and the Castle Rock Water Commission voted unanimously to recommend Town Council approval of the Resolution as presented.

## **Discussion**

In 2017, Castle Rock Water purchased United Water and Sanitation District's infrastructure in Douglas County, which included the Plum Creek Diversion in Sedalia. The diversion structure is located downstream of the confluence of East Plum Creek and West Plum Creek and is a key element of the Town of Castle Rock's long-term water plan to maximize the use of our local renewable supplies. This project is also identified in the most recent Castle Rock Water Strategic Plan as Tactic 1.2.18 which is critical for ensuring long-term water for the Town. The Plum Creek Diversion Structure has a permitted capacity to capture up to 25.8 million gallons per day (MGD). However, the diversion has been unable to reliably reach this capacity due to heavy sediment transport experienced in Plum Creek. The largest amount of water captured to date is 6.883 MGD. Excessive amounts of sediment have caused maintenance and operational problems in the diversion structure as well as the Plum Creek Pump Station.

In March 2024, the Town approved a service agreement with Verdantas to evaluate potential upgrade alternative designs for the Plum Creek diversion structure and recommend a preferred alternative or combination of alternatives to mitigate the high sediment levels entering the diversion structure and to protect the structure from future flood debris during high water events. Verdantas came up with approximately nine (9) upgrade options or combinations of several options to CRW staff for input and selection. These options included channel modifications, structural modifications, alternative diversion methods, and operational recommendations.

Through this process, the Town has selected a final design concept for the Plum Creek Diversion that will be completed by Dewberry. The conceptual design generally consists of a new inclined wedge wire screen structure and an infiltration gallery and is included in **Attachment D**. The existing diversion structure will be removed and channel reconstruction consisting of narrowing East Plum Creek to assist with sediment transport and efficient function of the new inclined screen diversion are also included in the project scope. A natural resource assessment, United States Army Corps of Engineers (USACE) 404 permitting, Colorado Department of Public Health and Environment (CDPHE) permitting, and Conditional Letters of Map Revision (CLOMR/LOMR) through the Federal Emergency Management Administration (FEMA) coordination will also be completed by Dewberry.

Approximately 5 miles upstream from the Plum Creek Diversion, Castle Rock Water has identified a location for an additional diversion (CR-2) that will help the Town capture water rights owned along East Plum Creek. This location will also help the Town capture reclaimed water return flows available at the nearby Plum Creek Water Reclamation Authority (PCWRA)

Water Reclamation Facility (WRF). Conceptual design and initial permit coordination with USACE and CDPHE for planning CR-2 are also included in Dewberry's scope for this project. This new diversion location could provide a functional replacement for Direct Potable Reuse (DPR) which could save Castle Rock Water significant long term capital investments and operational costs.

The capacity of the existing Plum Creek Diversion is 40 cubic feet per second (cfs) and the Town has water rights exchange capacity of a combined 30 cfs at upstream diversions such as the proposed CR-2 structure. A major objective of this project is to allow the Town to maximize the use of these existing water rights.

A Request for Qualifications (RFQ) was advertised on Bidnet to procure qualified consultants for the 2025 on-call professional services for various Castle Rock Water Capital Improvement Projects. A project specific Request for Proposal (RFP) was then sent to five of the pre-qualified consultants for this project. The following table shows the fee proposals received from the consulting firms:

<b>Consulting Firm</b>	<b>Total Cost</b>
Carollo	No Proposal
Burns & McDonnell	No Proposal
Dewberry Engineers	\$470,867
Providence Infrastructure	No Proposal (Subconsultant to Verdantas)
Verdantas	\$740,998

Dewberry was chosen to perform the design services for this project and staff has determined the price provided is reasonable. Dewberry will be able to leverage previous experience from many Castle Rock Water projects including the Plum Creek Pump Station (located at the project site) to complete the engineering and design services for this project. Additionally, Dewberry has identified opportunities for efficiency such as combining permitting efforts on the Plum Creek Diversion, CR-2 and the Plum Creek Pump Station project which they are already contracted to perform. Some of the consultants that were invited to propose on this project could not fit this work into their current project loads.

### **Budget Impact**

Dewberry's proposed fee is \$470,867. Staff requests an additional \$47,087 (Town-managed 10% contingency) be authorized for a total project authorization of \$517,954. The project will be funded from the accounts shown below.

<b>Account Name</b>	<b>Account Number</b>	<b>Amount Requested</b>	<b>Contingency Requested</b>	<b>2025 Budget</b>
Plum Crk Diversion Strc	211-4375-443.77-54	\$470,867	\$47,087	\$2,105,000

### **Staff Recommendation**

Staff recommends Town Council approval of the resolution awarding the Services Agreement for the Plum Creek Diversion Structure Upgrades design services to Dewberry Engineers in

the amount of \$470,867 plus a Town-managed 10% contingency in the amount of \$47,087, for a total authorization of \$517,954.

### **Proposed Motion**

*"I move to approve the Resolution as introduced by title."*

### **Alternative Motions**

*"I move to approve the resolution as introduced by title, with the following conditions: (list conditions)."*

*"I move to continue this item to the Town Council meeting on \_\_\_\_\_ date to allow additional time to (list information needed)."*

### **Attachments**

Attachment A:	Resolution
Exhibit 1:	Agreement
Attachment B:	Location Map – Plum Creek Diversion
Attachment C:	Location Map – CR-2
Attachment D:	Plum Creek Diversion Conceptual Design

**RESOLUTION NO. 2025-073**

**A RESOLUTION APPROVING A SERVICES AGREEMENT WITH  
DEWBERRY ENGINEERS INC. FOR THE PLUM CREEK DIVERSION  
STRUCTURE UPGRADES PROJECT**

**WHEREAS**, the Town of Castle Rock, Colorado (the “Town”) has solicited proposals for the Plum Creek Diversion Structure Upgrades Project (the “Project”); and

**WHEREAS**, the Town has determined that Dewberry Engineers Inc. (the “Consultant”) is best suited to provide engineering design and permitting services for the Project; and

**WHEREAS**, subject to Town Council’s approval, the Town and the Consultant have agreed to the terms and conditions by which the Consultant will provide engineering design and permitting services for the Project (the “Agreement”); and

**WHEREAS**, Town Staff recommends Town Council approve the Agreement with the Consultant.

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

**Section 1.     Approval.** The Agreement between the Town and the Consultant is hereby approved in substantially the same form as presented at tonight’s meeting, with such technical changes, additions, modifications, deletions, or amendments as the Town Manager may approve upon consultation with the Town Attorney. The Mayor and other proper Town officials are hereby authorized to execute the Agreement and any technical amendments thereto by and on behalf of the Town.

**Section 2.     Encumbrance and Authorization for Payment.** In order to meet the Town's financial obligations under the Agreement, the Town Council authorizes the expenditure and payment in an amount not to exceed \$470,867.00, plus a Town-managed contingency in the amount of \$47,087.00, unless otherwise authorized in writing by the Town. The total authorized payment under the Agreement, including the contingency, is \$517,954.00.

**PASSED, APPROVED AND ADOPTED** this 17th day of June, 2025, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading, by a vote of \_\_\_\_ for and \_\_\_\_ against.

**ATTEST:**

**TOWN OF CASTLE ROCK**

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Lisa Anderson, Town Clerk

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Jason Gray, Mayor

**Approved as to form:**

**Approved as to content:**

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Michael J. Hyman, Town Attorney

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Mark Marlowe, Director of Castle Rock Water



**TOWN OF CASTLE ROCK SERVICES AGREEMENT  
(Plum Creek Diversion Structure Upgrades Project – CRW)**

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**DATE:** \_\_\_\_\_.

**PARTIES:**     **TOWN OF CASTLE ROCK**, a Colorado municipal corporation, 100 N. Wilcox Street, Castle Rock, Colorado 80104 (the “Town”).

**DEWBERRY ENGINEERS INC.**, a New York corporation, 8401 Arlington Blvd., Suite 220, Fairfax, Virginia 22031 (“Consultant”).

**RECITALS:**

I.           The Town issued a Request for Proposals from qualified consultants with expertise in engineering design and permitting services. Consultant timely submitted its proposal.

II.          The Town hereby engages Consultant to provide the services more fully described in the following Agreement and Exhibits.

**TERMS:**

1.           **Scope of Services.** Consultant shall perform all of the services and provide all materials, goods, products and or deliverables to the Town as set forth on ***Exhibit 1*** (“Services”). Consultant shall complete the Services consistent with standards and practices of the profession.

2.           **Payment.** Consultant shall invoice the Town monthly upon completion of the Services rendered in accordance with the rate and fee schedule set forth in ***Exhibit 1***. Town may withhold payment, in whole or in part, for the Services found by the Town to be defective, untimely, unsatisfactory, or otherwise not conforming to this Agreement, or not in conformance with all applicable federal, state, and local laws, ordinances, rules and regulations (“disputed Services”). The Town shall not be required to pay for disputed Services until the dispute is resolved. Subject to the foregoing, the Town shall pay such invoices, whether in whole or in part, within thirty (30) days receipt of such invoice. In no event shall payment to Consultant under this Agreement for the Services exceed **\$470,867.00**, unless authorized in writing by Town.

3.           **Term.** The term of this Agreement shall commence upon execution of the Agreement and expire on **August 31, 2028** (the “Term”). The Parties may mutually agree to extend the Term of this Agreement under the same terms and conditions by executing a written amendment to this Agreement prior to August 31, 2028. Nothing in this Section prohibits the Parties from amending the payment section and/or incorporating an updated rate and fee schedule should the Parties elect to extend the term of the Agreement. Consultant shall devote adequate resources to assure timely completion of the Services in accordance with the standards specified in this Agreement. Consultant shall perform the Services under this Agreement using a standard of care, skill and diligence ordinarily used by reputable professionals performing under circumstances similar to those required by this Agreement.

4.           **Termination.** Town shall have the right to terminate this Agreement with or without cause at any time with ten (10) days’ written notice to Consultant. The Town’s only obligation in the event of termination shall be payment of fees and expenses incurred up to and including the effective date of termination. Upon termination, Consultant shall immediately turn over all work product, materials, deliverables created up to the point of termination.



5. **Subcontractors.** Consultant may utilize subcontractors to assist with specialized services as necessary to complete the Services. Consultant will submit any proposed subcontractor and the description of subcontractor services to the Town for its prior approval.

6. **Annual Appropriation.** The continuance of this Agreement is contingent upon the appropriation of funds to fulfill the requirements of the Agreement by the Town. If the Town fails to appropriate sufficient monies to provide for the continuance of the Agreement, the Agreement shall terminate on the final day preceding the date of the beginning of the first fiscal year for which funds are not appropriated. The Town's only obligation in the event of termination shall be payment of fees and expenses incurred up to and including the effective date of termination.

7. **Assignment.** This Agreement shall not be assigned by Consultant without the written consent of the Town.

8. **Notice.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if sent by certified mail or registered mail, postage and fees prepaid, addressed to the Party to whom such notice is to be given at the address set forth on the first page of this Agreement, or at such other address as has been previously furnished in writing to the other Party or Parties. Such notice shall be deemed given when deposited in the United States mail.

9. **Insurance.**

A. **General Conditions:** Consultant agrees to secure, at or before the time of execution of this Agreement, the following insurance covering all operations, goods or services provided pursuant to this Agreement. Consultant shall keep the required insurance coverage in force at all times during the term of the Agreement, including any extension thereof, and during any warranty period. The required insurance shall be underwritten by an insurer licensed or authorized to do business in Colorado and rated by A.M. Best Company as "A-VII" or better. Each policy shall require notification to the Town in the event any of the required policies be canceled or non-renewed before the expiration date thereof. Such written notice shall be sent to the Parties identified in the Notices section of this Agreement. Such notice shall reference the Town. Said notice shall be sent thirty (30) days prior to such cancellation or non-renewal unless due to non-payment of premiums for which notice shall be sent ten (10) days prior. If such written notice is unavailable from the insurer, Consultant shall provide written notice of cancellation, non-renewal and any reduction in coverage to the Town by certified mail, return receipt requested within three (3) business days of such notice by its insurer(s). Consultant shall be responsible for the payment of any deductible or self-insured retention. The insurance coverages specified in this Agreement are the minimum requirements, and these requirements do not lessen or limit the liability of the Consultant. The Consultant shall maintain, at its own expense, any additional kinds or amounts of insurance that it may deem necessary to cover its obligations and liabilities under this Agreement. All commercial and automobile liability policies shall have the following additional provisions:

- Severability of interests or separation of insureds provision;
- Provision that coverage is primary and non-contributory with other coverage maintained by the Town;
- The underlying Agreement is an "insured contract" under the policy;
- Defense costs shall be outside the policy limits for liability coverage.

B. **Proof of Insurance:** Consultant may not commence services or work relating to this Agreement prior to placement of coverages required under this Agreement. Consultant certifies that the certificate of insurance attached as ***Exhibit 2***, preferably an ACORD form, complies with all insurance requirements of this Agreement. The Town's acceptance of a certificate of insurance or other proof of insurance that does not comply with all insurance requirements set forth in this Agreement shall not act as





a waiver of Consultant's breach of this Agreement or of any of the Town's rights or remedies under this Agreement. Each certificate shall identify the Project and shall provide that coverage afforded under the policies shall not be cancelled, terminated or materially changed until at least thirty (30) days prior written notice has been given to the Town. If the words "endeavor to" appear in the portion of the certificate addressing cancellation, those words shall be stricken from the certificate by the agent(s) completing the certificate. The Town may require additional proof of insurance, including but not limited to policies and endorsements.

C. **Additional Insureds:** For Commercial General Liability, Automobile Liability and Excess Liability/Umbrella (if required), Consultant and subcontractor's insurer(s) shall include the Town, its elected and appointed officials, officers, employees, agents and volunteers acting within the course and scope of their duties for the Town as additional insured.

D. **Waiver of Subrogation:** For all coverages required under this Agreement, with the exception of Professional Liability, Consultant's insurer shall waive subrogation rights against the Town, its elected and appointed officials, officers, employees, agents and volunteers acting within the course and scope of their duties for the Town.

E. **Subcontractors:** Consultant shall confirm and document that all subcontractors (including independent contractors/consultants, suppliers or other entities providing goods or services required by this Agreement) procure and maintain coverage as approved by the Consultant and appropriate to their respective primary business risks considering the nature and scope of services provided.

F. **Workers' Compensation and Employer's Liability Insurance:** Consultant shall maintain the coverage as required by statute for each work location and shall maintain Employer's Liability insurance with limits of \$100,000 per occurrence for each bodily injury claim, \$100,000 per occurrence for each bodily injury caused by disease claim, and \$500,000 aggregate for all bodily injuries caused by disease claims.

G. **Commercial General Liability:** Consultant shall maintain a Commercial General Liability insurance policy with minimum limits of \$1,000,000 for each occurrence and \$2,000,000 products and completed operations aggregate, and \$2,000,000 general aggregate (per project). The policy shall provide coverage for all claims for bodily injury, property damage (including loss of use), products and completed operations, and contractual liability.

H. **Automobile Liability:** Consultant shall maintain Automobile Liability with minimum limits of \$1,000,000 combined single limit applicable to all owned, hired and non-owned vehicles used in performing services under this Agreement.

I. **Professional Liability (Errors & Omissions):** Consultant shall maintain minimum limits of \$1,000,000 per claim and \$1,000,000 policy aggregate limit. The policy shall be kept in force, or a Tail policy placed, for three (3) years after the completion of the services.

10. **Colorado Governmental Immunity Act.** The Parties understand and agree that the Town is relying on, and does not waive or intend to waive by any provision of this contract, the monetary limitations or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, §24-10-101, *et seq.*, C.R.S., as from time to time amended, or otherwise available to Town, its officers, or its employees.

11. **Indemnification.** Consultant expressly agrees to indemnify, defend and hold harmless Town or any of its officers, agents or employees from any and all claims, damages, liability, or court awards



including attorney's fees that are or may be awarded as a result of any loss, injury or damage sustained or claimed to have been sustained by anyone, including, but not limited to, any person, firm, partnership, or corporation, to the extent caused by the negligent acts, errors or omissions of Consultant or any of their employees or agents in performing Services pursuant to this Agreement. In the event that any such suit or action is brought against Town, Town will give notice within ten (10) days thereof to Consultant. These defense and indemnification obligations shall survive the expiration or termination of this Agreement.

12. **Delays.** Any delays in or failure of performance by any Party of the obligations under this Agreement shall be excused if such delays or failure are a result of acts of God, fires, floods, strikes, labor disputes, accidents, regulations or orders of civil or military authorities, shortages of labor or materials, or other causes, similar or dissimilar, which are beyond the control of such Party.

13. **Additional Documents & Entire Agreement.** The Parties agree to execute any additional documents or take any additional action that is necessary to carry out this Agreement. Further, this Agreement represents the entire agreement between the Parties and there are no oral or collateral agreements or understandings. This Agreement may be amended only by an instrument in writing signed by the Parties. If any other provision of this Agreement is held invalid or unenforceable, no other provision shall be affected by such holding, and all of the remaining provisions of this Agreement shall continue in full force and effect.

14. **Time of the Essence.** If any payment or any other condition, obligation, or duty is not timely made, tendered or performed by either Party, then this Agreement, at the option of the Party who is not in default, may be terminated by the non-defaulting Party, in which case, the non-defaulting Party may recover such damages as may be proper.

15. **Default and Remedies.** In the event either Party should default in performance of its obligations under this agreement, and such default shall remain uncured for more than ten (10) days after notice of default is given to the defaulting Party, the non-defaulting Party shall be entitled to pursue any and all legal remedies (subject to the following limitations on damages), and recover its reasonable attorney's fees and costs in such legal action. No Party will be entitled to lost profits or incidental, consequential, punitive or exemplary damages in the event of a default.

16. **Waiver.** A waiver by any Party to this Agreement of the breach of any term or provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either Party.

17. **Venue, Choice of Law and Disputes.** Venue for all legal actions shall lie in the District Court in and for the County of Douglas, State of Colorado, and shall be governed by the laws of the State of Colorado as well as the Charter and Municipal Code, rules, regulations, Executive Orders, and fiscal rules of the Town.

18. **Americans with Disabilities Act.** Consultant agrees to ensure that any deliverables, work, services, or equipment developed, designed, constructed or produced pursuant to this Agreement, to include website design services, will comply with all requirements of the Colorado Anti-Discrimination Act, Title II of the Americans with Disabilities Act and, where applicable, Section 504 of the Rehabilitation Act and the Architectural Barriers Act. To the extent any deliverables, work, services, or equipment developed, designed, constructed or produced pursuant to this Agreement fail to comply with the requirements of this Section, Consultant shall indemnify the Town in accordance with the terms of this Agreement and, at the Town's option, shall re-vise, re-construct, or similar, the non-compliant deliverable, work, service, or equipment, or reimburse the Town for the cost associated with bringing the non-compliant deliverable, work, service or equipment into compliance.



19. **No Discrimination in Employment.** The Town is a governmental agency and, therefore, in connection with the performance of Work or Services under this Agreement, Consultant shall not refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability, or any other protected class under Federal or State law; and Consultant shall insert the foregoing provision in any subcontracts hereunder.

20. **Title VI Compliance.** To the extent applicable, Consultant shall ensure its current and future compliance with Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d et seq., as amended, which prohibits the exclusion from participation, denial of the benefits of, or subjection to discrimination under programs and activities receiving federal financial assistance, of any person in the United States on the ground of race, color, or national origin.

21. **Advertising and Public Disclosure.** Consultant shall not include any reference to this Agreement or goods or services provided pursuant to this Agreement in any of Consultant's advertising or public relations materials without first obtaining the written approval of the Town. Nothing herein, however, shall preclude the transmittal of any information to officials of the Town, including without limitation, the Town Attorney, Town Manager, and the Town Council.

22. **Ownership of Documents, Open Records, and Copyright.** Any work product, materials, and documents produced by the Consultant pursuant to this Agreement shall become property of the Town upon delivery and shall not be made subject to any copyright or made confidential or protected in any manner unless authorized by the Town. Other materials, methodology and proprietary work used or provided by the Consultant to the Town not specifically created and delivered pursuant to the Services outlined in this Agreement may be protected by a copyright held by the Consultant and the Consultant reserves all rights granted to it by any copyright. However, Consultant acknowledges and understands that the Town is subject to the Colorado Open Records Act, C.R.S. § 24-72-201, et seq. The Town shall not reproduce, sell, or otherwise make copies of any copyrighted, confidential or protected material, subject to the following exceptions: (1) for exclusive use internally by Town staff and/or employees; or (2) pursuant to a request under the Colorado Open Records Act, C.R.S. § 24-72-201, et seq., to the extent that such statute applies; or (3) pursuant to law, regulation, or court order. The Consultant waives any right to prevent its name from being used in connection with the Services.

Consultant warrants that all Services or Work performed under this Agreement shall comply with all applicable patent, trademark and copyright laws, rules, regulations and codes of the United States. Consultant shall not utilize any protected patent, trademark or copyright in performance of the Work or Services unless Consultant has obtained proper permission and all licenses, releases and other necessary documents. Consultant releases, defends, indemnifies and holds harmless the Town, its officers, agents, and employees from any and all claims, damages, suits, costs, expenses, liabilities actions or proceedings of any kind or nature whatsoever, of or by anyone whomsoever, in any way resulting from, or arising out of, directly or indirectly, the performance of the Work or Services under this Agreement which infringes upon any patent, trademark or copyright protected by law. These defense and indemnification obligations shall survive the expiration or termination of this Agreement.

23. **Authority.** The individuals executing this Agreement represent that they are expressly authorized to enter into this Agreement on behalf of the Town and the Consultant and bind their respective entities. This Agreement is executed and made effective as provided above.

24. **Digital Accessibility.** Consultant shall be responsible for ensuring that all deliverables, work, services, or equipment developed, designed, constructed or produced pursuant to this Agreement



comply with Colorado law governing digital accessibility, including but not necessarily limited to at a minimum conforming with the current Web Content Accessibility Guidelines (“WCAG”) followed by the State of Colorado. To the extent any deliverables, work, services, or equipment developed, designed, constructed or produced pursuant to this Agreement fail to comply with the requirements of this Section, Consultant releases, defends, indemnifies and holds harmless Town, its officers, agents, and employees from any and all claims, damages, suits, costs, expenses, liabilities actions or proceedings of any kind or nature whatsoever, of or by anyone whomsoever, in any way resulting from, or arising out of, directly or indirectly, said failure. These defense and indemnification obligations shall survive the expiration or termination of this Agreement.

