

**CASTLE ROCK
MODEL SERVICE PLAN**

Prepared
By:

Town of Castle Rock
Town Attorney's Office
100 N. Wilcox St.
Castle Rock, CO 80104

Approved _____, 20__

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LIST OF EXHIBITS

EXHIBIT A	Initial District _____ Legal Description
EXHIBIT B	Initial District _____ Boundary Map
EXHIBIT C	Town of Castle Rock Vicinity Map
EXHIBIT D	Proof of Ownership
EXHIBIT E	Initial Board of Directors
EXHIBIT F	Intergovernmental Agreement between the District and the Town of Castle Rock
EXHIBIT G	Pro Forma Capital Plan
EXHIBIT H	Pro Forma Financial Plan

I. BACKGROUND

The following items are included in this Service Plan:

~~A. Any information or documentation required under the applicable provisions of the Special District Act;~~

~~B. Changes to information, assumptions or projects furnished in conjunction with the Previous Service Plans;~~

~~C. A detailed explanation of the activity, events or conditions which resulted in the necessity of this Service Plan, including what action was taken or alternatives considered, if any, by the District to avoid the action, event or condition;~~

~~D. The impact of the Service Plan on the District's ability to develop the capital facilities and infrastructure necessary to meet their capital development plan;~~

~~E. The effect of the Service Plan on the District's ability to retire, as scheduled, their outstanding financial obligations and their ability to issue and market additional indebtedness to finance additional capital expenditures;~~

~~F. A current financial plan for the District reflecting the approximate development absorption rates anticipated within the Service Area, projected District annual revenues and expenditures based upon such projected absorption rates, debt issuance and amortization schedules, and a projection of anticipated capital outlays;~~

~~G. The financial impact of the Service Plan on existing residents of the District;~~

~~H. An updated five year capital improvement plan; and~~

~~I. What alternatives or options are available to the District if the requested amendment is not approved.~~

H.I. SERVICE PLAN PURPOSE

The District is an independent unit of local government, separate and distinct from the Town of Castle Rock (the "Town"), and, except as may otherwise be provided for by State or local laws or this Service plan, its activities are subject to review by the Town if it deviates in a material way from the requirements of the Service Plan. It is intended that the District will provide a part or all of various Public ~~improvements~~ Improvements necessary and appropriate for the development of the Project within the Town. The Public ~~improvements~~ Improvements will be constructed for the use and benefit of all anticipated inhabitants and taxpayers of the District and the general public, subject to such policies, rules, and regulations as may be permitted under applicable law. A primary purpose of the district is to finance the construction of these Public Improvements. The District is also authorized to provide ongoing operations and maintenance services, subject to the limitations set forth in this Service Plan.

A. Need for the District.

There are currently no other governmental entities located in the immediate vicinity of the District that have the means or desire to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project. Formation of the District is, therefore, necessary in order to provide the public Improvements required for the Project in the most economic manner possible.

B. Impact on Ability to Develop Capital Facilities.

This Service Plan includes a Capital Plan which matches the anticipated public infrastructure needs of the Project. This Service Plan will facilitate the issuance of bonds necessary to finance and construct the public infrastructure for the Project.

C. Financial Plan.

A pro forma Financial Plan reflecting the approximate development absorption rates, projected annual revenues and expenditures, anticipated debt issuances and amortization schedules and a projection of anticipated capital outlays for the construction of public improvements and facilities to serve the Project is set forth in **Exhibit C**. The parameters in the Financing Plan are based upon current estimates and will change based on actual development of the Project.

D. Financial Impact on Existing Residents.

At this time, no residents live in the District. Therefore, this Service Plan will not impact existing residents.

E. Capital Plan.

A capital improvements plan for the area to be served by the District is set forth in **Exhibit**

B.

F. Alternatives to Approval of Service Plan Amendments.

If approval for this Service Plan is not granted, the District will not have the legal authority or financial capacity to provide necessary public infrastructure and services to future residents of the Project.

