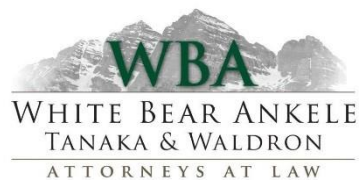


**AMENDED AND RESTATED CONSOLIDATED SERVICE PLAN  
FOR  
PROMENADE AT CASTLE ROCK  
METROPOLITAN DISTRICT NOS. 1 - 3**

**TOWN OF CASTLE ROCK, COLORADO**

Prepared by:



2154 E. Commons Avenue, Suite 2000  
Centennial, Colorado 80122

Approved:

March 2, 2021

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## I. INTRODUCTION

### A. General Overview

1. Introduction. The Promenade at Castle Rock Metropolitan District Nos. 1-3 (the “Districts”), located entirely within the Town of Castle Rock, were organized in 2014 pursuant to a Service Plan approved by the Town Council of the Town of Castle Rock, dated as of January 7, 2014 (the “Original Service Plan”). The Original Service Plan authorized the Districts to provide Public Improvements necessary for development of approximately 200.2 acres of vacant property for the benefit of the residents and taxpayers located within the Project. The Project is bounded generally by Interstate Highway 25 to the east, U.S. Highway 85 (Santa Fe Drive) to the west, and Meadows Parkway and the existing Outlets at Castle Rock commercial development to the south.

Since the date of organization of the Districts, bonds have been issued through District No. 1 with a pledge of mill levies by District No. 2 and District No. 3 in order to finance the construction and acquisition of Public Improvements as authorized under the Original Service Plan. This Service Plan is intended to authorize the Districts to engage in further issuance of debt, including the authorization to refinance and/or restructure currently outstanding debt and for the issuance of additional debt to finance Public Improvements that have been or are necessary for the Project.

All Public Improvements will be dedicated to the Town except as otherwise provided in an applicable Approved Development Plan. A general description of the Public Improvements to be furnished by the Districts, as well as information showing how the Districts may provide the necessary Public Improvements in a cost effective manner from available resources, and through coordination with surrounding service providers, are described herein.

This Service Plan is submitted in accordance with Part 2 of the Special District Act, Sections 32-1-201, *et seq.*, Colorado Revised Statutes and pursuant to Sections 11.02.100, 11.02.140 and 11.02.150 of the Castle Rock Municipal Code (the “Town Code”). It defines the powers and authorities of the Districts and describes the limitations and restrictions placed thereon. In addition to the powers and authorities enumerated herein, the Districts may engage in other activities with the Town’s approval.

The Financial Plan of the Districts, described further in Section VI of this Service Plan, anticipates that the initial financing of the Public Improvements may be through Developer Advances, as development phasing may necessitate. Prior to the issuance of District Bonds, the District Bond Documents and the Plan of Finance shall be submitted by the Districts to the Town for administrative approval to ensure consistency with the provisions of this Service Plan and in accordance with requirements of the Town and the Public Finance Agreement. Nothing herein shall eliminate or otherwise modify any obligations established under the Public Finance Agreement as the same are applicable to the Districts. This Service Plan demonstrates that the Districts will be financially viable and able to provide the services and facilities described herein on a sound economic basis.

2. Contents of Service Plan. Numerous items are included in this Service Plan in order to satisfy the statutory requirements for the formation of special districts and the additional requirements for service plan amendments governed by Section 11.02.080 of the Town Code. This

Service Plan satisfies all such applicable requirements. The assumptions contained herein were derived from a variety of sources. Information regarding the present status of property within the Districts, as well as the current status and projected future level of similar services, was obtained from the Developer. Legal advice in the preparation of this Service Plan for the proposed Districts was provided by the law firm of White Bear Ankele Tanaka & Waldron PC, which represents numerous special districts throughout Colorado. Financial advice in the preparation of this Service Plan and the Financial Plan included herein were provided by D.A. Davidson & Co.

3. Financial Plan. Section VI herein discusses the general expectations for the proposed Financial Plan for the Districts, which is designed to conform with the terms of the Public Finance Agreement. The Financial Plan is further designed to assure that the development of essential services and facilities will result in a successful Project that will be both an aesthetic and economic asset to the Town.