25. **Independent Contractor.** Consultant and the Town hereby represent that Consultant is an independent contractor for all purposes hereunder. Consultant is not covered by any worker’s compensation insurance or any other insurance maintained by Town except as would apply to members of the general public. Consultant shall not create any indebtedness on behalf of the Town.

26. **No Third-Party Beneficiaries.** It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to Town and Consultant, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement. It is the express intention of the Parties that any person other than Town or Consultant receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

27. **Counterparts & Electronic Signatures.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall be deemed to constitute one and the same instrument. Each of the Parties hereto shall be entitled to rely upon a counterpart of the instrument executed by the other Party and sent by electronic mail. Each Party agrees that this Agreement and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Agreement or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

28. **Licenses/Taxes.** Consultant affirms it is licensed to do business in the State of Colorado and is in good standing. Further, Consultant shall be solely responsible for paying all applicable taxes associated with or arising out of this Agreement.

29. **Confidentiality.** Consultant agrees that it shall treat as confidential all information provided by the Town regarding the Town’s business and operations. All confidential information provided by the Town hereto shall be used by Consultant solely for the purposes of rendering services or work pursuant to this Agreement and, except as may be required in carrying out the terms of this Agreement, shall not be disclosed to any third party without the prior consent of the Town. The foregoing shall not be applicable to any information that is publicly available when provided or which thereafter becomes publicly available or which is required to be disclosed by any regulatory authority in the lawful and appropriate exercise of its jurisdiction over a Party, any auditor of the Parties hereto, by judicial or administrative process or otherwise by applicable law or regulation.

30. **Priority of Provisions.** In the event that any terms of this Agreement and any Exhibit, attachment, or other referenced document are inconsistent, the following order of priority shall control: (1) this Agreement; (2) Exhibit containing Certificate of Insurance; and (3) Exhibit containing Services and Fee Schedule.



**ATTACHED EXHIBITS:**

EXHIBIT 1 – SCOPE OF SERVICES AND FEE SCHEDULE

EXHIBIT 2 – CONSULTANT'S CERTIFICATE OF INSURANCE

**ATTEST:**

**TOWN OF CASTLE ROCK**

\_\_\_\_\_  
Lisa Anderson, Town Clerk

\_\_\_\_\_  
Jason Gray, Mayor

**Approved as to form:**

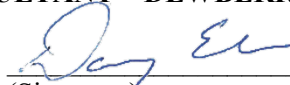
**Approved as to content:**

\_\_\_\_\_  
Kaitlin Parker, Assistant Town Attorney

\_\_\_\_\_  
Mark Marlowe, Director, Castle Rock Water

**CONSULTANT – DEWBERRY ENGINEERS INC.:**

By:

  
\_\_\_\_\_  
(Signature)

E. Danny Elsner, PE CFM  
(Print Name)

Its:

Water Resource Department Manager, Senior Associate  
(Title)

## EXHIBIT 1

### SCOPE OF SERVICES AND FEE SCHEDULE

Consultant shall provide to the Town under this Agreement the following engineering, design and permitting services to upgrade the existing Plum Creek Diversion structure and navigate initial permitting and conceptual design of a new surface water diversion on Plum Creek (CR-2), in accordance with the below fee schedule. In no event shall payment to Consultant under this Agreement for the Services exceed \$470,867.00, unless authorized in writing by Town.

Our fee is broken up by project site. We estimated our fee based on the scope of work and the approach, action plan, and assumptions described in our proposal. If necessary, we will work with the Town to refine the project scopes and fees after selection.

Hourly billing rates and reimbursable expenses are provided below.

PERSONNEL CATEGORY	HOURLY BILLING RATE, \$
Principal	360
Engineer IX	290
Engineer VIII	260
Engineer VII	230
Engineer VI	200
Engineer V	180
Engineer IV	160
Engineer III	145
Engineer II	130
Engineer I	115
CAD Designer IV	180
CAD Designer III	160
CAD Designer II	140
CAD Designer I	110
Administrative	140

Reimbursable Expenses:

PROJECT PHASE	RATE
Auto Mileage	Approved IRS Rate
Per Diem Lodging	Approved GSA Rate
Per Diem Meals/Incidentals	Approved GSA Rate
Subconsultants	10% markup
Project related printing, couriering, mailing with external vendors, parking fees and tolls	At Cost
Computer time, faxing, in-house printing, supplies	No Charge

Engineering Design Services - Castle Rock Water Plum Creek Diversion Upgrades Project																				
Detailed Cost and Level of Effort				Dewberry																
Task	Task Description	Total Contract Amount	Subconsultant Costs				Dewberry													
			Subtotal + 10% Markup	Precision Surveyors	Geotech Vivid	ERO Resources Corp	Direct Costs	Labor Cost	Total Hours	Eng IX	Eng VIII	Eng VII - PM	Eng VII - Struct. Eng	Eng VII - Elec. Eng	Eng IV	Eng III	Struct Eng II	CAD Designer IV	CAD Designer II	Admin
										\$ 290	\$ 260	\$ 230	\$ 230	\$ 230	\$ 160	\$ 145	\$ 125	\$ 180	\$ 140	\$ 140
<b>Plum Creek Diversion Design</b>																				
1	Project Management and Coordination	\$ 18,000						\$ 18,000	90			60								
2	Document Review and Site Investigation																			30
	2.1 - Document Review	\$ 4,340	\$ -					\$ 4,340	24	2	2	2	2	2	8	8				
	2.2 - Topographic Survey	\$ 10,148	\$ 9,548	\$ 8,680				\$ 600	3											1
	2.3 - Geotechnical Investigation	\$ 15,650	\$ 14,410		\$ 13,100			\$ 1,240	7						4					1
	2.4 - Natural Resource Assessment	\$ 20,312	\$ 19,712		\$ 17,920			\$ 600	3											1
3	30% Design																			
	3.1 - 30% Design	\$ 28,670	\$ -					\$ 28,670	172		8	8	8	8	30	30	16	24	40	
	3.2 - 30% Design Workshop	\$ 4,450	\$ -					\$ 4,400	24		4	4	4		8	8				
4	90% Design																			
	4.1 - 90% Design	\$ 128,400	\$ -					\$ 128,400	776	24	24	24	72	32	80	80	160	144	160	
	4.2 - 90% Design Workshop	\$ 3,930	\$ -					\$ 3,880	20	4	4	4			12					
5	100% Bid Ready Documents	\$ 12,480	\$ -					\$ 12,480	72	4	4	4	4	4	16		8	16	16	
6	QA/QC	\$ 15,420	\$ -					\$ 15,420	54											
7	Easements Services	\$ 1,700	\$ 1,100	1,000				\$ 600	4						2					2
8	Permitting Services	\$ 37,264	\$ 21,604			\$ 19,640		\$ 15,660	92		10	10			24	40				8
9	CLOMR and LOMR	\$ 98,350	\$ -					\$ 98,350	610		60				200	350				
	<b>Plum Creek Diversion Design Total:</b>	\$ 399,114	\$ 66,374	9,680	\$ 13,100	\$ 37,560	\$ 100	\$ 332,640	1,951	50	116	126	86	46	384	516	184	184	226	33
<b>CR-2 Diversion Design</b>																				
10	Project Management and Coordination	\$ 4,160						\$ 4,160	22			12								10
11	Document Review and Site Investigation																			
	11.1 - Document Review	\$ 1,620						\$ 1,620	8		2	2	2		4					
	11.2 - Topographic Survey	\$ 7,783	\$ 7,183	\$ 6,530				\$ 600	3											1
	11.3 - Geotechnical Investigation	\$ 15,190	\$ 14,410		\$ 13,100			\$ 780	5						4					1
12	30% Design																			
	12.1 - 30% Design	\$ 26,820	\$ -					\$ 26,820	162		8	8	8	8	20	28		30	60	
	12.2 - 30% Design Workshop	\$ 2,900	\$ -					\$ 2,900	10											
13	QA/QC	\$ 13,280	\$ 1,540					\$ 11,740	68											
14	Permitting Services	\$ 71,753	\$ 23,133	6,530	\$ 13,100	\$ 1,400		\$ 48,620	278	10	18	32	8	0	48	56	0	30	64	12
	<b>CR-2 Diversion Design Total:</b>	\$ 470,867	\$ 89,507	16,210	\$ 26,200	\$ 38,960	\$ 100	\$ 381,260	2,229	60	134	158	94	46	432	572	184	214	290	45
All Project Totals:																				



May 16, 2025

Town of Castle Rock  
Castle Rock Water Department  
175 Kellogg Court  
Castle Rock, Colorado 80109  
ATTN: Ms. Erin Evans, Project Manager

**RE: RFP No. 2025-004 – Proposal for Plum Creek Diversion Structure Upgrade Design Services**

Dear Ms. Evans:

Dewberry is pleased to submit this proposal for Design Services to the Town of Castle Rock (Town) to replace the Plum Creek Diversion Structure and for preliminary design and permitting coordination for the new CR-2 surface diversion. Below is our response to the scope of work and action plan for the projects.

**Section 1: Response to Scope of Work**

Castle Rock Water would like to maximize its renewable water use to serve its constituents by leveraging its existing water rights. Castle Rock has identified a need to replace the existing Plum Creek Diversion structure to be able to reliably capture 40 cfs at this location. The existing structure does not allow this because high sediment loads in Plum Creek impact intake operations and limit the amount of water that can be captured. Additionally, the intake structure allows a substantial amount of sediment to pass through into the pump station wetwell. This sediment must be removed and may negatively impact equipment in the pump station increasing operations and maintenance time. Castle Rock has also identified a location on East Plum Creek just downstream of the Plum Creek Water Reclamation Authority (PCWRA) Water Reclamation Facility (WRF) discharge location where an additional diversion structure (CR-2) designed to capture up to 30 cfs would allow Castle Rock to fully utilize water rights owned on East Plum Creek as well as reclaim water return flows coming out of the WRF. An alternatives analysis was previously completed to select a diversion type and complete conceptual design of the new structure.

The existing Plum Creek Diversion structure will be demolished and replaced with a new structure. The new structure will include an inclined wedge wire screen, two gates to control water flow through the structure, and a third gate to control flow out of the structure. An infiltration gallery will also be installed upstream of the diversion structure. The new structure and gallery will allow Castle Rock to fully capture up to 40 cfs at this location while minimizing sediment settling in the structure and being transported into the pump station with diverted flow. The alternatives analysis evaluated channel and flow characteristics and identified the most suitable systems. Typically, infiltration galleries are used to divert lower flows and will likely be used a majority of the time, while the screen is activated to divert high flows during peak events.

The CR-2 Diversion will be similar in form to the Plum Creek Diversion. It will be designed to capture up to 30 cfs. The CR-2 diversion will be designed to a 30 percent level so initial permitting meetings with the United States Army Corps of Engineers (USACE) and Colorado Department of Public Health and Environment (CDPHE) can be conducted to understand what will be required to move forward with the CR-2 Diversion.

The design team will work with Castle Rock throughout the design process to mitigate economic and environmental impacts and to balance reducing the schedule with other considerations. These and other key issues that will be addressed during design are discussed further below.



## Constructability

Plum Creek adds a level of difficulty to constructing the improvements. Construction requirements will be developed during design to reduce the construction cost and schedule while achieving the project's goals. These may include maintaining intake ability of a prescribed amount throughout construction at the Plum Creek Diversion; completely bypassing the creek bed in the construction area versus construction in phases to avoid bypassing outside the creek channel; channel reconstruction methods to limit impacts; and construction in the winter when creek flows are low and the chance of floods is minimized. We will work with our in-house construction management team during design to develop a proposed methodology and sequencing that meets the construction requirements identified. The requirements and proposed solutions will be detailed in our design documents. The selected contractor may propose an alternative solution that will be discussed with the project team to verify it meets all requirements and does not add additional operational risks, cost, or schedule.

## Environmental Impact

Access plans and construction sequencing requirements will be developed to minimize environmental impacts. These will account for information from the Natural Resources Assessment. Considerations will include stream bypassing via a temporary channel or a portion of the existing channel; limiting disturbance to the existing trees, vegetation, and the existing channel outside the construction area; and construction windows that avoid impacts to endangered, migratory, and other animals. Restoration plans will also be completed to return the creek bed, surrounding riparian areas, and access paths to their original condition as quickly as possible.

## Water Supply Impact

Castle Rock may not be able to pull water out of the creek at the Plum Creek Diversion during construction. We will establish an estimated construction timeline and work with Castle Rock to quantify this impact. We will also develop options to limit this impact. Potential options include constructing during low flow periods and sequencing construction to allow water to be pulled out of the existing structure while the infiltration gallery is installed and out of the infiltration gallery while the new structure is installed.

## Easement Requirements

Based on Douglas County Real Property information, the area where the Plum Creek Diversion structure and infiltration gallery will be installed is owned by the Town of Castle Rock and we do not believe permanent easements will be required. Temporary easements may be required for access to the construction area from the east side of the bridge. At the CR-2 location it is likely a permanent easement or easements will be required depending on where the structure and gallery land as well as temporary easements for access and construction. Dewberry will work with Precision Survey to develop descriptions and exhibits for any required easements at the Plum Creek Diversion site and identify easements that may need to be acquired in the future for the CR-2 site.

## Project Schedule

Construction of the structure will likely be limited to low flow periods in Plum Creek. The design will consider reducing the project timeline as much as possible to limit the risk of working in the creek while accounting for other considerations like limiting the time the Castle Rock is unable to divert water at the Plum Creek Diversion and limiting the construction time spent in the creek bed. We will review our design with our construction management team and discuss possible opportunities to reduce the construction schedule and incorporate these into our design.

**Key Tasks that will be completed to meet the project objectives and address the issues above include:**

**Review of Existing Information and Sizing:** We will review the information from the alternatives analysis along with any other available information to gain a full understanding of the work done previously and existing

conditions. We will work with Castle Rock and the alternatives analysis consultant to develop or verify the sizing and characteristics of the infiltration gallery, structure, screen, and gates that will be incorporated into the design based on the data used in the alternatives analysis and collected during design. We will also confirm sizing and operating characteristics of systems and equipment with industry standards and manufacturers.

**Survey and Geotechnical Investigation:** Survey and geotechnical investigations will be critical for both sites to provide the necessary information to appropriately design the structure, foundation, and gallery for each location. We have worked with our survey and geotechnical subconsultants on numerous projects and are confident in the information and recommendations they provide. They also will remain a part of the team throughout the design process, providing additional information and input as design progresses.

**Jurisdictional Coordination and Permitting:** Numerous agencies will be involved in the permitting for this project. A permit log will be used to track each permit and associated activities. The log will be populated with submittal deadlines, review timelines, next steps, required documents for upcoming submittals, and review status for each permit. The log is a living document that will be updated as the project progresses.

The 404 permit will require wetlands, endangered species, and cultural surveys. Our subconsultant ERO Resources will conduct a Natural Resources Assessment for the Plum Creek Diversion site that will include wetlands, endangered species, wildlife, and cultural surveys. They will prepare the 404 permit documents and respond to questions and comments pertaining to their work from USACE, the U.S. Environmental Protection Agency, U.S. Fish and Wildlife, Service, and the Douglas County during the permitting process. Permitting processes with USACE and CDPHE will begin with meetings immediately after 30% design. If possible both sites will be discussed in the same meetings with USACE and CDPHE to avoid getting different information at different meetings. Applications for all permits will be submitted as early as possible to begin the review process and receive approvals in a timely manner.

Grading Erosion & Sediment Control (GESC) plans and report will be included at the 90% and 100% design level for the Plum Creek Diversion and submitted to Douglas County for approval. GESC plans will be completed in accordance with Castle Rock's TESC Manual and Douglas County's GESC Manual.

The Douglas County Floodplain Manager will be contacted after the 30% design to discuss the Plum Creek Diversion project. A floodplain development application will be completed and submitted once the CLOMR is approved.

**Conditional Letter of Map Revision and Letter of Map Revision:** The scope of this project includes a CLOMR and LOMR for the Plum Creek Diversion structure. Dewberry previously completed a CLOMR and LOMR for the Plum Creek Diversion Pump Station project in this same area. A CLOMR was also completed for the recent reservoir construction for a more localized area to the diversion structure than was done for the Plum Creek Diversion Pump Station. We will begin the CLOMR process and submit to FEMA for review and approval when design drawings are at about 60% complete. The LOMR will be required after construction is complete and as built information is gathered. If possible, it is recommended that the LOMR for the reservoir construction be combined with the LOMR for the diversion upgrades to not duplicate effort and to save budget.

**Final Design:** Final design will build on the concepts selected in the alternatives analysis process and develop the necessary details so a contractor can construct a system that will reliably achieve the project objectives. The diversion structures act as low head dams spanning the stream. The structure and channel need to be designed to avoid water eroding around or under the structure. The structure also needs to be designed to resist any differential pressures between the upstream and downstream sides and to avoid damage by debris carried by the stream during high flow events. Final pipe size and layout of the infiltration gallery along with soil and aggregate gradation in the gallery will be selected. Hydraulics through the infiltration gallery will also be reviewed to confirm the losses through the gallery media and piping will allow the desired flow to be achieved. Flow velocities in the creek across the year and intake

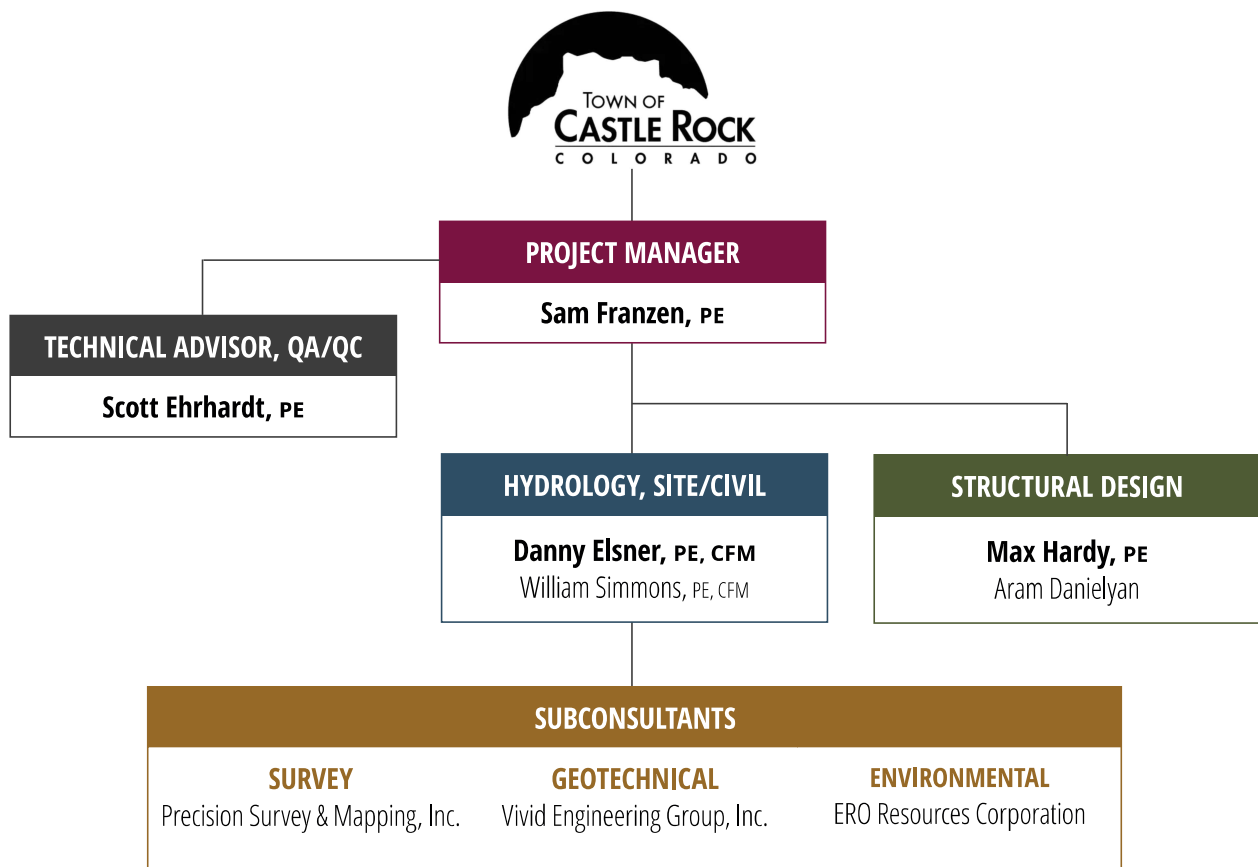
velocities based on the expected flow rates will be used to confirm if small particles will settle out of the flow into the infiltration gallery media potentially causing clogging. If it is determined small particles will settle solutions will be examined such as increasing flow velocities through the creek at the infiltration gallery or a backwash system for the gallery. Other final design items will include creek diversion during construction, channel reconstruction and stabilization measures, and existing structure demolition requirements.

In addition, during the CLOMR phase, a HEC-RAS 2D model will be used to assist with the permitting process. We will use this 2D model to understand potential areas of scour both upstream and downstream of the diversion structure and where improvements will be needed. The current geomorphology shows that the left bank descending or west side of the channel has the greatest chance of scour during high flows at the bend in the channel. The 2D model will help establish the appropriate grading to minimize this occurrence and any countermeasures needed.

## Project Team

The project team will include the members noted and be organized as shown below. The majority of our team is located in our Denver office and is available for site visits and in person workshops which we find are more successful than virtual review meetings. The project team below will remain the same throughout the project. Our team is ready to start working on the project as soon as notice is received. Resumes for key team members are included in **Appendix A**.

## Organizational Chart



**Bold** indicates key personnel

## SUBCONSULTANTS

### PRECISION SURVEY & MAPPING, INC. (PRECISION)

Precision is a full service Professional Land Surveying Company located in Denver, Colorado. Their team is comprised of dedicated and experienced professional surveyors committed to quality and professionalism. Precision services a broad range of clientele including civil engineers, architects, utility companies, developers, federal and state agencies, local municipalities, as well as the residential property owner.

### VIVID ENGINEERING GROUP, INC. (VIVID)

Vivid provides geotechnical, geologic, environmental, and construction support services focused on transportation, water, energy, utility, government, and commercial market sectors. VIVID's core services focus on the geosciences as well as construction administration, quality, inspection and materials testing services. Their lab facilities are AMRL certified and full-service geotechnical and construction materials testing laboratories for soil, aggregate, concrete, and asphalt testing. VIVID will provide geotechnical services such as collecting and analyzing soil borings in support of design activities.

### ERO RESOURCES CORPORATION (ERO)

ERO has been involved in consulting on natural resource planning and permitting projects throughout the Intermountain West since 1981 and is a recognized leader in National Environmental Policy Act (NEPA) compliance, environmental planning, biological resources, cultural and historic resources, and environmental due diligence and remediation, serving an array of federal and state agencies, municipalities, and private clients.