III. INTRODUCTION

A. Purpose and Intent.

The purpose of the District will be to provide all or a portion of Public Improvements as further defined and described in this Service Plan (within and without the District's boundaries as will be determined by a District's Board to be in the best interest of the District and in accordance

with the Service Plan), for the benefit of the residents and taxpayers located within the Project. The District will finance the construction or acquisition of all or a part of the Public Improvements. The District is authorized to implement the Capital Plan and Financial Plan within its respective boundaries. Further, the objective of the town is to authorize the District to undertake operations and maintenance functions for public Improvements that are not dedicated to the Town or to another appropriate governmental entity to perform such functions, in accordance with the limitations set forth in the Service Plan. The District shall also be authorized, but not required, to provide covenant enforcement and design review services in accordance with state statute. Upon completion to Town standards, the District will convey or cause to be conveyed to the Town such improvements constructed or acquired by the District in accordance with Town Land Use Approvals. The District is an independent unit of local government, separate and distinct from the Town, and, except as may otherwise be provided for by State or local law or this Service Plan, their activities are subject to review by the Town only insofar as they may deviate in a material matter from the requirements of the Service Plan and the Town Code.

This Service Plan is submitted in accordance with Special District Act and Chapter 11 of the Town Code. It defines the powers and authorities of the District and describes the limitations and restrictions placed thereon.

B. Need for the District.

The Project is currently vacant and is not presently served with the facilities and/or services proposed to be provided by the District, nor does the Town nor any other special district have any plans to provide such services within a reasonable time and on a comparable basis. There are currently no other governmental entities, including the Town, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of the Public Improvements needed for the Project. The District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible. Approval of this Service Plan shall not indicate, implicitly or expressly, that any land use applications now on file with the Town or any land use applications filed in the future will be approved by the Town.

C. Objective of the Town Regarding Service Plan.

The Town's objective in approving the Service Plan for the District is to authorize the District to provide for the planning, design, acquisition, demolition, construction, installation, relocation and redevelopment of the Public Improvements for the Project, *inter alia*, from the proceeds of Debt to be issued by the District. All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term and at a mill levy no higher than the Maximum Debt Mill Levy, and/or repaid by Development Fees as limited by Section VII.A.8. Debt which is issued within these parameters will insulate property owners from excessive tax and fee burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

This Service Plan is intended to establish a limited purpose for the District and financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with development and regional needs.

-It is the intent of this Service Plan to assure to the extent possible that no property bears an economic burden that is greater than that associated with the Maximum Debt Mill Levy in amount and that no property bear an economic burden for Debt that is greater than that associated with the Maximum Debt Mill Levy Imposition Term in duration even under bankruptcy or other unusual situations. Generally, the cost of Public Improvements that cannot be funded within these parameters are not costs to be paid by the District. The District authorized to implement the Capital Plan and Financial Plan within its boundary. The District is also being organized to provide operations and maintenance services to the District.

D. Notice of meetings

A copy of the written notice for every regular or special meeting of the District will be delivered to the Town Clerk at least three (3) days prior to such meeting.

E. Regional Mill Levy

The District shall be obligated to impose, collect, and remit to the town the Regional -Mill Levy on an annual basis, as more particularly set forth in Section VIII(I) below and memorialized in the Town-District IGA.

IV.III. DEFINITIONS

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Board: means the board of directors of one District or the boards of directors of all Districts, in the aggregate, as the context may require.

Debt: means bonds or other obligations for the payment of which any District has promised to impose an *ad valorem* property tax mill levy. The definition of Debt shall not include intergovernmental agreements that do not contain a pledge of an ad valorem property tax mill levy in the District.

Developer: means the owner or owners of the property within the service Area, any affiliates of such owner or owners, and their respective successors and assigns other than End User.

Developer Debt: means bonds, notes, contracts, reimbursement agreements, or other financial obligations issued by the District to the developer for reimbursement of sums advanced or paid for funding of Public Improvements and/or operations and maintenance expenses, whether or not such debt constitutes a multiple fiscal year financial obligations. Developer Debt shall be subordinate to other Debt of the District.

