

AGENDA
TOWN OF HUDSON - BOARD OF TRUSTEES
REGULAR MEETING
January 21, 2015 - 6:00 P.M.

PLEDGE OF ALLEGIANCE

CALL TO ORDER AND ROLL CALL

ADDITIONS TO AGENDA

CITIZEN'S COMMENTS

1) CONSENT AGENDA

(Consent Agenda Items are considered to be routine and will be enacted by one motion and vote. There will be no separate discussion of Consent Agenda Items unless a Board member or Citizen so requests, in which case the item may be removed from the Consent Agenda and considered at the end of the Regular Agenda.)

- a. Board of Trustees Minutes – Regular Meeting, January 7, 2015
- b. Payment of Bills

2) PUBLIC HEARINGS

- a. Service Plan for LLA Metropolitan District No. 1
- b. Service Plan for LLA Metropolitan District No. 2
- c. Service Plan for Eastern Colorado Metropolitan District

3) GENERAL BUSINESS

- a. Resolution No. 15-06, Service Plan for LLA Metropolitan District No. 1
- b. Resolution No. 15-07, Service Plan for LLA Metropolitan District No. 2
- c. Resolution No. 15-08, Service Plan for Eastern Colorado Metropolitan District
- d. Resolution No. 15-09, Intergovernmental Agreement with LLA Metropolitan District No. 1
- e. Resolution No. 15-10, Intergovernmental Agreement with LLA Metropolitan District No. 2
- f. Approval of County Road 49 Access Control Plan as supplement to Hudson Comprehensive Plan

4) STAFF REPORTS

EXECUTIVE SESSION:

- a. To determine positions relative to matters that may be subject to negotiations, develop a strategy for negotiations, and/or instruct negotiators, pursuant to C.R.S. § 24-6-402(e) – negotiations for proposed annexation

5) ADJOURNMENT

MINUTES
TOWN OF HUDSON - BOARD OF TRUSTEES
REGULAR MEETING
January 7, 2015 - 6:00 P.M.

PLEDGE OF ALLEGIANCE

CALL TO ORDER AND ROLL CALL

Mayor Patch called the meeting to order at 6:00 p.m.

ROLL CALL

Mayor, Raymond Patch - Present
Trustee, Ed Rossi - Present
Trustee, Matt Cole – Present
Trustee, Laura Hargis – Present
Trustee, Christine Hamilton – Present
Trustee, Tiffany Sanders – Absent
Trustee, Terri Davis - Present

Town Clerk, Linnette Barker took roll call, and a quorum of the Mayor and (5) Trustees were present.

Town Staff Present:

Town Administrator – Joe Racine
Town Attorney – Corey Hoffmann
Town Clerk – Linnette Barker
Public Works Director – Ron Allen
Utility Director – Hunter Fobare
Economic Development Director – Dan Hamsmith

ADDITIONS TO AGENDA

CITIZEN'S COMMENTS

Ken Gabrielson, Hudson Fire District Chief, reported that the District responded to 695 calls for service in 2014. Chief Gabrielson, reported that the new fire engine truck is in service and servicing the district. New firefighters have been hired on a full-time basis.

Lily Cohill, owner of Lily Farm Fresh Skin Care, inquired about the vision for the Town of Hudson. She explained that her business is an environmentally friendly company that grows organic ingredients to produce skin care products. She owns property on the I-76 Frontage Road and would like to move her company to this location.

The Board of Trustees consensus was that she would be welcome and they would consider an annexation agreement.

1) **CONSENT AGENDA**

(Consent Agenda Items are considered routine and will be enacted by one motion and vote. There will be no separate discussion of Consent Agenda Items unless a Board member or Citizen so requests, in which case the items may be removed from the Consent Agenda and considered at the end of the Regular Agenda.)

- a. Board of Trustees Minutes, Regular Meeting, December 17, 2014
- b. Payment of Bills

Trustee Rossi made a motion, seconded by Trustee Cole to approve the Consent Agenda.

The vote was as follows:

Aye: Trustees Rossi, Cole, Hamilton, Davis, Hargis and Mayor Patch

Nay - None

Mayor Patch declared the motion carried.

2) GENERAL BUSINESS

- a. Contract Addendum – KBN Engineering, Water System Model

Joe Racine, Town Administrator, reported that this is to provide for preparation of a water system model. The cost of the work is not to exceed \$35,000.00.

Hunter Fobare, Utility Director, reported that this water system model would examine the current water system, tanks, pipes, identify low flow areas, recommendations for looping systems, evaluating pumps, elevated tanks and pressure systems. The study should identify shortfalls and recommendations for better pressure throughout the current Town and the effects of adding new lines for potential growth areas.

Trustee Hargis made a motion, seconded by Trustee Cole to approve Addendum Number 7 to the Agreement for Professional Services with KBN Engineers.

The vote was as follows:

Aye: Trustees Hargis, Cole, Davis, Rossi, Hamilton, and Mayor Patch

Nay – None

Mayor Patch declared the motion carried.

- b. Resolution 15-01, A Resolution granting a limited exemption from the provisions of Article 6 of Chapter 16 of the Hudson Municipal Code

Joe Racine, Town Administrator, reported that the proposed resolution would approve the creation of three 40,000 square foot parcels of land within the boundary of the Land Airport Annexation, solely for the purpose of allowing the director ownership of land within the proposed metropolitan districts. Creation of metropolitan districts within the annexed area is one of the provisions of the annexation agreement. In order for the directors of the metropolitan district to be eligible for appointment, they must be landowners within the district boundaries. Such land division without subdivision is permitted in Section 16-86(h) of the Municipal Code.

Corey Hoffmann, Town Attorney, reported that the property is being transferred for the sole purpose of becoming directors in the metropolitan district. The applicant is preparing a map of the new parcel was presented the legal description for an alternate location for one of the parcels that does not conflict with lot size for zoning.

Trustee Hargis made a motion, seconded by Trustee Cole to approve Resolution 15-01, A Resolution granting a limited exemption from the provisions of Article 6 of Chapter 16 of the Hudson Municipal Code, with the condition that the alternate location is corrected and the legal descriptions for the parcels are correct.

The vote was as follows:

Aye: Trustees Hargis, Cole, Davis, Hamilton, Rossi, and Mayor Patch

Nay – None

Mayor Patch declared the motion carried.

c. Resolution 15-02, A Resolution appointing Judy Parker to the Hudson Board of Adjustments

Joe Racine, Town Administrator, reported that we received an application from Rick Stell. Mr. Stell was present and introduced himself to the Board of Trustees. Mr. Stell has recently retired; his daughter is a Hudson Planning Commissioner. The Board of Trustees welcomed Mr. Stell to the Board of Adjustments.

Trustee Rossi made a motion, seconded by Trustee Hargis to approve Resolution 15-02, A Resolution appointing Judy Parker and Rick Stell to the Hudson Board of Adjustments.

The vote was as follows:

Aye: Trustees Rossi, Hargis, Hamilton, Davis, Cole, and Mayor Patch

Nay – None

Mayor Patch declared the motion carried.

d. Resolution 15-03, A Resolution establishing a designated Public Place for the posting of meeting notices as required by the Colorado Open Meeting Law

Trustee Hargis made a motion, seconded by Trustee Davis to approve Resolution 15-03, A Resolution establishing a designated public place for the posting of meeting notices as required by the Colorado Open Meeting Law.

The vote was as follows:

Aye: Trustees Hargis, Davis, Cole, Rossi, Hamilton, and Mayor Patch

Nay – None

Mayor Patch declared the motion carried.

e. Resolution 15-04, A Resolution appointing Sally Harms and Carol Bryant to the Board of Trustees of the Hudson Public Library

Trustee Rossi made a motion, seconded by Trustee Cole to approve Resolution 15-04, A Resolution appointing Sally Harms and Carol Bryant to the Board of Trustees of the Hudson Public Library.

The vote was as follows:

Aye: Trustees Rossi, Cole, Davis, Hargis, Hamilton, and Mayor Patch

Nay – None

Mayor Patch declared the motion carried.

Neither Ms. Harms nor Ms. Bryant was in attendance. Mayor Patch asked that they be invited to the next meeting.

- f. Resolution 15-05, A Resolution appointing Sherrie Denning as a Commissioner of the Hudson Housing Authority

Trustee Rossi made a motion, seconded by Trustee Cole to approve Resolution 15-05, A Resolution appointing Sherrie Denning as a Commissioner of the Hudson Housing Authority.

The vote was as follows:

Aye: Trustees Rossi, Cole, Hamilton, Hargis, Davis, and Mayor Patch

Nay – None

Mayor Patch declared the motion carried.

Ms. Denning was not in attendance. Mayor Patch asked that she be invited to the next meeting.

- g. Ordinance 15-01, Second Reading, An Ordinance approving a master lease purchase agreement and authorizing the execution of documents

Joe Racine, Town Administrator, reported that the lease-purchase agreement for a new street sweeper is a multi-year obligation and is subject to annual appropriations.

Corey Hoffmann, Town Attorney, reported that the lease agreement has been modified and if budget appropriations are not made the Town would need to return the street sweeper and would not receive any value for the sweeper.

Trustee Cole made a motion, seconded by Trustee Hamilton to approve Ordinance 15-01, Second Reading, An Ordinance approving a master lease purchase agreement and authorizing the execution of documents.

The vote was as follows:

Aye: Trustees Cole, Hamilton, Hargis, Davis, Rossi, and Mayor Patch

Nay – None

Mayor Patch declared the motion carried.

3) STAFF REPORTS

Joe Racine, Town Administrator, reported that he will be meeting with Mike Ketterling regarding the Beech Street improvements. The Library building is on track to be completed this April. Mr. Racine will be working with United Power regarding using the underground funds for street lights.

Joe Racine, Town Administrator, reported that KP Kauffman and Encana are planning two sets of wells with overlapping horizontal bores. KP Kauffman has the mineral lease for property south of the Hudson Terminal Railroad property. This proposed drilling is in Town limits and the Town would be able to sell them bulk water. Encana would like to drill on the McGill property, which is just outside of the Town. The Town has a vested interest in the outcome of this matter and has submitted comments on both proposals to the Oil & Gas Commission.

Joe Racine, Town Administrator, reported that Farm & Home Lumber as the contractor has signed the contract for the construction of the Public Works Shop.

Joe Racine, Town Administrator, reported the Planning Commission Meeting next week has two referrals on the Agenda. One referral is for an egg facility located on the eastern edge of the Town's planning area. The other referral is a Weld County Use by Special Review for an injection well at the NE corner of CR 16 and CR 51. If this goes through it could possibly produce 250 trucks per day on Town roads.

Ron Allen, Public Works Director, reported that the demolition of the house at the Public Works site has been completed.

Ron Allen, Public Works Director, reported that the fence has been installed at the recycle bin area.

Mayor Patch, reported that Bob Grand has asked the Town to consider using The Tributary newspaper as the legal publication paper for the Town. The Board of Trustees consensus was to discuss at the next regular Board of Trustee meeting, when more information about the paper is available.

ADJOURNMENT

The meeting adjourned at approximately 7:05p.m.

TOWN OF HUDSON, COLORADO

Mayor

ATTEST

Town Clerk

Report Criteria:

Report type: GL detail

Check.Type = {<->} "Adjustment"

Check Issue Date	Check Number	Vendor Number	Payee	Invoice Number	Description	Invoice GL Account	Check Amount
01/16/2015	50290	4	Andersen's Star Market	010215	Ice for Town Hall Lighting	10-69-6730	1.44
01/16/2015	50290	4	Andersen's Star Market	010215	WW Supplies - Storage Bags & Toilet Paper	75-68-6710	14.06
Total 50290:							15.50
01/16/2015	50291	1154	A-One Chipseal	6354	Temporary Repair on CR 49	23-71-7714	17,685.72
Total 50291:							17,685.72
01/16/2015	50292	886	At Your Service Electric	14489	Work per CIRSA Inspection	10-69-6633	1,467.46
Total 50292:							1,467.46
01/16/2015	50293	45	AT&T	0202674225	Long Distance Service	10-64-6410	36.15
01/16/2015	50293	45	AT&T	0202674225	Long Distance Service	10-68-6410	18.07
01/16/2015	50293	45	AT&T	0202674225	Long Distance Service	70-64-6410	18.08
01/16/2015	50293	45	AT&T	0202674225	Long Distance Service	70-68-6410	18.08
Total 50293:							90.38
01/16/2015	50294	683	Bratton's Office Equipment Inc.	30161042	Canon Contract / Meter Charge	10-64-6633	40.30
01/16/2015	50294	683	Bratton's Office Equipment Inc.	30161043	Canon IRC Meter Charge	10-64-6633	456.87
Total 50294:							497.17
01/16/2015	50295	1041	Caselle Inc.	62727	contract Support and Maintenance - February 2015	10-64-6633	525.00
Total 50295:							525.00
01/16/2015	50296	30	Century Link	010715-442B	Telephone Service - 303-536-4003	75-68-6410	99.46
01/16/2015	50296	30	Century Link	010715-447B	Telephone Service - 303-536-4753	10-64-6410	62.74
01/16/2015	50296	30	Century Link	010715-466B	Telephone Service - 303-536-4753	10-64-6410	74.96
01/16/2015	50296	30	Century Link	010715-466B	Telephone Service - 303-536-4753	70-64-6410	74.96
01/16/2015	50296	30	Century Link	010715-818B	Telephone Service - 303-536-9365	70-68-6410	52.36
Total 50296:							364.48
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	10-61-6310	109.00
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	10-62-6310	300.00
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	10-64-6310	800.00
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	10-65-6310	115.00
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	10-66-6310	153.00
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	10-67-6310	110.00
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	10-68-6310	2,900.00
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	10-69-6310	207.00
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	25-64-6310	2,397.00

Check Issue Date	Check Number	Vendor Number	Payee	Invoice Number	Description	Invoice GL Account	Check Amount
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	70-64-6310	2,294.00
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	70-68-6310	13,001.00
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	75-64-6310	2,115.00
01/16/2015	50297	108	CIRSA	150112	Property/Casualty Insurance Coverage	75-68-6310	12,000.00
01/16/2015	50297	108	CIRSA	W15054	Worker's Compensation Insurance	10-61-6035	28.00
01/16/2015	50297	108	CIRSA	W15054	Worker's Compensation Insurance	10-62-6035	3.00
01/16/2015	50297	108	CIRSA	W15054	Worker's Compensation Insurance	10-64-6035	221.00
01/16/2015	50297	108	CIRSA	W15054	Worker's Compensation Insurance	10-68-6035	4,641.00
01/16/2015	50297	108	CIRSA	W15054	Worker's Compensation Insurance	10-65-6035	20.00
01/16/2015	50297	108	CIRSA	W15054	Worker's Compensation Insurance	10-67-6035	130.00
01/16/2015	50297	108	CIRSA	W15054	Worker's Compensation Insurance	10-69-6035	187.00
01/16/2015	50297	108	CIRSA	W15054	Worker's Compensation Insurance	25-64-6035	1,228.00
01/16/2015	50297	108	CIRSA	W15054	Worker's Compensation Insurance	70-64-6035	160.00
01/16/2015	50297	108	CIRSA	W15054	Worker's Compensation Insurance	70-68-6035	4,069.00
01/16/2015	50297	108	CIRSA	W15054	Worker's Compensation Insurance	75-64-6035	84.00
01/16/2015	50297	108	CIRSA	W15054	Worker's Compensation Insurance	75-68-6035	1,328.00
Total 50297:							48,600.00
01/16/2015	50298	36	Colorado Analytical Laboratories I	141230025	Wastewater Samples	75-68-6633	111.60
01/16/2015	50298	36	Colorado Analytical Laboratories I	150106065	Water Samples	70-68-6633	39.40
Total 50298:							151.00
01/16/2015	50299	1137	Colorado Department of Labor an	013115- 041	Unemployment Taxes	10-64-6036	164.18
01/16/2015	50299	1137	Colorado Department of Labor an	013115- 041	Unemployment Taxes	10-68-6036	109.65
01/16/2015	50299	1137	Colorado Department of Labor an	013115- 041	Unemployment Taxes	10-67-6036	2.45
01/16/2015	50299	1137	Colorado Department of Labor an	013115- 041	Unemployment Taxes	10-69-6036	25.29
01/16/2015	50299	1137	Colorado Department of Labor an	013115- 041	Unemployment Taxes	70-64-6036	35.65
01/16/2015	50299	1137	Colorado Department of Labor an	013115- 041	Unemployment Taxes	70-68-6036	66.84
01/16/2015	50299	1137	Colorado Department of Labor an	013115- 041	Unemployment Taxes	75-64-6036	32.66
01/16/2015	50299	1137	Colorado Department of Labor an	013115- 041	Unemployment Taxes	75-68-6036	54.24
01/16/2015	50299	1137	Colorado Department of Labor an	013115- 041	Unemployment Taxes	10-65-6036	13.61
01/16/2015	50299	1137	Colorado Department of Labor an	013115- 041	Unemployment Taxes	10-61-6036	6.99
01/16/2015	50299	1137	Colorado Department of Labor an	013115- 041	Unemployment Taxes	10-62-6036	1.00
01/16/2015	50299	1137	Colorado Department of Labor an	013115- 041	Unemployment Taxes	25-64-6036	82.41
Total 50299:							594.97
01/16/2015	50300	73	Colorado Rural Water Association	10700	Annual Membership Dues	70-64-6211	225.00
Total 50300:							225.00
01/16/2015	50301	50	Colorado Water Conservation Boa	C153663	Loan Contract No. C153663	70-98-7650	29,451.00
01/16/2015	50301	50	Colorado Water Conservation Boa	C153663	Loan Contract No. C153663	70-98-7651	16,990.00
01/16/2015	50301	50	Colorado Water Conservation Boa	C153663	Loan Contract No. C153663	70-98-7651	.14
Total 50301:							46,441.14
01/16/2015	50302	437	Daniel Hamsmith	010815	Parking - Trans Summit	10-65-7103	20.00
01/16/2015	50302	437	Daniel Hamsmith	010815	November 2014 - Mileage	10-64-6213	30.24
01/16/2015	50302	437	Daniel Hamsmith	010815	December 2014 - Mileage	10-64-6213	60.48

Check Issue Date	Check Number	Vendor Number	Payee	Invoice Number	Description	Invoice GL Account	Check Amount
Total 50302:							110.72
01/16/2015	50303	504	Eastgate Engraving & Awards LLL	1488	Name Plate for Traveling Trophy	10-69-6730	4.00
Total 50303:							4.00
01/16/2015	50304	1194	Envirotech Services Inc.	CD20150506	Ice Slicer	10-68-6710	2,680.39
Total 50304:							2,680.39
01/16/2015	50305	53	Farm & Home Lumber	122414-0087	Turn Signal - GMC	10-68-6633	2.99
01/16/2015	50305	53	Farm & Home Lumber	122414-0087	Brackets, Locate Flags, Cable, Concrete, Lube, OSB	10-68-6710	292.85
01/16/2015	50305	53	Farm & Home Lumber	122414-0087	Nuts, washers, Bolts, Airtool Oil	10-68-6735	12.65
01/16/2015	50305	53	Farm & Home Lumber	122414-0087	Nails - Recycling Center	10-69-6735	9.75
01/16/2015	50305	53	Farm & Home Lumber	122414-0087	Recycling Center Credit for Returned Cedar	10-69-6710	63.80
01/16/2015	50305	53	Farm & Home Lumber	122414-0087	Town Hall Lighting	10-69-6730	38.94
01/16/2015	50305	53	Farm & Home Lumber	122414-0087	Water Supplies	70-68-6710	14.54
01/16/2015	50305	53	Farm & Home Lumber	122414-0087	Vac with Blower	70-68-6735	119.00
01/16/2015	50305	53	Farm & Home Lumber	122414-0087	Tools, Paint, Cement	75-68-6735	93.40
01/16/2015	50305	53	Farm & Home Lumber	122414-0087	WW Ops Supplies, Boots	75-68-6710	221.82
01/16/2015	50305	53	Farm & Home Lumber	122414-0087	Cap - Sewer Line	21-71-7713	5.85
01/16/2015	50305	53	Farm & Home Lumber	122414-0087	Concrete, Clean Up Pail, Flags	10-69-6710	213.30
Total 50305:							961.29
01/16/2015	50306	57	Front Range Internet	1369525	Website Hosting and Maintenance	10-64-6415	122.90
Total 50306:							122.90
01/16/2015	50307	22	Hayes Phillips Hoffmann & Carber	123114-4080	Legal Services - Administration	10-64-6630	3,225.86
01/16/2015	50307	22	Hayes Phillips Hoffmann & Carber	123114-4080	Legal Services - Community Development	10-64-6630	270.00
01/16/2015	50307	22	Hayes Phillips Hoffmann & Carber	123114-4080	Legal Services - Municipal Court	10-62-6630	315.00
01/16/2015	50307	22	Hayes Phillips Hoffmann & Carber	123114-4080	Legal Services - Lift Station Litigation	75-64-6630	95.50
01/16/2015	50307	22	Hayes Phillips Hoffmann & Carber	123114-4080	Legal Services - Hudson Public Library	25-64-6630	22.50
01/16/2015	50307	22	Hayes Phillips Hoffmann & Carber	123114-4080	Legal Services - Hudson Public Library	10-64-6630	22.50
Total 50307:							3,951.36
01/16/2015	50308	803	Key Bank	011315	H.S.A. Employer Contribution	10-67-6110	62.00
01/16/2015	50308	803	Key Bank	011315	H.S.A. Employer Contribution	10-68-6110	2,108.00
01/16/2015	50308	803	Key Bank	011315	H.S.A. Employer Contribution	10-69-6110	310.00
01/16/2015	50308	803	Key Bank	011315	H.S.A. Employer Contribution	70-68-6110	465.00
01/16/2015	50308	803	Key Bank	011315	H.S.A. Employer Contribution	75-68-6110	155.00
Total 50308:							3,100.00
01/16/2015	50309	853	Love's Travel Stops & County Stor	636940774	Fuel - PW Department	10-68-6416	1,842.27
01/16/2015	50309	853	Love's Travel Stops & County Stor	636940774	Fuel - Water Department	70-68-6416	103.47
01/16/2015	50309	853	Love's Travel Stops & County Stor	636940774	Fuel - WW Department	75-68-6416	243.00
Total 50309:							2,188.74

Check Issue Date	Check Number	Vendor Number	Payee	Invoice Number	Description	Invoice GL Account	Check Amount
01/16/2015	50310	95	North Front Range Water Quality	010715	2015 Membership Dues	75-64-6211	477.00
Total 50310:							477.00
01/16/2015	50311	1186	Pinnacle Bank	010115-4035	Town Christmas Party and Town Hall Lighting	10-69-6730	87.16
01/16/2015	50311	1186	Pinnacle Bank	010115-4035	Review Meeting and Clerk's Meeting	10-64-6212	46.11
Total 50311:							133.27
01/16/2015	50312	1187	Pinnacle Bank - 2	010115-4076	Gift Cards for Trunk or Treat - Centennial Celebration	10-69-6730	60.00
Total 50312:							60.00
01/16/2015	50313	1188	Pinnacle Bank - 3	010115-4050	Training Lunch	75-68-6210	19.16
01/16/2015	50313	1188	Pinnacle Bank - 3	010115-4050	Parks Boat	10-69-6735	1,274.00
01/16/2015	50313	1188	Pinnacle Bank - 3	010115-4050	Boat Motor and Supplies	10-69-6735	189.97
Total 50313:							1,483.13
01/16/2015	50314	1189	Pinnacle Bank - 4	010115-4043	Storage Bags	10-64-6415	5.00
Total 50314:							5.00
01/16/2015	50315	1190	Pinnacle Bank - 5	010115-4068	Conferences, Training and Meals	10-68-6210	129.38
01/16/2015	50315	1190	Pinnacle Bank - 5	010115-4068	Drinks	10-64-6210	13.02
01/16/2015	50315	1190	Pinnacle Bank - 5	010115-4068	Security Camera	10-66-7736	460.32
01/16/2015	50315	1190	Pinnacle Bank - 5	010115-4068	Employee Appreciation Dinner & Eagles Game	10-69-6730	1,183.98
Total 50315:							1,786.70
01/16/2015	50316	1195	Pinnacle Bank - 6	010115-4027	Vacuum	10-64-7730	106.33
01/16/2015	50316	1195	Pinnacle Bank - 6	010115-4027	Comp Plan Update Meeting	10-65-6212	66.29
Total 50316:							172.62
01/16/2015	50317	509	Quill Corporation	8933123	W2 - 6 Part with Envelopes	10-64-6720	32.99
01/16/2015	50317	509	Quill Corporation	9104527	Post it Notes	10-64-6720	9.99
Total 50317:							42.98
01/16/2015	50318	321	Railroad Management Company II	313846	8" Water Pipeline Crossing	70-64-6415	160.78
Total 50318:							160.78
01/16/2015	50319	1151	RH Water & Wastewater LLC	27	Water Contract Ops	70-68-6633	125.00
01/16/2015	50319	1151	RH Water & Wastewater LLC	27	Wastewater Contract Ops	75-68-6633	125.00
Total 50319:							250.00
01/16/2015	50320	1200	Roggen Telephone Cooperative C	010115-237	Phone Service	10-68-6633	95.00
Total 50320:							95.00
01/16/2015	50321	49	SAFEbuilt Inc	0019157-IN	Code Enforcement Services - December 2014	10-66-6632	660.00

Check Issue Date	Check Number	Vendor Number	Payee	Invoice Number	Description	Invoice GL Account	Check Amount
01/16/2015	50321	49	SAFEbuilt Inc	0019173-IN	Building Permit Fees	10-65-6642	388.75
Total 50321:							1,048.75
01/16/2015	50322	976	Stonehouse Signs	191103	Love's Entrance Sign	10-68-6712	647.68
Total 50322:							647.68
01/16/2015	50323	285	Town of Hudson	010215	Water Deposit for 17 Sunset Court	70-00-2030	100.00
Total 50323:							100.00
01/16/2015	50324	131	Tribune The	3900585	Ordinance Publishing - 15-01	10-61-6620	84.06
Total 50324:							84.06
01/16/2015	50325	90	TZA Water Engineers Inc.	0414538.01-	Water Engineering Services	75-64-6640	698.50
Total 50325:							698.50
01/16/2015	50326	1201	UNC Foundation/East Colorado S	15-0036	SBDC Sponsorship	10-65-7103	2,000.00
Total 50326:							2,000.00
01/16/2015	50327	5	United Power	122914-1553	Electric - 557 Ash Street	70-64-6413	99.51
01/16/2015	50327	5	United Power	122914-1553	Electric - 557 Ash Street	10-64-6413	99.51
01/16/2015	50327	5	United Power	123114-1532	Electric - 258 5th Avenue	10-68-6413	133.22
01/16/2015	50327	5	United Power	123114-1634	Electric - WW Plant 8249 WCR 47.5	75-68-6413	5,419.82
01/16/2015	50327	5	United Power	123114-1800	Electric - 258 5th Avenue - Temp Construction	10-68-6413	157.92
Total 50327:							5,909.98
01/16/2015	50328	13	Weld County Sheriff's Office	010915	Weld County Sherrif's Patrol Time	10-66-6632	10,219.99
Total 50328:							10,219.99
01/16/2015	50329	1037	Colorado Health Medical Group	240097-2	DOT Physical - Daniel Kresha	10-68-6415	135.00
Total 50329:							135.00
01/16/2015	50330	960	Economic Development Council o	100	Annual Membership Dues	10-65-7103	250.00
Total 50330:							250.00
01/16/2015	50331	18	Utility Notification Center of Color	21412390	Locates	70-68-6633	146.88
Total 50331:							146.88
01/16/2015	50332	200	Colorado Municipal League	110114	Membership Dues	10-61-6211	871.00
Total 50332:							871.00
Grand Totals:							156,555.54

MEMORANDUM

2.a-c
3.a-f

To: Board of Trustees

From: Joe Racine, Town Administrator

Date: January 21, 2015

Subject: PUBLIC HEARINGS: Service Plan for LLA Metropolitan District No. 1
Service Plan for LLA Metropolitan District No. 2
Service Plan for Eastern Corridor Metro. District
Resolution No. 15-06, Service Plan for LLA Metropolitan District No. 1
Resolution No. 15-07, Service Plan for LLA Metropolitan District No. 2
Resolution No. 15-08, Service Plan for Eastern Corridor Metropolitan District
Resolution No. 15-09, IGA with LLA Metropolitan District No. 1
Resolution No. 15-10, IGA with LLA Metropolitan District No. 2
Resolution No. 15-11, IGA with Eastern Corridor Metropolitan District

Attachments

Attached are three metropolitan district service plans with associated intergovernmental agreements (IGAs) and resolutions related to the recently-annexed property known as the Lloyd Land Airport Annexation. The annexation agreement for that annexation includes a provision related to the approval of these metropolitan districts as a condition of approval. Staff has negotiated terms for the service plans and the intergovernmental agreements that are consistent with the annexation agreement. An excerpt from the annexation agreement that is related to the proposed metropolitan districts is also attached to this memo.