## Section 2: Action Plan

Tasks and descriptions for the scope of work are provided below. Tasks 1 through 9 are for the Plum Creek Diversion structure and Tasks 10 through 14 are for the CR-2 diversion structure.

### Tasks 1 and Task 10 – Project Management and Coordination

Assign and supervise Dewberry staff, and provide technical direction, coordination, and communication to the Dewberry staff and subconsultants to ensure the project meets budget, schedule, and quality goals. Attend project kickoff meeting and coordination meetings (virtual) with the entire project team. Monitor the work schedule and budgets and provide general contract administration within Dewberry. Provide the Town with written monthly progress reports addressing project status, budget, schedule, and potential scope of work changes.

### Task 2 and Task 11 – Document Review and Site Investigation for both Locations

Task 2 deliverables include:

- Natural Resource Assessment Report
- Geotechnical Report
- Topographic Survey
- USACE and CDPHE Permit coordination meeting notes and action item log

### TASKS 2.1/11.1 – DOCUMENT REVIEW

This task includes collecting and reviewing data. Data may include reports, mapping, record drawings, previous project information, photographs, 811 utility locate data, private utility locate data, and information gathered during field visits.

### TASKS 2.2/11.2 – TOPOGRAPHIC SURVEY

Complete survey of the creek and surrounding areas in the vicinity of the structure and infiltration gallery locations. Surveying and mapping will be provided by our subconsultant Precision Surveying and Mapping. Survey data will

include surface and creek bed topography and ground features including roads, sidewalks, structures, parking lots, driveways, utility boxes, utility poles, trees, and bushes. Buried utilities indicated by pin flagged marks or painting provided by a professional utility locator will be identified and shown on the base mapping. Manholes will be physically surveyed to verify horizontal and vertical data. Vertical datum shall be NAVD 88 with no conversion equation. Horizontal control shall be State Plane NAD83, Colorado Central Zone coordinate system and shall specify horizontal benchmarks and include coordinates of at least one known property corner on or adjacent to the site.

### **TASKS 2.3/11.3 – GEOTECHNICAL INVESTIGATION**

Geotechnical investigation will be conducted by Vivid Engineering. The information and data provided by these investigations will be used to guide the final design and will be provided to bidders. This task includes four boreholes to approximately 25 feet deep, two on the bank adjacent to the creek at each diversion structure, and four boreholes to 10 feet deep, two at each infiltration gallery. The boreholes will be backfilled per Town and County requirements. During drilling soil materials encountered in each bore will be logged and field sampling and standard penetration tests will be conducted.

### **TASKS 2.4 – NATURAL RESOURCE ASSESSMENT**

(Plum Creek Diversion Site only) ERO Resources Corporation will complete a natural resource assessment which will include a site visit to identify potential natural resource concerns; identify and map wetlands, open water, and channels; and prepare a natural resource assessment report.

### **Tasks 3 and Task 12 – 30% Design for both Locations**

30% design deliverables for each pipeline include:

- 30% Design Drawings
- Specification List
- 30% Engineer's Opinion of Probable Cost

### **TASKS 3.1/12.1 – 30% DESIGN**

Information and recommendations from the alternatives analysis will be verified and used to develop 30% design documents. Project phasing will be discussed with the Town to understand sequencing requirements that will have to be accounted for in design. Manufacturers will be contacted to confirm the sizing of equipment, screen, and gates. The 30% design submittal will include drawings, a specifications list, and a 30% engineer's opinion of probable construction cost. Proposed temporary and permanent easements required for the structures or construction access will be depicted on the drawings. A set of drawings will be produced for each location. The following drawings will be included in each 30% drawing set:

- Cover
- Civil legend, general notes, and drawing index
- Overall site plan
- Project control and survey
- Diversion structure plan view
- Infiltration gallery plan view

### **TASKS 3.2/12.2 – 30% DESIGN WORKSHOP**

Hold a workshop with the Town to review the drawings and discuss review comments, next steps, and direction needed to move forward with design. Compile and submit meeting notes and comment logs to memorialize discussions, decisions, and potential action items.



## **Task 4 – 90% Design for Plum Creek Diversion**

90% design deliverables for each pipeline include:

- 90% Design Drawings
- 90% Design Specifications
- Subsurface Utility Engineering Plan and Report
- Grading Erosion and Sediment Control Plan/Report
- Easement Exhibits and Descriptions

### **TASKS 4.1 – 90% DESIGN**

Design for the Plum Creek Diversion will continue to be developed and comments and decisions from the 30% Design review will be incorporated into the 90% Design packages. Drawings and Specifications for the 90% submittal will be prepared in accordance with Town criteria and will generally include:

- Cover
- Civil legend, general notes, and drawing index
- Overall project location drawing
- Overall site plans/key maps
- Site, piping, and grading plan
- Yard piping plan
- Civil detail sheets
- Infiltration gallery plan, sections, and details
- GESC plans
- GESC standard notes and details
- Structural plans, sections, and details
- Pipeline installation detail sheets

The GESC Drawings will be packaged and submitted separately to Douglas County for approval.

### **TASKS 4.2 – 90% DESIGN WORKSHOP**

Hold a workshop with the Town to review the drawings and discuss review comments. Compile and submit meeting notes and comment logs to memorialize discussions, decisions, and potential action items.

## **Task 5 – 100% Bid Ready Design Package for Plum Creek Diversion**

Tasks 5.1– 100% Design. Once final approval is granted, Dewberry will create bid ready final Contract Documents and cost opinion. The bid drawings will include the same drawings listed under the 90% Design task modified as necessary to properly present the work. The 100% design submittal will include final technical specifications and a construction cost estimate.

100% design deliverables for each project include:

- 100% Design Drawings (PDF and CADD)
- 100% Design Specifications
- 100% Engineer's Opinion of Probable Cost

## **Task 6 and Task 13 – QA/QC for both Locations**

### **TASKS 6.1/13.1 – QA/QC**

Provide quality management and QA/QC review on all work products delivered to the Town. The QC reviewer will be the same for both pipeline projects to provide consistency across the two projects.

## **Task 7 – Easements Services for Plum Creek Diversion**

### **TASKS 7.1 – EASEMENT SERVICES**

Dewberry will coordinate with their surveying subcontractor, Precision Survey, to produce the required exhibits and descriptions for permanent and temporary easements for the new structures and construction access at the Plum Creek site. A total of two easement exhibits and descriptions have been assumed.

## **Task 8 and Task 14 – Permitting Services for both Locations**

### **TASKS 8.1/14.1 – PERMITTING**

Dewberry will assist the Town in acquiring the USACE 404 permit and CDPHE permits for the Plum Creek Diversion. This includes filling out and submitting applications, creating the necessary figures and documents to include with the applications, and coordinating and attending up to three meetings with each agency. Preliminary meetings will be conducted with USACE and CDPHE for the CR-2 site to establish permitting requirements and action items for that site. We assume this meeting will be combined with the first meeting with each agency for the Plum Creek Diversion.

## **Task 9 – CLOMR and LOMR for Plum Creek Diversion**

Dewberry will prepare and submit a CLOMR based on design documents at about 60% design completion. A LOMR will also be submitted with associated data based on as built information to the Federal Emergency Management Agency. Any comments will be addressed and responded to.

## **Assumptions and Exclusions**

Our team has included the following assumptions and exclusions in developing our scope of work. Exclusions can be added to the scope of work via addendum.

1. Based on the information provided with the RFP we assume we will need to provide any information not shown on the conceptual drawings as part of the design and confirm the information that has been provided. This will include but not be limited to structure dimensions; foundation design; screen opening dimension; gallery pipe lengths, layout, and soil/aggregate gradation; and backwash system design. If this is not the case, we can adjust our scope and fee accordingly.
2. We assume the requirements for the selected diversion types were reviewed during the alternatives analysis and that they are suitable for the intended use and location.
3. The CR-2 project only includes the diversion structure and infiltration gallery. Piping, access, or any additional items outside the structure are not part of this project.
4. The contractor will provide the as-built survey in an appropriate format and detail to meet FEMA requirements.
5. Permit application and review fees will be paid by the Town. This includes FEMA submittal fees for the CLOMR and LOMR.
6. Any construction permitting required prior to construction outside of the permits listed (such as dewatering) will be obtained by the contractor.
7. A Natural Resource Assessment will only be completed for the Plum Creek Diversion site as part of this project.
8. The LOMR will occur shortly after the construction process and within the next 3 years.
9. The geotechnical investigation scope includes two 25 feet deep borings and two 10 feet borings at each site for a

total of 8 borings.

- 10.** Easement exhibits and descriptions are only required for the Plum Creek Diversion site as part of this project. Two easement exhibits and descriptions are assumed for this site.
- 11.** The Town will negotiate and secure the required easements with the property owners.
- 12.** The Town will negotiate and secure the right of entries to both sides of the creek at each location to allow for surveying and geotechnical site investigations and general access during the project.

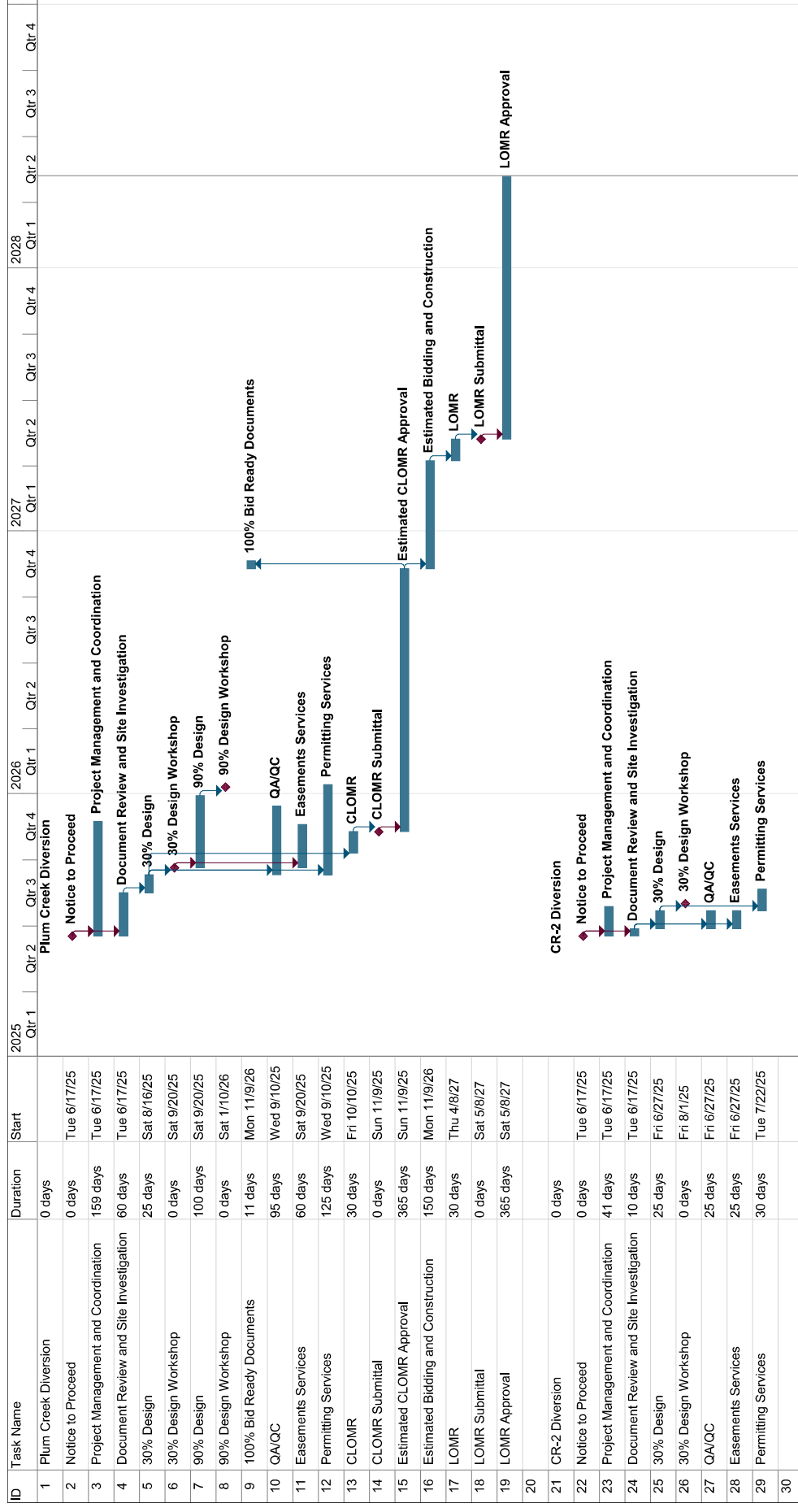
Bidding and construction services are not included in this project but may be added by amendment if desired.

## **Schedule**

The proposed design schedule is provided on the following page. The document review, site investigations, and 30% design tasks for the two locations will run concurrently. This increases efficiencies for site visits and subcontractor field activities and allows permitting discussions to begin at the same time after the 30% design. Permitting for the Plum Creek Diversion will continue throughout the design. The schedule driver will be to produce the required documents at around 60% for the CLOMR submittal as its review will be the critical path. CLOMR and LOMR review and approval and construction durations are assumed and may be shorter or longer than shown.



## SCHEDULE



**EXHIBIT 2**

**CONSULTANT'S CERTIFICATE OF INSURANCE**



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
05/27/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> MARSH USA, LLC. 1050 CONNECTICUT AVENUE, SUITE 700 WASHINGTON, DC 20036-5386	<b>CONTACT NAME:</b> Ashley Oliver <b>PHONE (A/C, No, Ext):</b> 410 347 3631 <b>E-MAIL ADDRESS:</b> Ashley.Oliver@marsh.com	<b>FAX (A/C, No):</b>
CN102736896-7/1-1.1a-24-25	GAWP	
<b>INSURED</b> DEWBERRY ENGINEERS INC.  990 SOUTH BROADWAY SUITE 400 DENVER, CO 80209	<b>INSURER(S) AFFORDING COVERAGE</b> <b>INSURER A:</b> The Charter Oak Fire Insurance Company <b>INSURER B:</b> The Travelers Indemnity Company Of America <b>INSURER C:</b> Travelers Property Casualty Co. Of America <b>INSURER D:</b> Beazley Insurance Company, Inc. <b>INSURER E:</b> N/A <b>INSURER F:</b>	<b>NAIC #</b> 25615 25658 25674 37540 N/A

## COVERAGES

CERTIFICATE NUMBER:

CLE-007357843-01

REVISION NUMBER: 8

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> CONTRACTUAL INS. COV. (INSURED CONTRACTS) GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y	Y	P-630-7792B312-COF-24	07/01/2024	07/01/2025	EACH OCCURRENCE \$ 5,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 5,000,000 PRODUCTS - COMP/OP AGG \$ 5,000,000
B	<input checked="" type="checkbox"/> <b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY	Y	Y	810-1N788974-24-43-G	07/01/2024	07/01/2025	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ COMP / COLL DED: \$ 1,000
	<input type="checkbox"/> <b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
C	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N	N/A	UB-6P972264-24-43-G	07/01/2024	07/01/2025	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
D	<b>PROFESSIONAL LIABILITY</b>			V11B5E241501 RETRO. DATE: FULL PRIOR ACTS	07/01/2024	07/01/2025	PER CLAIM/AGGREGATE 2,000,000

## DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: DEWBERRY PROJECT/JOB/PLN # PLN 348056, BU2280, PLUM CREEK DIVERSION STRUCTURE UPGRADE DESIGN SERVICES CLIENT CONTRACT #RFP NO. 2025-004

TOWN, ITS ELECTED AND APPOINTED OFFICIALS, OFFICERS, EMPLOYEES, AGENTS AND VOLUNTEERS ARE INCLUDED AS ADDITIONAL INSURED WHERE REQUIRED BY WRITTEN CONTRACT WITH RESPECT TO GENERAL LIABILITY AND AUTOMOBILE LIABILITY. THE GENERAL AND AUTO LIABILITY INSURANCE IS PRIMARY AND NON-CONTRIBUTORY OVER ANY EXISTING INSURANCE AND LIMITED TO LIABILITY ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED AND WHERE REQUIRED BY WRITTEN CONTRACT. WAIVER OF SUBROGATION IS APPLICABLE WHERE REQUIRED BY WRITTEN CONTRACT.

## CERTIFICATE HOLDER

## CANCELLATION

TOWN OF CASTLE ROCK 175 KELLOGG COURT CASTLE ROCK, CO 80109	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE of Marsh USA LLC  
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**ADDITIONAL REMARKS SCHEDULE**Page 2 of 2

<b>AGENCY</b> MARSH USA, LLC.		<b>NAMED INSURED</b> DEWBERRY ENGINEERS INC.  990 SOUTH BROADWAY SUITE 400 DENVER, CO 80209
<b>POLICY NUMBER</b>		
<b>CARRIER</b>	<b>NAIC CODE</b>	<b>EFFECTIVE DATE:</b>

**ADDITIONAL REMARKS**

**THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,**  
**FORM NUMBER:** 25 **FORM TITLE:** Certificate of Liability Insurance

AS RESPECTS THE PROFESSIONAL LIABILITY COVERAGE EVIDENCED ABOVE, IF THIS POLICY IS CANCELLED BY THE INSURER, OTHER THAN FOR NON-PAYMENT OF PREMIUM, THE INSURER WILL PROVIDE 30 DAYS WRITTEN NOTICE TO CERTIFICATE HOLDER. AS RESPECTS THE GENERAL LIABILITY, AUTOMOBILE LIABILITY, AND WORKERS' COMPENSATION COVERAGES EVIDENCED ABOVE, NOTICE OF CANCELLATION WILL BE PROVIDED BY THE INSURER(S) TO THE CERTIFICATE HOLDER PER THE ATTACHED AS REQUIRED BY WRITTEN CONTRACT.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **VIRGINIA BLANKET CANCELLATION AND NONRENEWAL NOTICE**

This endorsement modifies insurance provided under the following:

**BUSINESS AUTO COVERAGE FORM  
AUTO DEALERS COVERAGE FORM  
MOTOR CARRIER COVERAGE FORM**

In the event of cancellation or nonrenewal or material change that reduces or restricts the insurance afforded by this Coverage Part, we agree to mail prior written notice of cancellation or nonrenewal or material change to:

### **SCHEDULE**

Any person or organization to whom you have agreed to under any contract or agreement that notice of cancellation or material limitation of this policy will be given, but only if:

1. You send us a written request to provide such notice, including the name and address of such person or organization, after the first Named Insured receives notice from us of the cancellation or nonrenewal or material change of this policy; and
2. We receive such written request at least 14 days before the beginning of the applicable number of days shown in this endorsement.

**3. Number of days advance notice:**

<b>Cancellation for nonpayment of premium:</b>		<b>Days</b>
<b>Cancellation other than nonpayment of premium:</b>	<b>30</b>	<b>Days</b>
<b>Nonrenewal:</b>		<b>Days</b>
<b>Material change:</b>		<b>Days</b>

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**DESIGNATED PERSON OR ORGANIZATION – NOTICE OF  
CANCELLATION PROVIDED BY US**

This endorsement modifies insurance provided under the following:

ALL COVERAGE PARTS INCLUDED IN THIS POLICY

**SCHEDULE**

**CANCELLATION:**

**Number of Days Notice:**

30

**PERSON OR  
ORGANIZATION:**

ANY PERSON OR ORGANIZATION  
(CONTINUED ON IL T8 06)

**ADDRESS:**

SEE IL T8 06

FAIRFAX  
VA  
22031

**PROVISIONS**

If we cancel this policy for any legally permitted reason other than nonpayment of premium, and a number of days is shown for Cancellation in the Schedule above, we will mail notice of cancellation to the person or organization shown in such Schedule. We will mail such notice to the address shown in the Schedule above at least the number of days shown for Cancellation in such Schedule before the effective date of cancellation.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED ENTITY - NOTICE OF CANCELLATION PROVIDED BY US  
IL T4 05 05 19

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:  
ALL COVERAGE PARTS INCLUDED IN THIS POLICY

CONTINUATION OF FORM IL T4 05, PERSON OR ORGANIZATION:

ANY PERSON OR ORGANIZATION TO WHOM YOU HAVE AGREED IN A WRITTEN CONTRACT THAT  
NOTICE OF CANCELLATION OF THIS POLICY WILL BE GIVEN, BUT ONLY IF:  
1. YOU SEND US A WRITTEN REQUEST TO PROVIDE SUCH NOTICE, INCLUDING THE NAME  
AND ADDRESS OF SUCH PERSON OR  
ORGANIZATION, AFTER THE FIRST NAMED INSURED SHOWN IN THE DECLARATIONS RECEIVES  
NOTICE FROM US OF THE  
CANCELLATION OF THIS POLICY; AND  
2. WE RECEIVE SUCH WRITTEN REQUEST AT LEAST 14 DAYS BEFORE THE BEGINNING OF  
THE APPLICABLE NUMBER OF DAYS  
SHOWN IN THIS SCHEDULE.

ADDRESS:

THE ADDRESS FOR THAT PERSON OR ORGANIZATION INCLUDED IN SUCH WRITTEN REQUEST  
FROM YOU TO US.

**NOTICE: THESE POLICY FORMS AND THE APPLICABLE RATES ARE EXEMPT FROM THE FILING REQUIREMENTS OF THE NEW YORK INSURANCE LAW AND REGULATIONS. HOWEVER, THE FORMS AND RATES MUST MEET THE MINIMUM STANDARDS OF THE NEW YORK INSURANCE LAW AND REGULATIONS.**

Effective date of this Endorsement: 01-Jul-2024

This Endorsement is attached to and forms a part of Policy Number: V11B5E241501

Beazley Insurance Company, Inc. referred to in this endorsement as either the "Insurer" or the "Underwriters"

**DEWBERRY NOTICE OF CANCELLATION TO CERTIFICATE HOLDER**

This endorsement modifies insurance provided under the following:

**ARCHITECTS AND ENGINEERS PROFESSIONAL LIABILITY INSURANCE POLICY**

In consideration of the premium charged for the Policy, it is hereby understood and agreed that in addition to the provisions of the Cancellation section of the Conditions, if this policy is cancelled by us, other than for non-payment of premium, we will provide 30 days written notice to the following party(ies):

As per list to be provided by the Named Insured or its Broker of Record.

All other terms and conditions of this Policy remain unchanged.