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Development Fee: means the one-time development fee imposed by the Districts on a per-unit basis, at or prior to the issuance of a certificate of occupancy for the unit, to assist with the planning, development, and financing of the Public Improvements, subject to the limitations set forth in Section VIII.E of the Service Plan. The Development Fee may be used to finance, plan, acquire, and construct the Public Improvements, and pay debt service.

District: means the _____ Metropolitan District.

District Boundaries: means the legal boundaries of the District as described in **Exhibit A** attached hereto.

District Boundary Map: means the map attached hereto as **Exhibit B**, describing the boundaries of the District.

End User: means any third-party homeowner or tenant of any homeowner occupying or intending to occupy a Residential Unit.

External Financial Advisor: means a consultant that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) is not an officer or employee of the District and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Financial Plan: means the financial plan described in Section VIII which describes generally (i) how the Public Improvements are anticipated to be financed; (ii) how the Debt is expected to be incurred; and (iii) the estimated operating revenue derived from property taxes for the first budget year. The Financial Plan is based upon current estimates and will change based on actual development of the Project.

Maximum Debt Mill Levy: means the maximum mill levy District are permitted to impose for payment of Debt as set forth in Section VIII.C below.

Maximum Debt Mill Levy Imposition Term: means the maximum term for imposition of a debt service mill levy on a particular property as set forth in Section VIII.D below.

Project: means the development or property commonly referred to as _____.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Special District Act, except as specifically limited in Section VII below, to serve the future taxpayers and inhabitants of the Service Area as determined by the Board of the District.

Regional Mill Levy: means [a minimum property tax levy of two (2)] mills to be imposed, collected, and remitted to the Town on an annual basis by the District in accordance with the requirements of Section VII.(1), below of this Service Plan, to pay costs related to such improvements as the Town in its sole reasonable discretion believes are public in nature and are permitted by State law to be paid for from revenues derived from the District, including operations and maintenance thereof. The Regional Improvement Mill Levy shall be subject to the Gallagher Adjustment, adjustment so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after the date upon it is first levied, are neither diminished nor enhanced as a result of such changes.

Residential Unit: means each residential dwelling unit (including, without limitation, condominiums, townhomes, and any other attached dwelling unit and detached single family dwelling units) located within the District Boundaries which has been transferred to an End User.

Service Area: means the property within the District Boundaries.

Service Plan: means this service plan for the District approved by Town Council.

Service Plan Amendment: means an amendment to the Service Plan approved by Town Council in accordance with the Town Code and applicable state law.

Special District Act: means Section 32-1-101, et seq., of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

Taxable Property: means real or personal property within the Service Area subject to ad valorem taxes imposed by the District.

Town: means the Town of Castle Rock, Colorado.

Town Code: means the Municipal Code of the Town of Castle Rock, Colorado.

Town Council: means the Town Council of the Town of Castle Rock, Colorado.

Town Land Use Approvals: means a development plan, process established by the Town (including but not limited to approval of a final plat, minor development plat or site plan), or agreement with the Town which identifies, among other things, Public Improvements necessary for facilitating development for property within the Service Area, as approved by the Town pursuant to the Town Code, and as may be amended pursuant to the Town Code from time to time.

Regional Mill Levy: means [a minimum of two (2)] mills to be imposed, collected, and remitted to the Town on an annual basis by the District in accordance with the requirements of Section VIII.(1) below, to pay costs related to such improvements as the Town in its sole reasonable discretion believes are public in nature and are permitted by State law to be paid

~~for from revenues derived from the District, including operations and maintenance thereof.
The Regional Improvement Mill Levy shall be subject to the Gallagher Adjustment.~~

IV. BOUNDARIES

The area of the District Boundary includes approximately ____ acres. A legal description of the District Boundary is attached hereto as **Exhibit A**. A District Boundary Map is attached hereto as **Exhibit B**. A vicinity map is attached hereto as **Exhibit C**. It is anticipated that a District's boundaries may change from time to time, within the Service Area, as it undergoes inclusions and exclusions pursuant to Section 32-1-401, et seq., C.R.S., and Section 32-1-501, et seq., C.R.S., subject to the limitations set forth in Article VII below.

V. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately ____ acres of vacant land, which is the entirety of the Project. The projected build-out for the Service Area is set forth in the pro forma Financial Plan attached hereto as **Exhibit H**.