4. Boundaries. A Map showing the current District Boundaries of the Districts is attached hereto as **Exhibit B**. Corresponding legal descriptions of the property within the District Boundaries of each District are attached as **Exhibit A-1**, **Exhibit A-2**, and **Exhibit A-3**, respectively

The Districts shall be permitted to include or exclude property from the boundaries of the Districts to accommodate changes in development, phasing and/or as necessary for financing, without the further consent of the Town.

5. Population. The Project will include approximately 900,000 square feet of commercial development and up to 350 multifamily residential units, including approximately 30,000 square feet of commercial development and an additional 300 multifamily residential units on Block 3A, as further depicted in the Public Finance Agreement. The build-out population within the Districts will be approximately 975 residents, assuming an occupancy rate of 1.5 persons per unit. Population projections are preliminary in nature and subject to future changes to accommodate development demands or the requirements of the Approved Development Plan.

6. Long-Term District Plan. The Town Council may make an independent determination that the purposes for which the Districts were created have been accomplished, in which case the Districts agree to file petitions in the Douglas County District Court for dissolution in accordance with State law. In no event shall dissolution occur until the Districts have provided for the payment or discharge of all outstanding indebtedness and other financial obligations as required pursuant to State statutes and District Bond Documents, and until adequate provision, as determined by the Boards in their discretion, has been made for ongoing operation and maintenance of the Public Improvements.

7. Existing Services and Districts. There are currently no other existing entities located in the surrounding area with the ability and/or desire to undertake the design, financing and construction of the Public Improvements. It is also the Districts' understanding that the Town does not consider it feasible or practicable to provide the necessary Public Improvements. Consequently, the powers and authorities requested under this Service Plan are deemed necessary. The level of the Public Improvements for the Project necessitates the authorization provided hereunder such that both the construction and financing costs may be undertaken at acceptable levels.

## II. DEFINITIONS

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

Add-On PIF: has the same meaning as set forth in the Public Finance Agreement.

Approved Development Plan: means a final development plan or other process meeting the Town Requirements, as such term is defined in the Public Finance Agreement, which identifies, among other things, development and land use issues applicable to the Project.

Board(s): means the Board(s) of Directors of the District(s).

Capital Plan: means the anticipated plan for the construction of the Public Improvement, as described in Section IV.

Costs of Issuance: has the same meaning as set forth in the Public Finance Agreement.

Credit PIF: has the same meaning as set forth in the Public Financing Agreement.

Debt Limit: means the net amount of District Bonds that the Districts shall be permitted to issue, as set forth in Section VI(A), which shall be specifically exclusive of District Obligations and further exclusive of Costs of Issuance, Pre-Financing Costs, any required reserves, and capitalized interest.

Developer: means Promenade Castle Rock , LLC.

Developer Advances: Developer Advances shall include, without limitation, (a) costs for Eligible Improvements or other Public Improvements paid directly or advanced by Developer, and (b) advances to the Districts for design and construction by the Districts of Eligible Improvements or other Public Improvements. Interest accrued on Developer Advances for Eligible Improvements constructed or acquired by the Developer shall be authorized as provided for in the Public Finance Agreement.

Developer Reimbursements: shall mean reimbursement to the Developer by the Districts for amounts advanced or incurred by Developer to pay any Eligible Costs or for Public Improvements authorized hereunder, which may be paid through the issuance of multi-fiscal year obligations or debt issued by the Districts.

District Bonds: has the same meaning as set forth in the Public Finance Agreement and shall comply in all respects with the provisions of the Public Finance Agreement. District Bonds may be issued in one or more series to address phasing, financing or development needs as appropriate.

District Bond Documents: has the same meaning as set forth in the Public Finance Agreement.

District Boundaries: means the boundaries of the area described in the District Boundary Map and the legal descriptions attached as **Exhibit A-1**, **Exhibit A-2**, and **Exhibit A-3**, for District No. 1, District No. 2, and District No. 3, respectively.

District Boundary Map: means the map attached hereto as **Exhibit B** describing the boundaries of District No. 1, District No. 2, and District No. 3, respectively.

District Debt: means District Bonds and District Obligations, collectively.

District Debt Service Mill Levy: shall be as set forth Section VI of this Service Plan.

District Obligations: means debt or financial instruments issued to pay Developer Reimbursements or costs of Public Improvements not otherwise funded through the issuance of the District Bonds. District Obligations may be paid from legally available surplus District revenues other than District Pledged Revenue.

District Operating Revenue: has the same meaning as set forth in the Public Finance Agreement.