Metropolitan districts are special purpose units of local government, governed by elected boards made up of property owners within the districts. Three districts are proposed: LLA Metropolitan District No. 1; LLA Metropolitan District No. 2; Eastern Corridor Metropolitan District. The purpose of the first two districts is to finance and construct public improvements on the property that would be turned over to the Town upon completion for operation and maintenance. Operation of any water or sewer utilities or maintenance of public improvements by the districts would only take place with the approval of the Town at the time of development. It is specifically intended that the Town be the sole provider of water and sewer services to end users with the exception of bulk water for oil/gas or agricultural customers. The districts would also provide for architectural controls and other incidental services common to districts or landowners' associations. The third district would be formed to build and operate a facility called a "water depot." It would be through the water depot that bulk water would be available to the above mentioned bulk users in and outside of Hudson, and to other end users outside of town.

A representative from the developer will be at the hearings (which are related and may be conducted concurrently) to explain the service plans and IGAs in detail.

PUBLIC HEARING

METROPOLITAN DISTRICT SERVICE PLANS
SERVICE PLAN FOR LLA METROPOLITAN DISTRICT NO. 1
SERVICE PLAN FOR LLA METROPOLITAN DISTRICT NO. 2
SERVICE PLAN FOR EASTERN CORRIDOR METROPOLITAN DISTRICT

January 21, 2015

MAYOR:

I WOULD LIKE TO OPEN THE PUBLIC HEARING FOR THE SERVICE PLANS FOR THREE PROPOSED METROPOLITAN DISTRICT SERVICE PLANS.
(STATE TIME)

WILL THE CLERK PLEASE STATE THE PURPOSE OF THE HEARING?

TOWN CLERK:

A PUBLIC HEARING FOR THE PURPOSE OF RECEIVING COMMENTS ON THREE PROPOSED METROPOLITAN DISTRICT SERVICE PLANS: LLA METROPOLITAN DISTRICT NO. 1; LLA METROPOLITAN DISTRICT NO. 2; AND EASTERN CORRIDOR METROPOLITAN DISTRICT.

MAYOR:

WAS THE NOTICE FOR THIS EVENING'S HEARING PUBLISHED IN THE LOCAL NEWSPAPER?

ADMINISTRATOR:

THE ANNEXATION AND ZONING HEARING WAS ADVERTISED IN THE DECEMBER 31, 2014, EDITION OF THE GREELEY TRIBUNE.

MAYOR:

I WILL FIRST RECOGNIZE THE TOWN ADMINISTRATOR TO PRESENT STAFF COMMENTS ON THE PROPOSED SERVICE PLANS AND TO ANSWER QUESTIONS. I WILL THEN INVITE

THE APPLICANT TO PRESENT THE REQUEST. I WILL THEN RECOGNIZE MEMBERS OF THE AUDIENCE WHO WISH TO SPEAK TO THE BOARD REGARDING THE PROPOSED SERVICE PLANS. ALL WISHING TO SPEAK MAY COME FORWARD, ONE AT A TIME, TO THE PODIUM, SIGN IN AND STATE YOUR NAME AND ADDRESS FOR THE RECORD.

DOES THE ADMINISTRATOR HAVE A PRESENTATION.
(STAFF PRESENTATION)

MAYOR:

DOES THE APPLICANT WISH TO ADDRESS THE BOARD ON THIS MATTER?

IF SO, PLEASE SIGN IN AND STATE YOUR NAME AND ADDRESS FOR THE RECORD.

MAYOR:

IS THERE ANY MEMBER OF THE PUBLIC WHO WISHES TO ADDRESS THE BOARD ON THIS MATTER?

IF SO, PLEASE SIGN IN AND STATE YOUR NAME AND ADDRESS FOR THE RECORD.

MAYOR:

DO ANY OF THE BOARD MEMBERS HAVE ANY REMAINING QUESTIONS OF STAFF ON THIS MATTER?

THERE BEING NO FURTHER DISCUSSION, I DECLARE THE PUBLIC HEARING IS CLOSED AT (STATE TIME).

MAYOR:

THE BOARD WILL CONSIDER ACTION ON THIS MATTER LATER IN THE AGENDA.

NEXT AGENDA ITEM



f. Special Districts. Property Owner intends to initiate the process of creation of special districts pursuant to C.R.S. Section 32-1-101, *et seq.*, which will be known as the LLA Metropolitan District No. 1, LLA Metropolitan District No. 2 and the Eastern Corridor Metropolitan District (the "Metro Districts"). The forms of the Service Plans for the Metro Districts are attached as **Exhibit E**. Each of the Service Plans includes a Service Plan IGA which sets forth the understandings of the Town and the Property Owner with regard to the topics set forth therein. The purpose of the Metro Districts, if formed, will be, *inter alia*, to facilitate financing and construction of the Water Depot as well as financing and performance of the Property Owner's utility obligations under this Section 8, and the Property Owner's roadway acquisition and construction obligations under Section 7. Property Owner will have the right to assign to the Metro District(s) all or any part of its obligations under this Section, Section 7, and Section 12. In such event, the Metro Districts will provide facilities that the Property Owner might otherwise have to provide. The Town will reasonably cooperate with Property Owner's efforts for the formation and operation of the Metro Districts. The Town approves the form of the Service Plans and the Service Plan IGAs and agrees to hold a public hearing(s) to consider approval of the Service Plans and the Service Plan IGA's within one hundred twenty (120) days following the Effective Date of the Annexation of the Property. In the event the Town does not approve, following the public hearing, the Service Plans and the Service Plan IGAs the Property owner may exercise its right to disconnect pursuant to Section 4.e of this Agreement. In no event after the organization of the Metro Districts may the Town initiate or pursue any proceeding to dissolve any one or more of the Metro Districts until all of such Metro District's obligations have ceased, or unless the Town has assumed all responsibility for performing any unperformed and ongoing obligations of the Metro District or Metro Districts to the satisfaction of the Board of the Metro District or Metro Districts proposed for dissolution.

g. Northern Colorado Water Conservancy District. On or before the Effective Date of Annexation, the Owner will provide the Town with evidence that an application has been made to include the Property within the Northern Colorado Water Conservancy District and its municipal sub-district.

h. Tax Increment Financing. If requested by the Property Owner, the Town will work with the Property Owner and the County to consider the establishment of an urban renewal area and implement tax increment financing that can be used as provided by the Colorado Urban Renewal Law, C.R.S. § 31-25-101, *et seq.*, as the same may be amended from time to time.

i. Conveyance of Facilities; Limitations. It is anticipated that all public facilities, except the Water Depot, constructed by Property Owner, either directly or through the Metro Districts will be conveyed to the Town. Except for bulk water service provided through the Water Depot, neither the Property Owner nor the Metro Districts shall have any right or authority to provide municipal potable water

RESOLUTION NO.

15-06

**TITLE: APPROVING THE SERVICE PLAN FOR LLA
METROPOLITAN DISTRICT NO. 1**

WHEREAS, pursuant to Section 32-1-204.5, C.R.S., as amended, a Service Plan (“Service Plan”) for proposed LLA Metropolitan District No. 1 (“District”) has been submitted to the Board of Trustees (“Board”) of the Town of Hudson (“Town”); and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, the Board held a public hearing on the Service Plan for the District on January 21, 2015; and

WHEREAS, notice of the hearing before the Board was duly published in The Greeley Tribune, a newspaper of general circulation within the Town, on December 31, 2014, as required by law, and forwarded to the petitioners, others entitled to postcard or letter notice, the Division of Local Government, and the governing body of each municipality and title 32 district that has levied an ad valorem tax within the next preceding tax year and that has boundaries within a radius of three miles of the District; and

WHEREAS, the Board has considered the Service Plan and all other testimony and evidence presented at the hearing; and

WHEREAS, the Board finds that the Service Plan should be approved unconditionally, as permitted by Sections 32-1-203(2) and 32-1-204.5(1)(a), C.R.S., as amended; and

WHEREAS, the Board further finds that it is in the best interests of the citizens of the Town to enter into an Intergovernmental Agreement (“IGA”) with the District for the purpose of assigning the relative rights and responsibilities between the Town and the District with respect to certain functions, operations, and obligations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF HUDSON, COLORADO:

Section 1: The Board hereby determines that all of the requirements of Title 32, Article 1, Part 2, C.R.S., as amended, relating to the filing of the Service Plan for the District have been fulfilled and that notice of the hearing was given in the time and manner required by law.

Section 2: The Board further determines that all pertinent facts, matters and issues were submitted at the public hearing; that all interested parties were heard or had the opportunity to be heard and that evidence satisfactory to the Board of each of the following was presented:

(a) There is sufficient existing and projected need for organized service in the area to be serviced by the proposed District;

(b) The existing service in the area to be served by the proposed District is inadequate for present and projected needs;

(c) The proposed District is capable of providing economical and sufficient service to the area within the proposed boundaries;

(d) The area to be included in the proposed District has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

(e) Adequate service is not, or will not be, available to the area through the Town of Hudson or other existing quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

(f) The facility and service standards of the proposed District are compatible with the facility and service standards of Town and each municipality which is an interested party under Section 32-1-204, C.R.S.;

(g) The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the Town code;

(h) The proposal is in compliance with any duly adopted Town, regional, or state long-range water quality management plan for the area;

(i) The creation of the proposed District will be in the best interests of the area proposed to be served; and

(j) The Service Plan, based upon the statements set forth in the Service Plan and upon all evidence presented at the Public Hearing on the Service Plan, meets all conditions and requirements of Sections 32-1-201, *et seq.*, C.R.S.

Section 3: The Board hereby approves the Service Plan for the District as submitted.

Section 4: The Mayor and the Town Clerk are hereby authorized to execute, on behalf of the Town, the IGA in substantially the form presented at this meeting, with such technical additions, deletions, and variations as the Town Attorney may deem necessary or appropriate and not inconsistent with this Resolution.

Section 5: This Resolution shall be filed in the records of the Town and a certified copy thereof submitted to the petitioners for the District for the purpose of filing in the District Court of Weld County.

Section 6: All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

INTRODUCED, READ AND PASSED this 21st day of January, 2015.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

ATTEST:

Linnette Barker, CMC, Town Clerk

SERVICE PLAN

FOR

LLA METROPOLITAN DISTRICT NO. 1

TOWN OF HUDSON, WELD COUNTY, COLORADO

Prepared

by

McGeady Sisneros, P.C.
450 E. 17th Avenue, Suite 400
Denver, Colorado 80203

Submitted: December 11, 2014

Approved: _____, 2015

Initials: _____

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LIST OF EXHIBITS

EXHIBIT A-1	Legal Description of Initial District Boundary
EXHIBIT A-2	Legal Description of Inclusion Area
EXHIBIT B-1	Vicinity Map
EXHIBIT B-2	Initial District Boundary Map
EXHIBIT B-3	Inclusion Area Map
EXHIBIT C	Intergovernmental Agreement

**SERVICE PLAN FOR
LLA METROPOLITAN DISTRICT NO. 1**

I. INTRODUCTION

A. Purpose and Intent. The District is an independent unit of local government, separate and distinct from the Town, as hereinafter defined, and, except as may otherwise be provided for by the State, as hereinafter defined, or local law or this Service Plan, its activities are subject to review by the Town only insofar as they may deviate in a material manner from the requirements of the Service Plan or the intergovernmental agreements between the Town and the District. It is intended that the District will provide a part or all of the Public Improvements, as hereinafter defined, for the use and benefit of the inhabitants and taxpayers of the District. The primary purpose of the District will be to finance and construct or acquire these Public Improvements.

B. Need for the District. 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, as hereinafter defined. The District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economical manner possible.

C. Objective of the Town Regarding District's 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, construction, installation, relocation and redevelopment of the Public Improvements from the proceeds of Debt, as hereinafter defined, to be issued by the District, and for the operation and maintenance of certain of the Public Improvements. All Debt is expected to be repaid, and the costs of operating and maintaining certain of the Public Improvements are expected to be paid, by taxes, fees, rates, tolls and charges, and other legally available revenues. No debt service mill levy shall be imposed and collected at a level higher than the Maximum Debt Mill Levy, as hereinafter defined. Debt which is issued within these parameters, as further described in the Financial Plan, as hereinafter defined, will insulate property owners from excessive tax 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 both a limited purpose for the District and explicit 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, and to provide certain operation and maintenance services related to the Public Improvements, subject to the limitations set forth herein. Additional operational activities are allowed, but only as authorized by an intergovernmental agreement with the Town.

The District shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid, in part, from tax revenues collected from a mill levy which shall

not exceed the Maximum Debt Mill Levy. It is the intent of this Service Plan to assure to the extent possible that no property within the District's boundaries bear a property tax burden for repayment of Debt that is greater than that associated with the Maximum Debt Mill Levy even under bankruptcy or other unusual situations.

II. 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 the District.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which the District has promised to impose an *ad valorem* property tax mill levy. Enterprise Debt shall not be included in the definition of Bond, Bonds or Debt.

C.R.S.: means the Colorado Revised Statutes, as the same may be amended and restated from time to time.

District or District No. 1: means LLA Metropolitan District No. 1.

District No. 2: means LLA Metropolitan District No. 2.

Districts: mean, collectively, the District and District No. 2.

Eastern Corridor Metropolitan District: means the Eastern Corridor Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado.

Enclave Property: means that certain parcel identified as the Enclave Property on Inclusion Area Map.

Enterprise: means a water activity enterprise established by the District.

Enterprise Act: means Title 37, Article 45.1, Part 1, C.R.S., as amended from time to time.

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.

Financial Plan: means the combined Financial Plans of the Districts as described in Section VI, which describes: (i) how the Public Improvements are 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.

Inclusion Area: means the property depicted in the Inclusion Area Map.

Inclusion Area Map: means the map attached hereto as **Exhibit B-3**, depicting the property proposed for inclusion within the boundaries of one of the Districts, subject to the limitation set forth in Sections V.A.6 and V.A.7 below.

Initial District Boundary: means the boundary of the area legally described in **Exhibit A-1** and depicted in the Initial District Boundary Map.

Initial District Boundary Map: means the map attached hereto as **Exhibit B-2**, depicting the District's initial boundaries.

Intergovernmental Agreement: means the intergovernmental agreement between the District and the Town in the form attached hereto as **Exhibit C**.

Land Use Plan: means the zoning documents approved at the time of annexation of the Property in the Inclusion Area Boundaries either a Sketch Plan, Preliminary Plat and Final Plat, or Planned Unit Development for the Property, together with any required Subdivision Improvement Agreements as approved by the Town pursuant to Town Code, and as amended from time to time with Town approval, which identify, among other things, Public Improvements necessary for facilitating development of property within the Service Area.

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

Project: means the development or property commonly referred to as Lloyd Land Airport.

Property: means the portion of the property depicted on the Inclusion Area Map which is within the City and does not include the portion of the property on the Inclusion Area Map identified as the Enclave Property.

Public Improvements: means a part or all of the improvements, including, without limitation, the Regional 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 V below to serve the future taxpayers and inhabitants of the Service Area as determined by the Board of the District.

Regional Improvements: means the specific Public Improvements identified to be funded as set forth in a Regional Improvement IGA.

Regional Improvements IGA: means an intergovernmental agreement to be entered into between the Town, the District and one or more additional special districts to provide a part or all of the funding for one or more of the Regional Improvements.

Regional Mill Levy: means a mill levy to be imposed by the District as imposed pursuant to the terms of a Regional Improvements IGA. The Regional Mill Levy shall not, without the mutual written consent of the Town and the District, exceed ten (10) mills adjusted to account for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement. The Regional Mill Levy limitation set forth herein may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board 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, 2015, 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.

Service Area: means the property within the Initial District Boundary Map and the Inclusion Area Boundary Map, as well as any additional property actually included into the boundaries of the Districts in accordance with Section V.

Service Plan: means this service plan for the District as approved by the Town Board of Trustees.

Service Plan Amendment: means an amendment to the Service Plan as approved by the Town Board of Trustees in accordance with the applicable State law.

Special District Act: means Section 32-1-101, *et seq.*, C.R.S., as amended from time to time.

State: means the State of Colorado.

TABOR: means the Taxpayer's Bill of Rights set forth at Article X, Section 20 of the Colorado Constitution.

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

Town: means the Town of Hudson, Colorado.

Town Board of Trustees: means the Board of Trustees of the Town.

Town Code: means the Municipal Code for the Town.

Water Depot shall have the meaning given in Section V.A.1 of this Service Plan.

III. BOUNDARIES

The area within the Initial District Boundary includes approximately 0.9 acre and the total area proposed to be included in the Inclusion Area is approximately Seven Hundred Eighteen (718) acres. Legal descriptions of the Initial District Boundary and the Inclusion Area are attached hereto as **Exhibit A-1** and **Exhibit A-2**, respectively. A vicinity map is attached hereto as **Exhibit B-1**. A map of the Initial District Boundary is attached hereto as **Exhibit B-2**, and a map of the Inclusion Area is attached hereto as **Exhibit B-3**. It is anticipated that the Districts' boundaries will change from time to time as the Districts undergo 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 Section V below.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately Seven Hundred Eighteen (718) acres of land. The current assessed valuation of the Service Area is approximately \$0 for purposes of this Service Plan and, at build-out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The day time population of the District at build-out is estimated to be approximately Forty Thousand (40,000) people.

The Land Use Plan for the property in the Initial District Boundary is being approved by the Town as a part of the annexation of the Property in the Inclusion Area Boundaries.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the District and Service Plan Amendment.

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 Colorado Constitution, subject to the limitations set forth herein.

1. **Water System.** Pursuant to the Special District Act, the District shall be authorized to enter into intergovernmental agreements with the Eastern Corridor Metropolitan District for the design, acquisition, installation, construction, financing, ownership, operation and maintenance of a potable and non-potable water supply, storage, transmission, treatment and distribution system, among other Public Improvements. The water system improvements anticipated to be constructed, operated and maintained by Eastern Corridor Metropolitan District for the purpose of receiving, treating and delivering bulk water service to Customers, as defined in the Eastern Corridor Metropolitan District Service Plan, pursuant to these intergovernmental agreements are, collectively, hereafter referred to as the "Water Depot." Neither the District nor Eastern Corridor Metropolitan District shall be authorized to interconnect with the Town's municipal water system without an intergovernmental agreement with the Town setting forth the terms and conditions for such interconnection, it being the intent that the Water Depot shall be

owned, operated and maintained by Eastern Corridor Metropolitan District subject to the limitations set forth in the service plan for Eastern Corridor Metropolitan District. Neither the District nor Eastern Corridor Metropolitan District shall be authorized to provide municipal water service to any residential end user without the written consent of the Town.

2. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. It is anticipated that all Public Improvements located within the Service Area and financed and constructed by the District, except the Water Depot, will be conveyed to the Town for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan, applicable rules and regulations of the Town, and other applicable provisions of the Town Code. Except for bulk water service provided through the Water Depot and the financing and construction of Public Improvements, the Districts shall have no right or authority to provide municipal potable water service or sewer service to users in the Town or connect to the Town's municipal water system without an agreement with the Town.

Public Improvements located within the Service Area and not conveyed to the Town may be operated, maintained, repaired or replaced by the District only to the extent authorized in an approved subdivision improvement agreement or other written agreement with the Town. During the period that the District operates any Public Improvements, revenue to pay the expenses of operations may be obtained from fees legally imposed by the District or other legally available revenues of the District. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S.

3. Acquisition of Land for Public Improvements and Easements. The District agrees to acquire by easement or plat dedication, or cause the dedication to the Town of all land required by the Town for construction of Public Improvements being provided by the District that will be conveyed to the Town. Exceptions must be approved by the Town in writing.

4. Construction Standards Limitation. The District will ensure that the Public Improvements are designed and constructed to standards and specifications that are comparable to the standards and specifications of the Town or other governmental entities within which the Public Improvements are located. For all Public Improvements constructed within the Town's boundaries for which the Town will assume ownership, operations and maintenance responsibility, the District will obtain the Town's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements, as required by Town rules and regulations, prior to initiating such construction.

5. Privately Placed Debt Limit. Prior to the issuance of any privately placed Debt, the District shall 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 its boundaries any property outside of the Inclusion Area or outside of the Town without the prior written consent of the Town Board of Trustees. The District shall be authorized to include within its boundaries property within the Inclusion Area without prior written consent of the Town Board of Trustees. It is anticipated that the Enclave Property will be annexed within the Town boundaries. It is also anticipated that the Enclave Property will be included within the boundaries of one of the Districts and be subject to the taxes and rates, fees, tolls and charges that are applied and imposed upon all property within the boundaries of such District. Upon annexation of the Enclave Property, the Town shall share and remit to District No. 1 a portion of revenues derived from imposition of the Town property tax on the Enclave Property in accordance with the Intergovernmental Agreement.

7. Overlap Limitation. 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 district will not at any time exceed the Maximum Debt Mill Levy of the District; provided, however, the foregoing shall not prohibit the District from consenting to the organization of an overlapping district for the purposes of funding Regional Improvements as described in Section V.C.3 herein.

8. Total Debt Issuance Limitation. The Districts, collectively, shall not issue Debt in excess of Two Hundred Twenty Million Dollars (\$220,000,000); provided, however, such Total Debt Issuance Limitation may be increased in the event and to the extent that the Districts pledge to impose the Regional Mill Levy to finance a portion of the Regional Improvements and such increase in the Total Debt Issuance Limitation shall not constitute a material modification of this Service Plan.

9. Monies from Other Governments/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 Town is eligible to apply for, except pursuant to an intergovernmental agreement with the Town. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the District without any limitation.

10. 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, unless such consolidation is with District No. 2.

11. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy, have been established under the authority of the Town to approve a 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 would cause the District to impose a mill levy for repayment of debt that exceeds the Maximum Debt Mill Levy, 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 by the Town as part of a Service Plan Amendment.

12. Additional Services. In addition to the other powers of the District set forth in this Section V and subject to the limitations set forth in Section V.A.2, the District shall also have the authority to, but shall not be obligated to, provide any and all of such additional services and exercise such powers as are expressly or impliedly granted by Colorado law, including the power of covenant enforcement, design review and those powers enumerated in Sections 32-1-1101 and 32-1-1101.7, C.R.S. Pursuant to Section 32-1-1101(1)(f)(I), C.R.S., and Section 32-1-1101(1.5)(e), C.R.S., the District shall have the authority to divide the District into one or more areas consistent with the services, programs and facilities to be furnished therein. Pursuant to Section 32-1-1101.7, C.R.S. (the “SID Statute”), the District is authorized to establish a special improvement district within its boundaries to assess property, to provide and finance renewable energy and energy efficient improvements, and to undertake all activities set forth in the SID Statute, as it may be amended from time to time. The exercise of any such powers and authorities shall not be deemed a material modification of this Service Plan.

13. Service Plan Amendment Requirement. The 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. Actions of the District which violate the limitations of this Service Plan or the Intergovernmental Agreement shall be deemed material modifications to this Service Plan and breaches of such Intergovernmental Agreement, and the Town shall be entitled to all remedies available at law or in equity under State and local law.

14. Preliminary Engineering Survey. The District shall have the 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, including the extension of water service and road improvements to the Service Area and other Public Improvements which will be more specifically defined in the Land Use Plan. 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 is approximately One Hundred Ten Million Dollars (\$110,000,000). It is acknowledged that the foregoing Public Improvements cost estimate does not include the costs of any Regional Improvements the District shall be authorized to finance or construct pursuant to the Regional Improvements IGA.

All of the Public Improvements within the Town boundaries 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 Land Use Plan. All Public Improvements outside the Town boundaries will be designed in accordance with the requirements of the applicable jurisdictions. All construction cost estimates are based on the assumption that construction conforms to applicable local, State and federal requirements.