Approval of this Service Plan by the Town does not imply approval of the development of a specific area within the District, nor does it imply approval of the number of residential units identified in this Service Plan or any of the exhibits attached thereto, unless the same is contained within Town Land Use Approvals.

VI. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the District and Service Plan.

The District shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the District as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein. The District may provide the following services: parks and recreations, water and sanitary sewer service, and street improvements and subject to the limitations set forth herein.

1. **Operations and Maintenance Limitation.** The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The District is authorized to implement the Capital Plan and Financial Plan within its boundary. The District is also being organized to provide operations and maintenance services to the Service Area. The District shall dedicate the Public Improvements to the Town or other appropriate jurisdiction or owners association in a manner consistent with the Town Land Use Approvals and other rules and regulations of the Town and applicable provisions of the Town Code. The District shall be authorized, but not obligated, to own, operate and maintain Public Improvements not otherwise dedicated to the Town or other public entity. The District shall not be authorized to operate and maintain any part or all of the Public Improvements, other than park and recreation improvements, unless the provision of such operation and maintenance is pursuant to an intergovernmental agreement with the Town.

2. Fire Protection Limitation. The District shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the Town. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision. The Project will obtain its fire protection and emergency response services from the Town.

3. Construction Standards Limitation. The District will ensure that Public Improvements constructed by the District is designed and constructed in accordance with the standards and specifications of the Town and of any other governmental entities having proper jurisdiction, including the Colorado Department of Health, and other applicable local, state or federal agencies. The District will obtain the Town's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

4. Eminent Domain Limitation. The service plan shall prohibit the exercise of the District's powers of eminent domain and dominant eminent domain against town-owned or town-leased property except with written consent by the Town Council.

5. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt, the District will obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

6. Inclusion Limitation. The District shall not include within any of its boundaries any property outside the Service Area without the prior written consent of the Town.

7. Overlap Limitation. The boundaries of the District shall not overlap and subsequently formed district unless the aggregate mill levy for payment of Debt of the overlapping District will not at any time exceed the Maximum Debt Mill Levy of the District. Additionally, the District shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the District unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the District.

8. Total Debt Issuance Limitation. The District shall not issue Debt in excess of 95% of the estimated Public Improvements. The Total Debt Issuance Limitation shall not apply to bonds, loans, notes or other instruments issued for the purpose of refunding, refinancing, reissuing or restructuring outstanding Debt. The District shall not be permitted to issue Debt without prior written consent of the Town, but is permitted to own, operate, and maintain Public Improvements and impose an ad valorem property tax mill levy to fund operations and maintenance services.

9. Consolidation Limitation. The District shall not file a request with any court to consolidate with another Title 32 district without the prior written consent of the Town.

10. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy, Maximum Debt Mill Levy Imposition Term and the Development Fee have been established under the authority of the Town to approve the Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved in writing by the Town as part of a Service Plan Amendment.

11. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances without the need for numerous amendments. To the extent permitted by law, the District may seek formal approval in writing from the Town of modifications to this Service Plan which are not material, but for which the District may desire a written amendment and approval by the Town. Such approval may be evidenced by any instrument executed by the Town Manager, Town Attorney, or other designated representative of the Town as to the matters set forth therein and shall be conclusive and final.

B. Preliminary Engineering Survey.

The District shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance and financing of the Public Improvements within and without the boundaries of the District. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed,

relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the preliminary zoning on the property in the Service Area and is approximately _____. The Capital Plan attached hereto as **Exhibit G** includes a description of the type of capital facilities to be developed by the District, an estimate of the cost of the proposed facilities, and a pro forma capital expenditure plan correlating expenditures with development. The actual Public Improvements to be constructed will be determined by the Town Land Use Approvals, notwithstanding the Capital Plan.

All of the Public Improvements constructed by the District will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the Town and shall be in accordance with the requirements of the Town Land Use Approvals. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

C. Monies from Other Governmental Sources. The District shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall apply to specific ownership taxes which not shall be distributed to and be a revenue source for the District without any limitation. In the event the District collects any of the aforementioned funds, it shall remit any and all monies collected to the Town within forty-five (45) days of receipt.

