



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

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

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Nichol Bussey, Business Solutions Manager  
Paul Rementer, Enterprise Fund Analyst

**Title      A Resolution Expressing the Town's Intent to Be Reimbursed for  
Certain Expenses Relating to the Acquisition and/or Construction of  
Water and/or Wastewater Improvements**

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### **Executive Summary**

This resolution authorizes the Town of Castle Rock to declare its official intent to be reimbursed for expenditures made in connection with the acquisition and/or construction of water and wastewater infrastructure prior to the issuance of tax-exempt financing. This is a necessary step under federal tax regulations to preserve the Town's eligibility to reimburse itself from future bond proceeds or other financing instruments.

### **Discussion**

The Town of Castle Rock is pursuing a significant long-term investment in its water and wastewater infrastructure. This investment is being guided by Castle Rock Water's updated capital improvement and financial management plans, which are designed to ensure the Town meets its renewable water goals—75% renewable supplies by 2050 and 100% by 2065.

In order to meet critical project timelines and capitalize on favorable market conditions when they arise, Castle Rock Water anticipates incurring capital costs prior to the completion of formal financing. This resolution satisfies the requirement of Treasury Regulation §1.150-2, which mandates a declaration of official intent to allow for the reimbursement of such expenditures from future tax-exempt bonds or other eligible financing mechanisms.

The total anticipated financing is up to \$56 million, which will be used to support a wide array of utility projects, including:

- Water Infrastructure Supply Efficiency (WISE) desalinization or blending facilities
- Box Elder and Lost Creek pipeline, wells, and treatment infrastructure
- Plum Creek Central Pipeline and Water Purification Facility capacity expansion
- Plum Creek to Rueter Hess Reservoir pipeline and pump station

- Additional capacity in the Rueter Hess Water Purification Facility
- Chatfield Storage Reallocation Project
- Plum Creek Diversion Project upgrade

This resolution does not authorize issuance of debt but ensures compliance with federal tax regulations if reimbursement from future bond proceeds is needed.

### **Budget Impact**

There is no immediate fiscal impact associated with the adoption of this resolution. However, it preserves the Town's ability to reimburse eligible project costs from proceeds of tax-exempt financing at a future date, supporting proactive infrastructure development without jeopardizing bond compliance.

### **Notification and Outreach**

This item will be presented to the Castle Rock Water Commission at their meeting on August 27, 2025, for their recommendation. No additional notification or outreach efforts have been undertaken.

### **Recommendation**

Staff recommends approval of the resolution as introduced.

### **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

**RESOLUTION NO. 2025-095**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF  
CASTLE ROCK, COLORADO, EXPRESSING THE INTENT OF THE  
TOWN TO BE REIMBURSED FOR CERTAIN EXPENSES RELATING  
TO THE ACQUISITION AND/OR CONSTRUCTION OF CERTAIN  
WATER AND/OR WASTEWATER IMPROVEMENTS**

**WHEREAS**, the Town of Castle Rock, in the County of Douglas and State of Colorado (the “Town”) is a municipal corporation duly organized and existing under the laws of the State of Colorado and in particular under the provisions of Article XX of the Constitution of the State of Colorado and the Town’s Home Rule Charter; and

**WHEREAS**, the members of the Town Council (the “Council”) have been duly elected or appointed and qualified; and

**WHEREAS**, it is the current intent of Town to acquire and/or construct certain capital improvements to the water and/or wastewater systems of the Town (the “Utility Projects”); and

**WHEREAS**, the Town has determined that it is in the best interest of the Town to finance the Utility Projects through a tax-exempt financing which may include the issuance of Water enterprise revenue bonds, or by any other means legally available to the Town; and

**WHEREAS**, the Town has determined that it is necessary to make capital expenditures to acquire and construct the Utility Projects prior to the time that the Town arranges for the specific financing of such Utility Projects; and

**WHEREAS**, it is the Town’s reasonable expectation that when such financing occurs, the capital expenditures will be reimbursed with the proceeds of the financing; and

**WHEREAS**, in order to comply with the provisions of the Internal Revenue Code of 1986, as amended, it is the Town’s desire that this resolution shall constitute the “official intent” of the Board to reimburse such capital expenditures within the meaning of Treasury Regulation §1.150-2.

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

**Section 1.** All action (not inconsistent with the provisions of this resolution) heretofore taken by the Town and the officers, employees and agents of the Town directed toward the tax-exempt financing is hereby ratified, approved and confirmed.

**Section 2.** The Town intends to finance approximately \$56,000,000 to pay the costs of the Utility Projects, including the reimbursement of certain costs incurred by the Town prior to the receipt of any proceeds of a financing, upon terms acceptable to the Town, as authorized in an

ordinance to be hereafter adopted and to take all further action which is necessary or desirable in connection therewith.

**Section 3.** The officers, employees and agents of the Town shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated hereby and shall take all action necessary or desirable to finance the Utility Projects and to otherwise carry out the transactions contemplated by this resolution.

**Section 4.** The officers and employees of the Town are hereby authorized and directed to take all action necessary or appropriate to effectuate the provision of this resolution.

**Section 5.** The Town shall not use reimbursed moneys for purposes prohibited by Treasury Regulation §1.150-2(h).

**Section 6.** This resolution is intended to be a declaration of “official intent” to reimburse expenditures within the meaning of Treasury Regulation §1.150-2.

**Section 7.** If any section, paragraph, clause or provision of this resolution shall for any reason be held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

**Section 8.** All acts, orders and resolutions of the Town, and parts thereof, inconsistent with this resolution be, and the same hereby are, repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any act, order or resolution, or part thereof, heretofore repealed.

**Section 9.** This resolution shall be in full force and effect upon its passage and approval.

**PASSED, APPROVED AND ADOPTED** this 19<sup>th</sup> day of August, 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

\_\_\_\_\_  
Trish Muller, CPA, Finance Director