  
Authorized Representative



POLICY NUMBER: UB-6P972264-24-43-G

## **NOTICE OF CANCELLATION OR NONRENEWAL TO DESIGNATED PERSONS OR ORGANIZATIONS**

The following is added to **PART SIX – CONDITIONS** :

### **Notice Of Cancellation Or Nonrenewal To Designated Persons Or Organizations**

If we cancel or non-renew this policy for any reason other than non-payment of premium by you, we will provide notice of such cancellation or non-renewal to each person or organization designated in the Schedule below. We will mail or deliver such notice to each person or organization at its listed address at least the number of days shown for that person or organization before the cancellation or nonrenewal is to take effect.

You are responsible for providing us with the information necessary to accurately complete the Schedule below. If we cannot mail or deliver a notice of cancellation or nonrenewal to a designated person or organization because the name or address of such designated person or organization provided to us is not accurate or complete, we have no responsibility to mail, deliver or otherwise notify such designated person or organization of the cancellation or nonrenewal.

### **SCHEDULE**

<b>Name and Address of Designated Persons or Organizations:</b>	<b>Number of Days Notice:</b>
<b>ANY PERSON OR ORGANIZATION WITH WHOM YOU HAVE AGREED IN A WRITTEN CONTRACT THAT NOTICE OF CANCELLATION OR NON RENEWAL OF THIS POLICY WILL BE GIVEN, BUT ONLY IF:</b>	<b>30</b>

1. YOU SEE TO IT THAT WE RECEIVE A WRITTEN REQUEST TO PROVIDE SUCH NOTICE, INCLUDING THE NAME AND ADDRESS OF SUCH PERSON OR ORGANIZATION, AFTER THE FIRST NAMED INSURED RECEIVES NOTICE FROM US OF THE CANCELLATION OR NON RENEWAL OF THIS POLICY; AND
2. WE RECEIVE SUCH WRITTEN REQUEST AT LEAST 14 DAYS BEFORE THE BEGINNING OF THE APPLICABLE NUMBER OF DAYS SHOWN IN THIS ENDORSEMENT.

ADDRESS:  
THE ADDRESS FOR THAT PERSON OR ORGANIZATION INCLUDED IN SUCH WRITTEN REQUEST FROM YOU TO US.

All other terms and conditions of this policy remain unchanged.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

**(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)**

Endorsement Effective  
Insured

Policy No.

Endorsement No.  
Premium \$

Insurance Company

Countersigned by \_\_\_\_\_

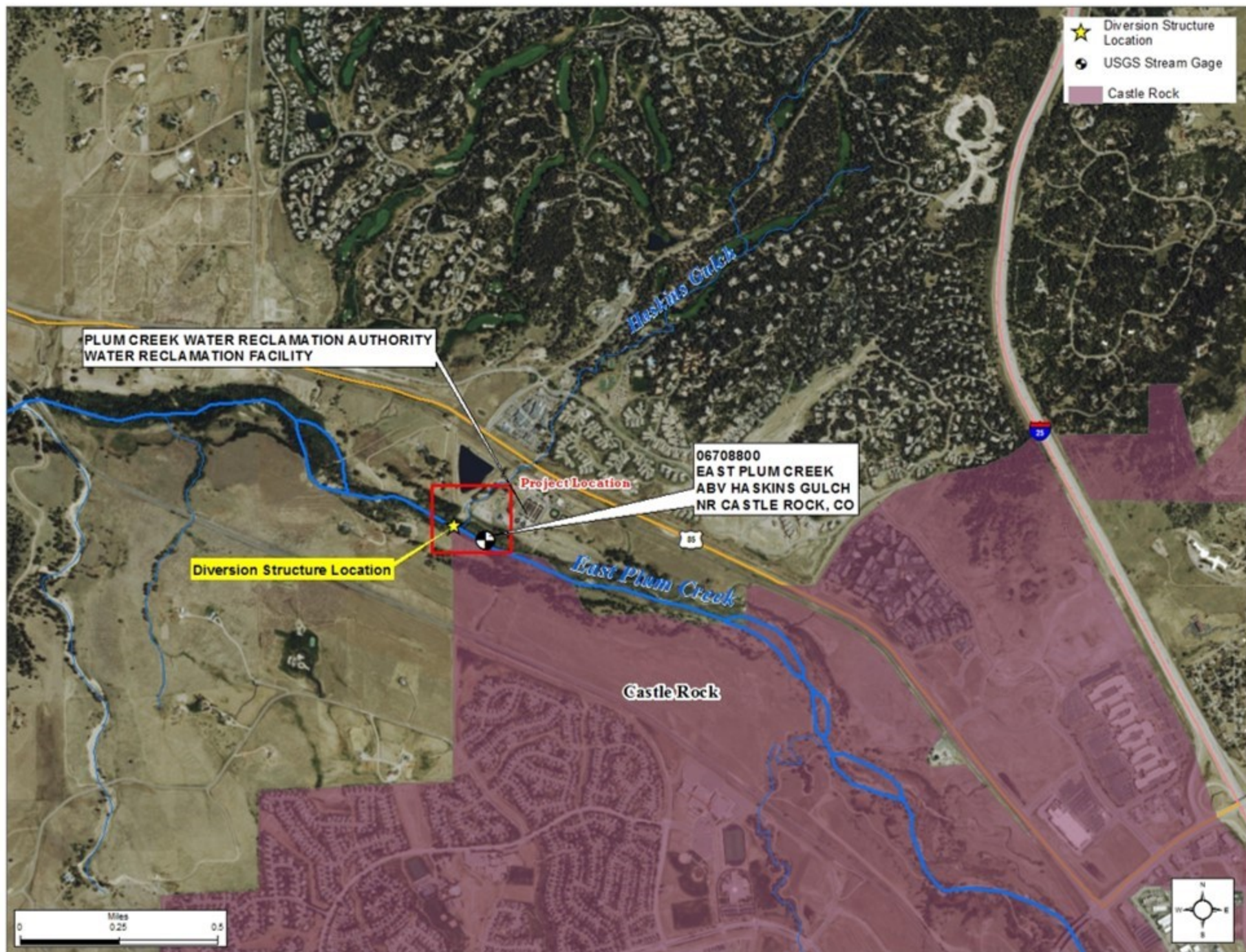
DATE OF ISSUE: 06-21-24 ST ASSIGN:

© 2013 The Travelers Indemnity Company. All rights reserved.

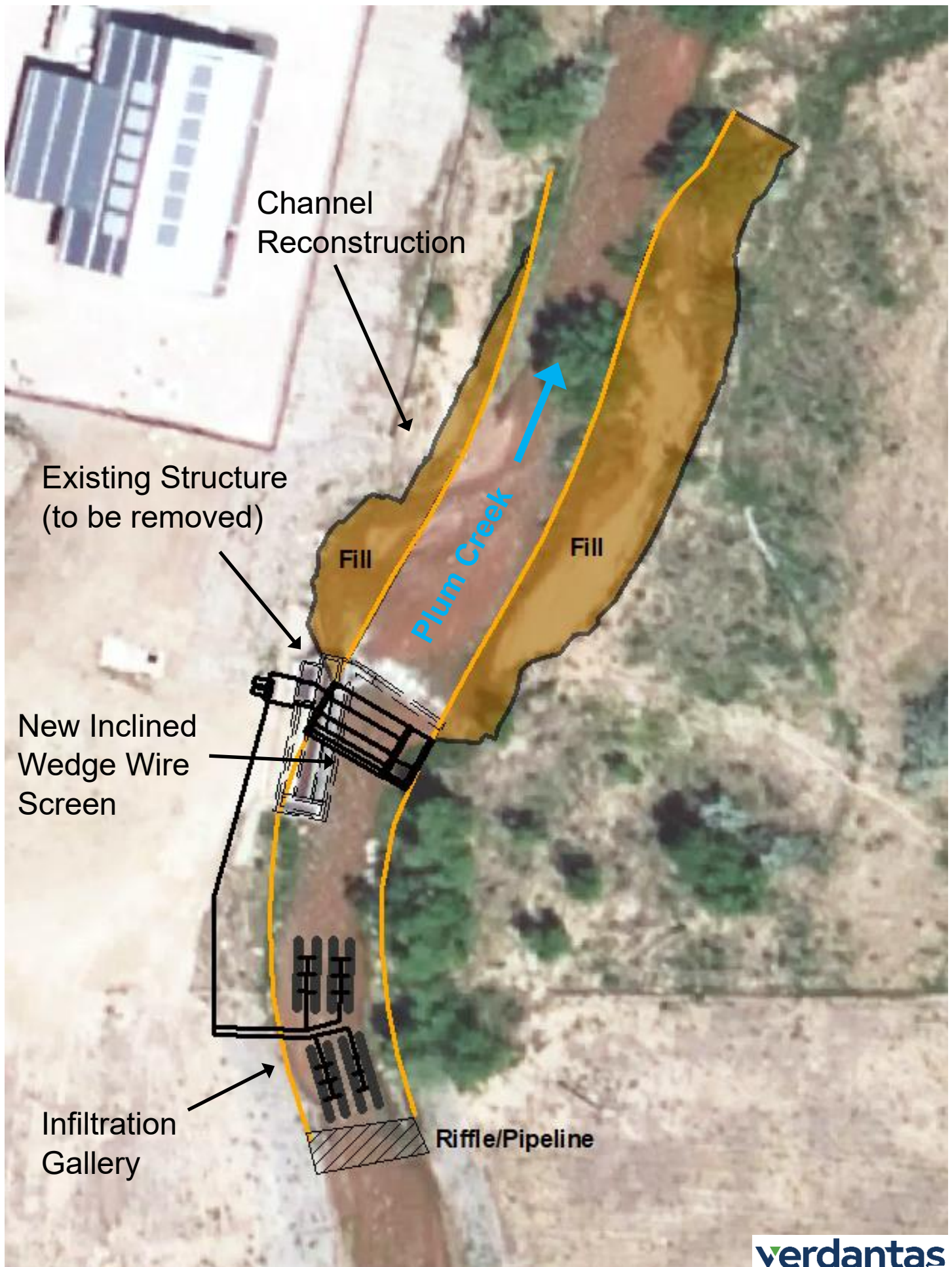




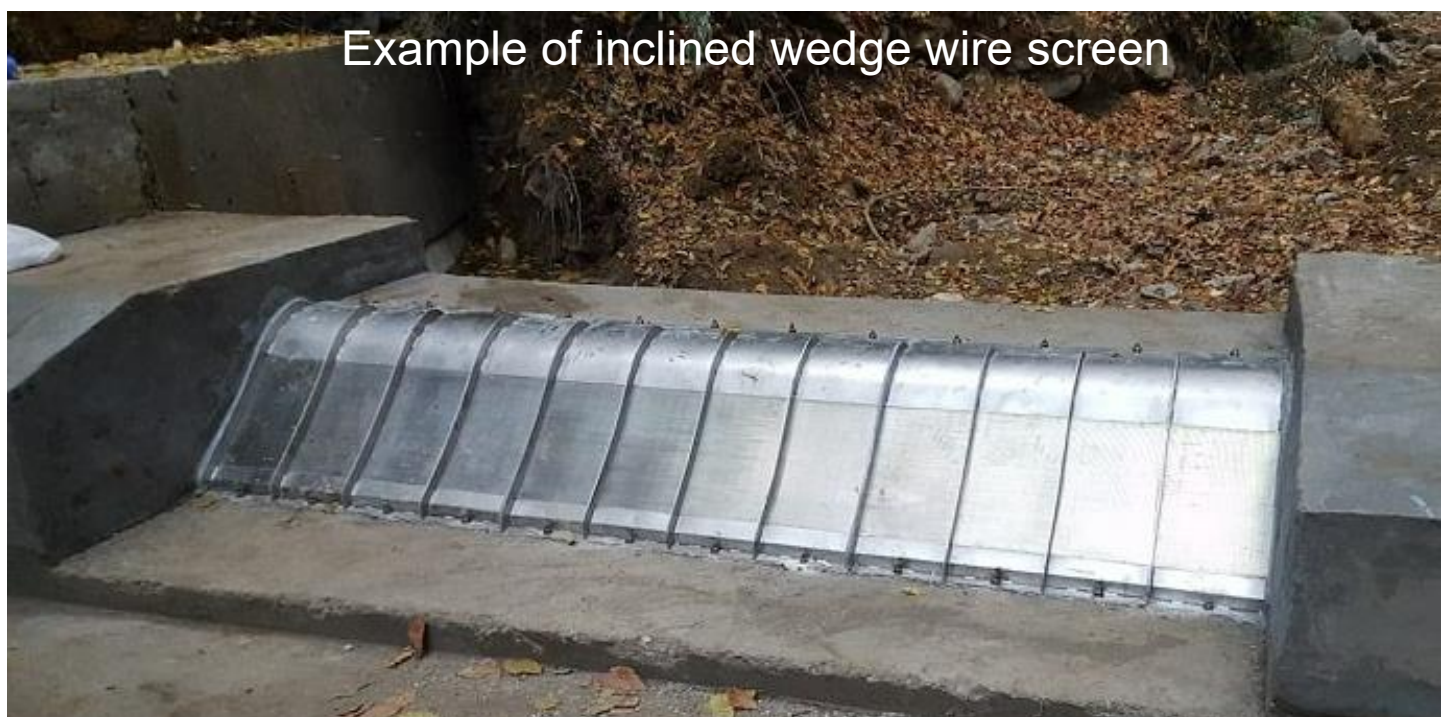
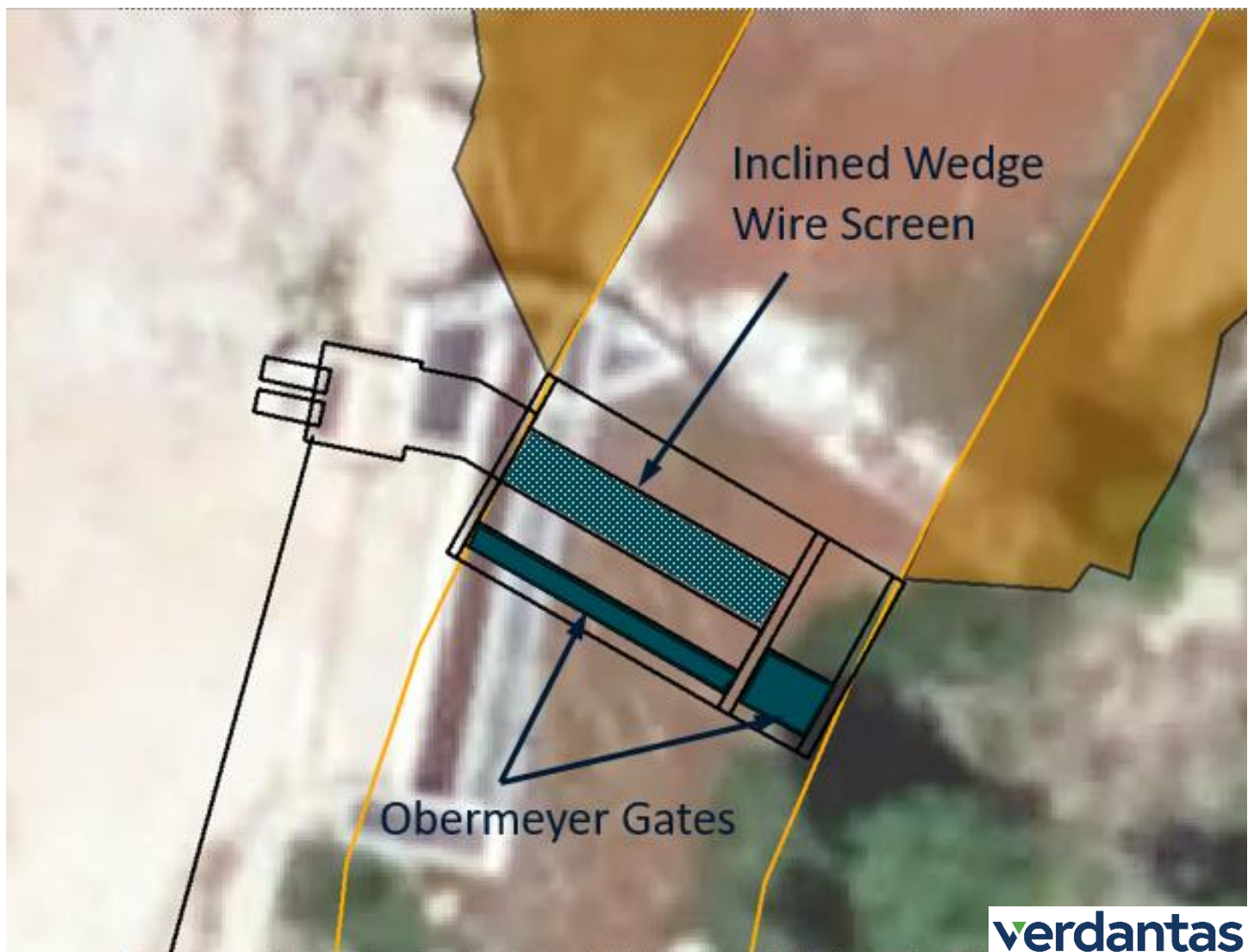




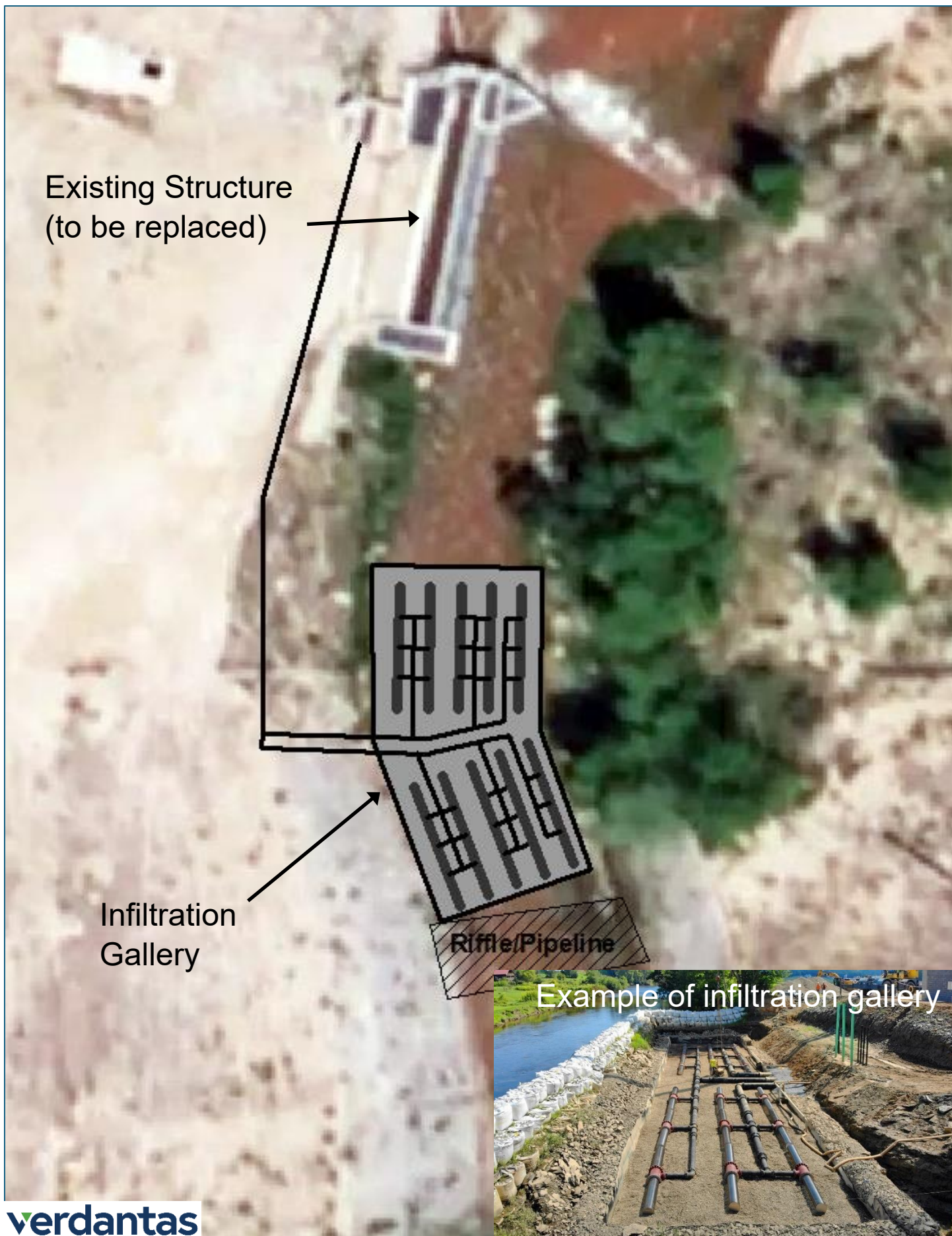












CASTLE ROCK WATER

**RESOLUTION APPROVING A SERVICES AGREEMENT  
WITH DEWBERRY ENGINEERS, INC. FOR THE PLUM  
CREEK DIVERSION UPGRADES PROJECT**

JUNE 17, 2025



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>



# SERVICES AGREEMENT

## BACKGROUND PLUM CREEK DIVERSION

- CR Water purchased Plum Creek diversion in Sedalia in 2017 from United Water
- Existing permitted structure
- Design capacity to capture up to 25.8 MGD
  - Unreliable due to sediment loads
  - Maintenance and operations problems
  - Long shut down periods
  - Actual infrastructure performance has been maximum of 7-8 MGD
- Strategic Plan Tactic 1.2.18
  - Critical for ensuring long-term water
- Preliminary Engineering to design new structure completed by Verdantas for \$195k in 2024





# SERVICES AGREEMENT

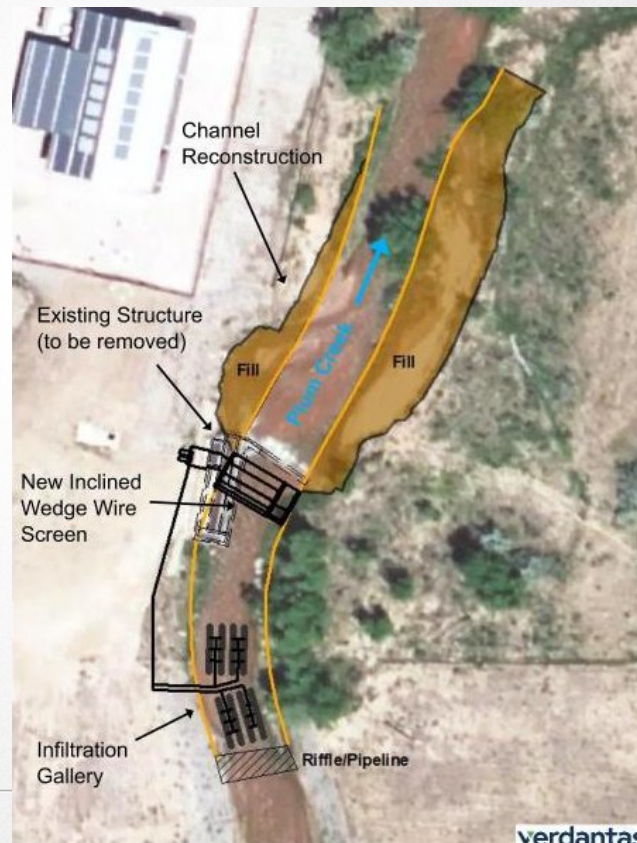
## ALTERNATIVES ANALYSIS FOR PLUM CREEK DIVERSION