B. Multiple District Structure.

It is anticipated that the Districts, collectively, will undertake the financing and construction of the Public Improvements contemplated herein. Specifically, the Districts will enter into one or more Intergovernmental Cost Sharing and Recovery Agreements which shall govern the relationship between and among the Districts with respect to the financing, construction and operation of the Public Improvements contemplated herein. The District will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the Public Improvements.

C. Intergovernmental Agreements.

It is anticipated that the District will undertake the financing and construction of the Public Improvements contemplated herein through intergovernmental agreements, including, but not limited to, the following:

1. Intergovernmental Cost Sharing and Recovery Agreement(s) with District No. 2 to coordinate the provision of services, the design, planning, construction, acquisition and redevelopment of Public Improvements and incurrence of multiple-fiscal year obligations and cost sharing in relation to such activities.

2. Intergovernmental agreements with the Eastern Corridor Metropolitan District and other governmental entities to provide the Public Improvements and services.

3. Regional Improvements IGA at such time as the District and the Town have mutually agreed upon the specific Regional Improvements to be funded and have mutually agreed upon the sources of funding that will be available. The Regional Improvements IGA will

set forth the amount of the Regional Mill Levy and the terms for imposition of the mill levy as the District's contribution towards the funding of the Regional Improvements.

The District will include within its election questions the authority to enter into the Regional Improvements IGA and the authority to impose the Regional Mill Levy to be used to contribute to the funding of specific regional infrastructure as required in the Regional Improvements IGA. One alternative for the funding of the Regional Improvements is the organization of a new district by the Town. If such a district is organized and it overlaps the District, any obligation of the District to impose the Regional Mill Levy will be decreased to the extent the overlapping district is imposing a mill levy for Regional Improvements to assure that there is no double taxation for Regional Improvements.

VI. 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 its revenues and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District shall be to issue such Debt as the District can reasonably pay from revenues derived from the Maximum Debt Mill Levy and other legally available revenues. The total Debt that the District shall be permitted to issue shall not exceed Two Hundred Twenty Million Dollars (\$220,000,000) and shall be permitted to be issued on a schedule and in such year or years as the District determines shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs, subject to such additional Debt, if any, the District may issue for Regional Improvements in accordance with the Regional Improvements IGA, and the Town's approval of the Regional Improvements IGA shall be deemed authorized for such additional District Debt without the need for modification of this Service Plan. All Debt issued by the District may be payable from any and all legally available revenues of the District, including general *ad valorem* taxes to be imposed upon all taxable property within the District. The District will also rely upon various other revenue sources, including the power to assess fees, rates, tolls, penalties or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time.

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 the District for payment of Debt (not

including Debt, if any, issued to finance Regional Improvements and secured by a pledge of Regional Mill Levy revenues of the District), and shall be determined as follows:

1. For any portion of the District's aggregate Debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VI.C.2 below; adjusted to account for changes 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 (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, 2015, 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.

2. For any portion of the District's aggregate Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

3. For purposes of the foregoing, once Debt has been determined to be within Section VI.C.2 above, so that the District is entitled to pledge to its payment an unlimited *ad valorem* mill levy, the District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the District's Debt to assessed valuation ratio. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S., and all other requirements of State law.

To the extent that the District is 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 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. 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. At the District's discretion, these may include the power to assess fees, rates, tolls, penalties or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time. In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy.

E. Debt Instrument Disclosure Requirement.

In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the District.

F. Security for Debt.

The District shall not pledge any revenue or property of the Town as security for the indebtedness set forth in this Service Plan. 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. Enterprise Financing.

Pursuant to the Enterprise Act and TABOR, the District may establish an Enterprise. If established, the purpose of the Enterprise shall be to pursue or continue any and all of the District's water activities, as defined in the Enterprise Act, including, but not limited to, water acquisition and water project or facility activities. Pursuant to the Enterprise Act, the Enterprise shall be wholly owned by the District, and the governing body of the Enterprise shall be the governing body of the District. The Enterprise shall have all powers and authority granted to water activity enterprises by the provisions of the Enterprise Act, including the powers to construct, operate and maintain facilities, and provide water services; the power to contract with any person or entity; the power to impose rates, fees, tolls and charges; the power to collect and spend revenues; and the power to issue revenue bonds, notes or other obligations ("Enterprise Debt") payable from its revenues or from any other available funds of the Enterprise; all without reference or regard to the limitations contained in TABOR.

H. 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 the District will remain under the control of the District's Board. Pursuant to and in accordance with the Enterprise Act and TABOR, the Enterprise shall be excluded from the provisions of TABOR.

I. District's Administrative and Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations, is part of the estimated cost of Public Improvements, 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 anticipated to be approximately Fifty Thousand Dollars (\$50,000) and will be derived from property taxes, developer advances and other revenues.

The Maximum Debt Mill Levy for the repayment of Debt shall not apply to the District's ability to increase its mill levy as necessary for provision of administrative and, to the extent authorized herein, operation and maintenance services to its taxpayers and service users.

The District's costs for administration shall include, but not be limited to, the authority to pay Director's compensation in amounts no greater than those amounts allowed under the Special District Act.

VII. ANNUAL REPORT

A. General.

The District shall be responsible for submitting an annual report to the Town Attorney's office no later than August 1st of each year.

B. Report Contents.

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

1. Boundary changes made or proposed to the District's boundary as of December 31st of the prior year.
2. Agreements with other governmental entities, either entered into or proposed as of December 31st of the prior year.
3. A list of all facilities and improvements constructed or acquired by the District and those that have been dedicated to and accepted by the Town as of December 31st of the prior year.
4. Audit of the District's financial statements, for the year ending December 31st of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

5. Notice of continuing disclosure undertaking for events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.

6. Any inability of the District to pay its obligations as they come due in accordance with the terms of any Debt instruments, which continue beyond a ninety (90) day period.

VIII. DISSOLUTION

Upon an independent determination of the Town Board of Trustees that the purposes for which the District was created have been accomplished, the District agrees to file a petition 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: (a) the payment or discharge of all its outstanding indebtedness; (b) assumption by some other appropriate entity of its essential services and operation and maintenance responsibilities for the Public Improvements; and (c) other financial obligations as required pursuant to State statutes.

IX. 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.

X. INTERGOVERNMENTAL AGREEMENT

The form of the Intergovernmental Agreement is attached hereto as **Exhibit C**. The District shall approve the Intergovernmental Agreement in the form attached as **Exhibit C** within ninety (90) days of the date of organization. Failure of the District to execute the Intergovernmental Agreement as required herein shall constitute a material modification and shall require a Service Plan Amendment. The Town Board of Trustees shall approve the Intergovernmental Agreement in the form attached as **Exhibit C** at the public hearing approving the Service Plan. The Intergovernmental Agreement may be amended by mutual agreement of the Town and District, which amendment shall not require this Service Plan to be amended. In the event of conflict between the Intergovernmental Agreement and this Service Plan, the Intergovernmental Agreement shall govern.

XI. 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;
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 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 are compatible with the facility and service standards of the Town within which the special district is 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 comprehensive plan adopted pursuant to the Town Code;
8. The proposal is in compliance with any duly adopted Town, regional or State long-range water quality management plan for the area; and
9. The creation of the District is in the best interests of the area proposed to be served.

EXHIBIT A-1

Legal Description of Initial District Boundary



DAVID E. ARCHER & ASSOCIATES, INC.
PROFESSIONAL LAND SURVEYORS & ENGINEERS

105 Wilcox Street * Castle Rock, CO 80104
PHONE (303) 688-4642 * FAX (303) 688-4675 * karcher@davidearcher.com

Job No. 14-1117
December 5, 2014

LLA METROPOLITAN DISTRICT No. 1 INITIAL DISTRICT BOUNDARY

PROPERTY DESCRIPTION

The North 200.00 feet of the West 200.00 feet of the Northeast $\frac{1}{4}$ of Section 31,
Township 2 North, Range 64 West of the 6th Principal Meridian, Weld County, Colorado.
Containing 0.92 acres, more or less.

EXHIBIT A-2

Legal Description of Inclusion Area



DAVID E. ARCHER & ASSOCIATES, INC.
PROFESSIONAL LAND SURVEYORS & ENGINEERS

105 Wilcox Street * Castle Rock, CO 80104
PHONE (303) 688-4642 * FAX (303) 688-4675 * karcher@davidearcher.com

Job No. 14-1117
December 8, 2014
Page 1 of 2 Pages

LLA Metropolitan District No. 1 Inclusion Area

PROPERTY DESCRIPTION:

A tract of land situated in Section 31, Township 2 North, Range 64 West and in Section 6, Township 1 North Range 64 West of the 6th Principal Meridian, Weld County, Colorado, described as follows:

Beginning at the Northeast corner of said Section 31 and considering the East line of the Northeast ¼ of Section 31 to bear S 00°05'33"W with all bearings contained herein relative thereto;

Thence S 00°05'33"W a distance of 2665.09 feet to the East ¼ corner of said Section 31;

Thence S 00°05'17"W a distance of 2654.87 feet to the Southeast corner of said Section 31;

Thence S 88°08'19"W a distance of 2650.28 feet to the South ¼ corner of said Section 31;

Thence S 88°08'11"W along the South line of the Southwest ¼ of said Section 31 a distance of 405.51 feet;

Thence S 00°37'21"E a distance of 1305.20 feet;

Thence N 88°27'56"E a distance of 13.61 feet;

Thence S 01°31'30"E a distance of 60.00 feet;

Thence S 88°27'56"W a distance of 220.00 feet;

Thence S 01°31'30"E a distance of 1241.58 feet;

Thence S 01°31'25"E a distance of 2504.38 feet to the North Right of Way line of State Highway No. 52;

Thence S 89°19'51"W along said North Right of Way line a distance of 30.00 feet;

Thence N 01°31'25"W a distance of 2504.07 feet;

Thence S 88°45'13"W a distance of 1245.62 feet;

Thence N 01°04'59"W a distance of 1295.21 feet;

Thence S 88°27'59"W a distance of 543.52 feet to the East Right of Way line of County Road 49;

Thence N 00°37'11"W along said East Right of Way line a distance of 1293.65 feet to the South line of said Section 31;

Thence N 00°25'59"W along said East Right of Way line a distance of 1691.17 feet;

LLA Metropolitan District No. 1 Inclusion Area (continued)

Thence S 89°34'01"W a distance of 30.00 feet to the West line of the Southwest ¼ of said Section 31;
Thence N 00°25'59"W a distance of 1001.58 feet to the West ¼ corner of said Section 31;
Thence N 00°29'19"W along the West line of the Northwest ¼ of said Section 31 a distance of 2076.94 feet to the Southeasterly Right of Way line of the Burlington Northern Railroad;
Thence Northeasterly along said Southeasterly Right of Way line along the arc of a curve to the right a distance of 1019.35 feet, said curve has a radius of 6255.32 feet, a central angle of 09°20'12' and a chord that Bears N 51°41'23"E a distance of 1018.23 feet to the North line of the Northwest ¼ of said Section 31;
Thence N 88°53'15"E a distance of 1706.08 feet to the North ¼ corner of said Section 31;
Thence N 88°53'31"E a distance of 2641.01 feet to the Point of Beginning.

EXCEPTING THEREFROM the Covarrubias Parcel described as follows:

Commencing at the North ¼ corner of Section 6, Township 1 North, Range 64 West of the 6th Principal Meridian;
Thence S 37°02'47"W a distance of 761.62 feet to the Point of Beginning;
Thence S 00°37'21"E a distance of 712.08 feet;
Thence S 88°27'56"W a distance of 305.20 feet;
Thence N 00°37'21"W a distance of 716.67 feet;
Thence N 89°19'38"E a distance of 305.16 feet to the Point of Beginning

The LLA Metropolitan District No. 1 Inclusion Area contains a net area of 718.21 Acres, more or less

EXHIBIT B-1

Vicinity Map

VICINITY MAP

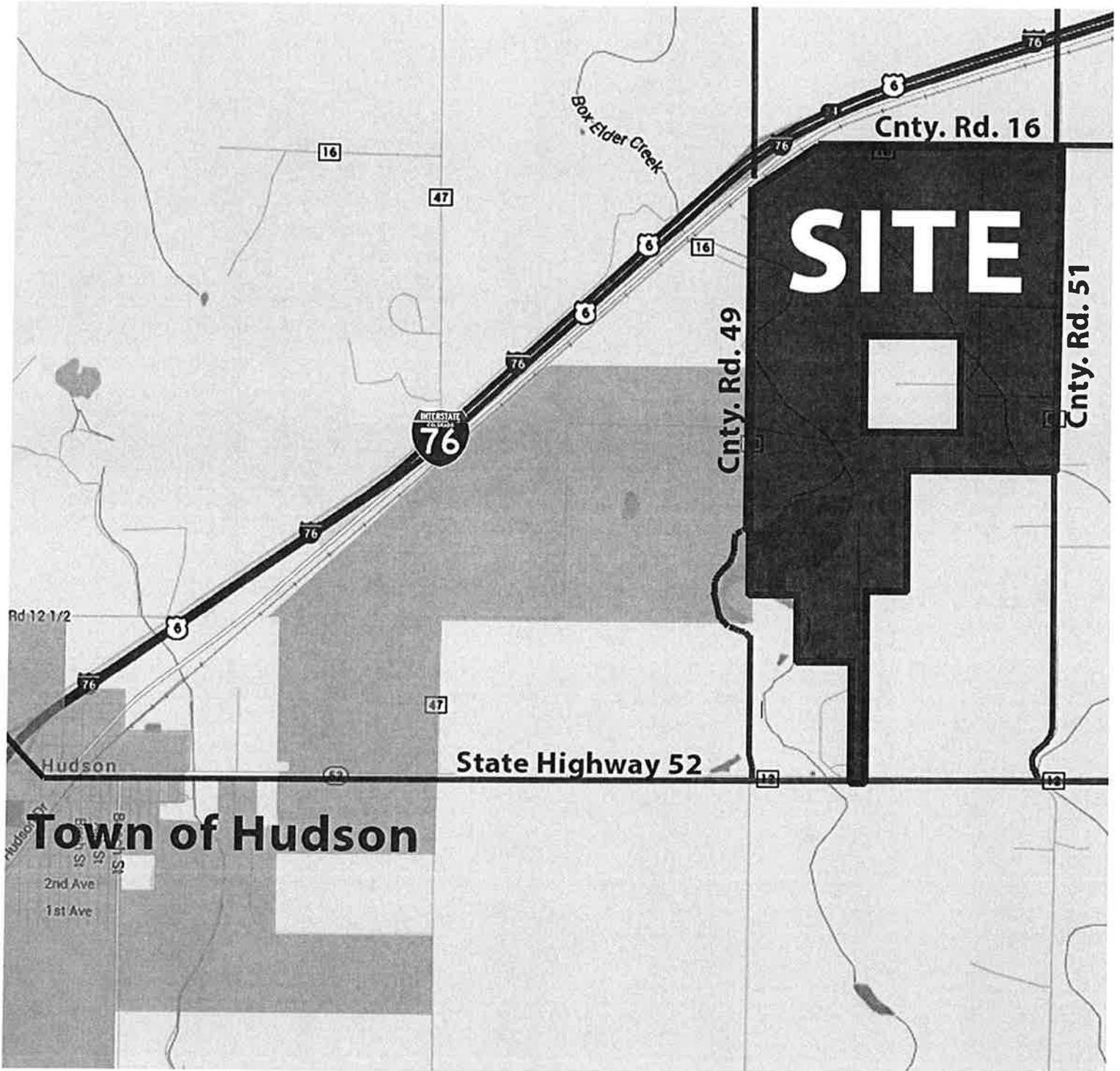
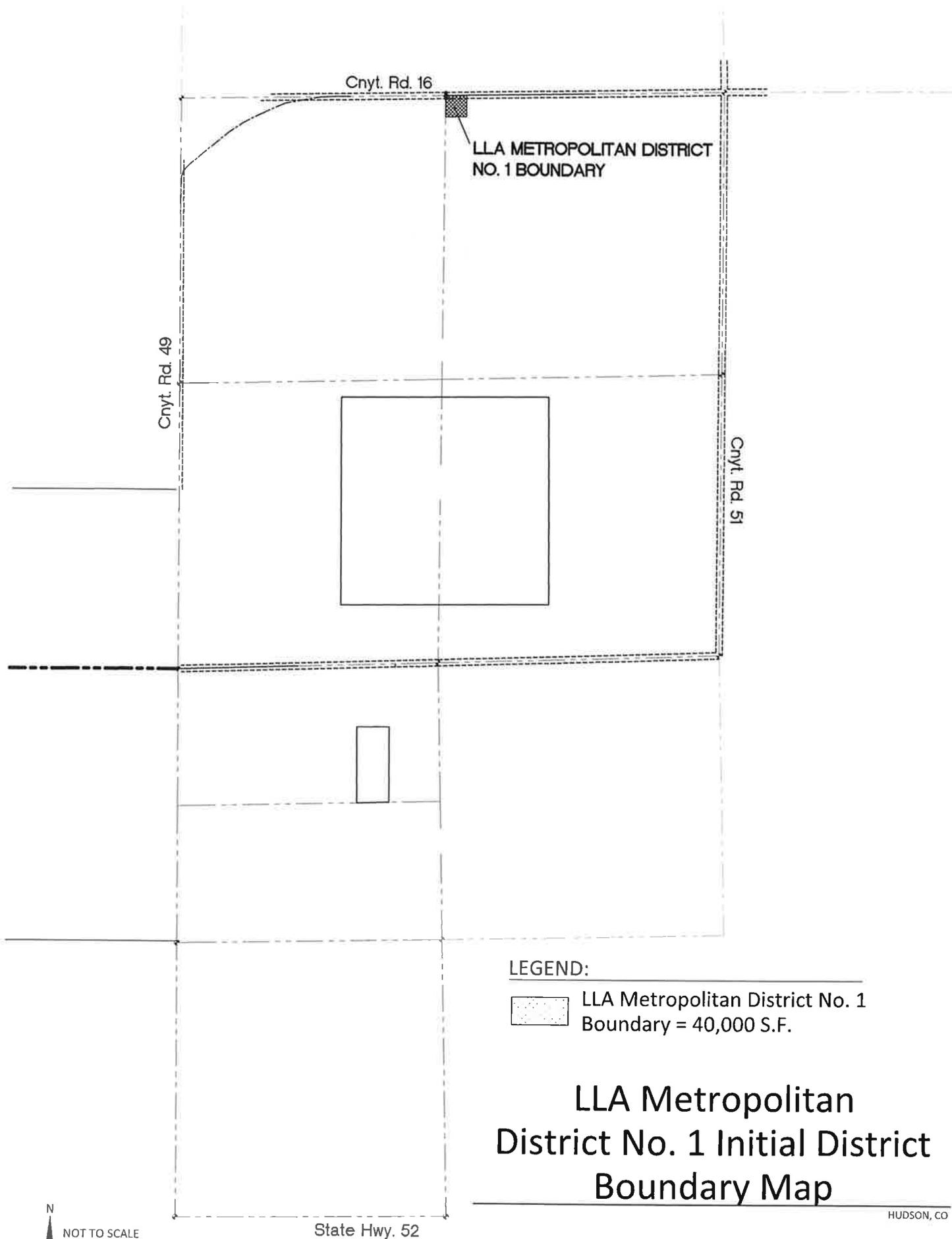


EXHIBIT B-2
Initial District Boundary Map



Cnyl. Rd. 16

LLA METROPOLITAN DISTRICT
NO. 1 BOUNDARY

Cnyl. Rd. 49

Cnyl. Rd. 51

State Hwy. 52

LEGEND:

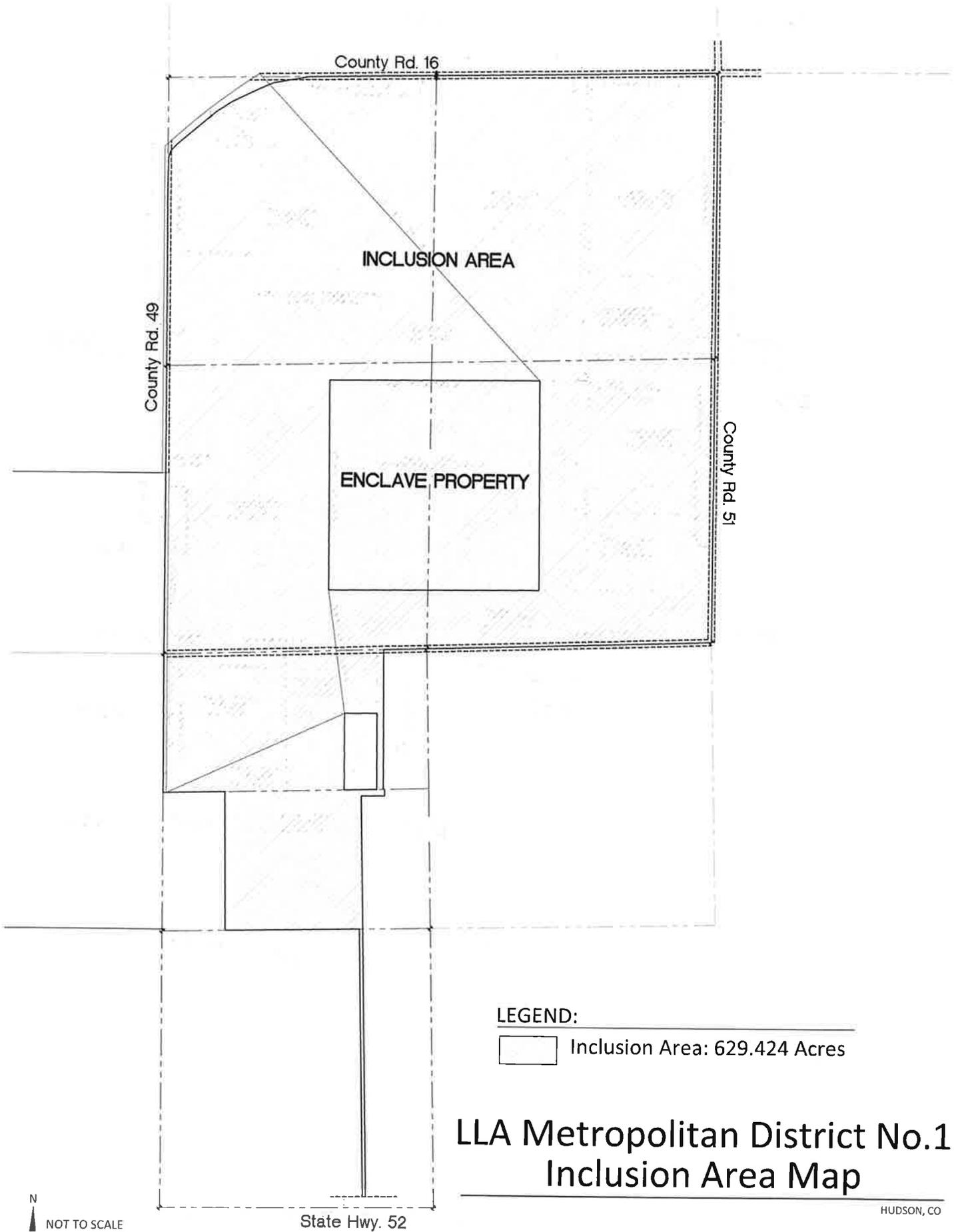


LLA Metropolitan District No. 1
Boundary = 40,000 S.F.

**LLA Metropolitan
District No. 1 Initial District
Boundary Map**

N
NOT TO SCALE

EXHIBIT B-3
Inclusion Area Map



County Rd. 16

INCLUSION AREA

County Rd. 49

ENCLAVE PROPERTY

County Rd. 51

State Hwy. 52

LEGEND:

 Inclusion Area: 629.424 Acres

LLA Metropolitan District No.1 Inclusion Area Map

HUDSON, CO

N
NOT TO SCALE

EXHIBIT C
Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT BETWEEN

**TOWN OF HUDSON, COLORADO
AND
LLA METROPOLITAN DISTRICT NO. 1**

THIS AGREEMENT is made and entered into as of this ____ day of _____, 20 __, by and between the TOWN OF HUDSON, COLORADO (the "Town"), and LLA METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"). The Town and the District are collectively referred to as the Parties.

RECITALS

WHEREAS, the District was organized to provide those services and to exercise powers as are more specifically set forth in the District's Service Plan approved by the Town on _____, 20 __ (the "Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the Town and the District; and

WHEREAS, the Town and the District have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Definitions. All of the defined terms used in this Agreement shall have the meanings set forth in the Service Plan.

2. Operations and Maintenance. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. It is anticipated that all Public Improvements located within the Service Area and financed and constructed by the District, except the Water Depot, will be conveyed to the Town for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan, applicable rules and regulations of the Town, and other applicable provisions of the Town Code. Except for bulk water service provided through the Water Depot and the financing and construction of Public Improvements, the Districts shall have no right or authority to provide municipal potable water service or sewer service to users in the Town or connect to the Town's municipal water system without an agreement with the Town.

Public Improvements located within the Service Area and not conveyed to the Town may be operated, maintained, repaired or replaced by the District only to the extent authorized in an approved subdivision improvement agreement or other written agreement with the Town. During the period that the District operates any Public Improvements, revenue to pay the expenses of operations may be obtained from fees legally imposed by the District or other legally available revenues of the District. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S.

The District's costs for administration shall include, but not be limited to, the authority to pay Director's compensation in amounts no greater than those amounts allowed under the Special District Act.

3. Acquisition of Land for Public Improvements and Easements. The District agrees to acquire by easement or plat dedication, or cause the dedication to the Town, of all land required by the Town for construction of Public Improvements being provided by the District that will be conveyed to the Town. Exceptions must be approved by the Town in writing.

4. Construction Standards. The District will ensure that the Public Improvements are designed and constructed to standards and specifications that are comparable to standards and specifications of the Town or other governmental entities within which the Public Improvements are located. For all Public Improvements constructed within the Town's boundaries for which the Town will assume ownership, operations and maintenance responsibility, or which are located within Town easements or rights-of-way, or which are connected to or influence the operation of Town-owned facilities, the District will obtain the Town's approval of civil engineering plans and applicable permits for construction and installation of Public Improvements, as required by Town rules and regulations, prior to performing such work.