Districts: means the Promenade at Castle Rock Metropolitan District Nos. 1-3, collectively.

District No. 1: means the Promenade at Castle Rock Metropolitan District No. 1.

District No. 2: means the Promenade at Castle Rock Metropolitan District No. 2.

District No. 3: means the Promenade at Castle Rock Metropolitan District No. 3.

District Pledged Revenue: has the same meaning as set forth in the Public Finance Agreement, as specifically limited to the period during which the District Bonds are outstanding.

Eligible Costs: has the same meaning as set forth in the Public Finance Agreement.

Eligible Improvements: has the same meaning as set forth in the Public Finance Agreement.

Financial Plan: means the anticipated financial plan for the Districts, as described in Section VI, herein, a pro-forma for which is attached at **Exhibit D**.

Master Intergovernmental Agreement: means the intergovernmental agreement between the Town and the Districts, dated as of September 25, 2014, as amended and restated.

Maximum Debt Maturity: means the maximum term permissible for District Debt issued by the Districts, which shall not exceed thirty (30) years from the date of issuance.

Original Service Plan: means the Consolidated Service Plan for the Districts, as approved by Town Council on January 7, 2014.



Plan of Finance: means a financial plan that sets forth the estimated sources and uses of District Bonds, the projected District Pledged Revenues and the assumptions supporting the financial plan, which financial plan shall be submitted to the Town prior to the issuance of District Bonds by the Districts. The Town will have thirty (30) days after receipt of the District Bond Documents and the Plan of Finance to object in writing or the Plan of Finance shall be deemed approved by the Town.

Pre-Financing Costs: has the same meaning as set forth in the Public Finance Agreement.

Project: refers to the planned mixed use development known as the Promenade at Castle Rock, as further described in the Public Finance Agreement.

Public Finance Agreement: means the Second Amended and Restated Public Finance Agreement entered into by and among the Town, the Developer and the Districts, in conjunction with the approval of the Service Plan by the Town, as amended. Upon its execution, a final executed copy of the Public Finance Agreement is to be attached to and incorporated into this Service Plan as **Exhibit C**.

Public Improvements: means any public improvements, including the Eligible Improvements, authorized by the Special District Act, as more specifically described in Section III(C).

Service Area: means the entirety of the area comprising the Project.

Service Plan: means this Amended and Restated Service Plan for the Districts, as approved by the Town Council, as amended.

Service Plan Amendment: means an amendment to this 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 the same may be amended from time to time.

State: means the State of Colorado.

Town: means the Town of Castle Rock, Colorado.

Town Code: means the Municipal Code of the Town of Castle Rock, Colorado, as amended from time to time.

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

### **III. NEED FOR THE DISTRICTS AND GENERAL POWERS**

A. Need for the Districts. There are currently no other existing entities, including the Town, located in the surrounding area that are willing or immediately capable to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, financing, operation and maintenance of the Public Improvements needed for the Project. Consequently, the

powers and authorities requested under this Service Plan are deemed necessary for the provision of the Public Improvements. The authorization requested hereunder is therefore necessary in order for the Public Improvements required for the Project to be provided in the most timely and economic manner possible.

B. Purpose and Intent. The purpose of the Districts will be to finance and provide the Public Improvements for the benefit of property owners and inhabitants within the Districts. It is not the Districts' intent to provide ongoing services other than as specifically set forth herein, or as might be authorized by the Town from time to time. Should the purposes of the Districts change from what is stated herein, it shall be considered a material modification of this Service Plan and shall be subject to prior approval by the Town. The Districts acknowledge the need to cooperate with the Town in order to properly serve and promote the health, safety and welfare of its inhabitants and hereby expresses its intention to do so.

C. General Powers of the Districts. The Districts shall have the power and authority to plan, design, acquire, construct, install, relocate, redevelop, and finance the Public Improvements, within and without the boundaries of the Districts, as such power and authority is described in the Special District Act and other applicable statutes, common law and the State Constitution, subject to the limitations set forth in this Service Plan and in the Public Finance Agreement. The Districts will ensure that the Public Improvements are designed and constructed in accordance with applicable facility and service standards and specifications of the Town, and other governmental entities having proper jurisdiction. The Districts will comply with any and all Approved Development Plans, obtain the Town's approval of civil engineering plans and obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

The Districts shall dedicate the Public Improvements to the Town or other appropriate jurisdiction or owners association in a manner consistent with an Approved Development Plan, applicable provisions of the Town Code and the Public Finance Agreement, provided that nothing herein requires the Town to accept a dedication. The Districts are specifically authorized to operate and maintain any part, or all, of the Public Improvements not otherwise conveyed or dedicated to the Town or other entity. The Districts shall also be specifically authorized to conduct operations and maintenance functions related to the Public Improvements that are not provided by the Town or other entity, or to the extent that the proposed operational and maintenance functions include services or activities that exceed those provided by the Town or other entity.