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D. Other Powers.

The District shall also have the following authority:

a. Service Plan Amendments. To amend the Service Plan as needed, subject to the appropriate statutory procedures and Town Code.

b. Phasing, Deferral. Without amending this Service Plan, to defer, forego, reschedule, or restructure the financing parameters as anticipated in the Financing Plan- to better accommodate the pace of growth, resource availability, and potential inclusions of property within the District.

c. Additional Services. Except as specifically provided herein, to provide such additional services and exercise such powers as are expressly or impliedly granted by Colorado law.

E. Facilities to be Constructed and/or Acquired.

The District propose to provide and/or acquire Public Improvements necessary for the Project as set forth in the Town Land Use Approvals. The Capital Plan in **Exhibit B**, attached hereto, provides a general description and preliminary engineering survey, as appropriate, of the currently anticipated on-site or off-site improvements. The Public Improvements generally depicted and described in the Capital Pan has been presented for illustration only, and the exact design, subphasing of construction and location of the Public Improvements will be determined at

the time of Town Land Use and Public Works approval and such decisions shall not be considered to be a material modification of the Service Plan.

Notwithstanding anything herein to the contrary, the District shall have the authority to enter into any intergovernmental agreements deemed necessary to effectuate the long-term plans of the District without further approval from the Town. In addition, the District shall have the authority to seek electorate authorization to effectuate all purposes set forth in this Service Plan in order to comply with all applicable constitutional and statutory requirements.

~~VIII.~~ VII. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from their revenues and by and through the proceeds of Debt to be issued by the District. The District intends to issue such Debt as the District can reasonably pay within the Maximum Debt Mill Levy Imposition Term from revenues derived from the Maximum Debt Mill Levy, the Development Fee and other legally available revenues. A pro forma Financial Plan is attached hereto as **Exhibit H**, which provides preliminary projections demonstrating that the District can reasonably discharge the proposed Debt, consistent with the requirements of the Special District Act. The total Debt that the District shall be permitted to issue shall not exceed 60 mills, inclusive of the Maximum Debt Mill Levy but exclusive of the Regional Mill Levy, and shall be permitted to be issued on a schedule and in such year or years as the District determine shall meet the needs of the Financial Plan referenced above and shall be phased to serve development as it occurs. All bonds and other Debt issued by the District may be payable from any and all legally available revenues of the District, including, but not limited to, general ad valorem taxes~~s~~ and the Development Fee.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed eighteen percent (18%). The proposed maximum underwriting discount will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

C. Maximum Debt Mill Levy.

The “Maximum Debt Mill Levy” shall be the maximum mill levy the District is permitted to impose upon the taxable property within such District for payment of Debt, and shall be determined as follows: The Maximum Debt Mill Levy shall not exceed 50 mills provided that if, on or after [date of which first debt is issued], changes are made in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith with such determination to be binding and final so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after [date of which first debt is issued], are neither diminished

nor enhanced as a result of such changes. For purposes of the foregoing, a change in residential rate as defined in § 39-1-104.2, C.R.S. shall be deemed to be a change in the method of calculating assessed valuation.

To the extent that the District are composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

D. Maximum Debt Mill Levy Imposition Term.

The District shall not impose a levy for repayment of any and all Debt or use the proceeds of any mill levy for repayment of Debt on any single property developed for residential uses which exceeds thirty-five (35) years after the year of the initial imposition of such Debt mill levy unless a majority of the Board of the District imposing the mill levy are residents of such District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S.; et seq., as may be amended from time to time.

E. Debt Repayment Sources.

The District may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service and for operations and maintenance. The District may also rely upon various other revenue sources authorized by law. In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy or the Maximum Debt Mill Levy Imposition Term, except pursuant to an intergovernmental agreement between and District and the Town.