#	Type	Description	ROM Cost Estimate
1	Channel Modifications	Downstream Channel Narrowing	\$350k
2	Channel Modifications	Upstream In-line Settling Basin	\$650k
3	Channel Modifications	Spur Dikes/Rock Vanes	\$70k
4	Structural Modifications	Obermeyer Weir, Overshot Gate, Increased Freeboard, Sluiceway Improvements	\$1.0M
5	Structural Modifications	Obermeyer Weir, Vertical Plate Screen, Increased Freeboard	\$880k
6	Alternative Diversion Methods	In-line Sloped Screen	\$730k
7	Alternative Diversion Methods	In-line & Side Screen Combo	\$1.1M
8	Alternative Diversion Methods	Infiltration Gallery / Sand Filter	\$665k
9	Operational Recommendations	Lowering of Wet Well	\$0
10	Operational Recommendations	Sediment Sluicing	\$0
11	Operational Recommendations	Wet Well Draining	\$0

# SERVICES AGREEMENT

## SCOPE FOR PLUM CREEK DIVERSION

- Design
- Hydraulic analysis
- Natural Resources Assessment
- Permitting
  - USACE
  - CDPHE
  - FEMA
  - USFWS
  - DC Habitat Conservation

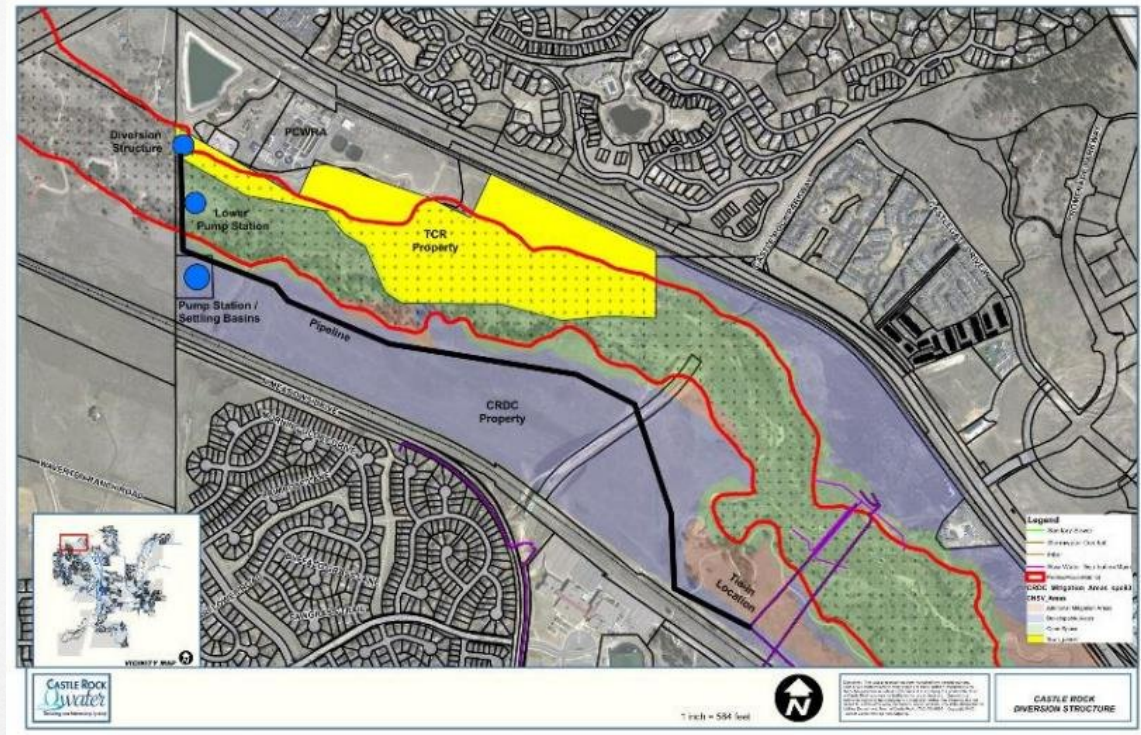




# SERVICES AGREEMENT

## BACKGROUND FOR CR2 DIVERSION

- CRW completed analysis of surface water diversion options – 2011-2015
- Identified local option near PCWRA effluent
- Help meet renewable water goals by 2050
- Benefits
  - Recover reuse water
  - Direct Potable Reuse without permitting
  - Free-river flows
  - Native Plum Creek rights
  - Lawn irrigation return flows (LIRFs)
  - Exchange to diversion
  - Diversion on Town property
  - Minimizes pipeline distance
  - One property owner (CRDC) to partner





# SERVICES AGREEMENT

## SCOPE FOR CR2 DIVERSION

- Site Investigation
- Conceptual Design
- Initial permit coordination
  - CDPHE
  - USACE



< >



# SERVICES AGREEMENT

## BUDGET & SCHEDULE

### BIDDING RESULTS

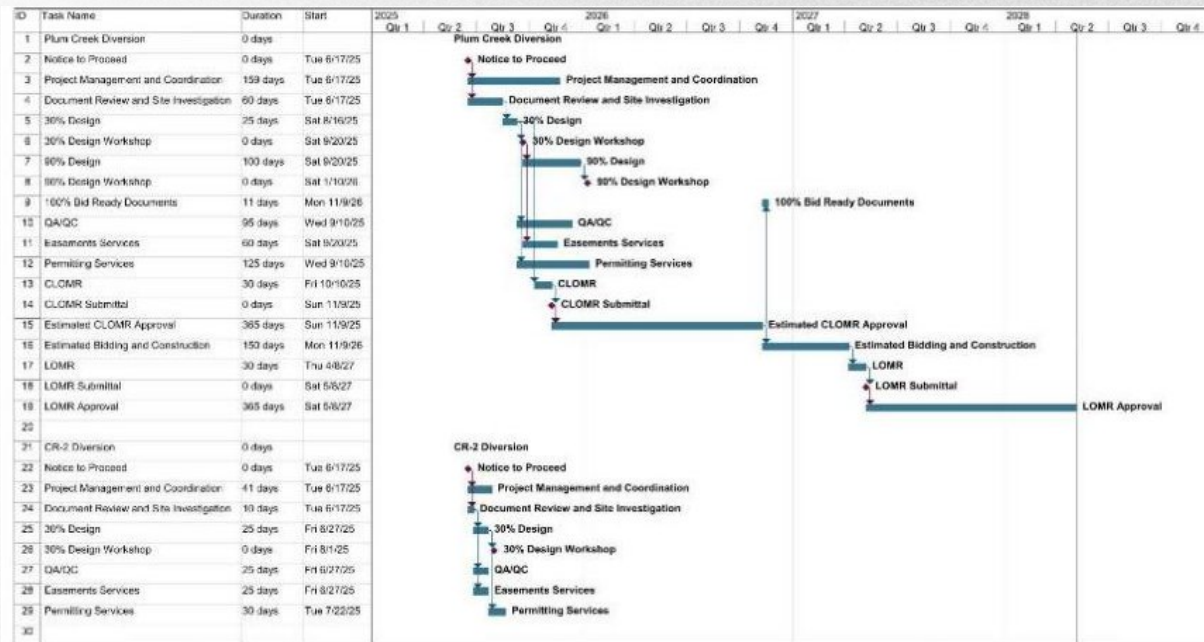
- Carollo – No Proposal
- Burns & McDonnell - No Proposal
- Dewberry - \$470,867
- Providence – No Proposal  
(Subconsultant to Verdantas)
- Verdantas - \$740,998

### BUDGET

- Authorization of \$470,867 + 10% contingency for a total of \$517,954
- Adequate funding in 2025 budget

### SCHEDULE

- Design/Permitting: June 2025 – November 2026
- Construction: Winter 2026/2027



# SERVICES AGREEMENT

## RECOMMENDATIONS

- Castle Rock Water Commission
- Staff

Questions





*I MOVE TO APPROVE RESOLUTION NO. 2025-073  
AS INTRODUCED BY TITLE*

*I MOVE TO APPROVE THE RESOLUTION AS INTRODUCED BY TITLE,  
WITH THE FOLLOWING CONDITIONS: \_\_\_\_\_*

*"I MOVE TO CONTINUE THIS ITEM TO THE TOWN COUNCIL MEETING  
ON \_\_\_\_\_ DATE TO ALLOW  
ADDITIONAL TIME TO: \_\_\_\_\_*



# THANK YOU





# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #: 17. File #: RES 2025-074**

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**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Matt Benak, P.E., Water Resources Manager  
Zuzana Howard, Water Resources Program Analyst

### **Resolution Approving a Services Agreement with W. W. Wheeler & Associates, Inc. for the Platte Valley Water Partnership Water Court Case**

---

#### **Executive Summary**

Castle Rock Water is seeking Town Council approval of a resolution (**Attachment A**) for Professional Services Agreement (**Exhibit 1**) with W.W. Wheeler and Associates, Inc. (Wheeler) to provide support with our Fremont Butte Water Court application (Case No. 2021CW3185) as part of the Platte Valley Water Partnership (PVWP) Project. As part of this agreement, Wheeler will complete the following scope of work:

- **Project Management:** Wheeler will conduct 10 progress meetings to coordinate work and meet the required deadlines.
- **Operational Modeling:** Wheeler will prepare several operational models that will be used to determine the yield of the water rights sought and develop engineering analyses used in the Expert Report.
- **Review of Sub-Consultant Work:** Wheeler will review and summarize the work conducted by the sub-consultants and include a written summary in the Expert Report.
- **Prepare an Expert Report in Case No. 21CW3185:** Wheeler will prepare a final Expert Report for Case No. 21CW3185, due in January 2026.
- **Review Opposers Reports:** Wheeler will review Opposers' expert reports and develop engineering to address the concerns raised.
- **Prepare a Rebuttal Report:** Wheeler anticipates preparing one rebuttal report to address the issues raised by Opposers.

The total scope of this agreement is not to exceed \$510,000. Table 1 below provides a summary of cost, including sub-consultant fees. Work will begin June 17, 2025 and continue through June 16, 2026 with a two-year option to renew.

### **Budget Impact**

The work that W.W. Wheeler will perform during 2025 and 2026 will be paid from account 211-4340-443.30-40 (Professional Services/Engineering Services), with funds not to exceed \$510,000. The 2025 budget for this account is \$275,000 thus a budget transfer will be necessary.

### **Staff Recommendation**

Staff recommends approval of the resolution as presented.

### **Proposed Motion**

*"I move to approve the resolution as introduced by title".*

### **Alternative Motions**

*"I move to approve the resolution as introduced by title, with the following conditions: (list conditions)."*

*"I move to continue this item to the Town Council meeting on \_\_\_\_\_ date to allow additional time to (list information needed)."*

### **Attachments**

Staff Report

Attachment A:	Resolution
Exhibit 1:	Services Agreement
Attachment B:	Project Map



## **STAFF REPORT**

**To:** Honorable Mayor and Members of Town Council

**Through:** David Corliss, Town Manager

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Matt Benak, P.E., Water Resources Manager  
Zuzana Howard, Water Resources Program Analyst

**Title:** **Resolution Approving a Professional Services Agreement with W.W. Wheeler and Associates, Inc. to Support the Fremont Butte Water Court Application as part of the Platte Valley Water Partnership** *[To serve entire Castle Rock Water service area]*

---

### **Executive Summary**

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The total scope of this agreement is not to exceed \$510,000. Table 1 below provides a summary of cost, including sub-consultant fees. Work will begin June 17, 2025 and continue through June 16, 2026 with a two-year option to renew.

Table 1 – Project Cost

Category	Task	Cost
Prepare Initial Expert Report	Project Management	\$9,850
	Analysis	\$66,192
	Report Prep	\$47,280
	Subconsultants	\$248,708
	RJH	\$114,000
	Jacobs	\$25,000
	Moore	\$25,000
	ERO Resources	\$26,468
	Harvey Economics	\$58,240
	Sub-Contractor Markup (5%)	\$12,435
<b>Subtotal</b>		<b>\$384,465</b>
Opposer Report Review	Project Management	\$1,773
	Review of Opposer Reports	\$19,700
	Subconsultants	\$17,500
	Subconsultant Markup (5%)	\$875
<b>Subtotal</b>		<b>\$39,848</b>
Rebuttal Report	Project Management	\$1,773
	Prepare Report	\$36,248
<b>Subtotal</b>		<b>\$38,021</b>
<b>Project Subtotal</b>		<b>\$462,334</b>
Contingency (10%)		\$46,233
<b>Project Total, Rounded</b>		<b>\$510,000</b>

## Discussion

Wheeler has worked with the Town since 1982 and has represented the Town in scores of water court cases as both applicant and opposer to protect the Town's water rights. Over the past four decades, Wheeler has developed intimate knowledge of the Town's water rights and water resources. Wheeler also has a deep understanding of general water rights and water resources in the Plum Creek, Cherry Creek, and South Platte River basins. The water rights and water resources knowledge that staff can leverage from Wheeler is invaluable while staff continues to develop an understanding of the Town's historic water rights information and issues.

The PVWP is an innovative, long-term water supply solution that will benefit both agricultural and municipal communities in the South Platte River Basin. After over a decade of working together, the PVWP was formally launched in 2021 between the Lower South Platte Water Conservancy District (LSPWCD) and Parker Water and Sanitation District (PWSD). The project purpose is to provide the participants with additional reliable water supplies in a manner that preserves and supports agricultural uses in the South Platte River Basin by capturing water that would otherwise leave the state of Colorado without being put to a beneficial use. The limitations are that the project infrastructure cannot be used to store, convey or treat any water rights obtained and changed after 2019 that result in the permanent dry up of irrigated agricultural land (Buy and Dry).

The PVWP will create crucial water storage along the lower South Platte River and the infrastructure to transport and treat it. The project is currently in the planning stage, with construction anticipated to begin in the 2030s and water being delivered in 2040 to 2045 timeframe. The key infrastructure will include a small storage reservoir near Illiff, one or more forebays, potential water treatment facilities to decrease total dissolved solids concentrations, pipelines and other infrastructure for transport to Rueter-Hess Reservoir and delivery within LSPWCD and a large storage reservoir near Akron (i.e. Fremont Butte Reservoir). **Attachment B** provides a map of the project showing locations for major infrastructure.

Castle Rock became a project participant in 2024 and will benefit by the economies of scale. The Town envisions approximately 3,000 acre-feet (AF) of average annual future yield from the project with individual year supplies up to 8,000 AF (in accordance with the water right filed) once deliveries occur around 2045. Castle Rock has appropriated a new water right along the lower South Platte River (Case No. 21CW3185) that can be delivered as part of this project. Castle Rock's existing water rights that are part of the Box Elder Project can also be delivered via this project if so desired in the future.

The current timeline and key activities for the project are as follows:

- PWSD will be going to water court in August of this year
- PWSD will be purchasing property for Fremont Butte Reservoir from now through at least 2026
- BennT (another entity seeking a water right in the same location as PWSD and Castle Rock) will be going to water court in December of this year
- Castle Rock Water goes to water court in XXX of 2026 and will be preparing for the case over the next year and a half.

### **Budget Impact**

The work that W.W. Wheeler will perform during 2025 and 2026 will be paid from account 211-4340-443.30-40 (Professional Services/Engineering Services), with funds not to exceed \$510,000. The 2025 budget for this account is \$275,000 thus a budget transfer will be necessary.

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## **Attachments**

Attachment A:	Resolution
Exhibit 1:	Services Agreement
Attachment B:	Project Map

**RESOLUTION NO. 2025-\_\_**

**A RESOLUTION APPROVING A SERVICES AGREEMENT WITH W.  
W. WHEELER & ASSOCIATES, INC. FOR THE PLATTE VALLEY  
WATER PARTNERSHIP WATER COURT CASE**

**WHEREAS**, the Town of Castle Rock, Colorado (the “Town”) is a party to Colorado Water Court Case No. 21CW3185 (the “Project”); and

**WHEREAS**, W. W. Wheeler & Associates, Inc. (the “Contractor”) has been providing ongoing engineering services in relation to the Project since 2023; and

**WHEREAS**, Town staff has determined that Contractor is best suited to assist in the supervision and drafting of expert reports for the Project; and

**WHEREAS**, the Town and Contractor have agreed to the terms and conditions by which the Contractor will provide work for the Project.

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

**Section 1.     Approval.**     The Town of Castle Rock Services Agreement between the Town and Contractor is hereby approved in substantially the same form as presented at tonight’s meeting, with such technical changes, additions, modifications, deletions, or amendments as the Town Manager may approve upon consultation with the Town Attorney. The Mayor and other proper Town officials are hereby authorized to execute the Agreement and any technical amendments thereto by and on behalf of the Town.

**Section 2.     Encumbrance and Authorization for Payment.** In order to meet the Town’s financial obligations under the Agreement, the Town authorizes the expenditure and payment in an amount not to exceed \$510,000.00, unless otherwise authorized in writing by the Town.

**PASSED, APPROVED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2025, by the Town Council of the Town of Castle Rock by a vote of \_\_ for and \_\_ against.

**ATTEST:**

**TOWN OF CASTLE ROCK**

\_\_\_\_\_  
Lisa Anderson, Town Clerk

\_\_\_\_\_  
Jason Gray, Mayor

**Approved as to form:**

**Approved as to content:**

\_\_\_\_\_  
Michael J. Hyman, Town Attorney

\_\_\_\_\_  
Mark Marlowe, Director of Castle Rock Water



**TOWN OF CASTLE ROCK  
SERVICES AGREEMENT**

**(Platte Valley Water Partnership Water Court Case Support – Castle Rock Water)**

---

**DATE:** \_\_\_\_\_.

**PARTIES:** **TOWN OF CASTLE ROCK**, a Colorado municipal corporation, 100 N. Wilcox Street, Castle Rock, Colorado 80104 (the “Town”).

**W. W. WHEELER & ASSOCIATES, INC.**, a Colorado corporation, 3700 Inca Street, Englewood, Colorado 80110 (“Consultant”).

**RECITALS:**

- I. The Town wishes to engage Consultant to provide the services more fully described in the following Agreement and Exhibits.

**TERMS:**

1. **Scope of Services.** Consultant shall provide all of the services as set forth on *Exhibit 1* (“Services”). Consultant shall complete the Services consistent with standards and practices of the profession.

2. **Payment.** Consultant shall invoice Town on a monthly basis for the Services rendered in accordance with the rate and fee schedule set forth in *Exhibit 1*. The Town shall pay such invoices within thirty (30) days receipt of such invoice. In no event shall payment exceed \$510,000.00, unless authorized in writing by Town.

3. **Term/Completion.** The term of this Agreement shall commence upon execution of this Agreement and expire on June 16, 2026 (the “Term”). The Parties may mutually agree to extend the Term of this Agreement under the same terms and conditions by a written amendment to this Agreement prior to the expiration of this Agreement. Nothing in this paragraph prohibits the parties from amending the payment section should the Parties elect to extend the term of the Agreement. Consultant shall complete any Services in progress as of the expiration date. Consultant shall devote adequate resources to assure timely completion of the Services in accordance with the standards specified in this Agreement. Consultant shall perform the Services under this Agreement using a standard of care, skill and diligence ordinarily used by reputable professionals performing under circumstances similar to those required by this Agreement.

4. **Termination.** Town shall have the right to terminate this Agreement with or without cause at any time with ten (10) days’ written notice to Consultant. The Town’s only obligation in the event of termination shall be payment of fees and expenses incurred up to and including the effective date of termination. Upon termination, Consultant shall immediately turn over all work product, materials, deliverables created up to the point of termination.

5. **Subconsultants.** Consultant may utilize subconsultants to assist with specialized services as necessary to complete the Services. Consultant will submit any proposed subconsultant and the description of subconsultant services to the Town for its prior approval. Consultant shall be solely responsible for payment to such approved subcontractor.

6. **Annual Appropriation.** The continuance of this Agreement is contingent upon the appropriation of funds to fulfill the requirements of the Agreement by the Town. If the Town fails to





appropriate sufficient monies to provide for the continuance of the Agreement, the Agreement shall terminate on the final day preceding the date of the beginning of the first fiscal year for which funds are not appropriated. The Town's only obligation in the event of termination shall be payment of fees and expenses incurred up to and including the effective date of termination.

7. **Assignment.** This Agreement shall not be assigned by Consultant without the written consent of the Town.

8. **Notice.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if sent by certified mail or registered mail, postage and fees prepaid, addressed to the party to whom such notice is to be given at the address set forth on the first page of this Agreement, or at such other address as has been previously furnished in writing to the other party or parties. Such notice shall be deemed given when deposited in the United States mail.

9. **Insurance.**

A. **General Conditions:** Consultant agrees to secure, at or before the time of execution of this Agreement, the following insurance covering all operations, goods or services provided pursuant to this Agreement. Consultant shall keep the required insurance coverage in force at all times during the term of the Agreement, including any extension thereof, and during any warranty period. The required insurance shall be underwritten by an insurer licensed or authorized to do business in Colorado and rated by A.M. Best Company as "A-VII" or better. Each policy shall require notification to the Town in the event any of the required policies be canceled or non-renewed before the expiration date thereof. Such written notice shall be sent to the parties identified in the Notices section of this Agreement. Such notice shall reference the Town. Said notice shall be sent thirty (30) days prior to such cancellation or non-renewal unless due to non-payment of premiums for which notice shall be sent ten (10) days prior. If such written notice is unavailable from the insurer, Consultant shall provide written notice of cancellation, non-renewal and any reduction in coverage to the Town by certified mail, return receipt requested within three (3) business days of such notice by its insurer(s). Consultant shall be responsible for the payment of any deductible or self-insured retention. The insurance coverages specified in this Agreement are the minimum requirements, and these requirements do not lessen or limit the liability of the Consultant. The Consultant shall maintain, at its own expense, any additional kinds or amounts of insurance that it may deem necessary to cover its obligations and liabilities under this Agreement. All commercial and automobile liability policies shall have the following additional provisions:

- Severability of interests or separation of insureds provision;
- Provision that coverage is primary and non-contributory with other coverage maintained by the Town;
- The underlying Agreement is an "insured contract" under the policy;
- Defense costs shall be outside the policy limits for liability coverage.