The Districts shall have the power and authority to provide all Public Improvements and related operation and maintenance services within and without their boundaries, as such power and authority is described in the Special District Act, other applicable statutes, common law and the Constitution, subject to any limitations set forth in this Service Plan or the Public Finance Agreement. The Districts shall be authorized to provide public improvements and shall have those powers set forth in the Special District Act, including but not necessarily limited to the following:

1. Water. The design, acquisition, installation and construction of a transmission and distribution system for domestic and other public or private purposes, together with all necessary and proper equipment and appurtenances incident thereto which may include, but shall not be limited to, transmission lines, distribution mains and laterals, storage facilities, treatment facilities, land and easements, together with extensions of, and/or improvements to, said systems.

2. Sanitation. The design, acquisition, installation, construction, operation and maintenance of storm and/or sanitary sewers, treatment facilities, flood and surface drainage, and all necessary or proper equipment and appurtenances incident thereto, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of, and/or improvements to, said facilities or systems.

3. Streets. The design, acquisition, installation, construction, operation, and maintenance of street and roadway improvements, including but not limited to curbs, gutters, culverts, storm sewers and other drainage facilities, detention ponds, retaining walls and appurtenances, as well as sidewalks, bridges, parking facilities, railroad crossings, paving, lighting, grading, landscaping, snow removal equipment, or tunnels and other street improvements, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of, and/or improvements to, said facilities.

4. Traffic and Safety Controls. The design, acquisition, installation, construction, operation, and maintenance of traffic and safety protection facilities and services through traffic and safety controls and devices on streets and highways, environmental monitoring, and rodent and pest controls necessary for public safety, as well as other facilities and improvements including but not limited to, main entry buildings, access gates, signalization at intersections, traffic signs, railroad crossing signals, area identification signs, directional assistance, and driver information signs, together with all necessary, incidental, and appurtenant facilities, land easements, together with extensions of, and/or improvements to, said facilities.

5. Television Relay and Translator. The acquisition, construction, completion, installation and/or operation and maintenance of television relay and translator facilities, including but not limited to cable television and communication facilities, fiber optic cable and related activities including evolving technologies, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of, and/or improvements to, said facilities.

6. Parks and Recreation. The design, acquisition, installation, construction, operation and maintenance of public park and recreation facilities or programs including, but not limited to, swimming pools and spas, tennis courts, exercise facilities, bike paths, hiking trails, snowshoe trails, pedestrian trails, pedestrian bridges, pedestrian malls, public fountains and sculpture, art, and botanical gardens, equestrian trails and centers, picnic areas, skating areas and facilities, common area landscaping and weed control, outdoor lighting of all types, community events, and other facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of, and/or improvements to, said facilities or systems.

7. Mosquito and Pest Control. The design, acquisition, installation, construction, operation, and maintenance of systems and methods for the elimination and control of mosquitoes, rodents and other pests.

8. Transportation. The design, acquisition, installation, construction, operation and maintenance of public transportation system improvements, including transportation equipment, park and ride facilities and parking lots, parking structures, roofs, covers, and facilities, including structures for repair, operations and maintenance of such facilities, together with all necessary,

incidental and appurtenant facilities, land and easements, and all necessary extensions of, and/or improvements to, said facilities or systems.

9. Legal Powers. The Districts' powers will be exercised by their Boards to the extent necessary to provide the services contemplated herein. The foregoing improvements and services, along with all other activities permitted by law, will be undertaken in accordance with, and pursuant to, the procedures and conditions contained in the Special District Act, the Town Code, other applicable statutes, this Service Plan, and the Public Finance Agreement, as any or all of the same may be amended from time to time.