5. Issuance of Privately Placed Debt. Prior to the issuance of any privately placed Debt, the District shall 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. The District shall not include within its boundaries any property outside the Town without the prior written consent of the Town Board of Trustees. The District

shall be authorized to include within its boundaries property within the Inclusion Area without prior written consent of the Town Board of Trustees. The Town acknowledges that the Service Plan contemplates, upon annexation, one of the Districts shall, in its discretion, include the Enclave Property without the prior written consent of the Town Board of Trustees and hereby agrees that such inclusion shall not constitute a material modification of the Service Plan.

7. Overlap Limitation. 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; provided, however, the foregoing shall not prohibit the Districts from consenting to the organization of an overlapping district for the purposes of funding Regional Improvements if so authorized or required in the Regional Improvements IGA, and the Town hereby agrees that any obligation of the District to impose the Regional Mill Levy will be decreased to the extent such overlapping district imposes a mill levy for Regional Improvements to assure that there is no double taxation for the Regional Improvements.

8. Total Debt Issuance. The District shall not issue Debt in excess of Two Hundred Twenty Million Dollars (\$220,000,000), together with such additional Debt, if any, as may be authorized in the Regional Improvements IGA.

9. Monies from Other Governments/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 Town is eligible to apply for, except pursuant to an intergovernmental agreement with the Town. This section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the District without any limitation.

10. Town Property Tax Revenue Sharing. The annexation of the Property will create an enclave property which is depicted and labeled as the Enclave Property on **Exhibit B-3** of the Service Plan. The Town agrees that if the Town elects to annex the Enclave Property into the Town, upon the Town receiving revenue from its levy of the Town's property tax in any year following annexation of the Enclave Property, the Town shall thereafter annually budget and appropriate fifty percent (50%) of the gross revenues derived from said mill levy on the Enclave Property for payment to District No. 1 to fund or reimburse costs incurred to finance and construct Public Improvements (the "Enclave Revenue Share"), it being hereby acknowledged that such Public Improvements will benefit the Town and the Enclave Property. The Town further agrees that it shall distribute the Enclave Revenue Share to District No. 1 annually on or before November 30th of each year beginning with the first occurring November 30th after the first anniversary date of the annexation of the Enclave Property. District No. 1 shall be responsible for preparing and processing plans for construction of the Public Improvements. It is the intent of the Parties that the Enclave Revenue Share be first expended in Public Improvements within seven (7) years from the date of the first distribution of the Enclave Revenue Share and that the Enclave Revenue Share received in any one year after that date be expended on Public Improvements within seven (7) years of deposit with District No. 1 (the

“Consecutive 7 Year Expenditure Cycles”). District No. 1 shall return to the Town within thirty (30) days after the expiration of any one Consecutive 7 Year Expenditure Cycle any amounts not expended or encumbered for funding of Public Improvements within that Consecutive 7 Year Expenditure Cycle. The Enclave Revenue Share shall be paid by the Town as set forth herein for thirty-five (35) years from the date of execution by the Town of the Enclave Property Tax Sharing Agreement, defined below. The Town further acknowledges and agrees that, as required by that certain Land Airport Annexation Agreement by and among the Town, Lloyd Land and Lloyd Land Airport, LLC (collectively, the “Property Owner”), dated as of November 5, 2014, and recorded in the real property records of Weld County, Colorado, on December 8, 2014, at Reception No. 4066757 (the “Annexation Agreement”), it shall execute an agreement (the “Enclave Property Tax Sharing Agreement”) with the Districts and the Property Owner by June 30, 2015, which Enclave Property Tax Sharing Agreement shall set forth the terms and conditions pursuant to which the Town will remit the Enclave Revenue Share which terms and conditions shall be consistent with the terms set forth in this Agreement unless otherwise agreed by the Parties in writing.

a. The distribution by the Town of the Enclave Revenue Share shall be contingent upon the Districts imposing a mill levy of no less than fifteen (15) mills and requiring the Enclave Revenue Share to pay for the costs of Public Improvements, including, but not limited to, reimbursement and financing costs for funding advanced for Public Improvements or to be used for payment of principal and interest on Bonds issued to fund Public Improvements. In addition, the Enclave Revenue Share shall not be paid to District No. 1 for any costs associated with the pumps or risers installed as a part of the Water Depot to be constructed, operated and maintained by Eastern Corridor Metropolitan District.

b. District No. 1 shall account for any Enclave Revenue Share expended on the costs of the Public Improvements related to the Water Depot which are located outside of the Town, including, but not limited to, the cost of the acquisition of rights-of-way or easements and the cost of installation of water pipelines (the “Offsite Water Depot Expenditures”), and shall expend an amount from revenue sources other than the Enclave Revenue Share, equal to or in excess of the Offsite Water Depot Expenditures, prior to the expiration of the term of the Enclave Property Tax Sharing Agreement, on Public Improvements located within the Inclusion Area of District No. 1 as set forth in its Service Plan.

c. Subject only to applicable constitutional and statutory limitations on the imposition, collection and expenditure of tax revenues, the Town may increase, but shall not decrease, the rate of ad valorem property tax levied during the term of the Enclave Property Tax Sharing Agreement and shall covenant not to take any action that would constitute a pledge or otherwise encumber the Enclave Revenue Share on a basis senior to the obligation to remit same to District No. 1 or adversely affect the amount or duration of the Enclave Revenue Share payable to District No. 1 as contemplated in the Enclave Property Tax Sharing Agreement.

d. Notwithstanding any provision to the contrary herein, the Town’s obligation to remit the Enclave Revenue Share shall be subject to applicable limitations, if any, in the documents (the “Bond Documents”) pursuant to which the Town issued its 1995 General

Obligation Bonds and Limited Tax General Obligation Bonds, Series 2009 (collectively, the "Town Bonds"); provided, however, that any amendments to the Bond Documents and/or refunding, refinancing or other restructuring of the Town Bonds shall be subject to the prior review by and written consent of District No. 1, which review may be limited to ensure that the contemplated action with respect to the Town Bonds will not adversely affect the ability of the Town to perform its obligations under the Enclave Property Tax Sharing Agreement and which consent shall not be unreasonably withheld.

11. Urban Renewal. If the Town elects to establish one or more urban renewal plan areas which include all or any portion of the property within the Districts and/or the Enclave Property, the Town hereby agrees that it shall enter into a cooperation agreement with the Districts that, at a minimum, will provide:

a. One hundred percent (100%) of the incremental revenues received by the Urban Renewal Authority derived from the levy of *ad valorem* property tax of the Districts shall be pledged and remitted to the Districts; and

b. Fifty percent (50%) of the incremental revenues received by the Urban Renewal Authority derived from the one hundred percent (100%) of the *ad valorem* property tax levied by the Town against the Enclave Property shall be pledged and remitted to the Districts or as otherwise required under the Enclave Property Tax Sharing Agreement.

12. Consolidation. 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, unless such consolidation is with District No. 2.

13. Bankruptcy Limitation. All of the limitations contained in the Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy have been established under the authority of the Town to approve a 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 would cause the District to impose a mill levy for repayment of Debt (not including Debt, if any, issued to finance Regional Improvements and secured by a pledge of Regional Mill Levy revenues of the District) that exceeds the Maximum Debt Mill Levy, shall be deemed a material modification of the 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 by the Town as part of a Service Plan Amendment.

14. Additional Services. In addition to the other powers of the District set forth in the Service Plan and subject to the limitations set forth in Section 2 of this Agreement, the District shall also have the authority to, but shall not be obligated to, provide any and all of such additional services and exercise such powers as are expressly or impliedly granted by Colorado law, including the power of covenant enforcement, design review and those powers enumerated in Sections 32-1-1101 and 32-1-1101.7, C.R.S. Pursuant to Section 32-1-1101(1)(f)(I), C.R.S., and Section 32-1-1101(1.5)(e), C.R.S., the District shall have the authority to divide the District into one or more areas consistent with the services, programs and facilities to be furnished therein. Pursuant to Section 32-1-1101.7, C.R.S. (the "SID Statute"), the District is authorized to establish a special improvement district within its boundaries to assess property, to provide and finance renewable energy and energy efficient improvements, and to undertake all activities set forth in the SID Statute, as it may be amended from time to time. The exercise of any such powers and authorities shall not be deemed a breach of this Agreement.

15. Dissolution. Upon an independent determination of the Town Board of Trustees that the purposes for which the District was created have been accomplished, the District agrees to file a petition 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: (a) the payment or discharge of all of its outstanding indebtedness; (b) assumption by some other appropriate entity of its essential services and operation and maintenance responsibilities for the Public Improvements; and (c) other financial obligations as required pursuant to State statutes.

16. Disclosure to Purchasers. The District will use reasonable efforts to assure that all developers of 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.

17. Service Plan Amendment Requirement. Actions of the District which violate the limitations set forth in the Service Plan or this Agreement shall be deemed to be material modifications to the Service Plan and breaches of this Agreement and the Town shall be entitled to all remedies available at law or in equity under State and local law.

18. Annual Report. The District shall be responsible for submitting an annual report to the Town Attorney's office no later than August 1st of each year.

a. Report Contents.

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

i. Boundary changes made or proposed to the District's boundary as of December 31st of the prior year;

ii. Agreements with other governmental entities, either entered into or proposed as of December 31st of the prior year;

iii. A list of all facilities and improvements constructed or acquired by the District and those that have been dedicated to and accepted by the Town as of December 31st of the prior year;

iv. Audit of the District's financial statements for the year ending December 31st of the previous year prepared in accordance with generally accepted accounting principles or audit exemption, if applicable;

v. Notice of continuing disclosure undertaking for events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument; and

vi. Any inability of the District to pay its obligations as they come due in accordance with the term of any Debt instruments, which continue beyond a ninety (90) day period.

19. 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 the District for payment of Debt (not including Debt, if any, issued to finance Regional Improvements and secured by a pledge of Regional Mill Levy revenues of the District), and shall be determined as follows:

a. For any portion of the District's aggregate Debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VI.C.2 of the Service Plan; adjusted to account for changes 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 are to be determined by the Board 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, 2015, 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.

b. For any portion of the District's aggregate Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

c. For purposes of the foregoing, once Debt has been determined to be within Section VI.C.2 of the Service Plan, so that the District is entitled to pledge to its payment an unlimited *ad valorem* mill levy, the District may provide that such Debt shall remain secured by

such unlimited mill levy, notwithstanding any subsequent change in the District's Debt to assessed valuation ratio. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S., and all other requirements of State law.

To the extent that the District is 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.

20. 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. At the District's discretion, these may include the power to assess fees, rates, tolls, penalties or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time. In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy.

21. Debt Instrument Disclosure Requirement. In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations in respect to the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the District.

22. Security for Debt. The District shall not pledge any revenue or property of the Town as security for the indebtedness set forth in the Service Plan. Approval of the Service Plan and this Agreement 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 or this Agreement 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.

23. Enterprise Financing. Pursuant to Title 37, Article 45.1, Part 1, C.R.S. (the "Enterprise Act"), and Article X, Section 20 of the Colorado Constitution ("TABOR"), the District may establish a water activity enterprise (an "Enterprise"). If established, the purpose of the Enterprise shall be to pursue or continue any and all of the District's water activities, as defined in the Enterprise Act, including, but not limited to, water acquisition and water project or

facility activities. Pursuant to the Enterprise Act, the Enterprise shall be wholly owned by the District, and the governing body of the Enterprise shall be the governing body of the District. The Enterprise shall have all powers and authority granted to water activity enterprises by the provisions of the Enterprise Act, including the powers to construct, operate and maintain facilities and provide water services; the power to contract with any person or entity; the power to impose rates, fees, tolls and charges; the power to collect and spend revenues; and the power to issue revenue bonds, notes or other obligations ("Enterprise Debt") payable from its revenues or from any other available funds of the Enterprise, all without reference or regard to the limitations contained in TABOR.

24. Notices. All notices, demands, requests or other communications to be sent by one Party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via Federal Express or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the District: LLA Metropolitan District No. 1
c/o McGeady Sisneros, P.C.
450 E. 17th Avenue, Suite 400
Denver, CO 80203
Attention: MaryAnn M. McGeady

With a copy to: McGeady Sisneros, P.C.
450 E. 17th Avenue, Suite 400
Denver, CO 80203
Attention: MaryAnn M. McGeady

To the Town: Town of Hudson
c/o Town Clerk
557 Ash Street
Hudson, CO 80642

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with Federal Express or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States mail. By giving the other Party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

25. Amendment. This Agreement may be amended, modified, changed or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan.

26. Assignment. Neither Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of the other Party, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.
27. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Party shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.
28. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado.
29. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.
30. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.
31. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the District and the Town any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions or provisions thereof, and all the covenants, terms, conditions and provisions in this Agreement by and on behalf of the District and the Town shall be for the sole and exclusive benefit of the District and the Town.
32. Severability. If any covenant, term, condition or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.
33. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.
34. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.
35. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plan.

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[SIGNATURE PAGE FOR INTERGOVERNMENTAL AGREEMENT]

LLA METROPOLITAN DISTRICT NO. 1

By: _____
President

Attest:

Secretary

TOWN OF HUDSON

By: _____
Its: _____

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____

RESOLUTION NO.

15-07

TITLE: APPROVING THE SERVICE PLAN FOR LLA METROPOLITAN DISTRICT NO. 2

WHEREAS, pursuant to Section 32-1-204.5, C.R.S., as amended, a Service Plan (“Service Plan”) for proposed LLA Metropolitan District No. 2 (“District”) has been submitted to the Board of Trustees (“Board”) of the Town of Hudson (“Town”); and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, the Board held a public hearing on the Service Plan for the District on January 21, 2015; and

WHEREAS, notice of the hearing before the Board was duly published in The Greeley Tribune, a newspaper of general circulation within the Town, on December 31, 2014, as required by law, and forwarded to the petitioners, others entitled to postcard or letter notice, the Division of Local Government, and the governing body of each municipality and title 32 district that has levied an ad valorem tax within the next preceding tax year and that has boundaries within a radius of three miles of the District; and

WHEREAS, the Board has considered the Service Plan and all other testimony and evidence presented at the hearing; and

WHEREAS, the Board finds that the Service Plan should be approved unconditionally, as permitted by Sections 32-1-203(2) and 32-1-204.5(1)(a), C.R.S., as amended; and

WHEREAS, the Board further finds that it is in the best interests of the citizens of the Town to enter into an Intergovernmental Agreement (“IGA”) with the District for the purpose of assigning the relative rights and responsibilities between the Town and the District with respect to certain functions, operations, and obligations of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF HUDSON, COLORADO:

Section 1: The Board hereby determines that all of the requirements of Title 32, Article 1, Part 2, C.R.S., as amended, relating to the filing of the Service Plan for the District have been fulfilled and that notice of the hearing was given in the time and manner required by law.

Section 2: The Board further determines that all pertinent facts, matters and issues were submitted at the public hearing; that all interested parties were heard or had the opportunity to be heard and that evidence satisfactory to the Board of each of the following was presented:

(a) There is sufficient existing and projected need for organized service in the area to be serviced by the proposed District;

- (b) The existing service in the area to be served by the proposed District is inadequate for present and projected needs;
- (c) The proposed District is capable of providing economical and sufficient service to the area within the proposed boundaries;
- (d) The area to be included in the proposed District has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
- (e) Adequate service is not, or will not be, available to the area through the Town of Hudson or other existing quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;
- (f) The facility and service standards of the proposed District are compatible with the facility and service standards of Town and each municipality which is an interested party under Section 32-1-204, C.R.S.;
- (g) The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the Town code;
- (h) The proposal is in compliance with any duly adopted Town, regional, or state long-range water quality management plan for the area;
- (i) The creation of the proposed District will be in the best interests of the area proposed to be served; and
- (j) The Service Plan, based upon the statements set forth in the Service Plan and upon all evidence presented at the Public Hearing on the Service Plan, meets all conditions and requirements of Sections 32-1-201, *et seq.*, C.R.S.

Section 3: The Board hereby approves the Service Plan for the District as submitted.

Section 4: The Mayor and the Town Clerk are hereby authorized to execute, on behalf of the Town, the IGA in substantially the form presented at this meeting, with such technical additions, deletions, and variations as the Town Attorney may deem necessary or appropriate and not inconsistent with this Resolution.

Section 5: This Resolution shall be filed in the records of the Town and a certified copy thereof submitted to the petitioners for the District for the purpose of filing in the District Court of Weld County.

Section 6: All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

INTRODUCED, READ AND PASSED this 21st day of January, 2015.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

ATTEST:

Linnette Barker, CMC, Town Clerk

SERVICE PLAN

FOR

LLA METROPOLITAN DISTRICT NO. 2

TOWN OF HUDSON, WELD COUNTY, COLORADO

Prepared

by

McGeady Sisneros, P.C.
450 E. 17th Avenue, Suite 400
Denver, Colorado 80203

Submitted: December 11, 2014

Approved: _____, 2015

Initials: _____

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LIST OF EXHIBITS

EXHIBIT A-1	Legal Description of Initial District Boundary
EXHIBIT A-2	Legal Description of Inclusion Area
EXHIBIT B-1	Vicinity Map
EXHIBIT B-2	Initial District Boundary Map
EXHIBIT B-3	Inclusion Area Map
EXHIBIT C	Intergovernmental Agreement

**SERVICE PLAN FOR
LLA METROPOLITAN DISTRICT NO. 2**

I. INTRODUCTION

A. Purpose and Intent. The District is an independent unit of local government, separate and distinct from the Town, as hereinafter defined, and, except as may otherwise be provided for by the State, as hereinafter defined, or local law or this Service Plan, its activities are subject to review by the Town only insofar as they may deviate in a material manner from the requirements of the Service Plan or the intergovernmental agreements between the Town and the District. It is intended that the District will provide a part or all of the Public Improvements, as hereinafter defined, for the use and benefit of the inhabitants and taxpayers of the District. The primary purpose of the District will be to finance and construct or acquire these Public Improvements.

B. Need for the District. 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, as hereinafter defined. The District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economical manner possible.

C. Objective of the Town Regarding District's 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, construction, installation, relocation and redevelopment of the Public Improvements from the proceeds of Debt, as hereinafter defined, to be issued by the District, and for the operation and maintenance of certain of the Public Improvements. All Debt is expected to be repaid, and the costs of operating and maintaining certain of the Public Improvements are expected to be paid, by taxes, fees, rates, tolls and charges, and other legally available revenues. No debt service mill levy shall be imposed and collected at a level higher than the Maximum Debt Mill Levy, as hereinafter defined. Debt which is issued within these parameters, as further described in the Financial Plan, as hereinafter defined, will insulate property owners from excessive tax 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 both a limited purpose for the District and explicit 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, and to provide certain operation and maintenance services related to the Public Improvements, subject to the limitations set forth herein. Additional operational activities are allowed, but only as authorized by an intergovernmental agreement with the Town.

The District shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid, in part, from tax revenues collected from a mill levy which shall

not exceed the Maximum Debt Mill Levy. It is the intent of this Service Plan to assure to the extent possible that no property within the District's boundaries bear a property tax burden for repayment of Debt that is greater than that associated with the Maximum Debt Mill Levy even under bankruptcy or other unusual situations.

II. 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 the District.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which the District has promised to impose an *ad valorem* property tax mill levy. Enterprise Debt shall not be included in the definition of Bond, Bonds or Debt.

C.R.S.: means the Colorado Revised Statutes, as the same may be amended and restated from time to time.

District or District No. 2: means LLA Metropolitan District No. 2.

District No. 1: means LLA Metropolitan District No. 1.

Districts: mean, collectively, the District and District No. 1.

Eastern Corridor Metropolitan District: means the Eastern Corridor Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado.

Enclave Property: means that certain parcel identified as the Enclave Property on Inclusion Area Map.

Enterprise: means a water activity enterprise established by the District.

Enterprise Act: means Title 37, Article 45.1, Part 1, C.R.S., as amended from time to time.

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.

Financial Plan: means the combined Financial Plans of the Districts as described in Section VI, which describes: (i) how the Public Improvements are 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.

Inclusion Area : means the property depicted in the Inclusion Area Map.

Inclusion Area Map: means the map attached hereto as **Exhibit B-3**, depicting the property proposed for inclusion within the boundaries of one of the Districts, subject to the limitation set forth in Sections V.A.6 and V.A.7 below.

Initial District Boundary: means the boundary of the area legally described in **Exhibit A-1** and depicted in the Initial District Boundary Map.

Initial District Boundary Map: means the map attached hereto as **Exhibit B-2**, depicting the District's initial boundaries.

Intergovernmental Agreement: means the intergovernmental agreement between the District and the Town in the form attached hereto as **Exhibit C**.

Land Use Plan: means the zoning documents approved at the time of annexation of the Property in the Inclusion Area Boundaries either a Sketch Plan, Preliminary Plat and Final Plat, or Planned Unit Development for the Property, together with any required Subdivision Improvement Agreements as approved by the Town pursuant to Town Code, and as amended from time to time with Town approval, which identify, among other things, Public Improvements necessary for facilitating development of property within the Service Area.

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

Project: means the development or property commonly referred to as Lloyd Land Airport.

Property: means the portion of the property depicted on the Inclusion Area Map which is within the City and does not include the portion of the property on the Inclusion Area Map identified as the Enclave Property.

Public Improvements: means a part or all of the improvements, including, without limitation, the Regional 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 V below to serve the future taxpayers and inhabitants of the Service Area as determined by the Board of the District.

Regional Improvements: means the specific Public Improvements identified to be funded as set forth in a Regional Improvement IGA.

Regional Improvements IGA: means an intergovernmental agreement to be entered into between the Town, the District and one or more additional special districts to provide a part or all of the funding for one or more of the Regional Improvements.

Regional Mill Levy: means a mill levy to be imposed by the District as imposed pursuant to the terms of a Regional Improvements IGA. The Regional Mill Levy shall not, without the mutual written consent of the Town and the District, exceed ten (10) mills adjusted to account for changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement. The Regional Mill Levy limitation set forth herein may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board 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, 2015, 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.

Service Area: means the property within the Initial District Boundary Map and the Inclusion Area Boundary Map, as well as any additional property actually included into the boundaries of the Districts in accordance with Section V.

Service Plan: means this service plan for the District as approved by the Town Board of Trustees.

Service Plan Amendment: means an amendment to the Service Plan as approved by the Town Board of Trustees in accordance with the applicable State law.

Special District Act: means Section 32-1-101, *et seq.*, C.R.S., as amended from time to time.

State: means the State of Colorado.

TABOR: means the Taxpayer's Bill of Rights set forth at Article X, Section 20 of the Colorado Constitution.

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

Town: means the Town of Hudson, Colorado.

Town Board of Trustees: means the Board of Trustees of the Town.

Town Code: means the Municipal Code for the Town.

III. BOUNDARIES

The area within the Initial District Boundary includes approximately Four Hundred Twenty-Two and One-Half (422.5) acres and the total area proposed to be included in the Inclusion Area is approximately Seven Hundred Eighteen (718) acres. Legal descriptions of the Initial District Boundary and the Inclusion Area are attached hereto as **Exhibit A-1** and **Exhibit A-2**, respectively. A vicinity map is attached hereto as **Exhibit B-1**. A map of the Initial District Boundary is attached hereto as **Exhibit B-2**, and a map of the Inclusion Area is attached hereto as **Exhibit B-3**. It is anticipated that the Districts' boundaries will change from time to time as the Districts undergo 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 Section V below.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately Seven Hundred Eighteen (718) acres of land. The current assessed valuation of the Service Area is approximately \$0 for purposes of this Service Plan and, at build-out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The day time population of the District at build-out is estimated to be approximately Forty Thousand (40,000) people.

The Land Use Plan for the property in the Initial District Boundary is being approved by the Town as a part of the annexation of the Property in the Inclusion Area Boundaries.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the District and Service Plan Amendment.

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 Colorado Constitution, subject to the limitations set forth herein.

1. **Water System.** Pursuant to the Special District Act, the District shall be authorized to enter into intergovernmental agreements with the Eastern Corridor Metropolitan District for the design, acquisition, installation, construction, financing, ownership, operation and maintenance of a potable and non-potable water supply, storage, transmission, treatment and distribution system, among other Public Improvements. The water system improvements anticipated to be constructed, operated and maintained by Eastern Corridor Metropolitan District for the purpose of receiving, treating and delivering bulk water service to Customers, as defined in the Eastern Corridor Metropolitan District Service Plan, pursuant to these intergovernmental agreements are, collectively, hereafter referred to as the "Water Depot." Neither the District nor Eastern Corridor Metropolitan District shall be authorized to interconnect with the Town's municipal water system without an intergovernmental agreement with the Town setting forth the

terms and conditions for such interconnection, it being the intent that the Water Depot shall be owned, operated and maintained by Eastern Corridor Metropolitan District subject to the limitations set forth in the service plan for Eastern Corridor Metropolitan District. Neither the District nor Eastern Corridor Metropolitan District shall be authorized to provide municipal water service to any residential end user without the written consent of the Town.

2. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. It is anticipated that all Public Improvements located within the Service Area and financed and constructed by the District, except the Water Depot, will be conveyed to the Town for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan, applicable rules and regulations of the Town, and other applicable provisions of the Town Code. Except for bulk water service provided through the Water Depot and the financing and construction of Public Improvements, the Districts shall have no right or authority to provide municipal potable water service or sewer service to users in the Town or connect to the Town's municipal water system without an agreement with the Town.

Public Improvements located within the Service Area and not conveyed to the Town may be operated, maintained, repaired or replaced by the District only to the extent authorized in an approved subdivision improvement agreement or other written agreement with the Town. During the period that the District operates any Public Improvements, revenue to pay the expenses of operations may be obtained from fees legally imposed by the District or other legally available revenues of the District. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S.

3. Acquisition of Land for Public Improvements and Easements. The District agrees to acquire by easement or plat dedication, or cause the dedication to the Town of all land required by the Town for construction of Public Improvements being provided by the District that will be conveyed to the Town. Exceptions must be approved by the Town in writing.

4. Construction Standards Limitation. The District will ensure that the Public Improvements are designed and constructed to standards and specifications that are comparable to the standards and specifications of the Town or other governmental entities within which the Public Improvements are located. For all Public Improvements constructed within the Town's boundaries for which the Town will assume ownership, operations and maintenance responsibility, the District will obtain the Town's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements, as required by Town rules and regulations, prior to initiating such construction.