The District may also collect a Development Fee, imposed for repayment of Debt and capital costs which Development Fee shall be in an amount as determined at the discretion of the Board, but in no event to exceed [amount provided by Developer and approved by Town] -per unit, plus a one percent (1%) cost of living adjustment from [date of construction of the unit] forward. No Fee related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User which has the effect, intentional or otherwise, of creating a capital cost payment obligation in any year on any Taxable Property owned or occupied by an End User.

F. Security for Debt.

The District shall not pledge any revenue or property of the Town as security for the indebtedness. Approval of this Service Plan shall not be construed as a guarantee by the Town of payment of any of the District's obligations; nor shall anything in the Service Plan be construed so as to create any responsibility or liability on the part of the Town in the event of default by the District in the payment of any such obligation.

G. TABOR Compliance.

The District will comply with the provisions of TABOR. In the discretion of the Board, the District may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by a District will remain under the control of the District's Board.

H. District's Operating Costs.

The estimated cost of planning services, engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations, are anticipated to be [amount provided by Developer and Approved by Town] which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the District will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year's operating budget for the District is estimated to be [amount provided by Developer and Approved by Town which is anticipated to be derived from property taxes and other revenues.

The District shall not impose a mill levy for operations which when combined with its debt service mill levy, which debt service mill levy is subject to the Maximum Debt Mill Levy, exceeds 60 mills provided that if, on or after [date of which first debt is issued], changes are made in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith with such determination to be binding and final so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after [date of which first debt is issued], are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in residential rate as defined in § 39-1-104.2, C.R.S. shall be deemed to be a change in the method of calculating assessed valuation.

I. Town Regional Mill Levy.

~~At any time the District imposes a mill levy, the~~ The district-District hereby agrees ~~that it shall impose the Regional Mill Levy to provide for District~~ that it shall impose the Regional Mill Levy to provide for District ~~defray the costs incurred by the~~ defray the costs incurred by the ~~Town in providing the additional generated services and capital needs resulting from new~~ Town in providing the additional generated services and capital needs resulting from new ~~development occurring within the District, all~~ development occurring within the District, all as the Town determines. The District's obligation to impose and collect the revenues from the Regional -Mill Levy shall begin at such time when the District first imposes a mill levy; ~~shall not be required to be imposed prior to such date,~~ and shall continue to be imposed by the ~~district-District~~ until such time as the ~~district-District~~ no longer imposes any other mill levy. The District's imposition of the Regional -Mill Levy shall be memorialized in the ~~Town-District IGA~~ Intergovernmental Agreement required by Section — ~~below XI of this Service Plan.~~

~~I.~~ The revenues received from the Regional- Mill Levy shall be remitted to the Town within thirty (30) days of receipt by the District. The failure of the District to levy or collect the Regional- Mill Levy or to remit the revenues generated by the Regional Mill levy to the Town within the timeframe required above shall constitute and be deemed a material departure from, and

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unapproved modification to, this Service Plan. The Town may enforce this provision of the Service Plan pursuant to applicable State statutes and exercise all such other available legal and equitable remedies in the event of such departure and unapproved modification, including those provided in the Town Code. Revenues generated by the Regional Mill Levy and District's obligation to remit said revenues to the Town on an annual basis, as required by this Service Plan and the ~~Town District IGA~~ Intergovernmental Agreement, shall not be included within or subject to the Total Debt Issuance Limitation. The Regional Mill Levy is not included within the Maximum Aggregate Mill Levy.

The Town may, in its sole discretion, at the time of the Service Plan consideration, may conduct a study to determine if the ~~rate of the~~ Regional Mill Levy should be higher based on the anticipated cost and benefits of the ~~proposed new~~ development to be served by the District. ~~Said~~ All costs associated with such study shall be paid ~~for~~ by the Developer. The Regional Mill Levy shall be sufficient to recover ~~the costs incurred by the Town in providing the~~ additional ~~operating services~~ and capital ~~costs needs imposed upon the Town by the proposed~~ resulting from new development ~~in occurring within~~ the District.