B. **Proof of Insurance:** Consultant may not commence services or work relating to this Agreement prior to placement of coverages required under this Agreement. Consultant certifies that the certificate of insurance attached as ***Exhibit 2***, preferably an ACORD form, complies with all insurance requirements of this Agreement. The Town's acceptance of a certificate of insurance or other proof of insurance that does not comply with all insurance requirements set forth in this Agreement shall not act as a waiver of Consultant's breach of this Agreement or of any of the Town's rights or remedies under this Agreement. Each certificate shall identify the Project and shall provide that coverage afforded under the policies shall not be cancelled, terminated or materially changed until at least 30 days prior written notice has been given to the Town. If the words "endeavor to" appear in the portion of the certificate addressing cancellation, those words shall be stricken from the certificate by the agent(s) completing the certificate.



The Town may require additional proof of insurance, including but not limited to policies and endorsements.

C. **Additional Insureds:** For Commercial General Liability and Automobile Liability, Consultant and subconsultant's insurer(s) shall include the Town, its elected and appointed officials, officers, employees, agents and volunteers acting within the course and scope of their duties for the Town as additional insured.

D. **Waiver of Subrogation:** For all coverages required under this Agreement, Consultant's insurer shall waive subrogation rights against the Town, its elected and appointed officials, officers, employees, agents and volunteers acting within the course and scope of their duties for the Town.

E. **Subconsultants:** Consultant shall confirm and document that all subconsultants (including independent consultants, suppliers or other entities providing goods or services required by this Agreement) procure and maintain coverage as approved by the Consultant and appropriate to their respective primary business risks considering the nature and scope of services provided.

F. **Workers' Compensation and Employer's Liability Insurance:** Consultant shall maintain the coverage as required by statute for each work location and shall maintain Employer's Liability insurance with limits of \$100,000 per occurrence for each bodily injury claim, \$100,000 per occurrence for each bodily injury caused by disease claim, and \$500,000 aggregate for all bodily injuries caused by disease claims.

G. **Commercial General Liability:** Consultant shall maintain a Commercial General Liability insurance policy with minimum limits of \$1,000,000 for each occurrence and \$2,000,000 products and completed operations aggregate, and \$2,000,000 general aggregate (per project). The policy shall provide coverage for all claims for bodily injury, property damage (including loss of use), products and completed operations, and contractual liability.

H. **Automobile Liability:** Consultant shall maintain Automobile Liability with minimum limits of \$1,000,000 combined single limit applicable to all owned, hired and non-owned vehicles used in performing services under this Agreement.

I. **Professional Liability (Errors & Omissions):** Consultant shall maintain minimum limits of \$1,000,000 per claim and \$1,000,000 policy aggregate limit. The policy shall be kept in force, or a Tail policy placed, for three (3) years after the completion of the services.

10. **Colorado Governmental Immunity Act.** The parties understand and agree that the Town is relying on, and does not waive or intend to waive by any provision of this contract, the monetary limitations or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, §24-10-101, *et seq.*, C.R.S., as from time to time amended, or otherwise available to Town, its officers, or its employees.

11. **Indemnification.** Consultant expressly agrees to indemnify, defend and hold harmless Town or any of its officers, agents or employees from any and all claims, damages, liability, or court awards including attorney's fees that are or may be awarded as a result of any loss, injury or damage sustained or claimed to have been sustained by anyone, including, but not limited to, any person, firm, partnership, or corporation, to the extent caused by the negligent acts, errors or omissions of Consultant or any of their employees or agents in performing Services pursuant to this Agreement. In the event that any such suit or



action is brought against Town, Town will give notice within ten (10) days thereof to Consultant. These defense and indemnification obligations shall survive the expiration or termination of this Agreement.

12. **Delays.** Any delays in or failure of performance by any party of the obligations under this Agreement shall be excused if such delays or failure are a result of acts of God, fires, floods, strikes, labor disputes, accidents, regulations or orders of civil or military authorities, shortages of labor or materials, or other causes, similar or dissimilar, which are beyond the control of such party.

13. **Additional Documents & Entire Agreement.** The parties agree to execute any additional documents or take any additional action that is necessary to carry out this Agreement. Further, this Agreement represents the entire agreement between the parties and there are no oral or collateral agreements or understandings. This Agreement may be amended only by an instrument in writing signed by the parties. If any other provision of this Agreement is held invalid or unenforceable, no other provision shall be affected by such holding, and all of the remaining provisions of this Agreement shall continue in full force and effect.

14. **Time of the Essence.** If any payment or any other condition, obligation, or duty is not timely made, tendered or performed by either party, then this Agreement, at the option of the party who is not in default, may be terminated by the non-defaulting party, in which case, the non-defaulting party may recover such damages as may be proper.

15. **Default and Remedies.** In the event either party should default in performance of its obligations under this agreement, and such default shall remain uncured for more than ten (10) days after notice of default is given to the defaulting party, the non-defaulting party shall be entitled to pursue any and all legal remedies and recover its reasonable attorney's fees and costs in such legal action. In addition, no party will be entitled to lost profits, economic damages, or incidental, consequential, punitive or exemplary damages in the event of a default.

16. **Waiver.** A waiver by any party to this Agreement of the breach of any term or provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party.

17. **Venue, Choice of Law and Disputes.** Venue for all legal actions shall lie in the District Court in and for the County of Douglas, State of Colorado, and shall be governed by the laws of the State of Colorado as well as the Charter and Municipal Code, rules, regulations, Executive Orders, and fiscal rules of the Town.

18. **Americans with Disabilities Act.** Consultant agrees to ensure that any deliverables, work, services, or equipment developed, designed, constructed or produced pursuant to this Agreement, to include website design services, will comply with all requirements of the Colorado Anti-Discrimination Act, Title II of the Americans with Disabilities Act and, where applicable, Section 504 of the Rehabilitation Act and the Architectural Barriers Act. To the extent any deliverables, work, services, or equipment developed, designed, constructed or produced pursuant to this Agreement fail to comply with the requirements of this Section, Consultant shall indemnify the Town in accordance with the terms of this Agreement and, at the Town's option, shall re-visit, re-construct, or similar, the non-compliant deliverable, work, service, or equipment, or reimburse the Town for the cost associated with bringing the non-compliance deliverable, work, service or equipment into compliance.

19. **Digital Accessibility.** Contractor shall be responsible for ensuring that all deliverables, work, services, or equipment developed, designed, constructed or produced pursuant to this Agreement comply with Colorado law governing digital accessibility, including but not necessarily limited to at a minimum conforming with the current Web Content Accessibility Guidelines ("WCAG") followed by the



State of Colorado. To the extent any deliverables, work, services, or equipment developed, designed, constructed or produced pursuant to this Agreement fail to comply with the requirements of this Section, Contractor releases, defends, indemnifies and holds harmless Town, its officers, agents, and employees from any and all claims, damages, suits, costs, expenses, liabilities actions or proceedings of any kind or nature whatsoever, of or by anyone whomsoever, in any way resulting from, or arising out of, directly or indirectly, said failure. These defense and indemnification obligations shall survive the expiration or termination of this Agreement.

20. **No Discrimination in Employment.** The Town is a governmental agency and, therefore, in connection with the performance of Work or Services under this Agreement, Consultant shall not refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability, or any other protected class under Federal or State law; and Consultant shall insert the foregoing provision in any subcontracts hereunder.

21. **Title VI Compliance.** To the extent applicable, Consultant shall ensure its current and future compliance with Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d et seq., as amended, which prohibits the exclusion from participation, denial of the benefits of, or subjection to discrimination under programs and activities receiving federal financial assistance, of any person in the United States on the ground of race, color, or national origin.

22. **Advertising and Public Disclosure.** Consultant shall not include any reference to this Agreement or goods or services provided pursuant to this Agreement in any of Consultant's advertising or public relations materials without first obtaining the written approval of the Town. Nothing herein, however, shall preclude the transmittal of any information to officials of the Town, including without limitation, the Town Attorney, Town Manager, and the Town Council.

23. **Ownership of Documents, Open Records, and Copyright.** Any work product, materials, and documents produced by the Consultant pursuant to this Agreement shall become property of the Town upon delivery and shall not be made subject to any copyright or made confidential or protected in any manner unless authorized by the Town. Other materials, methodology and proprietary work used or provided by the Consultant to the Town not specifically created and delivered pursuant to the Services outlined in this Agreement may be protected by a copyright held by the Consultant and the Consultant reserves all rights granted to it by any copyright. However, Consultant acknowledges and understands that the Town is subject to the Colorado Open Records Act, C.R.S. § 24-72-201, et seq. The Town shall not reproduce, sell, or otherwise make copies of any copyrighted, confidential or protected material, subject to the following exceptions: (1) for exclusive use internally by Town staff and/or employees; or (2) pursuant to a request under the Colorado Open Records Act, C.R.S. § 24-72-201, et seq., to the extent that such statute applies; or (3) pursuant to law, regulation, or court order. The Consultant waives any right to prevent its name from being used in connection with the Services.

Consultant warrants that all Services or Work performed under this Agreement shall comply with all applicable patent, trademark and copyright laws, rules, regulations and codes of the United States. Consultant shall not utilize any protected patent, trademark or copyright in performance of the Work or Services unless Consultant has obtained proper permission and all licenses, releases and other necessary documents. Consultant releases, defends, indemnifies and holds harmless the Town, its officers, agents, and employees from any and all claims, damages, suits, costs, expenses, liabilities actions or proceedings of any kind or nature whatsoever, of or by anyone whomsoever, in any way resulting from, or arising out of, directly or indirectly, the performance of the Work or Services under this Agreement which infringes upon any patent, trademark or copyright protected by law.



24. **Authority.** The individuals executing this Agreement represent that they are expressly authorized to enter into this Agreement on behalf of the Town and the Consultant and bind their respective entities. This Agreement is executed and made effective as provided above.

25. **Independent Consultant.** Consultant and the Town hereby represent that Consultant is an independent contractor for all purposes hereunder. Consultant is not covered by any worker's compensation insurance or any other insurance maintained by Town except as would apply to members of the general public. Consultant shall not create any indebtedness on behalf of the Town.

26. **No Third-Party Beneficiaries.** It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to Town and Consultant, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement. It is the express intention of the parties that any person other than Town or Consultant receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

27. **Counterparts & Electronic Signatures.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall be deemed to constitute one and the same instrument. Each of the parties hereto shall be entitled to rely upon a counterpart of the instrument executed by the other party and sent by electronic mail. Each party agrees that this Agreement and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Agreement or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

28. **Licenses/Taxes.** Consultant affirms it is licensed to do business in the State of Colorado and is in good standing. Further, Consultant shall be solely responsible for paying all applicable taxes associated with or rising out of this Agreement.

29. **Confidentiality.** Consultant agrees that it shall treat as confidential all information provided by the Town regarding the Town's business and operations. All confidential information provided by the Town hereto shall be used by Consultant solely for the purposes of rendering services or work pursuant to this Agreement and, except as may be required in carrying out the terms of this Agreement, shall not be disclosed to any third party without the prior consent of the Town. The foregoing shall not be applicable to any information that is publicly available when provided or which thereafter becomes publicly available or which is required to be disclosed by any regulatory authority in the lawful and appropriate exercise of its jurisdiction over a party, any auditor of the parties hereto, by judicial or administrative process or otherwise by applicable law or regulation.

30. **Priority of Provisions.** In the event that any terms of this Agreement and any Exhibit, attachment, or other referenced document are inconsistent, the following order of priority shall control: (1) this Agreement; (2) Exhibit containing Certificate of Insurance; and (3) Exhibit containing Services and Fee Schedule.

**ATTACHED EXHIBITS:**

EXHIBIT 1 – SCOPE OF SERVICES AND FEE SCHEDULE

EXHIBIT 2 – CONSULTANT'S CERTIFICATE OF INSURANCE

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**ATTEST:**

**TOWN OF CASTLE ROCK**

\_\_\_\_\_  
Lisa Anderson, Town Clerk

\_\_\_\_\_  
Jason Gray, Mayor

**Approved as to form:**

**Approved as to content:**

\_\_\_\_\_  
Sarah Jean Rodger, Assistant Town Attorney

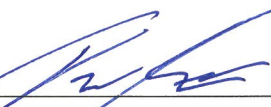
\_\_\_\_\_  
Mark Marlowe, Director of Castle Rock Water

**CONSULTANT:**

W. W. WHEELER & ASSOCIATES, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

  
Principal

## **EXHIBIT 1**

### **SCOPE OF SERVICES AND FEE SCHEDULE**



May 29, 2025

Zuzana Howard  
Castle Rock Water  
175 Kellogg Court  
Castle Rock, CO 80109

***Proposal to Castle Rock Water – Platte Valley Water Partnership, Case No. 21CW3185***

Dear Zuzana:

W. W. Wheeler and Associates, Inc. (Wheeler) is pleased to submit this proposal for Engineering Services associated with Castle Rock Water's participation in the Platte Valley Water Partnership, including acting as Castle Rock Water's Expert Engineer in Case No. 21CW3185. This scope of work covers Wheeler's tasks required to complete an expert report, review Opposers reports and prepare a rebuttal report. It does not include any trial preparation, or settlement negotiations. The initial expert report is due in January 2026 and requires Wheeler to review and summarize work conducted by several other firms including:

- RJH Consultants, Inc – Design and cost estimate of Fremont Butte Reservoir.
- Jacobs Engineering Group, Inc. – Preliminary design and cost estimate for pipelines, pump stations, water treatment, and forebay storage.
- Moore Engineering, Inc. – Review and coordination on operational modeling.
- ERO Resources Corporation – Review of environmental permitting requirements.
- Harvey Economics – Evaluation of can and will requirements.

Copies of each sub-consultant's scope of work are provided in Attachment A.

**Wheeler's Proposed Scope of Work**

Wheeler will complete the following scope of work:

- Project Management – Wheeler will conduct 10 progress meetings to coordinate work and meet the required deadlines.
- Operational Modeling – Wheeler will prepare several operational models that will be used to determine the yield of the water rights sought and develop engineering analyses used in the Expert Report.



- Review of Sub-Consultant Work – Wheeler will review and summarize the work conducted by the sub-consultants and include a written summary in the Expert Report.
- Prepare an Expert Report in Case No. 21CW3185 – Wheeler will prepare a final Expert Report for Case No. 21CW3185, due in January 2026.
- Review Opposers Reports – Wheeler will review Opposers' expert reports and develop engineering to address the concerns raised as directed by Castle Rock Water.
- Prepare a Rebuttal Report – Wheeler anticipates preparing 1 rebuttal report to address the issues raised by Opposers.

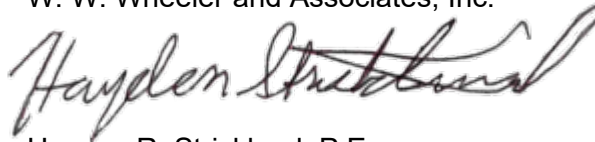
### **Cost Estimates**

We estimate that the cost to complete scope of work described above will be \$510,000 and such cost will not be exceeded without justification and your prior written consent. Table 1 provides a breakout of costs by task, including sub consultant fees. Wheeler will bill Castle Rock on a time and materials basis at our current rates, and will charge 5% on all sub-contractor invoices, which cover Wheeler's increased costs to obtain professional liability insurance when hiring subcontractors.

We look forward to the prospect of working with you and other Castle Rock Water staff concerning this matter.

Very truly yours,

W. W. Wheeler and Associates, Inc.

A handwritten signature in dark ink, appearing to read "Hayden R. Strickland". The signature is fluid and cursive, with a large, sweeping initial 'H'.

Hayden R. Strickland, P.E.

Attachments:

Attachment A – Subcontractors Scope of Work and Fees.

*Table 1 – Cost Estimate.*

Category	Task		Cost
Prepare Initial Expert Report	Project Management		\$9,850
	Analysis		\$66,192
	Report Prep		\$47,280
	Subcontractors		\$248,708
	RJH	\$114,000	
	Jacobs	\$25,000	
	Moore	\$25,000	
	ERO Resources	\$26,468	
	Harvey Economics	\$58,240	
	Sub-Contractor Markup (5%)		\$12,435
	Subtotal		\$384,465
Opposer Report Review	Project Management		\$1,773
	Review of Opposer Reports		\$19,700
	Subcontractors		\$17,500
	Sub-Contractor Markup (5%)		\$875
	Subtotal		\$39,848
Rebuttal Report	Project Management		\$1,773
	Prepare Report		\$36,248
	Subtotal		\$38,021
Project Subtotal			\$462,334
Contingency (10%)			\$46,233
Project Total, Rounded			\$510,000

## **ATTACHMENT A**

RJH Consultants, Inc.



*Revised May 5, 2025*

April 7, 2025  
Proposal 25P013

Hayden Strickland, P.E.  
W.W. Wheeler & Associates, Inc.  
3700 South Inca Street, Englewood, CO 80110  
[Hayden.strickland@wwwheeler.com](mailto:Hayden.strickland@wwwheeler.com)

**Re: Fremont Butte Dam and Reservoir Project  
Proposal for Reservoir Enlargement to Accommodate Castle Rock Storage**

Dear Mr. Strickland:

RJH Consultants, Inc. (RJH) is pleased to submit this proposal to assist W.W. Wheeler & Associates (Wheeler) and the Town of Castle Rock (Castle Rock) with development of a concept level design and cost opinion to increase the storage in the proposed Fremont Butte Reservoir in Washington County, Colorado by 8,000 acre-feet (ac-ft). Our understanding of the Project, objectives of this phase of work, basis of estimate, scope, schedule, and estimated fees are presented in the following sections.

**Background**

RJH recently completed a site investigation and concept design for Fremont Butte Dam and Reservoir for Parker Water & Sanitation District (PWSD). The concept developed for PWSD included a reservoir with about 72,000 ac-ft of normal storage. It is our understanding that Castle Rock desires to store about 8,000 ac-ft of water in Fremont Butte Reservoir, which would increase the normal storage capacity to 80,000 ac-ft. The purpose of this Project will be to develop a concept-level design and cost opinion for a dam and reservoir with total normal storage of 80,000 ac-ft.

**Scope of Work**

Based on our current understanding of the Project, we propose to perform the following:

- Develop an elevation-area-capacity curve for the reservoir and identify the normal water surface elevation for 80,000 ac-ft of storage.
- Develop the general size and configuration for a spillway on the left abutment to safely pass the inflow design flood (IDF) and the associated dam crest elevation. RJH will consider up to three concepts to safely pass or store the IDF, discuss the advantages and

disadvantages of each concept with Wheeler and Castle Rock, and select one to advance and include in the concept design.

- Select appropriate armoring materials for the spillway channel based on expected velocities and judgement.
- Perform hydraulic sizing of low-level outlet works components (inlet openings, conduit size, etc.) to meet operational and dam safety requirements. Also, develop the size and configuration of structural components.
- Perform two-dimensional limit equilibrium stability analyses for one typical maximum cross section to identify embankment slopes.
- Identify appropriate limits of the seepage barrier in the dam foundation and reservoir rim.
- Develop concept figures to illustrate the size and configuration for Project components.
- Develop an opinion of probable project costs (OPPC) based on the concepts developed.
- Prepare a draft and final concept design report.
- Attend regular Project team coordination meetings.
- Manage and coordinate RJH's work including staffing the job, invoicing, progress reporting, and quality assurance reviews.

***Deliverables:***

- Draft and final versions of the concept design report in electronic .pdf format.
- Monthly invoices and progress reports.

**Schedule**

Based on our current understanding of the Project, we anticipate the work could be initiated within about 1 week from Notice-to-Proceed. We anticipate the Opinion of Probable Costs can be provided by July 31, 2025; the draft concept design report can be provided by August 30, 2025; and the final design report can be provided within 3 weeks after comments on the draft report are received.

**Budget**

We propose to complete the work described in the Scope of Work on a time and expense basis in accordance with the attached Fee Schedule, W.W. Wheeler Subconsultant Services Agreement, and Third Amendment to On-Call Services Agreement between W.W. Wheeler and Town of Castle Rock. Our estimated fees for the work described in this proposal are about \$114,000. RJH and Wheeler recognize that actual costs to complete the work could be more or less than estimated. We will not exceed this estimated amount without prior authorization from Wheeler and will invoice monthly based on the work completed.

**Basis of Scope and Fee Estimate**

We have developed this proposal based on our current understanding of the Project, our

experience as dam safety engineers, and the following:

- RJH's work on this Project will be classified as Expert services.
- Environmental studies will be performed by others.
- Pipelines and pump stations to convey water to and from the reservoir will be developed by others. Operational inflow and outflow rates will be provided to RJH.
- No new geotechnical data collection, surveying, or other fieldwork is required to complete this work. No new geotechnical material properties will be developed. Additional geotechnical data collection and analyses will be required to support final design after design concepts are better defined.
- The previously developed inflow hydrology will be used for the 80,000 ac-ft reservoir.
- The dam will have a high hazard classification and an extreme hydrologic hazard classification. The IDF will be the probable maximum flood (PMF).
- To allow for a direct comparison between reservoir alternatives, the developed concept will generally be configured similarly to the 72,000 ac-ft concept previously developed for PWSO. A significantly different configuration will only be developed if the previous concept is impracticable for an 80,000 ac-ft reservoir. The dam concept is anticipated to generally include the following:
  - Zoned earthen embankment dam with a seepage barrier through permeable foundation and abutment material.
  - Configuration that avoids the State of Colorado land in the downstream right abutment.
  - Outlet works in the left abutment. We will develop outlet works concepts for both a low-level inlet and a gate tower.
  - Spillway channel through the left abutment.
- Unit prices will not be updated. Cost estimates will be developed using 2024 dollars to allow for a direct comparison with the cost of the 72,000 ac-ft dam and reservoir, and then escalated to 2025 dollars using ENR-CCI index.
- The Anderson property at the upstream (south) end of the reservoir will be purchased by Project participants; therefore, the existing structures on this property will not restrict reservoir elevations.
- RJH will identify the additional property needed to enlarge the dam and reservoir from 72,000 to 80,000 ac-ft. Costs for property acquisition will be developed by others.
- Concepts to address relocation of county roads are not included, but are anticipated to be similar regardless of reservoir size.

April 7, 2025

We look forward to working with you on this Project. Please call if you have any questions, require further information, or would like to discuss this proposal. If you concur with the information included in this Scope of Work, please sign and return one copy of this proposal to serve as our Notice-to-Proceed.