5. Privately Placed Debt Limit. Prior to the issuance of any privately placed Debt, the District shall 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 its boundaries any property outside of the Inclusion Area or outside of the Town without the prior written consent of the Town Board of Trustees. The District shall be authorized to include within its boundaries property within the Inclusion Area without prior written consent of the Town Board of Trustees. It is anticipated that the Enclave Property will be annexed within the Town boundaries. It is also anticipated that the Enclave Property will be included within the boundaries of one of the Districts and be subject to the taxes and rates, fees, tolls and charges that are applied and imposed upon all property within the boundaries of such District. Upon annexation of the Enclave Property, the Town shall share and remit to District No. 1 a portion of revenues derived from imposition of the Town property tax on the Enclave Property in accordance with the Intergovernmental Agreement.

7. Overlap Limitation. 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 district will not at any time exceed the Maximum Debt Mill Levy of the District; provided, however, the foregoing shall not prohibit the District from consenting to the organization of an overlapping district for the purposes of funding Regional Improvements as described in Section V.C.3 herein.

8. Total Debt Issuance Limitation. The Districts, collectively, shall not issue Debt in excess of Two Hundred Twenty Million Dollars (\$220,000,000); provided, however, such Total Debt Issuance Limitation may be increased in the event and to the extent that the Districts pledge to impose the Regional Mill Levy to finance a portion of the Regional Improvements and such increase in the Total Debt Issuance Limitation shall not constitute a material modification of this Service Plan.

9. Monies from Other Governments/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 Town is eligible to apply for, except pursuant to an intergovernmental agreement with the Town. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the District without any limitation.

10. 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, unless such consolidation is with District No. 1.

11. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy, have been established under the authority of the Town to approve a 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 would cause the District to impose a mill levy for repayment of debt that exceeds the Maximum Debt Mill Levy, 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 by the Town as part of a Service Plan Amendment.

12. Additional Services. In addition to the other powers of the District set forth in this Section V and subject to the limitations set forth in Section V.A.2, the District shall also have the authority to, but shall not be obligated to, provide any and all of such additional services and exercise such powers as are expressly or impliedly granted by Colorado law, including the power of covenant enforcement, design review and those powers enumerated in Sections 32-1-1101 and 32-1-1101.7, C.R.S. Pursuant to Section 32-1-1101(1)(f)(I), C.R.S., and Section 32-1-1101(1.5)(e), C.R.S., the District shall have the authority to divide the District into one or more areas consistent with the services, programs and facilities to be furnished therein. Pursuant to Section 32-1-1101.7, C.R.S. (the “SID Statute”), the District is authorized to establish a special improvement district within its boundaries to assess property, to provide and finance renewable energy and energy efficient improvements, and to undertake all activities set forth in the SID Statute, as it may be amended from time to time. The exercise of any such powers and authorities shall not be deemed a material modification of this Service Plan.

13. Service Plan Amendment Requirement. The 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. Actions of the District which violate the limitations of this Service Plan or the Intergovernmental Agreement shall be deemed material modifications to this Service Plan and breaches of such Intergovernmental Agreement, and the Town shall be entitled to all remedies available at law or in equity under State and local law.

14. Preliminary Engineering Survey. The District shall have the 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, including the extension of water service and road improvements to the Service Area and other Public Improvements which will be more specifically defined in the Land Use Plan. 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 is approximately One Hundred Ten Million Dollars (\$110,000,000). It is acknowledged that the foregoing Public Improvements cost estimate does not include the costs of any Regional Improvements the District shall be authorized to finance or construct pursuant to the Regional Improvements IGA.

All of the Public Improvements within the Town boundaries 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 Land Use Plan. All Public Improvements outside the Town boundaries will be designed in accordance with the requirements of the applicable jurisdictions. All construction cost estimates are based on the assumption that construction conforms to applicable local, State and federal requirements.

B. Multiple District Structure.

It is anticipated that the Districts, collectively, will undertake the financing and construction of the Public Improvements contemplated herein. Specifically, the Districts will enter into one or more Intergovernmental Cost Sharing and Recovery Agreements which shall govern the relationship between and among the Districts with respect to the financing, construction and operation of the Public Improvements contemplated herein. The District will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the Public Improvements.

C. Intergovernmental Agreements.

It is anticipated that the District will undertake the financing and construction of the Public Improvements contemplated herein through intergovernmental agreements, including, but not limited to, the following:

1. Intergovernmental Cost Sharing and Recovery Agreement(s) with District No. 1 to coordinate the provision of services, the design, planning, construction, acquisition and redevelopment of Public Improvements and incurrence of multiple fiscal year obligations and cost sharing in relation to such activities.

2. Intergovernmental agreements with the Eastern Corridor Metropolitan District and other governmental entities to provide the Public Improvements and services.

3. Regional Improvements IGA at such time as the District and the Town have mutually agreed upon the specific Regional Improvements to be funded and have mutually agreed upon the sources of funding that will be available. The Regional Improvements IGA will

set forth the amount of the Regional Mill Levy and the terms for imposition of the mill levy as the District's contribution towards the funding of the Regional Improvements.

The District will include within its election questions the authority to enter into the Regional Improvements IGA and the authority to impose the Regional Mill Levy to be used to contribute to the funding of specific regional infrastructure as required in the Regional Improvements IGA. One alternative for the funding of the Regional Improvements is the organization of a new district by the Town. If such a district is organized and it overlaps the District, any obligation of the District to impose the Regional Mill Levy will be decreased to the extent the overlapping district is imposing a mill levy for Regional Improvements to assure that there is no double taxation for Regional Improvements.

VI. 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 its revenues and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District shall be to issue such Debt as the District can reasonably pay from revenues derived from the Maximum Debt Mill Levy and other legally available revenues. The total Debt that the District shall be permitted to issue shall not exceed Two Hundred Twenty Million Dollars (\$220,000,000) and shall be permitted to be issued on a schedule and in such year or years as the District determines shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs, subject to such additional Debt, if any, the District may issue for Regional Improvements in accordance with the Regional Improvements IGA, and the Town's approval of the Regional Improvements IGA shall be deemed authorized for such additional District Debt without the need for modification of this Service Plan. All Debt issued by the District may be payable from any and all legally available revenues of the District, including general *ad valorem* taxes to be imposed upon all taxable property within the District. The District will also rely upon various other revenue sources, including the power to assess fees, rates, tolls, penalties or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time.

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 the District for payment of Debt (not

including Debt, if any, issued to finance Regional Improvements and secured by a pledge of Regional Mill Levy revenues of the District), and shall be determined as follows:

1. For any portion of the District's aggregate Debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VI.C.2 below; adjusted to account for changes 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 (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, 2015, 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.

2. For any portion of the District's aggregate Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

3. For purposes of the foregoing, once Debt has been determined to be within Section VI.C.2 above, so that the District is entitled to pledge to its payment an unlimited *ad valorem* mill levy, the District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the District's Debt to assessed valuation ratio. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S., and all other requirements of State law.

To the extent that the District is 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 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. 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. At the District's discretion, these may include the power to assess fees, rates, tolls, penalties or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time. In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy.

E. Debt Instrument Disclosure Requirement.

In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the District.

F. Security for Debt.

The District shall not pledge any revenue or property of the Town as security for the indebtedness set forth in this Service Plan. 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. Enterprise Financing.

Pursuant to the Enterprise Act and TABOR, the District may establish an Enterprise. If established, the purpose of the Enterprise shall be to pursue or continue any and all of the District's water activities, as defined in the Enterprise Act, including, but not limited to, water acquisition and water project or facility activities. Pursuant to the Enterprise Act, the Enterprise shall be wholly owned by the District, and the governing body of the Enterprise shall be the governing body of the District. The Enterprise shall have all powers and authority granted to water activity enterprises by the provisions of the Enterprise Act, including the powers to construct, operate and maintain facilities, and provide water services; the power to contract with any person or entity; the power to impose rates, fees, tolls and charges; the power to collect and spend revenues; and the power to issue revenue bonds, notes or other obligations ("Enterprise Debt") payable from its revenues or from any other available funds of the Enterprise; all without reference or regard to the limitations contained in TABOR.

H. 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 the District will remain under the control of the District's Board. Pursuant to and in accordance with the Enterprise Act and TABOR, the Enterprise shall be excluded from the provisions of TABOR.

I. District's Administrative and Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations, is part of the estimated cost of Public Improvements, 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 anticipated to be approximately Fifty Thousand Dollars (\$50,000) and will be derived from property taxes, developer advances and other revenues.

The Maximum Debt Mill Levy for the repayment of Debt shall not apply to the District's ability to increase its mill levy as necessary for provision of administrative, and, to the extent authorized herein, operation and maintenance services to its taxpayers and service users.

The District's costs for administration shall include, but not be limited to, the authority to pay Director's compensation in amounts no greater than those amounts allowed under the Special District Act.

VII. ANNUAL REPORT

A. General.

The District shall be responsible for submitting an annual report to the Town Attorney's office no later than August 1st of each year.

B. Report Contents.

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

1. Boundary changes made or proposed to the District's boundary as of December 31st of the prior year.
2. Agreements with other governmental entities, either entered into or proposed as of December 31st of the prior year.
3. A list of all facilities and improvements constructed or acquired by the District and those that have been dedicated to and accepted by the Town as of December 31st of the prior year.
4. Audit of the District's financial statements, for the year ending December 31st of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

5. Notice of continuing disclosure undertaking for events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.

6. Any inability of the District to pay its obligations as they come due in accordance with the terms of any Debt instruments, which continue beyond a ninety (90) day period.

VIII. DISSOLUTION

Upon an independent determination of the Town Board of Trustees that the purposes for which the District was created have been accomplished, the District agrees to file a petition 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: (a) the payment or discharge of all its outstanding indebtedness; (b) assumption by some other appropriate entity of its essential services and operation and maintenance responsibilities for the Public Improvements; and (c) other financial obligations as required pursuant to State statutes.

IX. 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.

X. INTERGOVERNMENTAL AGREEMENT

The form of the Intergovernmental Agreement is attached hereto as **Exhibit C**. The District shall approve the Intergovernmental Agreement in the form attached as **Exhibit C** within ninety (90) days of the date of organization. Failure of the District to execute the Intergovernmental Agreement as required herein shall constitute a material modification and shall require a Service Plan Amendment. The Town Board of Trustees shall approve the Intergovernmental Agreement in the form attached as **Exhibit C** at the public hearing approving the Service Plan. The Intergovernmental Agreement may be amended by mutual agreement of the Town and District, which amendment shall not require this Service Plan to be amended. In the event of conflict between the Intergovernmental Agreement and this Service Plan, the Intergovernmental Agreement shall govern.

XI. 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;
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 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 are compatible with the facility and service standards of the Town within which the special district is 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 comprehensive plan adopted pursuant to the Town Code;
8. The proposal is in compliance with any duly adopted Town, regional or State long-range water quality management plan for the area; and
9. The creation of the District is in the best interests of the area proposed to be served.

EXHIBIT A-1

Legal Description of Initial District Boundary



DAVID E. ARCHER & ASSOCIATES, INC.
PROFESSIONAL LAND SURVEYORS & ENGINEERS

105 Wilcox Street * Castle Rock, CO 80104
PHONE (303) 688-4642 * FAX (303) 688-4675 * karcher@davidearcher.com

Job No. 14-1117

December 8, 2014

LLA METROPOLITAN DISTRICT NO.2, INITIAL DISTRICT BOUNDARY

PROPERTY DESCRIPTION:

A tract of land situated in Section 31, Township 2 North, Range 64 West and in Section 6, Township 1 North Range 64 West of the 6th Principal Meridian, Weld County, Colorado, described as follows:

Beginning at the Northeast corner of said Section 31 and considering the East line of the Northeast ¼ of Section 31 to bear S 00°05'33"W with all bearings contained herein relative thereto;

Thence S 00°05'33"W a distance of 2665.09 feet to the East ¼ corner of said Section 31;

Thence S 00°05'17"W a distance of 2654.87 feet to the Southeast corner of said Section 31;

Thence S 88°08'19"W a distance of 2650.28 feet to the South ¼ corner of said Section 31;

Thence S 88°08'14"W along the South line of the Southwest ¼ of said Section 31 a distance of 1324.98 feet;

Thence S 01°32'39"E a distance of 575.01 feet;

Thence S 89°19'37"W a distance of 572.63 feet;

Thence N 00°34'54"W a distance of 1152.89 feet;

Thence N 89°22'01"E a distance of 510.55 feet;

Thence N 00°31'26"W a distance of 4793.25 feet to the North line of the Northwest ¼ of said Section 31;

Thence N 88°53'15"E a distance of 1443.42 feet to the North ¼ corner of said Section 31;

Thence N 88°53'31"E a distance of 2641.01 feet to the Point of Beginning

EXCEPTING THEREFROM THE Rocky Mountain Energy Center LLC parcel described as follows:

Commencing at the South ¼ corner of said Section 31;

Thence N 59°53'02"W a distance of 1072.33 feet to the point of beginning;

Thence N 00°31'26"W a distance of 1961.35 feet;

Thence N 89°30'04"E a distance of 1966.30 feet;

Thence S 00°33'39"E a distance of 1958.51 feet;

Thence S 89°25'06"W a distance of 1967.56 feet to the Point of Beginning.

AND EXCEPTING THEREFROM The North 200.00 feet of the West 200.00 feet of the Northeast ¼ of Section 31

The LLA Metropolitan District No. 2 Initial District Boundary contains a net area of 422.52 Acres

EXHIBIT A-2

Legal Description of Inclusion Area



DAVID E. ARCHER & ASSOCIATES, INC.
PROFESSIONAL LAND SURVEYORS & ENGINEERS

105 Wilcox Street * Castle Rock, CO 80104
PHONE (303) 688-4642 * FAX (303) 688-4675 * karcher@davidearcher.com

Job No. 14-1117
December 8, 2014
Page 1 of 2 Pages

LLA Metropolitan District No. 2 Inclusion Area

PROPERTY DESCRIPTION:

A tract of land situated in Section 31, Township 2 North, Range 64 West and in Section 6, Township 1 North Range 64 West of the 6th Principal Meridian, Weld County, Colorado, described as follows:

Beginning at the Northeast corner of said Section 31 and considering the East line of the Northeast ¼ of Section 31 to bear S 00°05'33"W with all bearings contained herein relative thereto;

Thence S 00°05'33"W a distance of 2665.09 feet to the East ¼ corner of said Section 31;

Thence S 00°05'17"W a distance of 2654.87 feet to the Southeast corner of said Section 31;

Thence S 88°08'19"W a distance of 2650.28 feet to the South ¼ corner of said Section 31;

Thence S 88°08'11"W along the South line of the Southwest ¼ of said Section 31 a distance of 405.51 feet;

Thence S 00°37'21"E a distance of 1305.20 feet;

Thence N 88°27'56"E a distance of 13.61 feet;

Thence S 01°31'30"E a distance of 60.00 feet;

Thence S 88°27'56"W a distance of 220.00 feet;

Thence S 01°31'30"E a distance of 1241.58 feet;

Thence S 01°31'25"E a distance of 2504.38 feet to the North Right of Way line of State Highway No. 52;

Thence S 89°19'51"W along said North Right of Way line a distance of 30.00 feet;

Thence N 01°31'25"W a distance of 2504.07 feet;

Thence S 88°45'13"W a distance of 1245.62 feet;

Thence N 01°04'59"W a distance of 1295.21 feet;

Thence S 88°27'59"W a distance of 543.52 feet to the East Right of Way line of County Road 49;

Thence N 00°37'11"W along said East Right of Way line a distance of 1293.65 feet to the South line of said Section 31;

Thence N 00°25'59"W along said East Right of Way line a distance of 1691.17 feet;

Job No. 14-1117
December 8, 2014
Page 2 of 2 pages

LLA Metropolitan District No. 2 Inclusion Area (continued)

Thence S 89°34'01"W a distance of 30.00 feet to the West line of the Southwest ¼ of said Section 31;

Thence N 00°25'59"W a distance of 1001.58 feet to the West ¼ corner of said Section 31;

Thence N 00°29'19"W along the West line of the Northwest ¼ of said Section 31 a distance of 2076.94 feet to the Southeasterly Right of Way line of the Burlington Northern Railroad;

Thence Northeasterly along said Southeasterly Right of Way line along the arc of a curve to the right a distance of 1019.35 feet, said curve has a radius of 6255.32 feet, a central angle of 09°20'12' and a chord that Bears N 51°41'23"E a distance of 1018.23 feet to the North line of the Northwest ¼ of said Section 31;

Thence N 88°53'15"E a distance of 1706.08 feet to the North ¼ corner of said Section 31;

Thence N 88°53'31"E a distance of 2641.01 feet to the Point of Beginning.

EXCEPTING THEREFROM the Covarrubias Parcel described as follows:

Commencing at the North ¼ corner of Section 6, Township 1 North, Range 64 West of the 6th Principal Meridian;

Thence S 37°02'47"W a distance of 761.62 feet to the Point of Beginning;

Thence S 00°37'21"E a distance of 712.08 feet;

Thence S 88°27'56"W a distance of 305.20 feet;

Thence N 00°37'21"W a distance of 716.67 feet;

Thence N 89°19'38"E a distance of 305.16 feet to the Point of Beginning

The LLA Metropolitan District No.2 Inclusion Area contains a net area of 718.21 Acres, more or less

EXHIBIT B-1

Vicinity Map

VICINITY MAP

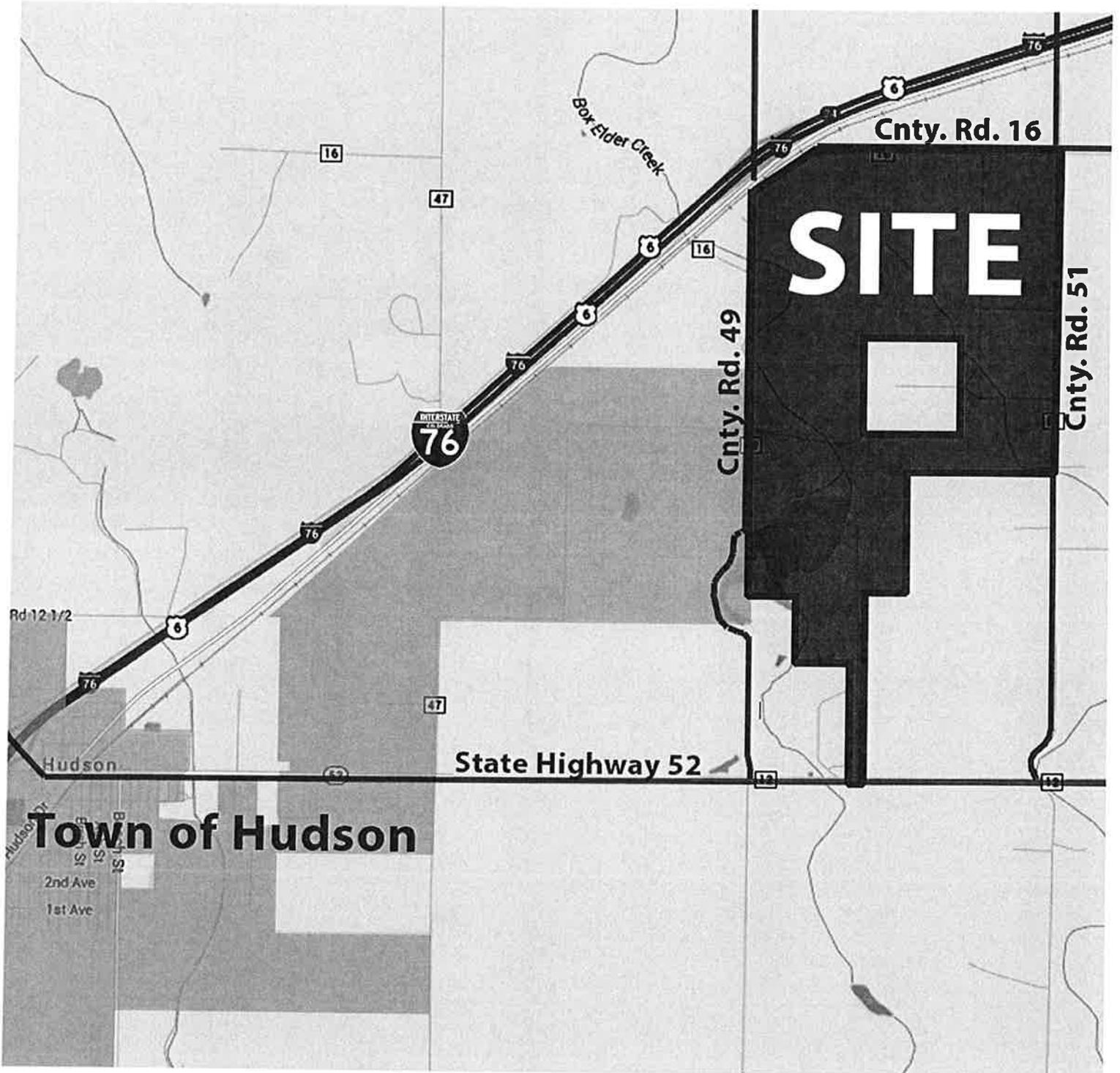
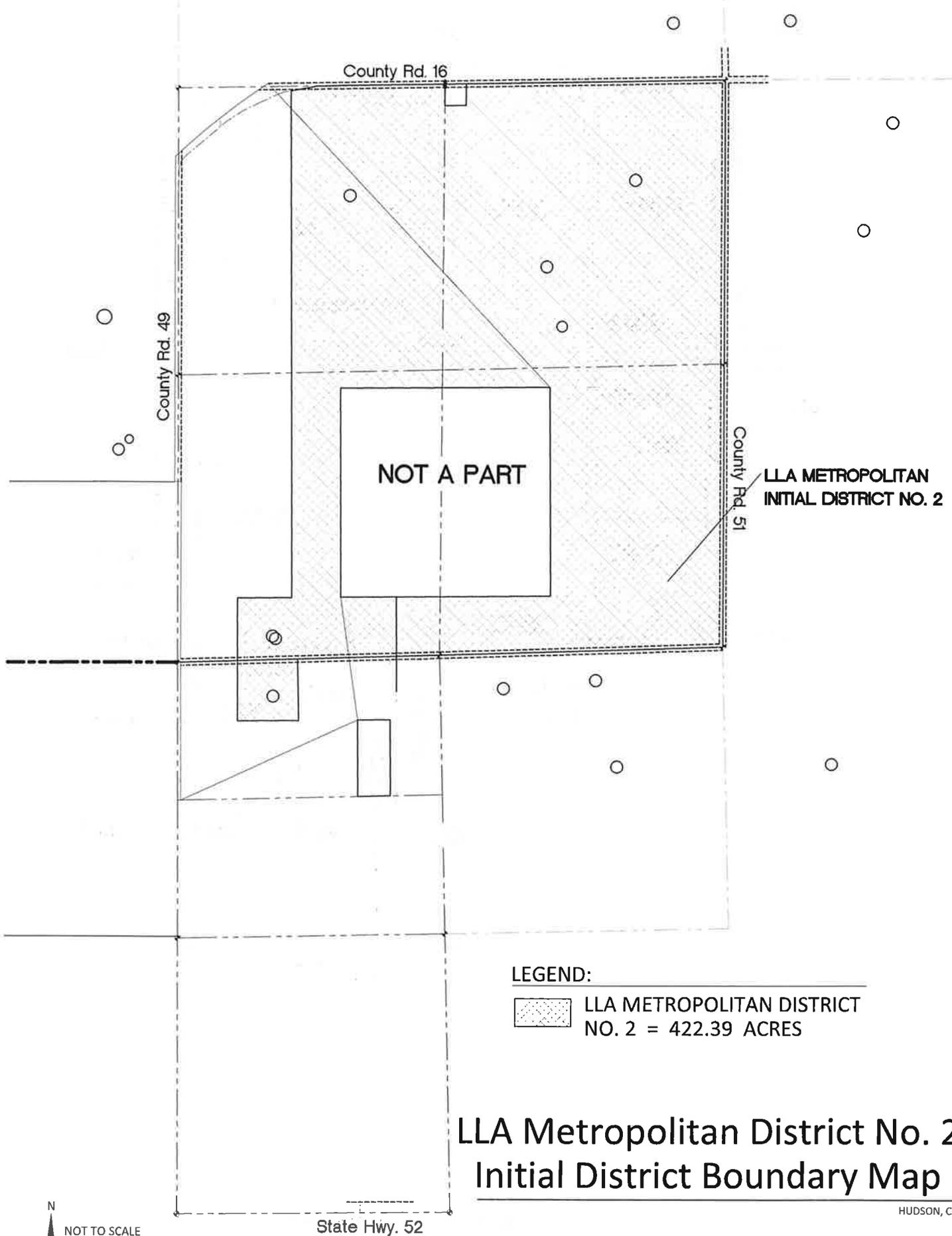


EXHIBIT B-2
Initial District Boundary Map



NOT A PART

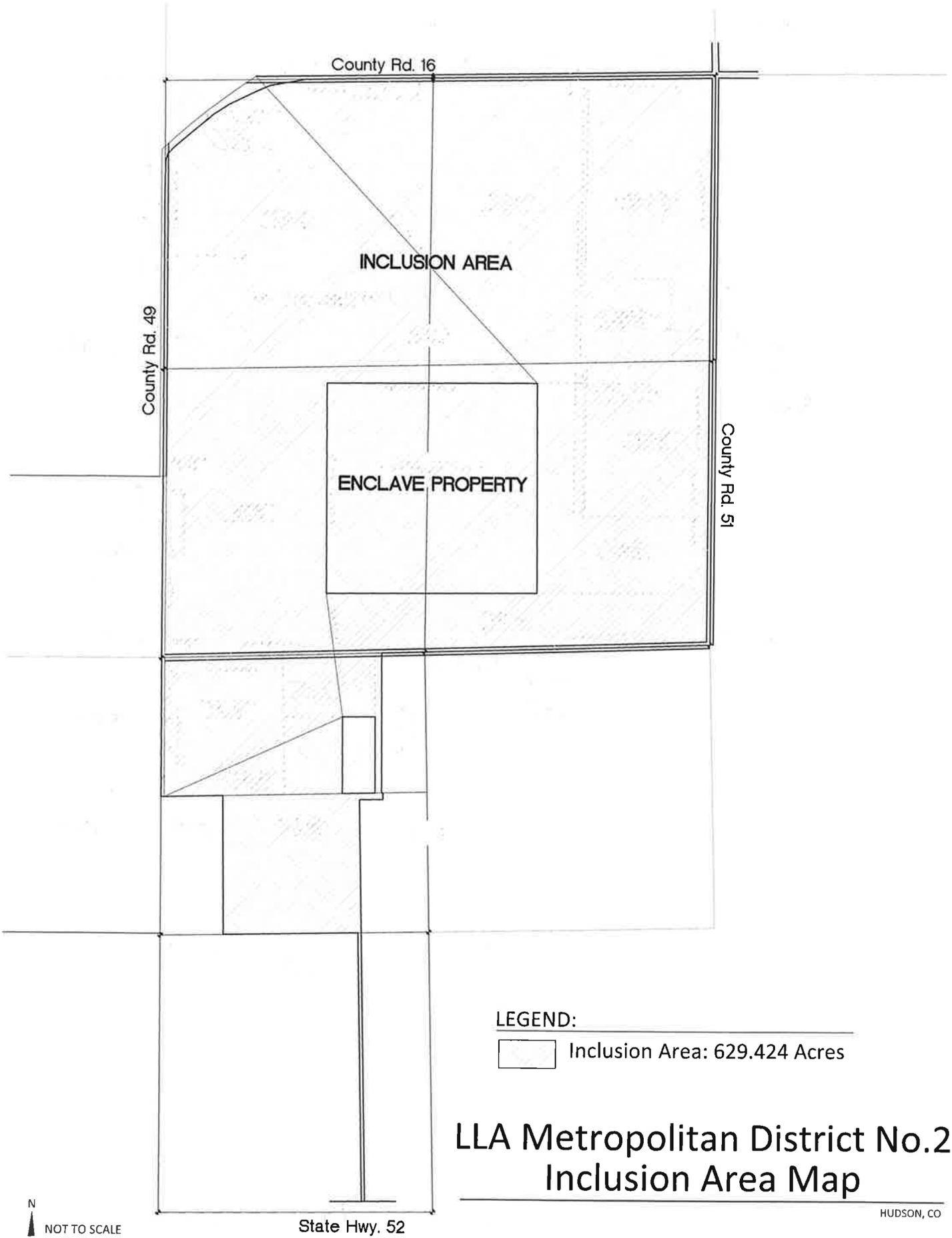
LLA METROPOLITAN
INITIAL DISTRICT NO. 2

LEGEND:

 LLA METROPOLITAN DISTRICT
NO. 2 = 422.39 ACRES

**LLA Metropolitan District No. 2
Initial District Boundary Map**

EXHIBIT B-3
Inclusion Area Map



County Rd. 16

INCLUSION AREA

County Rd. 49

ENCLAVE PROPERTY

County Rd. 51

LEGEND:

 Inclusion Area: 629.424 Acres

LLA Metropolitan District No. 2 Inclusion Area Map

N
NOT TO SCALE

State Hwy. 52

HUDSON, CO

EXHIBIT C
Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT BETWEEN

**TOWN OF HUDSON, COLORADO
AND
LLA METROPOLITAN DISTRICT NO. 2**

THIS AGREEMENT is made and entered into as of this ____ day of _____, 20 __, by and between the TOWN OF HUDSON, COLORADO (the "Town"), and LLA METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"). The Town and the District are collectively referred to as the Parties.