J. Developer Debt.

~~J.~~ Developer Debt shall be subordinate to other debt of the District and shall be included in the total debt issuance limitation. ~~All Developer debt Debt~~ shall expire and be forgiven 20 years after the initial imposition by the ~~district District~~ of an ~~ad valorem property tax to pay any debt~~ the Debt Mill Levy, unless otherwise provided pursuant to ~~and IGA~~ the Intergovernmental Agreement with between the District and the Town. The interest rate on privately placed debt, including ~~developer Developer debt Debt~~, shall not exceed the then-current interest rate as set for the and referenced in the Bond Buyer 20-Bond ~~GO~~ Index (or its successor index), plus 3%.

~~IX.~~ VIII. ANNUAL REPORT

A. General.

The District shall be responsible for submitting an annual report to the Town Clerk at the Town's administrative offices no later than September 1st of each year following the year in which the Order and Decree creating the District has been issued. The annual report shall reflect activity and financial events of the District through the preceding December 31st (the "Report Year").

B. Reporting of Significant Events.

The annual report shall include information as to any of the following:

1. A narrative summary of the progress of the District in implementing its service plan for the Report Year.

2. Except when an exemption from audit has been granted for the Report Year under the Local Government Audit Law, the audited financial statements of the District for the Report Year including a statement of financial condition (i.e. balance sheet) as of December 31 of

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the report year and the statement of operations (i.e. revenues and expenditures) for the Report Year.

3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in a Report Year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year.

4. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the Report Year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the Report Year, the amount of payment or retirement of existing indebtedness of the District in the Report Year, the total assessed valuation of all taxable properties within the District as of January 1 of the Report Year, and the current mill levy of the District pledged to debt retirement in the Report Year.

5. The District's budget for the calendar year in which the annual report is submitted.

6. A summary of residential and commercial development which has occurred within the District for the Report Year.

7. A summary of all fees, charges and assessments imposed by the District as of January 1 of the Report Year.

8. Certification of the Board that no action, event or condition enumerated in Section 11.02.060 of the Town Code has occurred in the Report Year.

9. The name, business address and telephone number of each member of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the Board.

C. Additional Reporting Requirements

The District shall procure and maintain both a District website and email listserv for the purpose of periodically updating residents on matters involving the District including, but not limited to, financial disclosures, board meeting agendas, times, and dates, anticipated construction and/or repairs conducted utilizing the District operating mills, and any other updates that would benefit the residents of the District.

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X-IX. DISSOLUTION

Upon an independent determination of the Town Council that the purposes for which the District was created have been accomplished, the District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of outstanding indebtedness, Debt, and other financial obligations as required pursuant to State statutes.

XI.X. DISCLOSURE TO PURCHASERS

The District will use reasonable efforts to assure that all developers of the property located within the District provide written notice to all purchasers of property in the District regarding the Maximum Debt Mill Levy, as well as a general description of the District's authority to impose and collect rates, Fees, tolls and charges. The form of notice shall be filed with the City prior to the initial issuance of the Debt of the District imposing the mill levy which is the subject of the Maximum Debt Mill Levy.

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XII.XI. INTERGOVERNMENTAL AGREEMENT

The form of the intergovernmental agreement, relating to the limitations imposed on the District's activities, is attached hereto as **Exhibit F**. The District shall approve the intergovernmental agreement in the form attached as **Exhibit F** at its first Board meeting after their organizational elections. The Town Council shall approve the intergovernmental agreement in the form attached as **Exhibit F** at the public hearing approving the Service Plan.

XII.XII. CONCLUSION

It is submitted that this Service Plan for the District, as required by Section 32-1-203(2), C.R.S., establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District;
2. The existing service in the area to be served by the District is inadequate for present and projected needs;
3. The District is capable of providing economical and sufficient service to the area within its proposed boundaries; and
4. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.
5. Adequate service is not, and will not be, available to the area through the Town or county or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.
6. The facility and service standards of the District is compatible with the facility and service standards of the Town within which the special districts are to be located and each municipality which is an interested party under Section 32-1-204(1), C.R.S.
7. The proposal is in substantial compliance with a master plan adopted pursuant to Section 30-28-108, Colorado Revised Statutes;
8. The proposal is in compliance with any duly adopted Town, regional or state long-range water quality management plan for the area.

| served.

9. The creation of the District is in the best interests of the area proposed to be

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