10. Other. In addition to the powers enumerated above, the Boards shall have the following authority:

a. To amend this Service Plan as needed, subject to the appropriate statutory procedures and provisions of the Town Code; and

b. To forego, reschedule, or restructure the financing and construction of certain improvements and facilities, in order to better accommodate the pace of growth, except as may be limited by the provisions of the Public Finance Agreement; and

c. To provide all such additional services and exercise all such additional powers as are expressly or impliedly granted by Colorado law, and which the Districts are required to provide or exercise in furtherance of the activities authorized by this Service Plan and the Public Finance Agreement; and

d. To exercise all necessary and implied powers under Title 32 of the Colorado Revised Statutes in the reasonable discretion of the Boards.

D. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities under evolving circumstances without the need for numerous amendments. Actions of the Districts which violate the conditions and limitations set forth herein shall be deemed to be material modifications to this Service Plan, and the Town shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

#### **IV. PRELIMINARY CAPITAL PLAN**

##### **A. General**

The Districts shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, operation, maintenance and financing of the Public Improvements within and without the boundaries of the Districts, all in accordance with and as specifically defined in the Public Finance Agreement and/or an Approved Development Plan(s). The Public Improvements include, but are not limited to, streets, sidewalks, public parking areas, water and sewer infrastructure, landscaping, grading, retaining walls, and other site amenities. The estimated costs of the Eligible Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed by the Districts is based upon preliminary estimates, as generally set forth in the Public Finance Agreement. The Districts shall be

permitted to allocate costs among categories of the Eligible Improvements as deemed necessary in its discretion, except as otherwise limited in the Public Finance Agreement. In addition to the Eligible Improvements that may be authorized under the Public Finance Agreement, the Districts shall be authorized to plan, design, acquire, construct, install, relocate, redevelop, maintain or finance additional Public Improvements pursuant to the authorization set forth in this Service Plan from District revenues that do not constitute District Pledged Revenue.

All of the Public Improvements authorized hereunder will be designed in such a way as to be in conformance with the standards of the Town and shall be in accordance with the requirements of an Approved Development Plan. All descriptions of Public Improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the Town's requirements, and construction scheduling may require. Upon approval of this Service Plan and the Public Finance Agreement, the Districts will continue to develop and refine cost estimates contained herein and prepare for issuance of District Debt. Issuance of any District Bonds by the Districts shall be explicitly conditioned upon prior execution of the Public Finance Agreement by and among the Districts, the Town, and the Developer. All cost estimates will be inflated to then-current dollars at the time of the issuance of District Debt and construction. All construction cost estimates assume construction to applicable local, State or Federal requirements.

The estimated cost of acquiring land, engineering services, legal services and administrative services together with the estimated costs of the Districts' organization and initial operations in the first year are estimated in excess of \$100,000, which are expressly eligible for reimbursement from District Bond proceeds.

**B. Capital Expenditure Plan**

The Capital Plan for the Districts shall be to construct all or any part of the Public Improvements to coincide with phased development within the Project in accordance with an Approved Development Plan.

The Districts shall be empowered to construct any portion of the Public Improvements at any time, funded by any means permissible under this Service Plan and the provisions of the Public Finance Agreement. The provisions of the Capital Plan are preliminary in nature, and deviations from the projected timing of capital expenditures presented in the Service Plan shall not constitute a material modification of this Service Plan.

**V. PROPOSED AND EXISTING INTERGOVERNMENTAL AGREEMENTS**

A. General. The Districts may enter into intergovernmental and private agreements in order to ensure that the long-term provision of the improvements and services authorized by this Service Plan, as well as the effective management thereof, shall be effectuated. All such agreements are authorized by Section 18(2)(a) of Article XIV of the Colorado Constitution and Sections 29-1-201, et seq., Colorado Revised Statutes.

B. Intergovernmental Agreement between the Districts and the Town. Pursuant to the Original Service Plan, the Districts and the Town are parties to the Master Intergovernmental Agreement dated September 25, 2014, as contemplated by the Town Code. It is anticipated that

concurrent with consideration of this Service Plan, the Districts and the Town will amend and restate the Master Intergovernmental Agreement to incorporate provisions necessary to recognize this Service Plan and the Public Finance Agreement, as amended. The Master Intergovernmental Agreement describes and defines the nature of the relationship between the Districts and the Town, and sets forth various procedures and agreements regarding the construction, ownership, operation and maintenance of the Public Improvements to be constructed by the Districts.