RECITALS

WHEREAS, the District was organized to provide those services and to exercise powers as are more specifically set forth in the District's Service Plan approved by the Town on _____, 20__ (the "Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the Town and the District; and

WHEREAS, the Town and the District have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Definitions. All of the defined terms used in this Agreement shall have the meanings set forth in the Service Plan.
2. Operations and Maintenance. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. It is anticipated that all Public Improvements located within the Service Area and financed and constructed by the District, except the Water Depot, will be conveyed to the Town for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan, applicable rules and regulations of the Town, and other applicable provisions of the Town Code. Except for bulk water service provided through the Water Depot and the financing and construction of Public Improvements, the Districts shall have no right or authority to provide municipal potable water service or sewer service to users in the Town or connect to the Town's municipal water system without an agreement with the Town.

Public Improvements located within the Service Area and not conveyed to the Town may be operated, maintained, repaired or replaced by the District only to the extent authorized in an approved subdivision improvement agreement or other written agreement with the Town. During the period that the District operates any Public Improvements, revenue to pay the expenses of operations may be obtained from fees legally imposed by the District or other legally available revenues of the District. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S.

The District's costs for administration shall include, but not be limited to, the authority to pay Director's compensation in amounts no greater than those amounts allowed under the Special District Act.

3. Acquisition of Land for Public Improvements and Easements. The District agrees to acquire by easement or plat dedication, or cause the dedication to the Town, of all land required by the Town for construction of Public Improvements being provided by the District that will be conveyed to the Town. Exceptions must be approved by the Town in writing.

4. Construction Standards. The District will ensure that the Public Improvements are designed and constructed to standards and specifications that are comparable to standards and specifications of the Town or other governmental entities within which the Public Improvements are located. For all Public Improvements constructed within the Town's boundaries for which the Town will assume ownership, operations and maintenance responsibility, or which are located within Town easements or rights-of-way, or which are connected to or influence the operation of Town-owned facilities, the District will obtain the Town's approval of civil engineering plans and applicable permits for construction and installation of Public Improvements, as required by Town rules and regulations, prior to performing such work.

5. Issuance of Privately Placed Debt. Prior to the issuance of any privately placed Debt, the District shall 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. The District shall not include within its boundaries any property outside the Town without the prior written consent of the Town Board of Trustees. The District

shall be authorized to include within its boundaries property within the Inclusion Area without prior written consent of the Town Board of Trustees. The Town acknowledges that the Service Plan contemplates, upon annexation, one of the Districts shall, in its discretion, include the Enclave Property without the prior written consent of the Town Board of Trustees and hereby agrees that such inclusion shall not constitute a material modification of the Service Plan.

7. Overlap Limitation. 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; provided, however, the foregoing shall not prohibit the Districts from consenting to the organization of an overlapping district for the purposes of funding Regional Improvements if so authorized or required in the Regional Improvements IGA, and the Town hereby agrees that any obligation of the District to impose the Regional Mill Levy will be decreased to the extent such overlapping district imposes a mill levy for Regional Improvements to assure that there is no double taxation for the Regional Improvements.

8. Total Debt Issuance. The District shall not issue Debt in excess of Two Hundred Twenty Million Dollars (\$220,000,000), together with such additional Debt, if any, as may be authorized in the Regional Improvements IGA.

9. Monies from Other Governments/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 Town is eligible to apply for, except pursuant to an intergovernmental agreement with the Town. This section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the District without any limitation.

10. Town Property Tax Revenue Sharing. The annexation of the Property will create an enclave property which is depicted and labeled as the Enclave Property on **Exhibit B-3** of the Service Plan. The Town agrees that if the Town elects to annex the Enclave Property into the Town, upon the Town receiving revenue from its levy of the Town's property tax in any year following annexation of the Enclave Property, the Town shall thereafter annually budget and appropriate fifty percent (50%) of the gross revenues derived from said mill levy on the Enclave Property for payment to LLA Metropolitan District No. 1 ("District No. 1") to fund or reimburse costs incurred to finance and construct Public Improvements (the "Enclave Revenue Share"), it being hereby acknowledged that such Public Improvements will benefit the Town and the Enclave Property. The Town further agrees that it shall distribute the Enclave Revenue Share to District No. 1 annually on or before November 30th of each year beginning with the first occurring November 30th after the first anniversary date of the annexation of the Enclave Property. District No. 1 shall be responsible for preparing and processing plans for construction of the Public Improvements. It is the intent of the Parties that the Enclave Revenue Share be first expended in Public Improvements within seven (7) years from the date of the first distribution of the Enclave Revenue Share and that the Enclave Revenue Share received in any one year after that date be expended on Public Improvements within seven (7) years of deposit with District

No. 1 (the "Consecutive 7 Year Expenditure Cycles"). District No. 1 shall return to the Town within thirty (30) days after the expiration of any one Consecutive 7 Year Expenditure Cycle any amounts not expended or encumbered for funding of Public Improvements within that Consecutive 7 Year Expenditure Cycle. The Enclave Revenue Share shall be paid by the Town as set forth herein for thirty-five (35) years from the date of execution by the Town of the Enclave Property Tax Sharing Agreement, defined below. The Town further acknowledges and agrees that, as required by that certain Land Airport Annexation Agreement by and among the Town, Lloyd Land and Lloyd Land Airport, LLC (collectively, the "Property Owner"), dated as of November 5, 2014, and recorded in the real property records of Weld County, Colorado, on December 8, 2014, at Reception No. 4066757 (the "Annexation Agreement"), it shall execute an agreement (the "Enclave Property Tax Sharing Agreement") with the Districts and the Property Owner by June 30, 2015, which Enclave Property Tax Sharing Agreement shall set forth the terms and conditions pursuant to which the Town will remit the Enclave Revenue Share which terms and conditions shall be consistent with the terms set forth in this Agreement unless otherwise agreed by the Parties in writing.

a. The distribution by the Town of the Enclave Revenue Share shall be contingent upon the Districts imposing a mill levy of no less than fifteen (15) mills and requiring the Enclave Revenue Share to pay for the costs of Public Improvements, including, but not limited to, reimbursement and financing costs for funding advanced for Public Improvements or to be used for payment of principal and interest on Bonds issued to fund Public Improvements. In addition, the Enclave Revenue Share shall not be paid to District No. 1 for any costs associated with the pumps or risers installed as a part of the Water Depot to be constructed, operated and maintained by Eastern Corridor Metropolitan District.

b. District No. 1 shall account for any Enclave Revenue Share expended on the costs of the Public Improvements related to the Water Depot which are located outside of the Town, including, but not limited to, the cost of the acquisition of rights-of-way or easements and the cost of installation of water pipelines (the "Offsite Water Depot Expenditures"), and shall expend an amount from revenue sources other than the Enclave Revenue Share, equal to or in excess of the Offsite Water Depot Expenditures, prior to the expiration of the term of the Enclave Property Tax Sharing Agreement, on Public Improvements located within the Inclusion Area of District No. 1 as set forth in its Service Plan.

c. Subject only to applicable constitutional and statutory limitations on the imposition, collection and expenditure of tax revenues, the Town may increase, but shall not decrease, the rate of ad valorem property tax levied during the term of the Enclave Property Tax Sharing Agreement and shall covenant not to take any action that would constitute a pledge or otherwise encumber the Enclave Revenue Share on a basis senior to the obligation to remit same to District No. 1 or adversely affect the amount or duration of the Enclave Revenue Share payable to District No. 1 as contemplated in the Enclave Property Tax Sharing Agreement.

d. Notwithstanding any provision to the contrary herein, the Town's obligation to remit the Enclave Revenue Share shall be subject to applicable limitations, if any, in the documents (the "Bond Documents") pursuant to which the Town issued its 1995 General

Obligation Bonds and Limited Tax General Obligation Bonds, Series 2009 (collectively, the "Town Bonds"); provided, however, that any amendments to the Bond Documents and/or refunding, refinancing or other restructuring of the Town Bonds shall be subject to the prior review by and written consent of District No. 1, which review may be limited to ensure that the contemplated action with respect to the Town Bonds will not adversely affect the ability of the Town to perform its obligations under the Enclave Property Tax Sharing Agreement and which consent shall not be unreasonably withheld.

11. Urban Renewal. If the Town elects to establish one or more urban renewal plan areas which include all or any portion of the property within the Districts and/or the Enclave Property, the Town hereby agrees that it shall enter into a cooperation agreement with the Districts that, at a minimum, will provide:

a. One hundred percent (100%) of the incremental revenues received by the Urban Renewal Authority derived from the levy of *ad valorem* property tax of the Districts shall be pledged and remitted to the Districts; and

b. Fifty percent (50%) of the incremental revenues received by the Urban Renewal Authority derived from the one hundred percent (100%) of the *ad valorem* property tax levied by the Town against the Enclave Property shall be pledged and remitted to the Districts or as otherwise required under the Enclave Property Tax Sharing Agreement.

12. Consolidation. 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, unless such consolidation is with LLA Metropolitan District No. 1.

13. Bankruptcy Limitation. All of the limitations contained in the Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy have been established under the authority of the Town to approve a 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 would cause the District to impose a mill levy for repayment of Debt (not including Debt, if any, issued to finance Regional Improvements and secured by a pledge of Regional Mill Levy revenues of the District) that exceeds the Maximum Debt Mill Levy, shall be deemed a material modification of the 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 by the Town as part of a Service Plan Amendment.

14. Additional Services. In addition to the other powers of the District set forth in the Service Plan and subject to the limitations set forth in Section 2 of this Agreement, the District shall also have the authority to, but shall not be obligated to, provide any and all of such additional services and exercise such powers as are expressly or impliedly granted by Colorado law, including the power of covenant enforcement, design review and those powers enumerated in Sections 32-1-1101 and 32-1-1101.7, C.R.S. Pursuant to Section 32-1-1101(1)(f)(I), C.R.S., and Section 32-1-1101(1.5)(e), C.R.S., the District shall have the authority to divide the District into one or more areas consistent with the services, programs and facilities to be furnished therein. Pursuant to Section 32-1-1101.7, C.R.S. (the "SID Statute"), the District is authorized to establish a special improvement district within its boundaries, to assess property, to provide and finance renewable energy and energy efficient improvements, and to undertake all activities set forth in the SID Statute, as may be amended from time to time. The exercise of any such powers and authorities shall not be deemed a breach of this Agreement.

15. Dissolution. Upon an independent determination of the Town Board of Trustees that the purposes for which the District was created have been accomplished, the District agrees to file a petition 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: (a) the payment or discharge of all of its outstanding indebtedness; (b) assumption by some other appropriate entity of its essential services and operation and maintenance responsibilities for the Public Improvements; and (c) other financial obligations as required pursuant to State statutes.

16. Disclosure to Purchasers. The District will use reasonable efforts to assure that all developers of 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.

17. Service Plan Amendment Requirement. Actions of the District which violate the limitations set forth in the Service Plan or this Agreement shall be deemed to be material modifications to the Service Plan and breaches of this Agreement and the Town shall be entitled to all remedies available at law or in equity under State and local law.

18. Annual Report. The District shall be responsible for submitting an annual report to the Town Attorney's office no later than August 1st of each year.

a. Report Contents.

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

i. Boundary changes made or proposed to the District's boundary as of December 31st of the prior year;

ii. Agreements with other governmental entities, either entered into or proposed as of December 31st of the prior year;

iii. A list of all facilities and improvements constructed or acquired by the District and those that have been dedicated to and accepted by the Town as of December 31st of the prior year;

iv. Audit of the District's financial statements for the year ending December 31st of the previous year prepared in accordance with generally accepted accounting principles or audit exemption, if applicable;

v. Notice of continuing disclosure undertaking for events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument; and

vi. Any inability of the District to pay its obligations as they come due in accordance with the term of any Debt instruments, which continue beyond a ninety (90) day period.

19. 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 the District for payment of Debt (not including Debt, if any, issued to finance Regional Improvements and secured by a pledge of Regional Mill Levy revenues of the District), and shall be determined as follows:

a. For any portion of the District's aggregate Debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VI.C.2 of the Service Plan; adjusted to account for changes 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 are to be determined by the Board 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, 2015, 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.

b. For any portion of the District's aggregate Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

c. For purposes of the foregoing, once Debt has been determined to be within Section VI.C.2 of the Service Plan, so that the District is entitled to pledge to its payment an unlimited *ad valorem* mill levy, the District may provide that such Debt shall remain secured by

such unlimited mill levy, notwithstanding any subsequent change in the District's Debt to assessed valuation ratio. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S., and all other requirements of State law.

To the extent that the District is 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.

20. 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. At the District's discretion, these may include the power to assess fees, rates, tolls, penalties or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time. In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy.

21. Debt Instrument Disclosure Requirement. In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations in respect to the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the District.

22. Security for Debt. The District shall not pledge any revenue or property of the Town as security for the indebtedness set forth in the Service Plan. Approval of the Service Plan and this Agreement 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 or this Agreement 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.

23. Enterprise Financing. Pursuant to Title 37, Article 45.1, Part 1, C.R.S. (the "Enterprise Act"), and Article X, Section 20 of the Colorado Constitution ("TABOR"), the District may establish a water activity enterprise (an "Enterprise"). If established, the purpose of the Enterprise shall be to pursue or continue any and all of the District's water activities, as defined in the Enterprise Act, including, but not limited to, water acquisition and water project or

facility activities. Pursuant to the Enterprise Act, the Enterprise shall be wholly owned by the District, and the governing body of the Enterprise shall be the governing body of the District. The Enterprise shall have all powers and authority granted to water activity enterprises by the provisions of the Enterprise Act, including the powers to construct, operate and maintain facilities and provide water services; the power to contract with any person or entity; the power to impose rates, fees, tolls and charges; the power to collect and spend revenues; and the power to issue revenue bonds, notes or other obligations ("Enterprise Debt") payable from its revenues or from any other available funds of the Enterprise, all without reference or regard to the limitations contained in TABOR.

24. Notices. All notices, demands, requests or other communications to be sent by one Party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via Federal Express or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the District: LLA Metropolitan District No. 2
c/o McGeady Sisneros, P.C.
450 E. 17th Avenue, Suite 400
Denver, CO 80203
Attention: MaryAnn M. McGeady

With a copy to: McGeady Sisneros, P.C.
450 E. 17th Avenue, Suite 400
Denver, CO 80203
Attention: MaryAnn M. McGeady

To the Town: Town of Hudson
c/o Town Clerk
557 Ash Street
Hudson, CO 80642

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with Federal Express or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States mail. By giving the other Party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

25. Amendment. This Agreement may be amended, modified, changed or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan.

26. Assignment. Neither Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent

of the other Party, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

27. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Party shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

28. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado.

29. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

30. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

31. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the District and the Town any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions or provisions thereof, and all the covenants, terms, conditions and provisions in this Agreement by and on behalf of the District and the Town shall be for the sole and exclusive benefit of the District and the Town.

32. Severability. If any covenant, term, condition or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

33. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

34. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

35. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plan.

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[SIGNATURE PAGE FOR INTERGOVERNMENTAL AGREEMENT]

LLA METROPOLITAN DISTRICT NO. 2

By: _____
President

Attest:

Secretary

TOWN OF HUDSON

By: _____
Its: _____

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____

RESOLUTION NO.

15-08

**TITLE: APPROVING THE SERVICE PLAN FOR EASTERN
CORRIDOR METROPOLITAN DISTRICT**

WHEREAS, pursuant to Section 32-1-204.5, C.R.S., as amended, a Service Plan ("Service Plan") for proposed Eastern Corridor Metropolitan District ("District") has been submitted to the Board of Trustees ("Board") of the Town of Hudson ("Town"); and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, the Board held a public hearing on the Service Plan for the District on January 21, 2015; and

WHEREAS, notice of the hearing before the Board was duly published in The Greeley Tribune, a newspaper of general circulation within the Town, on December 31, 2014, as required by law, and forwarded to the petitioners, others entitled to postcard or letter notice, the Division of Local Government, and the governing body of each municipality and title 32 district that has levied an ad valorem tax within the next preceding tax year and that has boundaries within a radius of three miles of the District; and

WHEREAS, the Board has considered the Service Plan and all other testimony and evidence presented at the hearing; and

WHEREAS, the Board finds that the Service Plan should be approved unconditionally, as permitted by Sections 32-1-203(2) and 32-1-204.5(1)(a), C.R.S., as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF HUDSON, COLORADO:

Section 1: The Board hereby determines that all of the requirements of Title 32, Article 1, Part 2, C.R.S., as amended, relating to the filing of the Service Plan for the District have been fulfilled and that notice of the hearing was given in the time and manner required by law.

Section 2: The Board further determines that all pertinent facts, matters and issues were submitted at the public hearing; that all interested parties were heard or had the opportunity to be heard and that evidence satisfactory to the Board of each of the following was presented:

(a) There is sufficient existing and projected need for organized service in the area to be serviced by the proposed District;

(b) The existing service in the area to be served by the proposed District is inadequate for present and projected needs;

(c) The proposed District is capable of providing economical and sufficient service to the area within the proposed boundaries;

(d) The area to be included in the proposed District has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

(e) Adequate service is not, or will not be, available to the area through the Town of Hudson or other existing quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

(f) The facility and service standards of the proposed District are compatible with the facility and service standards of Town and each municipality which is an interested party under Section 32-1-204, C.R.S.;

(g) The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the Town code;

(h) The proposal is in compliance with any duly adopted Town, regional, or state long-range water quality management plan for the area;

(i) The creation of the proposed District will be in the best interests of the area proposed to be served; and

(j) The Service Plan, based upon the statements set forth in the Service Plan and upon all evidence presented at the Public Hearing on the Service Plan, meets all conditions and requirements of Sections 32-1-201, *et seq.*, C.R.S.

Section 3: The Board hereby approves the Service Plan for the District as submitted.

Section 4: This Resolution shall be filed in the records of the Town and a certified copy thereof submitted to the petitioners for the District for the purpose of filing in the District Court of Weld County.

Section 5: All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

INTRODUCED, READ AND PASSED this 21st day of January, 2015.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

ATTEST:

Linnette Barker, CMC, Town Clerk

SERVICE PLAN
FOR
EASTERN CORRIDOR
METROPOLITAN DISTRICT
(TOWN OF HUDSON, COLORADO)

Prepared by: McGEADY SISNEROS, P.C.
450 E. 17th Ave., Suite 400
DENVER, COLORADO 80203
(303) 592-4380

Submitted: December 11, 2014

Approved: _____, 2015

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LIST OF EXHIBITS

EXHIBIT A-1	Legal Description
EXHIBIT A-2	Boundary Map
EXHIBIT A-3	Vicinity Map
EXHIBIT A-4	Initial Service Area Map
EXHIBIT B	Description of Facilities (Phase I)
EXHIBIT C	Financial Plan

**SERVICE PLAN FOR
EASTERN CORRIDOR METROPOLITAN DISTRICT**

I. INTRODUCTION

The proposed district shall be named the Eastern Corridor Metropolitan District (the “District”).

The primary purpose of the District is to provide water and sanitation services, together with ancillary street and mosquito control improvements, through the creation of enterprises and/or authorities which will be authorized to impose and collect rates, fees, tolls and other charges for connection to and use of the Public Improvements. Revenue bonds issued by the District shall never constitute debt or indebtedness of the Town of Hudson, Colorado (the “Town”), or any other political subdivision of the State of Colorado (“State”) within the meaning of any provision or limitation of the laws of Colorado or the State constitution.

The proposed boundaries of the District are limited to the property presently owned by Lloyd Land (“Organizer”), and lie wholly within the Town.

II. PURPOSE OF THE PROPOSED DISTRICT

A. Facilities.

The purpose of the District is to plan, design, acquire, construct, install and finance public water, sanitation, storm drainage, street, and mosquito control improvements (collectively, the “Public Improvements”) and, subject to the limitations in this Service Plan, to operate and maintain certain Public Improvements, for the use and benefit of service users within the District’s Service Area, as defined in Article III below, except that the District shall not operate or maintain sanitation improvements within the Town’s “208 Sewer Service Boundary Area” as designated by the North Front Range Water Quality Planning Association without the

written consent of the Town. The District shall have the powers of a metropolitan district and the powers of a water and sanitation district as set forth in the Special District Act, Title 32, C.R.S., except as limited in this Service Plan.

The District may finance all or a portion of the Public Improvements through the issuance of revenue bonds as set forth in Article VI. The District will work closely with and cooperate with the applicable jurisdictions within its Service Area, as defined in Article III below, to promote the health, safety, prosperity, security and general welfare of the property owners and inhabitants within its Service Area.

B. Identification of Customer Categories.

The District shall be authorized to provide bulk water service to (i) agricultural and oil and gas users within and outside of the Town, (ii) the Town, subject to an intergovernmental agreement with the Town, (iii) other special districts and other governmental and quasi-governmental entities and (iv) non-residential end users outside the Town (collectively, “Customers”).

It is not the purpose of this District nor shall the District have the authority to provide municipal water services directly to any end users within the Town except for bulk water as set forth above. In no event shall the District interconnect with the Town’s municipal water system without an intergovernmental agreement with the Town setting forth the terms and conditions for such interconnection.

III. PROPOSED DISTRICT BOUNDARIES, POPULATION AND VALUATION

The initial boundaries of the District are located entirely within the Town. The total area to be initially included in the District is approximately 0.9 acre (the “Property”). A legal

description is attached hereto as **Exhibit A-1**, a boundary map is attached hereto as **Exhibit A-2**, and a vicinity map is attached hereto as **Exhibit A-3**. The District is not anticipated to have any residents. The present and continuing assessed valuation of the District for purposes of this Service Plan is Zero Dollars (\$0).

A map of the initial service area is attached hereto as **Exhibit A-4** (such service area as may be expanded as provided herein, the "Service Area"). The property within the initial Service Area is owned by the Organizer and/or affiliated entities ("Owners") and is in need of water and sanitation service in order to develop. The property within the initial Service Area is in the Town. The Town requires that a water source be provided prior to any development in the Service Area and to properties that will develop in the Town in the future. The Property within the Service Area will expand to include any property served through Public Improvements financed by the District. The expansion of the Service Area will not be a material modification of the Service Plan and shall not require a Service Plan amendment so long as the Service Area is within Weld County or Adams County. However, the provision of municipal water and sewer service directly to individual non-bulk end users in the Town by the District will be a material modification of the Service Plan requiring a Service Plan Amendment.

IV. INITIAL AND PHASED IMPROVEMENTS

It is anticipated that the District initially will construct the extension of existing water facilities and streets, as described in **Exhibit B**, to serve the Service Area (the "Phase I Plan"). This plan may vary as final design is completed and certain properties may be added or deleted as planning proceeds.

After the Phase I Plan is implemented, additional phases are contemplated to serve future development within the Service Area. Additional phases may also include utilizing water for agricultural purposes on a temporary or permanent basis.

Any changes to either the Phase I Plan or plans for additional phases shall not be considered a material modification of the Service Plan and shall not require a Service Plan Amendment.

V. DESCRIPTION OF PROPOSED FACILITIES

The following paragraphs provide a description of the services to be provided by the District.