Sincerely,

RJH CONSULTANTS, INC.



Robert J. Huzjak, P.E.  
President

ABP/tjp

**Attachments:**     RJH 2025 Fee Schedule  
                             W.W. Wheeler Subconsultant Agreement  
                             Third Amendment to On-Call Services Agreement between W.W. Wheeler  
                             and Town of Castle Rock

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## 2025 Fee Schedule

### Professional Services

<b>Labor Category</b>	<b>Billing Rate per Hour (\$)</b>
Technical Expert	335
Principal – Grade 8	295
Senior Professional – Grade 7	272
Senior Professional – Grade 6	245
Professional – Grade 5	235
Professional – Grade 4	198
Engineer/Geologist – Grade 3	172
Engineer/Geologist – Grade 2	160
Engineer/Geologist – Grade 1	148
CAD Designer	140
Word Processor/Administrative Staff	110

These rates are billed for both regular and overtime hours in all categories. Rates will be escalated 4 percent annually for work completed after December 2025.

### General Expenses

Reimbursement for general expenses, which include field and laboratory equipment; computer equipment and software; printing and reproduction; communications and mailing; local transportation, tolls and parking; field vehicles; and field equipment will be invoiced based on a percentage of labor costs and type of project as follows:

- General consulting services and planning and feasibility studies – 4%
- Design and bid document preparation and geotechnical investigations – 6%
- Construction management and field observation – 8%

### Out of Town Travel and Subsistence

Reimbursement for expenses for travel, rental vehicles, hotels, meals, and other costs associated with out of town and overnight travel will be invoiced at cost plus a 10 percent service charge.

### Subcontractors and Subconsultants

Reimbursement for work performed by subconsultants and subcontractors will be invoiced at cost plus a 15 percent service charge.

### Contract Labor

Contract labor provided by independent consultants and temporary agencies for activities such as drafting, engineering, and word processing will be invoiced at the appropriate labor category as described above for professional services.

### Payment Terms

Invoices will be submitted monthly and are due Net 30 days. Interest will accrue at the rate of 1 percent of the invoice amount per month, for amounts that remain unpaid more than 30 days after the invoice date.

Jacobs Engineering Group, Inc.

### Scope of Work and Budget for Platte Valley Water Project Services

Version: April 3, 2025

#### Exhibit A: Scope of Services

##### Background

As a subconsultant to W.W. Wheeler & Associates, Inc. (Wheeler), the Town of Castle Rock (Castle Rock) desires Jacobs Engineering Group Inc. (Consultant) to support Water Court Case No. 21CW3185 related activities for the Platte Valley Water Partnership (PVWP). The following sections outline potential tasks to be completed by the Consultant as requested by Wheeler to assist Wheeler and Castle Rock in the advancement of these activities.

##### Task 1: Water Court Support

Activities performed under this scope of work are on an as-needed basis and may include the following:

- 1) Coordinate with Wheeler and Castle Rock to define the system configuration that allows for Castle Rock's participation in the PVWP.
- 2) Prepare a cost estimate memorandum that updates the capital and operations & maintenance costs from those previously developed by Jacobs (Platte Valley Water Partnership Basis for Program Cost Estimate, November 4, 2024). Updated costs will include the required components for Castle Rock to participate in the PVWP.
- 3) Review the potential for changes to the permit requirements due to Castle Rock's participation in the PVWP. If needed, prepare a memorandum that updates Jacobs' previously documented report (Platte Valley Water Partnership Permit Requirements, November 4, 2024) to include additional permitting requirements required for Castle Rock to participate in the PVWP.
- 4) Provide engineering review and calculations related to pump station sizing, pipeline sizing, and other components as requested.

*Deliverables/Assumptions:*

- *Deliverables will be defined at the time requests for as-needed services are made, and may include report documentation and slide deck materials delivered electronically.*

##### Schedule

Following Notice to Proceed, it is anticipated that work will be completed by 12/31/2025.

##### Assumptions

It is assumed that data provided by others is accurate, complete, and will be provided in a timely fashion. Correction of data provided by others is not included herein.

In providing opinions of cost, financial analyses, economic feasibility projections, and schedules for the Project, Consultant has no control over cost or price of labor and materials; unknown or latent conditions of existing equipment or structures that may affect operation or maintenance costs; competitive bidding procedures and market conditions; time or quality of performance by operating personnel or third parties; and other economic and operational factors that may materially affect the ultimate Project cost or schedule. Therefore, Consultant makes no warranty that the actual Project costs, financial aspects, economic feasibility, or schedules will not vary from Consultant's opinions, analyses, projections, or estimates.

To the extent Consultant is responsible for review, evaluation and the proposing of recommendations concerning project design, budget, materials, sequencing and scheduling, shop drawings, claims, and other similar items performed or supplied by others, Wheeler agrees to release and hold Consultant harmless from any and all liabilities to any person or entity caused as a result of deficiencies in such items. Wheeler acknowledges that ultimate responsibility for deficiencies in such items shall be attributable to the person or entity providing such items irrespective of Consultant's review and evaluation of the same.

### Fee Estimate Summary

Compensation by Wheeler to Consultant will be on a time and expense basis in the not to exceed amount of \$25,000. Billing rates are provided in Attachment 1.

### Attachment 1: Rate Schedule

#### Hourly Billing Rates

PER DIEM CODE	BILLING TITLE	Hourly Rates Through 12/31/25
	1 Senior Program Manager	\$ 295.00
	2 Program Manager, Fellow Technologist	\$ 275.00
	3 Principal Project Manager, Principal Technologist	\$ 250.00
	4 Senior Project Manager, Senior Technologist	\$ 225.00
	5 Project Manager, Engineer Specialist, Contracts Manager, Project Engineer 2	\$ 200.00
	6 Associate Project Manager, Project Engineer 1, Senior Contracts Administrator	\$ 175.00
	7 Associate Engineer, Associate Health and Safety Professional, Senior Accountant	\$ 155.00
	8 Staff Engineer 2, Associate Contracts Administrator, Project Accountant 3	\$ 135.00
	9 Staff Engineer 1, Project Accountant 2	\$ 120.00
	11 Engineering Technician 5, Designer 5, Graphic Designer 5	\$ 170.00
	12 Engineering Technician 4, Designer 4, Graphic Designer 4	\$ 155.00
	13 Engineering Technician 3, Graphic Designer 3	\$ 145.00
	14 Engineering Technician 2, Graphic Designer 2	\$ 125.00
	15 Engineering Technician 1, Graphic Designer 1	\$ 115.00
	19 Senior Office Assistant	\$ 125.00
	19 Administrative Assistant, Project Accountant, Project Assistant, Engineer Intern	\$ 110.00

#### Non-Labor Rate Items

Mileage rate	Current IRS audit rate at time of service
Other related consumable supplies (e.g., field equipment)	At cost with no additional markup
Postage, freight	At cost with no additional markup
Travel costs (airfare, hotel, car rental, meals, etc.)	At cost with no additional markup

#### Notes:

1. The table includes the hourly rates for Jacobs. These rates are valid through December 31, 2025. Labor rates beyond that date are subject to increase annually or at the time of contract renewal or extension. Staff member roles may be revised based on employee classification changes resulting from promotion.

Moore Engineering, Inc.



April 18, 2025

Chris Fehn, P.E.  
Water Resources Group Leader  
Moore Engineering, Inc.  
12600 West Colfax Avenue, Suite A-270  
Lakewood, CO 80215

Subject: **Scope of Work and Budget for Platte Valley Water Project Services**

Dear Chris:

As you are aware, the Town of Castle Rock (Castle Rock) has signed an agreement to participate in the Platte Valley Water Project (PVWP) with Lower South Platte Water Conservancy District (Lower) and Parker Water and Sanitation district (PWSD). PWSD and Lower are currently seeking water rights in Water Court (Case No. 19CW3253) and Moore Engineering, Inc. (Moore) has prepared several reports as part of that process.

Castle Rock has retained W. W. Wheeler & Associates, Inc. (Wheeler) as their main Expert Witness in their Water Court Case No. 21CW3185 in which they are seeking water rights for PVWP. Wheeler is providing this letter authorizing Moore to proceed with the scope of work outlined below to support Wheeler in their preparation of Castle Rock's Case No. 21CW3185. This subcontract is also subject to the following:

- Third Amendment to Town of Castle Rock Services Agreement to Provide On-Call Services between Wheeler and Castle Rock, dated 12/20/2024 which includes insurance requirements for this work.

## Scope of Work

Moore's scope of work shall be directed by Wheeler and shall be flexible and subject to change as directed. Tasks that Moore may complete include the following:

- 1) Meet with Wheeler staff to discuss operational modeling Moore completed for Case No. 19CW3253.
- 2) Review of Wheeler modeling and modeling documentation reports to confirm they are accurately modeling PWSD and Lower's operations associated with PVWP project.
- 3) Other tasks as requested by Wheeler.

## Budget & Schedule

Moore shall perform the work listed above on a time and materials basis, not to exceed \$25,000. All work shall be completed by January 1, 2026.

We look forward to working with you. We have attached a proposed subconsultant agreement for your review. If that agreement and this scope of work is acceptable to you, please return a signed copy of the agreement.

Sincerely,  
**W. W. Wheeler and Associates, Inc.**



Hayden Strickland, P.E.

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**MOORE ENGINEERING, INC.****2024 BILLING SCHEDULE**

Effective January 1, 2025

NOTE: Rates contained in this Billing Schedule are valid until December 31, 2025. After December 31, 2025, Hourly Billing Rates will be escalated annually and direct expenses may be adjusted to meet market conditions.

Description		Billing Rate Per Hour
1	Principal - SR Project Manager - CSR	\$250 - \$286
2	Project Manager - SR PE - SR Technical Advisor	\$235 - \$300
3	Professional Engineer I, II	\$195 - \$215
4	Graduate - Project Engineer	\$145 - \$172
5	Engineering Designer I,II, SR	\$156 - \$185
6	Engineering Technician I, II, III	\$98 - \$155
7	Environmental Scientist I, II, II, SR	\$140 - \$234
8	Environmental Technician Intern, I, II	\$98 - \$150
9	Hydrogeologist Staff, Project, Senior	\$150 - \$177
10	Landscape Architect I, II, SR	\$135 - \$182
11	Project Administrator I, II, SR	\$130 - \$182
12	Office Administrator I, II, SR	\$115 - \$176
13	CADD Technician I, II, III	\$109 - \$155
14	Senior GIS Coordinator - GIS Manager	\$187
15	GIS Analyst - GIS Developer	\$166 - \$176
16	GIS Programmer I,II,III	\$145 - \$170
17	GIS Technician I, II, III	\$120 - \$165
18	GIS Specialist I, II, III	\$150 - \$176
19	Land Surveyor - Senior Land Surveyor	\$187 - \$208
20	Survey Manager	\$192
21	Survey Crew Chief I, II - Survey Data Analyst	\$160 - \$202
22	Project Coordinator - CADD Standards Coordinator	\$160 - \$192
23	Funding Specialists	\$120 - \$156
24	Survey Technician I,II, III	\$104 - \$145
25	Construction Engineer/Specialist, I, II, SR	\$161 - \$215
26	Drone Operator - Drone Services Coordinator	\$155 - \$170
27	Administrative Assistant I, II	\$88 - \$100

Travel Expenses	Project Mileage	Per current IRS rate per mile	
	Lodging	At Cost	
	Meals	At Cost	
	Per Diem	\$60.00	per day
Survey Supplies	Iron Pins	\$1.25	each
	Fence Posts	\$5.00	each
	Motorized Offroad Vehicles   Drone Equipment	\$75.00	per day
Miscellaneous	Project Expenses	At Cost	
	Sub Consultants	At Cost	

ERO Resources Corporation

May 14, 2025

Mr. Hayden Strickland  
W.W. Wheeler & Associates, Inc.  
3700 South Inca Street  
Englewood, Colorado 80110

**RE:** Castle Rock Platte Valley Water Partnership, Logan and Washington Counties, Colorado  
Scope of Work

Dear Mr. Strickland,

ERO Resources Corporation (ERO) is pleased to provide the following scope of work to assist W.W. Wheeler & Associates, Inc. and Castle Rock Water with ecological services for the proposed Platte Valley Water Partnership project in Logan and Washington Counties, Colorado.

ERO Resources Corporation (ERO), a Colorado Corporation, will conduct the work W.W. Wheeler & Associates, Inc. (hereinafter referred to as the Client). ERO will conduct this work on a times-and-materials basis for a cost not to exceed of \$26,468.00. If you have any questions, I can be reached at [mworah@eroresources.com](mailto:mworah@eroresources.com) or (303) 830-1188. ERO appreciates the opportunity to assist you.

Sincerely,



Moneka Worah  
Natural Resource Specialist/Principal

Attachments

# ERO Resources Corporation

## Scope of Work for

### Platte Valley Water Partnership Project

### Federal Permitting Review

### Logan and Washington Counties, Colorado

May 14, 2025

#### Summary

W.W. Wheeler & Associates, Inc. (Client) has requested ERO Resources Corporation (ERO) prepare this Scope of Work to complete a review of the likely federal permitting requirements for construction of proposed reservoirs near Iliff, Colorado. Of particular interest are potential Section 404 permitting requirements for construction of the reservoirs and associated federal environmental requirements that could be triggered by the need for a Section 404 permit (e.g., National Environmental Policy Act, Endangered Species Act, and National Historic Preservation Act compliance and Section 401 Certification), as well as how Colorado House Bill 24-1379 may affect the project and permitting and mitigation requirements. ERO has completed previous evaluations for Parker Water and Sanitation District for the same project, and ERO would use that existing information to develop reports for the Client.

#### Task 1. Desktop and/or Site Review

ERO will review any new elements to the project to determine if waters of the U.S., including wetlands, are present that are subject to the U.S. Army Corps of Engineers (Corps) jurisdiction under Section 404 of the Clean Water Act (CWA). If necessary, ERO will complete a site visit to evaluate the additional areas being added to the project. ERO will note the approximate locations of jurisdictional waters and wetlands within the proposed reservoir sites as provided by the Client. This assumes a full wetland delineation will not be completed, and only potential wetlands or other waters of the U.S. will be identified based on vegetation. This includes reviewing the following sites:

- PVWP 2 Diversion
- PVWP 2 Inlet
- PVWP Alternate Site E Reservoir
- Pipelines: PVWP 1 Diversion/Alt E to Alt D Nexus & To Res 2
- PVWP Alternate Site D Reservoir
- Pipelines: Reservoir 2 to FBR & Nexus PVWP Alternate Sites to FBR 2
- Pipelines: Prewitt to B & PVWP Alternate Site C to Nexus
- PVWP Alternate Site B Reservoir
- Pipeline: Nexus PVWP Alternate Sites to FBR 1
- Bravo Ditch Diversion
- Board Held Reservoir

- Bravo Reservoir

**Task Products**

- Site evaluation of project elements, including diversion locations, inlets, pipelines, and alternate reservoir sites.
- A wetland delineation will not be completed and potential waters of the U.S. will be based on vegetation and site observations.

**Task Assumptions**

- Performing the site visit is weather dependent. The ground must be free of snow.
- The Client will provide site boundaries for all elements for review.
- The Client will arrange and provide written permission to access the project area. If access is not granted, site observations will be from public roads/right of way.

**Task 2. Prepare Report**

ERO will prepare a report based on current alternatives that summarizes the findings of the review of the reservoir and diversion locations and any recommendations for further study or measures that could be taken to reduce federal permitting risks. The report will include an analysis of the potential federal permitting requirements based on the findings of the site visit and current regulatory requirements. The report will take, as the outer perimeter of waters of the U.S., the same as the maximum outer perimeter that the federal 404 waters of the U.S. interpretation has reached from time to time. The report will also include a discussion of regulatory requirements for storage of South Platte River water in Reuter-Hess Reservoir and other environmental requirements that may be triggered by the larger project. The report will also include a discussion on Colorado Bill 1379 regarding a state dredge and fill program, how the program may affect this project, and any likely permitting/requirements that may be necessary.

**Task Products**

- Report to include alternatives that were evaluated during Task 1.

**Task Assumptions**

- This assumes the report prepared for Parker Water and Sanitation District can be used as the basis for this report and the alternatives will not have significant changes from what was originally proposed.
- The report will be reviewed once by the project team and ERO will provide one round of edits. If additional edits are necessary, a new scope of work may be necessary.

**Task 3. Project Management, Coordination, and Meetings**

This task includes items specifically associated with contract and project management services through the duration of the contract, such as project start-up documentation, health and safety plan compliance, monthly invoicing, and project close-out documentation. This task also includes attending progress meetings with the Client and project team as needed through 2025, and additional coordination meetings as needed. This task also includes ensuring that all documents and figures are reviewed for technical and editorial accuracy.

**Task Products**

- Attend up to two progress meetings monthly through 2025 with the project team.

- Additional coordination meetings as needed.

### Estimated Costs

Tasks 1 through 4 will be completed on a time-and-materials basis for a cost not to exceed \$26,468.00 (see below for breakout and attached spreadsheet), including expenses billed at cost plus 8 percent.

Task 1.	Desktop and/or Site Review	\$3,982.00
Task 2.	Prepare Update Report	\$4,866.00
Task 3.	Project Coordination	\$6,804.00
Task 4.	Expert Witness Assistance	\$10,816.00
<b>Total</b>		<b>\$26,468.00</b>

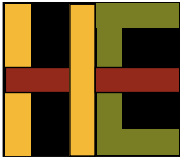
ERO Cost Proposal - Platte † ‡ h

Federal Permitting Review

	202) / Unit Rate	Task 1 - Desktop Review and/or Site Review	Task 2 - Prepare Report	Task 3 - Project Management, Coordination, and Meetings	Task 4 - Expert Witness Assistance	Labor Hours Total	Totals
<b>Labor Category</b>							
Project Principal Expert Testimony	\$338.00				32	32	\$10,816
Project Principal	\$225.00	4	6	24		34	\$7,650
Biologist II	\$136.00	14	20	6		40	\$5,440
GIS Specialist I	\$140.00	6	4			10	\$1,400
Word Processing/Editor	\$118.00		2			2	\$236
Administrative Staff	\$98.00			6		6	\$588
Total Labor Hours		24	32	36	32	124	
<b>Total Labor</b>		<b>\$3,644</b>	<b>\$4,866</b>	<b>\$6,804</b>	<b>\$10,816</b>		<b>\$26,130</b>
<b>Expenses</b>	Unit Rate	Task 1 - Desktop Review and/or Site Review	Task 2 - Prepare Report	Task 3 - Project Management, Coordination, and Meetings	Task 4 - Expert Witness Assistance	Totals Quantities	Totals
Field Equipment Charges	\$10.00	1				1	\$10
Mileage	\$0.677	250				250	\$169
Photocopy (color/8.5x11)	\$0.30	20				20	\$6
Photocopy (b&w/8.5x11)	\$0.15	20				20	\$3
GPS Rental (per day)	\$125.00	1				1	\$125
<b>Total Expenses</b>		\$313	\$0	\$0	\$0		\$313
8% markup		\$25	\$0	\$0	\$0		\$25
<b>Total estimated costs</b>		<b>\$3,982</b>	<b>\$4,866</b>	<b>\$6,804</b>	<b>\$10,816</b>		<b>\$26,468</b>

## Harvey Economics





Harvey Economics ♦ 469 South Cherry Street, Suite 100 ♦ Denver, Colorado 80246  
tel. 720.889.2755 ♦ fax 720.889.2752 ♦ www.harveyeconomics.com ♦ he@harveyeconomics.com

## **MEMORANDUM**

TO: HAYDEN STRICKLAND ON BEHALF OF TOWN OF CASTLE ROCK

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FROM: ED HARVEY

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DATE: MAY 7, 2025

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RE: WORK SCOPE FOR ECONOMIC SUPPORT OF WATER RIGHTS CASE SUPPORTING  
CASTLE ROCK PARTICIPATION IN THE PVWP

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Harvey Economics' (HE's) role in this case will primarily be to provide an assessment of economic feasibility and pathway to funding the Town of Castle Rock's participation in the Platte Valley Water Project (PVWP).

**Task 1. Kick-off meeting and on-going coordination.** HE will work under the direction of Hayden Strickland, W.W. Wheeler and Associates (Wheeler), and Matt Benak, Project manager for Castle Rock. We will join a kick-off meeting with these individuals and fellow team members to discuss workflow, information needs and schedule.

Throughout the performance period, HE will participate in team member discussions and meetings as directed by Hayden and Matt. For budgeting purposes, HE assumes 10 such meetings.

**Task 2. Review customer and water demand projections.** HE understands that Castle Rock will be leading the tasks which culminate in the determination of Project Need. Elements of this task, such as number of customers by type, water demands, etc. are critical inputs to the economic feasibility task. HE proposes to coordinate with those team members responsible for the Project Need task related to water demands. We will review the supporting work and results of water demand projections task, suggesting changes as needed or otherwise extracting the output for incorporation into the financial work and economic feasibility task.

HE assumes that we will not be performing any revisions or independent work regarding water demands and project need. Our budget assumes only a review and advisory role, unless directed by Castle Rock to actively assist in these projections.

**Task 3. Obtain and review Project cost information.** HE will reach out to the Project engineers to obtain capital and operating cost information pertaining to Castle Rock's participation in the PVWP. We will ensure that this information is consistent with the PVWP and in a form that can be incorporated into the Castle Rock rate models.

**Task 4. Coordinate with the Castle Rock staff and rate consultant.** HE will work with the Castle Rock rate consultant, Stantec, to ensure that their models can produce output that

supports the economic feasibility determination. Water rate models typically focus on time periods of 10 years or less; this model must be carried forward for 50 years. We will work with the consultant to define financial scenarios and refine key financial assumptions in the model. This work will include financial impacts on Castle Rock ratepayers.

HE will also coordinate with the Castle Rock finance director about the financing plan going forward. Presumably, this will take into account the current capital improvement plan and the borrowing strategies, including the funding for Castle Rock's participation in the PVWP.

**Task 5. Independent evaluation of reasonableness.** HE will take care not to duplicate Stantec efforts. HE will perform an independent assessment of the defensibility of the rate analyses and supporting financial assumptions, including growth projections and water sales. This task will serve to validate or suggest modifications to the methodologies, data sources, and assumptions relevant to water demands and economic feasibility. This task will enable HE to reach its independent opinion as to the economic feasibility of the Project.

HE will reach its own conclusions with this evaluation, independent of other team members, Castle Rock, and counsel in this matter.

**Task 6. Report preparation.** With the completion of the above tasks, HE will prepare a report which summarizes the supporting information, evaluates its validity, and leads to a determination of economic feasibility and a pathway to funding Castle Rock's participation in the PVWP. We will provide a draft report to Wheeler and Castle Rock by August 1, 2025.