## **VI. FINANCIAL PLAN.**

### **A. General Provisions.**

The Districts shall comply with Chapter 11.02 of the Town Code. Unless expressly stated herein, the foregoing shall specifically include, but not be limited to, the requirements for filing annual reports and obtaining timely service plan amendments when material modifications occur, as the same are contemplated in Section 11.02.060 of the Town Code. The statutory review of Districts' applications for the quinquennial finding of reasonable diligence under the Special District Act shall be deemed completed in 2021 in conjunction with the approval of the Amended and Restated Service Plan for the Districts with the next quinquennial finding of reasonable diligence to take place in 2026 with completion not later than July 1, 2027.

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Eligible Improvements from revenues generated by and through the proceeds of District Bonds or Developer Advances. The Financial Plan for the Districts shall be to issue the District Bonds, to be paid from revenues derived from the District Pledged Revenue. A pro forma Financial Plan is attached hereto as **Exhibit D**, which provides preliminary projections consistent with the provisions of the Public Finance Agreement and shows that the Districts can reasonably discharge the District Bonds, consistent with the requirements of the Special District Act. In addition to refinancing or restructuring all outstanding District Bonds as of the date of this Service Plan, the Districts shall be authorized to issue further District Bonds in order to generate an additional amount of net proceeds available to the Districts in an amount not exceed \$32,000,000 (the "Debt Limit"), specifically exclusive of Costs of Issuance, Pre-Financing Costs, and any required reserves and capitalized interest. The Districts shall be specifically authorized to issue additional District Debt payable from revenues that do not constitute District Pledged Revenue. All District Debt shall be issued on a schedule and in such year or years as the Districts determine best meets the needs of the Project, subject to the Maximum Debt Maturity.

The Districts anticipate funding capital requirements from Developer Advances until such time as sufficient revenues are available for purposes of issuing District Debt. At the time at which District Bonds are issued by the Districts, bondholders will be advised that debt service on the District Bonds is limited to revenues generated from the District Pledged Revenue, as set forth and limited by the Public Finance Agreement. Revenues derived from the District Debt Service Mill Levy or other legally available District revenues that do not constitute District Pledged Revenue shall be available for payments on District Obligations or for any other lawful purpose of the Districts.

The Districts will have authority to construct the Public Improvements without the need to seek approval of any modification of this Service Plan; provided, however, that the Districts shall not be entitled to issue any District Debt if it is not in compliance with the Special District Act, Town

Code or Master Intergovernmental Agreement.

In addition to *ad valorem* property taxes, and in order to offset the expenses of the anticipated construction costs, the Districts will rely upon various other revenue sources authorized by Colorado law. These include the power to assess fees, rates, tolls, penalties, or charges, as provided in Section 32-1-1001(1)(j), Colorado Revised Statutes.

The interest rate on any District Bonds or Developer Reimbursements is expected to be the market rate at the time the obligation is issued. In the event of a default, the proposed maximum interest rate on any District Bonds or Developer Reimbursements is not expected to exceed eighteen percent (18%). Costs of Issuance for District Bonds shall be limited as set forth in the Public Finance Agreement. District 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.

The financial provisions of this Service Plan shall be subject to the limitations of the Public Finance Agreement. This Financial Plan demonstrates that the Districts will have the financial capability to discharge the District Bonds in accordance with the terms set forth herein with the District Pledged Revenue, assuming reasonable increases in assessed valuation and assuming the actual rate of build-out. The provisions of the Financial Plan are preliminary in nature and deviations from the estimated development phasing or the timing of District Debt issuances presented in the Service Plan shall not constitute a material modification of this Service Plan.

#### B. Bond Issues

The Districts may issue District Bonds as set forth in the Plan of Finance, subject to prior Town review of the District Bond Documents and other information concerning the District Bonds, as set forth in Section 4.3 of the Public Finance Agreement. Review of the District Bond Documents by the Town shall be limited to ensure that the terms of issuance of the District Bonds is consistent and in accordance with the provisions of the Public Finance Agreement and this Service Plan.

1. District Debt Service Mill Levy. The District Debt Service Mill Levy shall be determined as follows:

The District Debt Service Mill Levy shall not exceed fifty (50) mills (a mill being equal to 1/10 of 1¢ per annum), provided that if, on or after January 1, 2014, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the District Debt Service Mill Levy may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Boards in good faith (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 January 1, 2014, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation. As of budget year 2020, the District Debt Service Mill Levy, as adjusted, is 55.663 mills.