A. Types of Improvements.

The District plans to provide for the planning, design, acquisition, construction, installation, financing and, subject to the limitations set forth in this Service Plan, operation and maintenance of certain water, sanitation and storm drainage improvements and facilities, together with street and mosquito control improvements and facilities within and without the boundaries of the District. The District also anticipates the use of one or more water enterprises and sewer enterprises and/or authorities, as provided by State statute, to support the planning, design, acquisition, construction, installation, financing, and, subject to the limitations set forth in this Service Plan, operation and maintenance of the Public Improvements. The estimated costs of the Public Improvements is Two Hundred Fifty Million Dollars (\$250,000,000). The Town is not responsible for assuming any of the capital costs of the Public Improvements funded by the District. Phasing of construction shall be determined by the District to meet its obligations as set forth in agreements with its Customers.

The District shall be authorized to construct the Public Improvements generally described herein. A general description of each type of improvement and service which may be provided for by the District is set forth below:

1. Water Systems. The District shall have the power to provide for the planning, design, acquisition, construction, completion, installation, financing, and, subject to the limitations set forth in this Service Plan, operation and maintenance of complete potable and nonpotable water supply systems, purification, storage, transmission and distribution systems, which may include, but shall not be limited to, water rights, water supply, reservoirs, tanks, water depots, wells, water pumps, filtration and treatment facilities, power plants, pump stations, ventilating, gauging stations, transmission lines, gathering lines, distribution mains and laterals, fire hydrants, meters, irrigation facilities, storage facilities, inlets, tunnels, flumes, conduits, canals, collection, infiltration galleries, dry year water conveyance facilities, support for irrigated agricultural uses, domestic water, land and easements, and all necessary, incidental, and appurtenant facilities, together with extensions of and improvements to said systems within and without the boundaries of the District. The Service Area may be expanded to serve other properties, through the use of agreements with Customers as demand for service develops and resources to provide such services are available; provided, however, that the provision of water service by the District to its Customers shall be subject to the limitations set forth in Section II.B of this Service Plan.

2. Sanitation. The District shall have the power to provide for the planning, design, acquisition, construction, completion, installation, financing, and, subject to the limitations set forth in this Service Plan, operation and maintenance of complete sanitary sewage

collection, treatment, transmission, and disposal systems which may include, but shall not be limited to, treatment plants, inlets, collection mains and laterals, intercepting sewers, outfall sewers, lift stations, transmission lines, force mains, sludge handling and disposal facilities, closed drainage systems, and/or storm sewer, flood and surface drainage facilities and systems, including, but not limited to, detention/retention ponds and associated irrigation facilities, and all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said system within and without the boundaries of the District. The District, through intergovernmental agreements and in coordination with the Town and special districts, may provide centralized sanitation service, where feasible within the Service Area, as such may be expanded to meet the demand for service.

3. Street Improvements. The District shall have the power to provide for the planning, design, acquisition, construction, completion, installation, financing, and, subject to the limitations set forth in this Service Plan, operation and maintenance of street improvements, including, but not limited to, curbs, gutters, culverts, and other drainage facilities, underground conduits, as well as sidewalks, retaining walls, bridges, parking areas, parking facilities, median islands, paving, lighting, striping, traffic signs, traffic signals, grading, landscaping and irrigation, and all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the District.

4. Mosquito Control. The eradication and control of mosquitos may become necessary in the course of the provision of the water and sanitary sewer services described herein. Therefore, to the extent necessary, as a part of the provision of water and sanitary sewer

service, the District shall have the power to provide for the eradication and control of mosquitoes, including, but not limited to, elimination or treatment of breeding grounds and purchase, lease, contracting or other use of equipment or supplies for mosquito control within and without the boundaries of the District.

5. Other Powers. In addition to the enumerated powers, the Board of Directors (“Board”) of the District shall also have the following authority:

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

(b) Without amending this Service Plan, to defer, forego, reschedule, or restructure the financing and construction of certain Public Improvements and facilities, to better accommodate resource availability.

(c) Except as specifically provided herein, including the limitations set forth in Section V.C., to provide such additional services and exercise such powers as are expressly or impliedly granted by Colorado law. The District shall have the authority to include and exclude property from the boundaries of the District and the boundaries of the Service Area, subject to the requirements set forth in Article III. The District shall have the authority, pursuant to Section 32-1-1101(1)(f), C.R.S., and Sections 32-1-1101(1.5)(a)-1.5(f), C.R.S., to divide the District into one or more areas consistent with the services, programs, and facilities to be furnished herein. The exercise of such authority shall not be deemed a material modification of this Service Plan.

B. Standards of Construction/Statement of Compatibility.

The District will ensure that the Public Improvements are designed and constructed to standards and specifications that are comparable to the standards and specifications of the Town or other governmental entities within which the Public Improvements are located. For all Public Improvements constructed within the Town's boundaries, the District will obtain the Town's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements, as required by Town rules and regulations, prior to initiating such construction.

C. Ownership and Operation of Improvements.

It is anticipated that, upon completion, all Public Improvements constructed by the District within the Town will be conveyed to the Town for ongoing ownership, operation, maintenance, repair and replacement. The District shall have the right to provide bulk water service to Customers within and outside the Town and sanitation service outside the Town, all in accordance with limitations set forth in Article III, but shall have no right or authority to provide municipal potable water service or sewer service to end users in the Town or connect to the Town's municipal water system without an agreement with the Town; provided, however, that the District shall be authorized to own or acquire the necessary contract or property interests to allow it to serve its Customers and to operate, maintain and repair Public Improvements not conveyed to the Town.

Public Improvements located within the Town and not conveyed to the Town may be operated, maintained, repaired or replaced by the District only to the extent authorized in an approved subdivision improvement agreement or other written agreement with the Town;

provided, however, the District shall be authorized to operate, maintain, repair or replace Public Improvements located outside the Town, which are not conveyed to the Town or other entity, without the need to enter into an agreement with the Town or otherwise obtain Town consent.

VI. FINANCIAL PLAN/PROPOSED INDEBTEDNESS

A. General.

The Financial Plan attached hereto as **Exhibit C** describes the proposed Public Improvements and/or services and includes estimated revenue bond capacity and other major expenses related to the organization and operation of the District. The provision of the Public Improvements and services by the District is anticipated to be paid for through rates, fees, tolls and charges imposed by the District for connection to and use of the systems and through the IGA Pledged Revenue, as defined in **Exhibit C**, and may be financed through revenue bonds issued by the District, directly or acting by and through water and sewer enterprises and/or authorities, or financed using other legally available sources of revenue. Bonds may be issued in one or more series. Prior to the first bond issuance, construction costs may be advanced by the Owners. The District shall have the authority to reimburse the Owners, as applicable, for such advances and the costs incurred for organizing the District, together with interest thereon, pursuant to the terms of a facilities funding and reimbursement agreement between the District and the Owners.

B. Revenue Bond Issuance.

In order to fund the planning, design, acquisition, construction, completion and installation of the Public Improvements, the District may issue revenue bonds, or other contractual obligations or multiple-fiscal year obligations, payable from fees, rates, tolls or

charges imposed by the District, IGA Pledged Revenue or any other legally available revenues. The District anticipates imposing infrastructure fees in order to defray certain of the costs of construction of the Public Improvements and the operation and maintenance of Public Improvements to the extent authorized by and subject to the limitations set forth in this Service Plan. The District is authorized to issue bonds on a schedule and in several series to finance the Public Improvements in phases to meet increasing service demands. Revenue bonds issued by the District shall never constitute debt or indebtedness of the Town, or any other political subdivision of the State within the meaning of any provision or limitation of the laws of Colorado or the State constitution.

Prior to the issuance of any bonds, the District will have a rate study prepared based on the estimated capital costs and operation and maintenance costs that will be necessary to serve the next phase of service demand. The District may implement a schedule of rates, fees and charges as determined from the rate study, which will be updated from time to time, to provide sufficient revenue for the payment of principal and interest on the District's indebtedness, as well as for ongoing operation, maintenance and capital repair and replacement of Public Improvements, and the administrative costs of the District.

C. Services of the District.

The District will require sufficient funds to plan and cause the Public Improvements to be constructed and, to the extent authorized in this Service Plan, maintained. Costs to be paid from the District's operating budget will include, but are not limited to, legal, engineering, accounting, compliance with State reporting and other administrative requirements. The initial annual operating budget is estimated to be Fifty Thousand Dollars (\$50,000). Any

rate studies that are prepared will provide for the imposition of rates, fees, tolls and charges in amounts which are sufficient, together with any projected IGA Pledged Revenue, to provide for, to the extent authorized in this Service Plan, the ongoing operation, maintenance, capital repair and replacement of the Public Improvements, and the administrative costs of the District.

The District's costs for administration shall include, but not be limited to, the authority to pay Director's compensation in amounts no greater than those amounts allowed under applicable State law.

Prior to the District having sufficient revenue to pay its ongoing operations, maintenance and administrative expenses, the Owners may advance funds to the District. The District shall have the authority to repay the Owners, as applicable, for such advances, together with interest thereon, pursuant to operation funding and reimbursement agreements between the District and the Owners.

VII. ANNUAL REPORT

The District will submit an annual report to the Town within two hundred ten (210) days from the conclusion of the District's fiscal year. The District's fiscal year shall end on December 31. The annual report shall include information as to the following matters which occurred during the year:

1. Changes in the District's corporate boundary or Service Area boundary;
2. Intergovernmental Agreements executed by the District;
3. Changes in the District's rules and regulations;
4. A summary of any litigation which involves the District;
5. Status of construction of Public Improvements;

6. Annual audited financial statements of the District or appropriate exemptions from Audit; and

7. A summary of total debt authorized, issued and outstanding.

VIII. INTERGOVERNMENTAL AND OTHER AGREEMENTS

The District anticipates entering into and is authorized to enter into intergovernmental agreements with the Town, special districts, water and sanitation districts, authorities, State agencies and the State of Colorado, as well as other agreements with private entities, including, but not limited to, water companies, ditch companies and commercial Customers.

IX. DISTRICT CONSOLIDATION

The District shall not file a request with the Weld County District Court to consolidate with another District without prior written notice to the Town.

X. RESOLUTION OF APPROVAL

The Town's Resolution of approval of this Service Plan shall be incorporated into the petition submitting the Service Plan to the appropriate District Court.

XI. LANDOWNERS' PUBLIC IMPROVEMENTS

The creation of the District shall not relieve the owners of property within the Service Area of such owners' obligation to construct public improvements required by any annexation agreements, subdivision improvement agreements, zoning and/or other land use agreements with the Town. However, the District may finance and construct such public improvements.

XII. TOWN ZONING REQUIREMENTS

Nothing contained within the Service Plan shall circumvent the normative planning procedures, standards and requirements of the Town. The Town will maintain the authority to

apply all land use and planning codes, ordinances and standards, as adopted by the Town, to the future zoning and permitting of the property within the District's Service Area and which is also within the Town's boundaries.

XIII. APPROVAL OF MATERIAL MODIFICATIONS

The District shall obtain the approval of the Town before making any material modifications to the Service Plan.

XIV. STATUTORY REQUIREMENTS

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

1. The property in the Service Area is in need of water, sanitary sewer, and street improvement services in order to be developed. Therefore, there is sufficient existing and projected need for organized service in the area to be serviced by the District;
2. There is not presently adequate water, sanitary sewer, or street improvement services available to the Service Area through the Town or any nearby special districts. Therefore, the existing service in the area to be served by the District is inadequate for present and projected needs;
3. The District will finance the construction of the water, sanitary sewer, and street improvements through the issuance of revenue bonds which will be payable from fees, rates, tolls or charges imposed by the District upon Customers and other users of the Public Improvements, as applicable. Prior to the issuance of any bonds, the District will have a rate study prepared based on the estimated capital costs and operation and maintenance costs for the infrastructure that will be necessary to serve the next phase of service demand. Therefore, the

District is capable of providing economical and sufficient service to the area within its proposed boundaries; and

4. The District will implement a schedule of rates, fees and charges as determined from the rate study, which will provide sufficient revenue for the payment of principal and interest on the District's indebtedness, and, to the extent authorized in the Service Plan, to provide the necessary revenue for ongoing operation, maintenance and capital repair and replacement of the infrastructure. Therefore, 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.

EXHIBIT A-1
LEGAL DESCRIPTION



DAVID E. ARCHER & ASSOCIATES, INC.
PROFESSIONAL LAND SURVEYORS & ENGINEERS

105 Wilcox Street * Castle Rock, CO 80104

PHONE (303) 688-4642 * FAX (303) 688-4675 * karcher@davidearcher.com

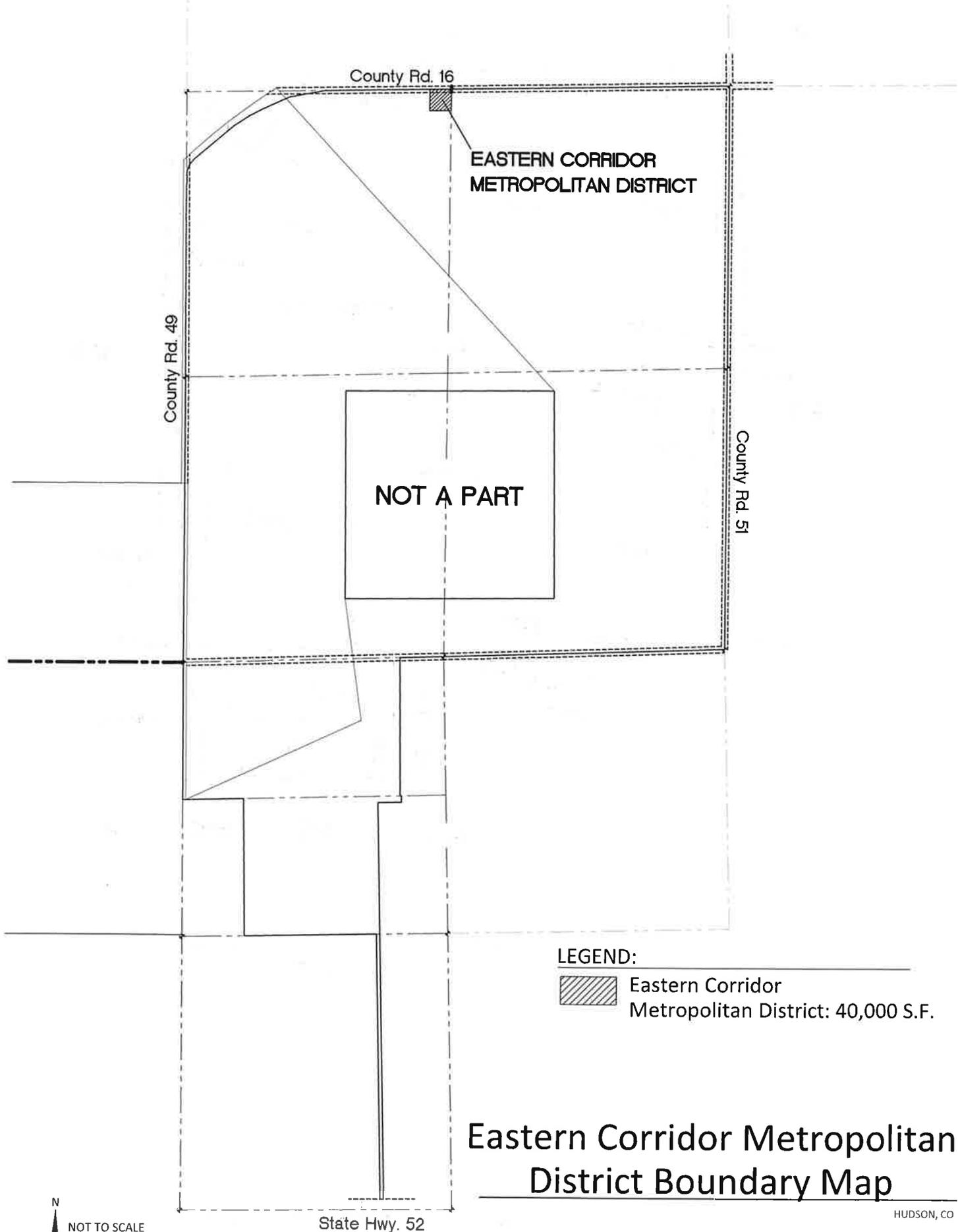
Job No. 14-1117
December 5, 2014

EASTERN CORRIDOR METROPOLITAN DISTRICT BOUNDARY

PROPERTY DESCRIPTION

The North 200.00 feet of the East 200.00 feet of the Northwest $\frac{1}{4}$ of Section 31,
Township 2 North, Range 64 West of the 6th Principal Meridian, Weld County, Colorado.
Containing 0.92 acres, more or less.

EXHIBIT A-2
BOUNDARY MAP



Eastern Corridor Metropolitan District Boundary Map

EXHIBIT A-3
VICINITY MAP

VICINITY MAP

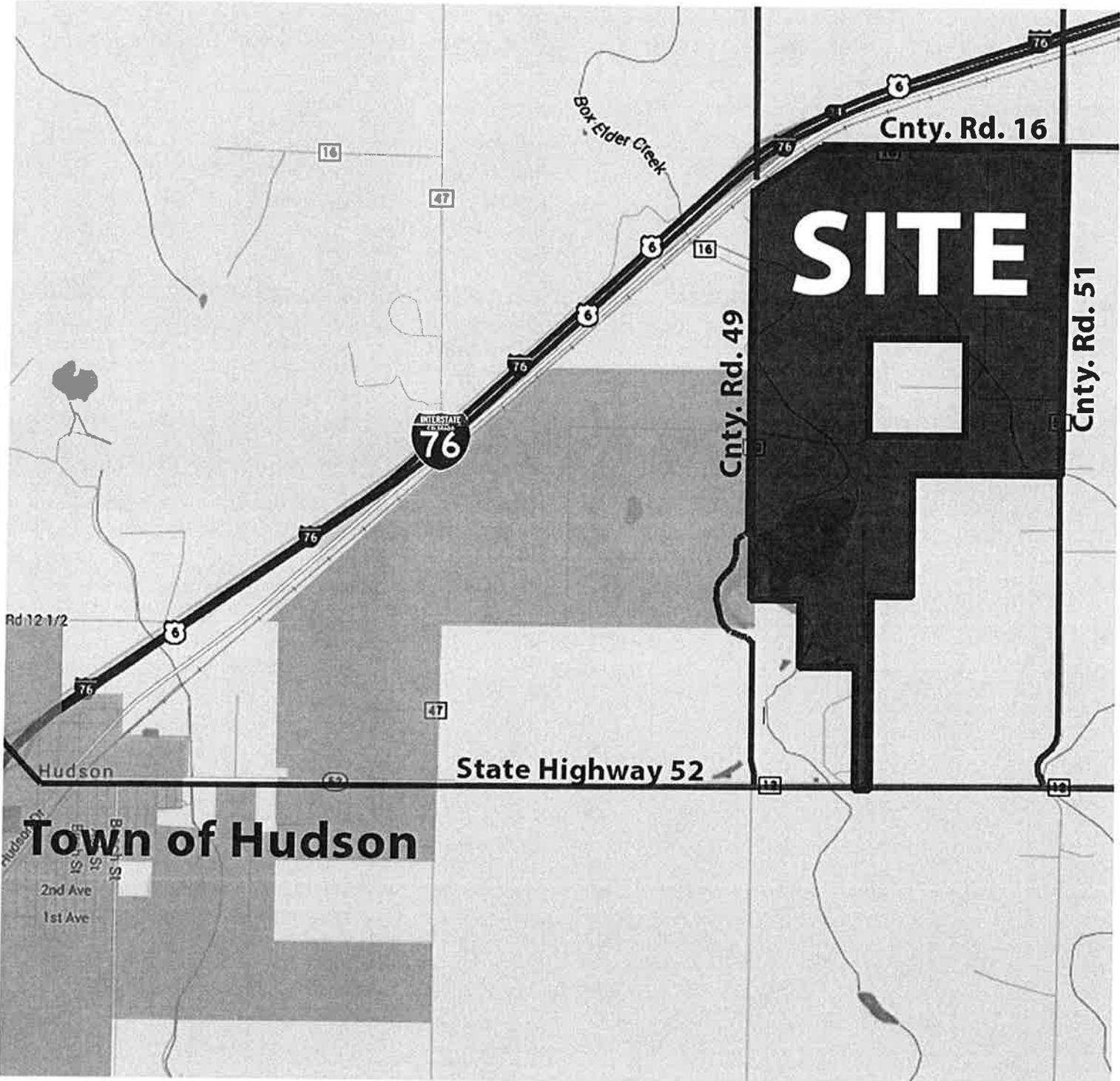


EXHIBIT A-4
INITIAL SERVICE AREA MAP

EASTERN CORRIDOR METROPOLITAN
DISTRICT INITIAL SERVICE AREA

NOT A PART

County Rd. 49

County Rd. 16

County Rd. 51

State Hwy. 52

LEGEND:

 Service Area: 540.925 Acres

Eastern Corridor Metropolitan
District Initial Service Area Map

HUDSON, CO

N
NOT TO SCALE

EXHIBIT B

DESCRIPTION OF FACILITIES (PHASE I)

Water System Improvements (Potable and Non-Potable)

Water Rights Acquisition
Water Transmission Lines/Distribution Mains/Collection Lines
Pumping Facilities
Surface Storage Facilities/Reservoirs
Underground Storage Facilities including tanks
Above Ground Storage Facilities
Water Depots
Water Filtration and Treatment Plants
Well Systems
Pump Stations
Fire Hydrants
Meters
Irrigation Facilities
Power Plants
Ventilation
Gauging Stations
Inlets
Tunnels
Flumes
Conduits
Canals
Collection Facilities
Infiltration Galleries
Miscellaneous Appurtenant Facilities
Contingencies

Sanitation System Improvements

Treatment Plants
Transmission/Collection Lines/Mains/Force Mains
Lift Stations
Sludge Handling and Disposal Facilities
Storm Sewer Systems (Open and Closed)
Flood and Surface Drainage Facilities
Inlets
Intercepting Sewers
Outfall Sewers
Detention/Retention Ponds
Miscellaneous Appurtenant Facilities
Contingencies

Street Improvements

Curbs/Gutters

Culverts and Other Drainage Facilities

Streets

Sidewalks

Bridges

Parking Facilities

Paving

Lighting and Associated Facilities

Grading

Landscaping

Traffic Signs/Signals

Miscellaneous Appurtenant Facilities

Contingencies

Mosquito Control Improvements

Mosquito Spraying Equipment

EXHIBIT C

FINANCIAL PLAN

The District may establish enterprises to manage, fund, and operate such facilities, services, and programs as may qualify for enterprise status using the procedures and criteria provided by COLO. CONST. Art. X, § 20 and other applicable statutory provisions. To the extent permitted by law, any enterprise created by the District will remain under the control of the Board. The District will utilize governmental enterprises and authorities to issue revenue bonds secured by the payment of infrastructure fees and service charges and the pledge of property taxes to be received through agreements with other governmental and quasi-governmental entities and commercial service users.

Prior to the issuance of any revenue bonds, the District will have a rate study prepared based on the estimated capital and operation and maintenance costs (including an inflation factor) for the Public Improvements that will be necessary to serve the next phase of service demand. The District will implement a schedule of rates, fees and charges as determined from the rate study, together with the IGA Pledged Revenue, defined below, which will provide sufficient revenue for the payment of principal and interest on the District's indebtedness as well as provide the necessary revenue for ongoing operation, maintenance and capital repair and replacement of the Public Improvements. The rate study will also provide for the necessary debt coverage factor to be required by revenue bond investors.

The District will not issue any general obligation bonds or impose or collect *ad valorem* property taxes without an amendment to this Service Plan. Provided, however, the District may enter into pledge agreements with other governmental or quasi-governmental entities. These pledge agreements may include the general obligation pledge of such entities to impose a mill levy and/or remit to the District other legally available revenues to fund their obligations under such agreements for funding of the costs of the Public Improvements, including, but not limited to, all of the costs of installation and operation and maintenance of the Public Improvements ("IGA Pledged Revenue"). The IGA Pledged Revenue received from such pledge agreements may be pledged by the District as a source of repayment of its revenue bonds. The District's revenue bonds shall never constitute debt or indebtedness of the Town, or any other political subdivision of the State of Colorado within the meaning of any provision or limitation of the laws of Colorado or the State constitution. The exact interest rates, discounts, and their form will be determined at the time the bonds are sold by the District and will reflect market conditions at the time of sale.

It is anticipated that a total of Five Hundred Million Dollars (\$500,000,000) in revenue bonds may be issued. The revenue bonds shall have a maximum interest rate of eighteen percent (18%) and a maximum discount of five percent (5%). Such bonds may be issued in one or more series, may bear such date, may mature at such time, may be in such denominations, may carry such registration privileges, may be subject to such terms of redemption in advance of maturity in such order or by lot or otherwise at such time with or without a premium, may be executed in such manner, may bear such privileges for re-issuance in the same or other denominations, may

be so reissued, and may be in such form as may be provided by the Board. The District may capitalize interest as may be considered necessary or appropriate by the Board. Interest income through the reinvestment of construction funds will provide additional income.

RESOLUTION NO.

15-09

TITLE: A RESOLUTION APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH THE LLA METROPOLITAN DISTRICT NO. 1

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF HUDSON, COLORADO, AS FOLLOWS:

The Intergovernmental Agreement between the Town of Hudson and the LLA Metropolitan District No. 1, attached as Exhibit A, is hereby approved, and the Mayor and Town Clerk are authorized and directed to execute the same.

INTRODUCED, READ, APPROVED AND ADOPTED this 21st day of January, 2015.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

(SEAL)

ATTEST:

Linnette Barker, Town Clerk

INTERGOVERNMENTAL AGREEMENT BETWEEN

TOWN OF HUDSON, COLORADO AND LLA METROPOLITAN DISTRICT NO. 1

THIS AGREEMENT is made and entered into as of this ____ day of _____, 20 __, by and between the TOWN OF HUDSON, COLORADO (the "Town"), and LLA METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"). The Town and the District are collectively referred to as the Parties.