**Task 7. Report finalization.** HE will solicit comments and suggestions from the Project team, Castle Rock staff and the attorneys for this case. At the same time, HE will review the other relevant expert reports from the Project team to ensure consistency among the reports. We will meet, discuss and resolve issues as needed. HE will then modify its report into final form in time for final review prior to the Court deadline.

**Task 8. Opposing expert reports and rebuttal report. (NOT BUDGETED)** HE will review the opposing expert reports and provide our reactions and responses to Counsel. If advisable, HE will prepare a rebuttal report.

**Task 9. Preparation and participation in trial. (NOT BUDGETED)** HE will prepare for depositions and participate as requested. We will also prepare for and participate in trial as needed.

HE Budget for Castle Rock Diligence Case			
Title / Description		Hours	Cost
1	Kick-off	32.00	\$7,970
2	Review Customer Demands	32.00	\$7,600
3	Obtain/Review Cost Information	24.00	\$6,270
4	Coordinate with Rate Consultant	36.00	\$9,160
5	Independent Evaluation of Reason	40.00	\$10,140
6	Report Preparation	58.00	\$12,630
7	Report Finalization	21.00	\$4,170
8	Opposing Expert & Rebuttal	0.00	\$0
9	Preparation and Participation in Trial	0.00	\$0
<b>Total</b>		243.00	\$57,940
<hr/>			
Subtotal Professional Costs		243.00	\$57,940
Out-of-Pocket Expenses			Amount
Local Expenses			\$300
<b>Total Costs Proposed</b>			<b>\$58,240</b>

## **HARVEY ECONOMICS BILLING RATES 2025**

<u>Professional Level</u>	<u>Hourly Rate*</u>
Principal	\$305
Director	240
Senior Associate	215
Associate	195
Research Associate	180
Project Assistant	85

Notes: Direct or out-of-pocket expenses are billed at cost; Rates are subject to adjustment annually, not to exceed three percent.

\*Hourly rates are fully loaded to include salary, benefits, overhead and profit.

**EXHIBIT 2**

**CONSULTANT'S CERTIFICATION OF INSURANCE**

**ACORD**<sup>TM</sup>**CERTIFICATE OF LIABILITY INSURANCE**

DATE (MM/DD/YYYY)

7/31/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION** IS **WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> <b>USI Insurance Services, LLC</b> <b>4600 S. Ulster Street, Suite 1200</b> <b>Denver, CO 80237</b> <b>800 873-8500</b>		<b>CONTACT NAME:</b> <b>PHONE (A/C, No, Ext): 800 873-8500</b> <b>E-MAIL ADDRESS: den.certificate@usi.com</b> <b>FAX (A/C, No):</b>	
		<b>INSURER(S) AFFORDING COVERAGE</b>	
		<b>INSURER A : Hartford Casualty Insurance Company</b>	
		<b>INSURER B : Hartford Ins Co of the Midwest</b>	
		<b>INSURER C : XL Specialty Insurance Company</b>	
		<b>INSURER D : Hartford Accident and Indemnity Co</b>	
		<b>INSURER E :</b>	
		<b>INSURER F :</b>	


**COVERAGES** **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	X	X	34SBWDX4201	08/03/2024	08/03/2025	EACH OCCURRENCE \$2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$2,000,000 GENERAL AGGREGATE \$4,000,000 PRODUCTS - COMP/OP AGG \$4,000,000 \$
D	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY	X	X	34UEGZG2800	08/03/2024	08/03/2025	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> RETENTION \$10000	X	X	34SBWDX4201	08/03/2024	08/03/2025	EACH OCCURRENCE \$2,000,000 AGGREGATE \$2,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE/OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		X	34WEGIN4524	08/03/2024	08/03/2025	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
C	Professional Liability Claims Made			DPR5032519	08/03/2024	08/03/2025	\$2,000,000 per claim \$2,000,000 annl aggr.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

As required by written contract or written agreement, the following provisions apply subject to the policy terms, conditions, limitations and exclusions: The Certificate Holder and owner are included as Automatic Additional Insured's for ongoing and completed operations under General Liability; Designated Insured under Automobile Liability; and Additional Insureds under Umbrella / Excess Liability but only with respect to liability arising out of the Named Insured work performed on behalf of the certificate holder and owner. (See Attached Descriptions)

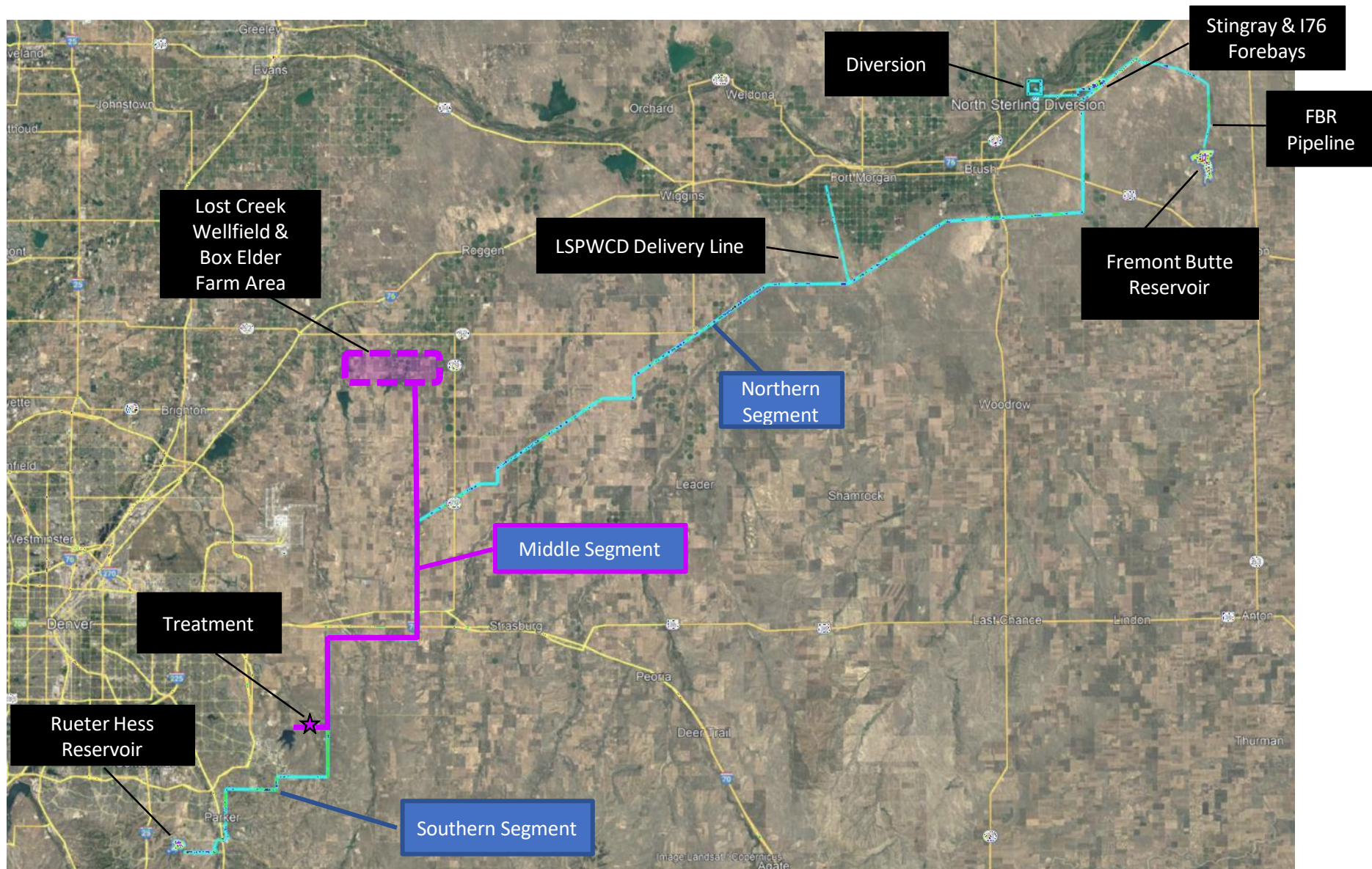
<b>CERTIFICATE HOLDER</b>  <b>Town of Castle Rock</b> <b>175 Kellogg Court</b> <b>Castle Rock, CO 80109</b>	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  <b>AUTHORIZED REPRESENTATIVE</b>  
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## DESCRIPTIONS (Continued from Page 1)

The General Liability, Automobile Liability, Umbrella/Excess insurance applies on a primary and non contributory basis. A Blanket Waiver of Subrogation applies for General Liability, Automobile Liability, Umbrella/Excess Liability and Workers Compensation. The Umbrella / Excess Liability policy provides excess coverage over the General Liability, Automobile Liability and Employers Liability.

Please note that Additional Insured status does not apply to Professional Liability or Workers' Compensation.





PVWP System



## CASTLE ROCK WATER

# **RESOLUTION: APPROVING THE SERVICES AGREEMENT WITH W. W. WHEELER AND ASSOCIATES, INC. FOR THE PLATTE VALLEY WATER PARTNERSHIP PROJECT**

JUNE 17, 2025



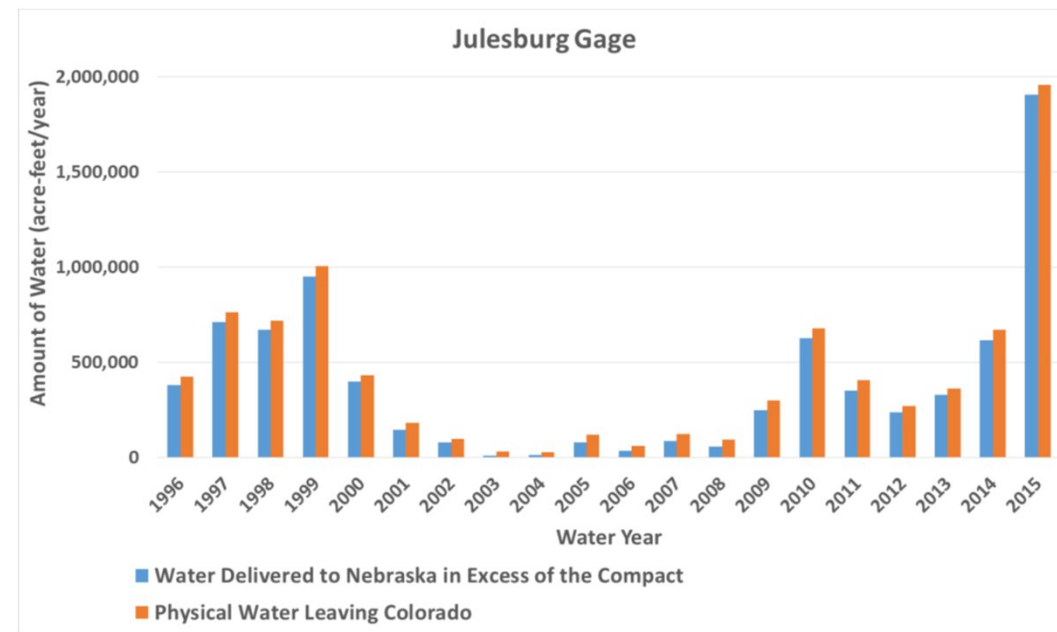
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# SERVICE AGREEMENT

## BACKGROUND

- Platte Valley Water Partnership (PVWP) - unique long term renewable water project.
- Partnership between municipal water and agricultural water interests.
- Council approved agreement with Parker Water and Sanitation District and Lower South Platte Water Conservancy District in 2024
- Agreement to cooperate on project infrastructure
- Water rights include
  - New rights at Prewitt Reservoir and Fremont Butte Reservoir
  - Existing rights for Lost Creek and Rothe



# SERVICE AGREEMENT

## CURRENT ESTIMATED TIMELINE

- Property purchase for Fremont Butte Reservoir – May 2025 to December 2026
- Parker Water Court Case – August 2025
- BennT Water Court Case – December 2025
- Castle Rock Water Court Case – June 2026
- Design and Permitting will occur over the next decade
- Construction currently estimated in late 2030s with completion in the 2040 timeframe

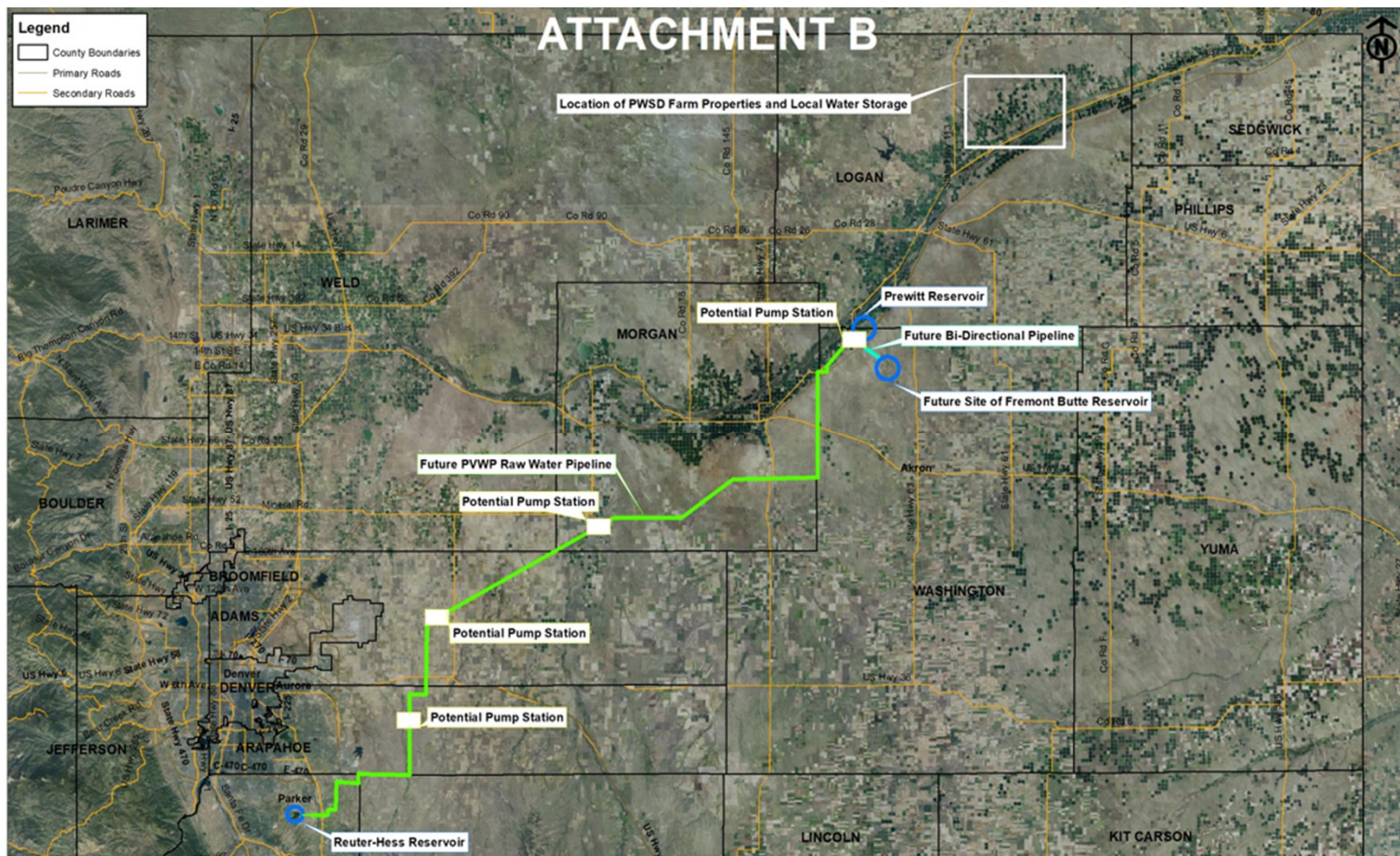


*Existing Diversion in Area of Future PVWP Project Infrastructure*



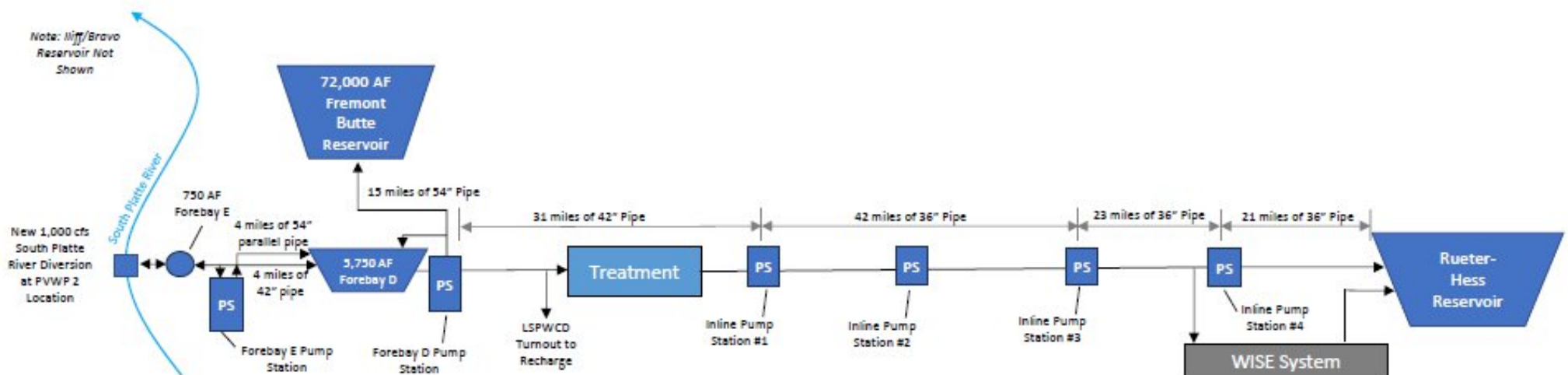
# SERVICE AGREEMENT

## LOCATION OF WATER AND PROJECT INFRASTRUCTURE



# SERVICE AGREEMENT

## PROJECT INFRASTRUCTURE



# SERVICE AGREEMENT

## KEY TERMS

- W. W. Wheeler and Associates, Inc. will provide support with our Fremont Butte Water Court application (Case No. 2021CW3185):
  - Prepare operational models
  - Expert report
  - Review opposers reports
  - Prepare rebuttal reports
  - Manage sub-consultants
  - Testify as required or necessary
- Term: June 17, 2025 to June 16, 2026 with two-year option to renew



*View of South Platte River Near Future Potential PVWP Diversion Location*



# SERVICE AGREEMENT

## SUBCONSULTANT ROLES

Subconsultant	Amount
RJH	\$114,000
Jacobs	\$25,000
Moore	\$25,000
ERO Resources	\$26,468
Harvey Economics	\$58,240
Sub-Contractor Markup (5%)	\$12,435

- Additional professional costs include Lyons Gaddis (Water Rights Attorney) and Stantec (Rates/Fees)



*South Platte River Near Future PVWP Diversion Summer 2022*



*South Platte River Near Future PVWP Diversion Summer 2023*

# SERVICE AGREEMENT

## BUDGET IMPACT

- Contract amount: \$510,000
- 2025 Budget for Project: \$500,000
- Paid from account 211-4340-443.30-40 (Professional Services/Engineering Services)
- Budget transfer from account 211-4375-443.76-63 (CIP/PC Central Well Field) is necessary

## RECOMMENDATIONS

- Staff



*Another Future Potential PVWP Diversion Location*





*I MOVE TO APPROVE RESOLUTION NO. 2025-074  
AS INTRODUCED BY TITLE*

*I MOVE TO APPROVE THE RESOLUTION AS INTRODUCED BY TITLE,  
WITH THE FOLLOWING CONDITIONS: \_\_\_\_\_*

*"I MOVE TO CONTINUE THIS ITEM TO THE TOWN COUNCIL  
MEETING ON \_\_\_\_\_ DATE TO ALLOW  
ADDITIONAL TIME TO: \_\_\_\_\_*



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 18. **File #:** EXEC 2025-003

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**To:** Honorable Mayor and Members of Town Council

**Executive Session: Town Manager and Town Attorney Annual Performance Evaluations (Continued from June 3, 2025 Town Council Meeting)**

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**EXECUTIVE SESSION MOTION**

I move to go into executive session for the purpose of discussing the Town Manager's and Town Attorney's annual performance evaluation under C.R.S. §24-6-402(4)(f)(I).

**ANNOUNCEMENT NO. 1**

**Announcement to be made by presiding officer at the beginning of the executive session (make sure the recorder is turned on; do not turn it off during the executive session unless so advised by the Town Attorney)**

It is Tuesday, June 17, 2025 and the time is \_\_\_\_\_. For the record, I am the presiding officer, Mayor Jason Gray. As required by the Open Meetings Law, this executive session is being electronically recorded. At this time I will ask the recording secretary to verify the recorder is operating.

**(RECORDING SECRETARY VERIFICATION)**

This is an executive session to discuss the Town Manager and Town Attorney's annual performance evaluations under C.R.S. §24-6-402(4)(f)(I). In addition to members of Town Council, Town Manager David Corliss and Town Attorney Michael Hyman will participate in the executive session for their respective evaluation.

I caution each participant to confine all discussion to the stated purpose of the executive session, and that no formal action may occur in the executive session.

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**Item #: 18. File #: EXEC 2025-003**

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If at any point in the executive session any participant believes that the discussion is going outside the proper scope of the executive session, please interrupt the discussion and make an objection.

**ANNOUNCEMENT NO. 2**

**Announcement to be made by the presiding officer before concluding the Executive Session**  
(While tape recorder is still on)

I hereby attest that this recording reflects the actual contents of the discussion at the executive session held on June 17, 2025, concerning the Town Manager's and Town Attorney's annual performance evaluation.

This recording has been made in lieu of any written minutes to satisfy the recording requirements of the Open Meetings Law.

I will return the recorder to the Town Clerk to retain for a 90-day period.

---

Mayor



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 6/17/2025

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**Item #:** 19. **File #:** EXEC 2025-004

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**To:** Honorable Mayor and Members of Town Council

**Executive Session Report: June 17, 2025 - Town Manager and Town Attorney  
Annual Performance Evaluations**

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An Executive Session was held at the end of the June 17, 2025, regular Town Council meeting. The purpose of the Executive Session was to conduct the Town Manager and the Town Attorney's annual performance evaluations.

If anyone believes that any substantial discussion of any matters not included in the motion to go into the Executive Session occurred during the Executive Session, or that any improper action occurred during the Executive Session in violation of the Open Meetings Law, I would ask that you state your concerns for the record.