2. Maximum Debt Maturity. The Districts shall not issue District Debt with a maturity date exceeding the Maximum Debt Maturity.

3. Statutory Debt Restrictions. In addition to ensuring that the issuance of District Bonds by the Districts is in compliance with the terms of this Service Plan and the Public Finance Agreement, the Districts shall ensure that all such District Bonds comply with all provisions of State and Federal law governing the issuance of debt, the Town Code and the Master Intergovernmental Agreement.

C. Modification of Financing Plan; Submittal of Plan of Finance. The Public Finance Agreement provides additional obligations and authorization of the Districts not fully described in this Service Plan. The provisions of the Public Finance Agreement are expressly incorporated in this Service Plan, and the final executed Public Finance Agreement shall be attached hereto as **Exhibit C**. In the event any terms of this Service Plan conflict with terms of the Public Finance Agreement, the Public Finance Agreement shall govern.

D. District Operations. The Districts shall have the ability to pay for administration, operations and maintenance associated with the Public Improvements as necessary from the District Operating Revenue.

E. Elections. All elections will be conducted as provided by the Uniform Election Code of 1992, the Special District Act, and the TABOR Amendment to the Colorado Constitution. Future elections to comply with the TABOR Amendment are anticipated, and may be held as determined necessary and appropriate by the Boards. Such an election may deal with the following topics (in one or several questions, but not necessarily using the exact divisions shown here):

1. Approval of new taxes; or
2. Approval of maximum operational mill levies; or
3. Approval of bond and other indebtedness limits; or
4. Approval of an initial property tax revenue limit; or
5. Approval of an initial total revenue limit; or
6. Approval of an initial fiscal year spending limit; or
7. Approval of a four-year delay in voting on ballot issues.

Ballot issues may be consolidated as approved in Court orders.

In addition to the foregoing, the Districts shall be subject to the following requirements:

1. The Districts must submit an annual report to the Town, as described in Section 32-1-207(3), Colorado Revised Statutes. Said report shall be in the form prescribed by the Town and the Town Code and shall be due no later than September 1 of each year following the first year the Districts are in operation. The report shall reflect activity and financial events through the



preceding December 31<sup>st</sup>, and shall include the information required by Section 11.02.040 of the Town Code.

2. At such time as the Districts cease to operate public facilities, have no outstanding debt, and are subject to administrative dissolution pursuant to then applicable Colorado law, the Districts shall be subject to dissolution as provided hereinabove.

3. Except as contemplated herein, material modifications of this Service Plan shall be subject to approval by the Town in accordance with the provisions of Section 32-1-207, Colorado Revised Statutes.

4. A written notice of every regular or special meeting of the Districts will be delivered to the Town Clerk at least seventy two hours prior to such meeting.

## **VII. CONCLUSIONS**

It is submitted that this Service Plan for the Districts has established satisfaction of the following requirements set forth in Section 32-1-203(2), Colorado Revised Statutes:

1. There is sufficient existing and projected need for organized service in the area to be served by the Districts;

2. Existing services in said area to be served are inadequate for present and projected needs;

3. The Districts are capable of providing economical and sufficient service to the area within their boundaries;

4. The area included in the Districts has, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

5. Adequate service is not, nor will it be, available to the area through the Town or other existing municipal or quasi-municipal corporations, including special districts, within a reasonable time and on a comparable basis;

6. The facility and service standards of the Districts is compatible with the facility and service standards of the Town, for each municipality within which the Districts are located and for each municipality which is an “interested party” under Section 32-1-204(1), Colorado Revised Statutes;

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 local, county, regional, or State long-range water quality management plan for the area; and

9. Creation of the Districts is in the best interests of the area proposed to be served.

It is therefore respectfully requested that the Town Council of the Town of Castle Rock, Colorado, which has jurisdiction to approve this Service Plan by virtue of Sections 32-1-207, Colorado Revised Statutes, *et seq.*, adopt a resolution approving this Service Plan as submitted.

**EXHIBIT A-1**  
(District No. 1 Legal Description)

**EXHIBIT A-2**  
(District No. 2 Legal Description)

**EXHIBIT A-3**  
(District No. 3 Legal Description)

**EXHIBIT B**  
(District Nos. 1-3 Boundary Map)

**EXHIBIT C**  
(Public Finance Agreement)

**EXHIBIT D**  
(Financial Plan)