RECITALS

WHEREAS, the District was organized to provide those services and to exercise powers as are more specifically set forth in the District's Service Plan approved by the Town on _____, 20 __ (the "Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the Town and the District; and

WHEREAS, the Town and the District have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Definitions. All of the defined terms used in this Agreement shall have the meanings set forth in the Service Plan.
2. Operations and Maintenance. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. It is anticipated that all Public Improvements located within the Service Area and financed and constructed by the District, except the Water Depot, will be conveyed to the Town for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan, applicable rules and regulations of the Town, and other applicable provisions of the Town Code. Except for bulk water service provided through the Water Depot and the financing and construction of Public Improvements, the Districts shall have no right or authority to provide municipal potable water service or sewer service to users in the Town or connect to the Town's municipal water system without an agreement with the Town.

Public Improvements located within the Service Area and not conveyed to the Town may be operated, maintained, repaired or replaced by the District only to the extent authorized in an approved subdivision improvement agreement or other written agreement with the Town. During the period that the District operates any Public Improvements, revenue to pay the expenses of operations may be obtained from fees legally imposed by the District or other legally available revenues of the District. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S.

The District's costs for administration shall include, but not be limited to, the authority to pay Director's compensation in amounts no greater than those amounts allowed under the Special District Act.

3. Acquisition of Land for Public Improvements and Easements. The District agrees to acquire by easement or plat dedication, or cause the dedication to the Town, of all land required by the Town for construction of Public Improvements being provided by the District that will be conveyed to the Town. Exceptions must be approved by the Town in writing.

4. Construction Standards. The District will ensure that the Public Improvements are designed and constructed to standards and specifications that are comparable to standards and specifications of the Town or other governmental entities within which the Public Improvements are located. For all Public Improvements constructed within the Town's boundaries for which the Town will assume ownership, operations and maintenance responsibility, or which are located within Town easements or rights-of-way, or which are connected to or influence the operation of Town-owned facilities, the District will obtain the Town's approval of civil engineering plans and applicable permits for construction and installation of Public Improvements, as required by Town rules and regulations, prior to performing such work.

5. Issuance of Privately Placed Debt. Prior to the issuance of any privately placed Debt, the District shall 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. The District shall not include within its boundaries any property outside the Town without the prior written consent of the Town Board of Trustees. The District

shall be authorized to include within its boundaries property within the Inclusion Area without prior written consent of the Town Board of Trustees. The Town acknowledges that the Service Plan contemplates, upon annexation, one of the Districts shall, in its discretion, include the Enclave Property without the prior written consent of the Town Board of Trustees and hereby agrees that such inclusion shall not constitute a material modification of the Service Plan.

7. Overlap Limitation. 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; provided, however, the foregoing shall not prohibit the Districts from consenting to the organization of an overlapping district for the purposes of funding Regional Improvements if so authorized or required in the Regional Improvements IGA, and the Town hereby agrees that any obligation of the District to impose the Regional Mill Levy will be decreased to the extent such overlapping district imposes a mill levy for Regional Improvements to assure that there is no double taxation for the Regional Improvements.

8. Total Debt Issuance. The District shall not issue Debt in excess of Two Hundred Twenty Million Dollars (\$220,000,000), together with such additional Debt, if any, as may be authorized in the Regional Improvements IGA.

9. Monies from Other Governments/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 Town is eligible to apply for, except pursuant to an intergovernmental agreement with the Town. This section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the District without any limitation.

10. Town Property Tax Revenue Sharing. The annexation of the Property will create an enclave property which is depicted and labeled as the Enclave Property on **Exhibit B-3** of the Service Plan. The Town agrees that if the Town elects to annex the Enclave Property into the Town, upon the Town receiving revenue from its levy of the Town's property tax in any year following annexation of the Enclave Property, the Town shall thereafter annually budget and appropriate fifty percent (50%) of the gross revenues derived from said mill levy on the Enclave Property for payment to District No. 1 to fund or reimburse costs incurred to finance and construct Public Improvements (the "Enclave Revenue Share"), it being hereby acknowledged that such Public Improvements will benefit the Town and the Enclave Property. The Town further agrees that it shall distribute the Enclave Revenue Share to District No. 1 annually on or before November 30th of each year beginning with the first occurring November 30th after the first anniversary date of the annexation of the Enclave Property. District No. 1 shall be responsible for preparing and processing plans for construction of the Public Improvements. It is the intent of the Parties that the Enclave Revenue Share be first expended in Public Improvements within seven (7) years from the date of the first distribution of the Enclave Revenue Share and that the Enclave Revenue Share received in any one year after that date be expended on Public Improvements within seven (7) years of deposit with District No. 1 (the

“Consecutive 7 Year Expenditure Cycles”). District No. 1 shall return to the Town within thirty (30) days after the expiration of any one Consecutive 7 Year Expenditure Cycle any amounts not expended or encumbered for funding of Public Improvements within that Consecutive 7 Year Expenditure Cycle. The Enclave Revenue Share shall be paid by the Town as set forth herein for thirty-five (35) years from the date of execution by the Town of the Enclave Property Tax Sharing Agreement, defined below. The Town further acknowledges and agrees that, as required by that certain Land Airport Annexation Agreement by and among the Town, Lloyd Land and Lloyd Land Airport, LLC (collectively, the “Property Owner”), dated as of November 5, 2014, and recorded in the real property records of Weld County, Colorado, on December 8, 2014, at Reception No. 4066757 (the “Annexation Agreement”), it shall execute an agreement (the “Enclave Property Tax Sharing Agreement”) with the Districts and the Property Owner by June 30, 2015, which Enclave Property Tax Sharing Agreement shall set forth the terms and conditions pursuant to which the Town will remit the Enclave Revenue Share which terms and conditions shall be consistent with the terms set forth in this Agreement unless otherwise agreed by the Parties in writing.

a. The distribution by the Town of the Enclave Revenue Share shall be contingent upon the Districts imposing a mill levy of no less than fifteen (15) mills and requiring the Enclave Revenue Share to pay for the costs of Public Improvements, including, but not limited to, reimbursement and financing costs for funding advanced for Public Improvements or to be used for payment of principal and interest on Bonds issued to fund Public Improvements. In addition, the Enclave Revenue Share shall not be paid to District No. 1 for any costs associated with the pumps or risers installed as a part of the Water Depot to be constructed, operated and maintained by Eastern Corridor Metropolitan District.

b. District No. 1 shall account for any Enclave Revenue Share expended on the costs of the Public Improvements related to the Water Depot which are located outside of the Town, including, but not limited to, the cost of the acquisition of rights-of-way or easements and the cost of installation of water pipelines (the “Offsite Water Depot Expenditures”), and shall expend an amount from revenue sources other than the Enclave Revenue Share, equal to or in excess of the Offsite Water Depot Expenditures, prior to the expiration of the term of the Enclave Property Tax Sharing Agreement, on Public Improvements located within the Inclusion Area of District No. 1 as set forth in its Service Plan.

c. Subject only to applicable constitutional and statutory limitations on the imposition, collection and expenditure of tax revenues, the Town may increase, but shall not decrease, the rate of ad valorem property tax levied during the term of the Enclave Property Tax Sharing Agreement and shall covenant not to take any action that would constitute a pledge or otherwise encumber the Enclave Revenue Share on a basis senior to the obligation to remit same to District No. 1 or adversely affect the amount or duration of the Enclave Revenue Share payable to District No. 1 as contemplated in the Enclave Property Tax Sharing Agreement.

d. Notwithstanding any provision to the contrary herein, the Town’s obligation to remit the Enclave Revenue Share shall be subject to applicable limitations, if any, in the documents (the “Bond Documents”) pursuant to which the Town issued its 1995 General

Obligation Bonds and Limited Tax General Obligation Bonds, Series 2009 (collectively, the "Town Bonds"); provided, however, that any amendments to the Bond Documents and/or refunding, refinancing or other restructuring of the Town Bonds shall be subject to the prior review by and written consent of District No. 1, which review may be limited to ensure that the contemplated action with respect to the Town Bonds will not adversely affect the ability of the Town to perform its obligations under the Enclave Property Tax Sharing Agreement and which consent shall not be unreasonably withheld.

11. Urban Renewal. If the Town elects to establish one or more urban renewal plan areas which include all or any portion of the property within the Districts and/or the Enclave Property, the Town hereby agrees that it shall enter into a cooperation agreement with the Districts that, at a minimum, will provide:

a. One hundred percent (100%) of the incremental revenues received by the Urban Renewal Authority derived from the levy of *ad valorem* property tax of the Districts shall be pledged and remitted to the Districts; and

b. Fifty percent (50%) of the incremental revenues received by the Urban Renewal Authority derived from the one hundred percent (100%) of the *ad valorem* property tax levied by the Town against the Enclave Property shall be pledged and remitted to the Districts or as otherwise required under the Enclave Property Tax Sharing Agreement.

12. Consolidation. 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, unless such consolidation is with District No. 2.

13. Bankruptcy Limitation. All of the limitations contained in the Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy have been established under the authority of the Town to approve a 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 would cause the District to impose a mill levy for repayment of Debt (not including Debt, if any, issued to finance Regional Improvements and secured by a pledge of Regional Mill Levy revenues of the District) that exceeds the Maximum Debt Mill Levy, shall be deemed a material modification of the 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 by the Town as part of a Service Plan Amendment.

14. Additional Services. In addition to the other powers of the District set forth in the Service Plan and subject to the limitations set forth in Section 2 of this Agreement, the District shall also have the authority to, but shall not be obligated to, provide any and all of such additional services and exercise such powers as are expressly or impliedly granted by Colorado law, including the power of covenant enforcement, design review and those powers enumerated in Sections 32-1-1101 and 32-1-1101.7, C.R.S. Pursuant to Section 32-1-1101(1)(f)(I), C.R.S., and Section 32-1-1101(1.5)(e), C.R.S., the District shall have the authority to divide the District into one or more areas consistent with the services, programs and facilities to be furnished therein. Pursuant to Section 32-1-1101.7, C.R.S. (the "SID Statute"), the District is authorized to establish a special improvement district within its boundaries to assess property, to provide and finance renewable energy and energy efficient improvements, and to undertake all activities set forth in the SID Statute, as it may be amended from time to time. The exercise of any such powers and authorities shall not be deemed a breach of this Agreement.

15. Dissolution. Upon an independent determination of the Town Board of Trustees that the purposes for which the District was created have been accomplished, the District agrees to file a petition 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: (a) the payment or discharge of all of its outstanding indebtedness; (b) assumption by some other appropriate entity of its essential services and operation and maintenance responsibilities for the Public Improvements; and (c) other financial obligations as required pursuant to State statutes.

16. Disclosure to Purchasers. The District will use reasonable efforts to assure that all developers of 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.

17. Service Plan Amendment Requirement. Actions of the District which violate the limitations set forth in the Service Plan or this Agreement shall be deemed to be material modifications to the Service Plan and breaches of this Agreement and the Town shall be entitled to all remedies available at law or in equity under State and local law.

18. Annual Report. The District shall be responsible for submitting an annual report to the Town Attorney's office no later than August 1st of each year.

a. Report Contents.

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

i. Boundary changes made or proposed to the District's boundary as of December 31st of the prior year;

ii. Agreements with other governmental entities, either entered into or proposed as of December 31st of the prior year;

iii. A list of all facilities and improvements constructed or acquired by the District and those that have been dedicated to and accepted by the Town as of December 31st of the prior year;

iv. Audit of the District's financial statements for the year ending December 31st of the previous year prepared in accordance with generally accepted accounting principles or audit exemption, if applicable;

v. Notice of continuing disclosure undertaking for events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument; and

vi. Any inability of the District to pay its obligations as they come due in accordance with the term of any Debt instruments, which continue beyond a ninety (90) day period.

19. 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 the District for payment of Debt (not including Debt, if any, issued to finance Regional Improvements and secured by a pledge of Regional Mill Levy revenues of the District), and shall be determined as follows:

a. For any portion of the District's aggregate Debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VI.C.2 of the Service Plan; adjusted to account for changes 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 are to be determined by the Board 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, 2015, 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.

b. For any portion of the District's aggregate Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

c. For purposes of the foregoing, once Debt has been determined to be within Section VI.C.2 of the Service Plan, so that the District is entitled to pledge to its payment an unlimited *ad valorem* mill levy, the District may provide that such Debt shall remain secured by

such unlimited mill levy, notwithstanding any subsequent change in the District's Debt to assessed valuation ratio. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S., and all other requirements of State law.

To the extent that the District is 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.

20. 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. At the District's discretion, these may include the power to assess fees, rates, tolls, penalties or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time. In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy.

21. Debt Instrument Disclosure Requirement. In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations in respect to the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the District.

22. Security for Debt. The District shall not pledge any revenue or property of the Town as security for the indebtedness set forth in the Service Plan. Approval of the Service Plan and this Agreement 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 or this Agreement 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.

23. Enterprise Financing. Pursuant to Title 37, Article 45.1, Part 1, C.R.S. (the "Enterprise Act"), and Article X, Section 20 of the Colorado Constitution ("TABOR"), the District may establish a water activity enterprise (an "Enterprise"). If established, the purpose of the Enterprise shall be to pursue or continue any and all of the District's water activities, as defined in the Enterprise Act, including, but not limited to, water acquisition and water project or

26. Assignment. Neither Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of the other Party, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.
27. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Party shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.
28. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado.
29. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.
30. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.
31. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the District and the Town any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions or provisions thereof, and all the covenants, terms, conditions and provisions in this Agreement by and on behalf of the District and the Town shall be for the sole and exclusive benefit of the District and the Town.
32. Severability. If any covenant, term, condition or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.
33. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.
34. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.
35. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plan.

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[SIGNATURE PAGE FOR INTERGOVERNMENTAL AGREEMENT]

LLA METROPOLITAN DISTRICT NO. 1

By: _____
President

Attest:

Secretary

TOWN OF HUDSON

By: _____
Its: _____

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____

RESOLUTION NO.

15-10

TITLE: A RESOLUTION APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH THE LLA METROPOLITAN DISTRICT NO. 2

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF HUDSON, COLORADO, AS FOLLOWS:

The Intergovernmental Agreement between the Town of Hudson and the LLA Metropolitan District No. 2, attached as Exhibit A, is hereby approved, and the Mayor and Town Clerk are authorized and directed to execute the same.

INTRODUCED, READ, APPROVED AND ADOPTED this 21st day of January, 2015.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

(SEAL)

ATTEST:

Linnette Barker, Town Clerk

INTERGOVERNMENTAL AGREEMENT BETWEEN

TOWN OF HUDSON, COLORADO AND LLA METROPOLITAN DISTRICT NO. 2

THIS AGREEMENT is made and entered into as of this ____ day of _____, 20__, by and between the TOWN OF HUDSON, COLORADO (the "Town"), and LLA METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"). The Town and the District are collectively referred to as the Parties.

RECITALS

WHEREAS, the District was organized to provide those services and to exercise powers as are more specifically set forth in the District's Service Plan approved by the Town on _____, 20__ (the "Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the Town and the District; and

WHEREAS, the Town and the District have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Definitions. All of the defined terms used in this Agreement shall have the meanings set forth in the Service Plan.

2. Operations and Maintenance. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. It is anticipated that all Public Improvements located within the Service Area and financed and constructed by the District, except the Water Depot, will be conveyed to the Town for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan, applicable rules and regulations of the Town, and other applicable provisions of the Town Code. Except for bulk water service provided through the Water Depot and the financing and construction of Public Improvements, the Districts shall have no right or authority to provide municipal potable water service or sewer service to users in the Town or connect to the Town's municipal water system without an agreement with the Town.

Public Improvements located within the Service Area and not conveyed to the Town may be operated, maintained, repaired or replaced by the District only to the extent authorized in an approved subdivision improvement agreement or other written agreement with the Town. During the period that the District operates any Public Improvements, revenue to pay the expenses of operations may be obtained from fees legally imposed by the District or other legally available revenues of the District. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S.

The District's costs for administration shall include, but not be limited to, the authority to pay Director's compensation in amounts no greater than those amounts allowed under the Special District Act.

3. Acquisition of Land for Public Improvements and Easements. The District agrees to acquire by easement or plat dedication, or cause the dedication to the Town, of all land required by the Town for construction of Public Improvements being provided by the District that will be conveyed to the Town. Exceptions must be approved by the Town in writing.

4. Construction Standards. The District will ensure that the Public Improvements are designed and constructed to standards and specifications that are comparable to standards and specifications of the Town or other governmental entities within which the Public Improvements are located. For all Public Improvements constructed within the Town's boundaries for which the Town will assume ownership, operations and maintenance responsibility, or which are located within Town easements or rights-of-way, or which are connected to or influence the operation of Town-owned facilities, the District will obtain the Town's approval of civil engineering plans and applicable permits for construction and installation of Public Improvements, as required by Town rules and regulations, prior to performing such work.

5. Issuance of Privately Placed Debt. Prior to the issuance of any privately placed Debt, the District shall 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. The District shall not include within its boundaries any property outside the Town without the prior written consent of the Town Board of Trustees. The District

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7. Overlap Limitation. 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; provided, however, the foregoing shall not prohibit the Districts from consenting to the organization of an overlapping district for the purposes of funding Regional Improvements if so authorized or required in the Regional Improvements IGA, and the Town hereby agrees that any obligation of the District to impose the Regional Mill Levy will be decreased to the extent such overlapping district imposes a mill levy for Regional Improvements to assure that there is no double taxation for the Regional Improvements.

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No. 1 (the "Consecutive 7 Year Expenditure Cycles"). District No. 1 shall return to the Town within thirty (30) days after the expiration of any one Consecutive 7 Year Expenditure Cycle any amounts not expended or encumbered for funding of Public Improvements within that Consecutive 7 Year Expenditure Cycle. The Enclave Revenue Share shall be paid by the Town as set forth herein for thirty-five (35) years from the date of execution by the Town of the Enclave Property Tax Sharing Agreement, defined below. The Town further acknowledges and agrees that, as required by that certain Land Airport Annexation Agreement by and among the Town, Lloyd Land and Lloyd Land Airport, LLC (collectively, the "Property Owner"), dated as of November 5, 2014, and recorded in the real property records of Weld County, Colorado, on December 8, 2014, at Reception No. 4066757 (the "Annexation Agreement"), it shall execute an agreement (the "Enclave Property Tax Sharing Agreement") with the Districts and the Property Owner by June 30, 2015, which Enclave Property Tax Sharing Agreement shall set forth the terms and conditions pursuant to which the Town will remit the Enclave Revenue Share which terms and conditions shall be consistent with the terms set forth in this Agreement unless otherwise agreed by the Parties in writing.

a. The distribution by the Town of the Enclave Revenue Share shall be contingent upon the Districts imposing a mill levy of no less than fifteen (15) mills and requiring the Enclave Revenue Share to pay for the costs of Public Improvements, including, but not limited to, reimbursement and financing costs for funding advanced for Public Improvements or to be used for payment of principal and interest on Bonds issued to fund Public Improvements. In addition, the Enclave Revenue Share shall not be paid to District No. 1 for any costs associated with the pumps or risers installed as a part of the Water Depot to be constructed, operated and maintained by Eastern Corridor Metropolitan District.

b. District No. 1 shall account for any Enclave Revenue Share expended on the costs of the Public Improvements related to the Water Depot which are located outside of the Town, including, but not limited to, the cost of the acquisition of rights-of-way or easements and the cost of installation of water pipelines (the "Offsite Water Depot Expenditures"), and shall expend an amount from revenue sources other than the Enclave Revenue Share, equal to or in excess of the Offsite Water Depot Expenditures, prior to the expiration of the term of the Enclave Property Tax Sharing Agreement, on Public Improvements located within the Inclusion Area of District No. 1 as set forth in its Service Plan.

c. Subject only to applicable constitutional and statutory limitations on the imposition, collection and expenditure of tax revenues, the Town may increase, but shall not decrease, the rate of ad valorem property tax levied during the term of the Enclave Property Tax Sharing Agreement and shall covenant not to take any action that would constitute a pledge or otherwise encumber the Enclave Revenue Share on a basis senior to the obligation to remit same to District No. 1 or adversely affect the amount or duration of the Enclave Revenue Share payable to District No. 1 as contemplated in the Enclave Property Tax Sharing Agreement.

d. Notwithstanding any provision to the contrary herein, the Town's obligation to remit the Enclave Revenue Share shall be subject to applicable limitations, if any, in the documents (the "Bond Documents") pursuant to which the Town issued its 1995 General

Obligation Bonds and Limited Tax General Obligation Bonds, Series 2009 (collectively, the "Town Bonds"); provided, however, that any amendments to the Bond Documents and/or refunding, refinancing or other restructuring of the Town Bonds shall be subject to the prior review by and written consent of District No. 1, which review may be limited to ensure that the contemplated action with respect to the Town Bonds will not adversely affect the ability of the Town to perform its obligations under the Enclave Property Tax Sharing Agreement and which consent shall not be unreasonably withheld.

11. Urban Renewal. If the Town elects to establish one or more urban renewal plan areas which include all or any portion of the property within the Districts and/or the Enclave Property, the Town hereby agrees that it shall enter into a cooperation agreement with the Districts that, at a minimum, will provide:

a. One hundred percent (100%) of the incremental revenues received by the Urban Renewal Authority derived from the levy of *ad valorem* property tax of the Districts shall be pledged and remitted to the Districts; and

b. Fifty percent (50%) of the incremental revenues received by the Urban Renewal Authority derived from the one hundred percent (100%) of the *ad valorem* property tax levied by the Town against the Enclave Property shall be pledged and remitted to the Districts or as otherwise required under the Enclave Property Tax Sharing Agreement.

12. Consolidation. 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, unless such consolidation is with LLA Metropolitan District No. 1.

13. Bankruptcy Limitation. All of the limitations contained in the Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy have been established under the authority of the Town to approve a 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 would cause the District to impose a mill levy for repayment of Debt (not including Debt, if any, issued to finance Regional Improvements and secured by a pledge of Regional Mill Levy revenues of the District) that exceeds the Maximum Debt Mill Levy, shall be deemed a material modification of the 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 by the Town as part of a Service Plan Amendment.

14. Additional Services. In addition to the other powers of the District set forth in the Service Plan and subject to the limitations set forth in Section 2 of this Agreement, the District shall also have the authority to, but shall not be obligated to, provide any and all of such additional services and exercise such powers as are expressly or impliedly granted by Colorado law, including the power of covenant enforcement, design review and those powers enumerated in Sections 32-1-1101 and 32-1-1101.7, C.R.S. Pursuant to Section 32-1-1101(1)(f)(I), C.R.S., and Section 32-1-1101(1.5)(e), C.R.S., the District shall have the authority to divide the District into one or more areas consistent with the services, programs and facilities to be furnished therein. Pursuant to Section 32-1-1101.7, C.R.S. (the "SID Statute"), the District is authorized to establish a special improvement district within its boundaries, to assess property, to provide and finance renewable energy and energy efficient improvements, and to undertake all activities set forth in the SID Statute, as may be amended from time to time. The exercise of any such powers and authorities shall not be deemed a breach of this Agreement.

15. Dissolution. Upon an independent determination of the Town Board of Trustees that the purposes for which the District was created have been accomplished, the District agrees to file a petition 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: (a) the payment or discharge of all of its outstanding indebtedness; (b) assumption by some other appropriate entity of its essential services and operation and maintenance responsibilities for the Public Improvements; and (c) other financial obligations as required pursuant to State statutes.

16. Disclosure to Purchasers. The District will use reasonable efforts to assure that all developers of 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.

17. Service Plan Amendment Requirement. Actions of the District which violate the limitations set forth in the Service Plan or this Agreement shall be deemed to be material modifications to the Service Plan and breaches of this Agreement and the Town shall be entitled to all remedies available at law or in equity under State and local law.

18. Annual Report. The District shall be responsible for submitting an annual report to the Town Attorney's office no later than August 1st of each year.

a. Report Contents.

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

i. Boundary changes made or proposed to the District's boundary as of December 31st of the prior year;

ii. Agreements with other governmental entities, either entered into or proposed as of December 31st of the prior year;

iii. A list of all facilities and improvements constructed or acquired by the District and those that have been dedicated to and accepted by the Town as of December 31st of the prior year;

iv. Audit of the District's financial statements for the year ending December 31st of the previous year prepared in accordance with generally accepted accounting principles or audit exemption, if applicable;

v. Notice of continuing disclosure undertaking for events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument; and

vi. Any inability of the District to pay its obligations as they come due in accordance with the term of any Debt instruments, which continue beyond a ninety (90) day period.

19. 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 the District for payment of Debt (not including Debt, if any, issued to finance Regional Improvements and secured by a pledge of Regional Mill Levy revenues of the District), and shall be determined as follows:

a. For any portion of the District's aggregate Debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VI.C.2 of the Service Plan; adjusted to account for changes 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 are to be determined by the Board 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, 2015, 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.

b. For any portion of the District's aggregate Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

c. For purposes of the foregoing, once Debt has been determined to be within Section VI.C.2 of the Service Plan, so that the District is entitled to pledge to its payment an unlimited *ad valorem* mill levy, the District may provide that such Debt shall remain secured by

such unlimited mill levy, notwithstanding any subsequent change in the District's Debt to assessed valuation ratio. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S., and all other requirements of State law.

To the extent that the District is 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.

20. 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. At the District's discretion, these may include the power to assess fees, rates, tolls, penalties or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time. In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy.

21. Debt Instrument Disclosure Requirement. In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations in respect to the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the District.

22. Security for Debt. The District shall not pledge any revenue or property of the Town as security for the indebtedness set forth in the Service Plan. Approval of the Service Plan and this Agreement 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 or this Agreement 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.

23. Enterprise Financing. Pursuant to Title 37, Article 45.1, Part 1, C.R.S. (the "Enterprise Act"), and Article X, Section 20 of the Colorado Constitution ("TABOR"), the District may establish a water activity enterprise (an "Enterprise"). If established, the purpose of the Enterprise shall be to pursue or continue any and all of the District's water activities, as defined in the Enterprise Act, including, but not limited to, water acquisition and water project or

of the other Party, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

27. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Party shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

28. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado.

29. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

30. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

31. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the District and the Town any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions or provisions thereof, and all the covenants, terms, conditions and provisions in this Agreement by and on behalf of the District and the Town shall be for the sole and exclusive benefit of the District and the Town.

32. Severability. If any covenant, term, condition or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

33. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

34. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

35. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plan.

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[SIGNATURE PAGE FOR INTERGOVERNMENTAL AGREEMENT]

LLA METROPOLITAN DISTRICT NO. 2

By: _____
President

Attest:

Secretary

TOWN OF HUDSON

By: _____
Its: _____

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____