

RESOLUTION NO.

15-33

**TITLE: APPROVING THE SERVICE PLAN FOR SHAKLEE CENTRE
METROPOLITAN DISTRICT NO. 2**

WHEREAS, Pursuant to Section 32-1-204.5, C.R.S., as amended, a Service Plan ("Service Plan") for the proposed Shaklee Centre Metropolitan District No. 2 ("District") has been submitted to the Board of Trustees ("Board") of the Town of Hudson ("Town").

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 December 2, 2015.

WHEREAS, Notice of the hearing before the Board was duly published in The Greeley Tribune, a newspaper of general circulation within the Town, on November 6, 2015, 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.

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

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.

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 the 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 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 ____ day of December, 2015.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

Attest:

Linnette Barker, CMC, Town Clerk

SERVICE PLAN

FOR

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 2

TOWN OF HUDSON, WELD COUNTY, COLORADO

Prepared

by

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Pre-Submittal: October 5, 2015

Formal Submittal: November 18, 2015

Approved: _____, 2015

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LIST OF EXHIBITS

EXHIBIT A	Legal Description of Initial District No. 2 Boundary
EXHIBIT B-1	Hudson Vicinity Map
EXHIBIT B-2	Initial District No. 2 Boundary Map
EXHIBIT C	Form of Intergovernmental Agreement

**SERVICE PLAN FOR
SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 2**

I. INTRODUCTION

A. Purpose and Intent.

The District , as hereinafter defined, 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 Agreement between the Town and the District, as hereinafter defined. 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, maintenance 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 the Property 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 bears 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 but shall not include the District's promise to impose an *ad valorem* property tax mill levy pursuant to an intergovernmental agreement.

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

District or District No. 2: means Shaklee Centre Metropolitan District No. 2.

Districts: means District No. 2, Shaklee Centre Metropolitan District No. 1, Shaklee Centre Metropolitan District No. 3, Shaklee Centre Metropolitan District No. 4, Shaklee Centre Metropolitan District No. 5, and Shaklee Centre Metropolitan District No. 6, collectively.

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.

Initial District No. 2 Boundary: means the boundary of the area legally described in **Exhibit A** and depicted on the Initial District No. 2 Boundary Map.

Initial District No. 2 Boundary Map: means the map attached hereto as **Exhibit B-2**, depicting the Initial District No. 2 Boundary.

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 for the Property and either a Sketch Plan, Preliminary Plat and Final Plat, or Planned Unit Development for the Project, together with any required Subdivision Improvement Agreement(s) as approved by the Town pursuant to the Town Code, as any of the foregoing may be amended from time to time with Town approval, and which identify, among other things, the Public Improvements necessary for facilitating development of property within the Service Area and, as applicable, the entity or entities responsible for operating and maintaining such Public Improvements on an ongoing basis.

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 herein.

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

Property: means the property within the Service Area.

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

Service Area: means the property described in **Exhibit A** and depicted on the Initial District No. 2 Boundary Map, as well as any additional property actually included into the boundaries of any one of the Districts in accordance with Section V.

Service Plan: means this service plan for District No. 2, as approved by the Town Board in accordance with applicable State law.

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

Town Code: means the Municipal Code for the Town, as amended from time to time.

III. BOUNDARIES

The area within the Initial District No. 2 Boundary includes approximately Twenty-Three One Hundredths (0.23) acres. A legal description of the Initial District No. 2 Boundary is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B-1**. An Initial District No. 2 Boundary Map is attached hereto as **Exhibit B-2**. It is anticipated that District No. 2's boundaries may change from time to time, particularly as portions of the Project are excluded from Shaklee Centre Metropolitan District No. 1 and included into the boundaries of District No. 2 or the other Districts from time to time, pursuant to Section 32-1-401, *et seq.*, C.R.S., Section 32-1-501, *et seq.*, C.R.S., and subject to the limitations set forth in Section V below.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately Eight Hundred Forty-Three (843) acres of land. The current assessed valuation of the Service Area is considered to be \$-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 daytime population of the District at build-out is estimated to be approximately Five Thousand (5,000) people.

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. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. Public Improvements located within the Service Area and financed or constructed by the District—in particular, public streets, water, and sanitary sewer improvements—will be dedicated to the Town for ongoing operation, maintenance and repair in a manner consistent with that certain Annexation Agreement dated January 21, 2009, and recorded in the Weld County Clerk and Recorder's Office on February 27, 2009, at Reception No. 3608062, by and between the Town and Kerry L. Shaklee, Kathleen S. Osburn, Karen L. McGill, and CC Open A, LLC, and any future subdivision improvement agreements or other development agreements applicable to the Public Improvements within the Service Area. Those Public Improvements that are not accepted by the Town may be retained by the District for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan,

applicable rules and regulations of the Town, applicable provisions of the Town Code, and any agreements between the Town and District.

During any period that the District operates and maintains Public Improvements located within its boundaries, revenue to pay the expenses of such operations and maintenance may be obtained from fees legally imposed by the District or other legally available revenues of the District, including *ad valorem* property taxes imposed for such purpose. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S., and to the extent authorized in an approved Land Use Plan.

2. 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 applicable permits for construction and installation of Public Improvements, as required by Town rules and regulations, prior to performing such work.

3. 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.

4. Inclusion Limitation. The District shall not include within its boundaries any property from outside of the Initial District No. 2 Boundary without the prior written consent of the Town Board.

5. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area that 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.

6. Total Debt Issuance Limitation. The District shall not issue Debt in excess of Three Hundred Twenty-Five Million Dollars (\$325,000,000), provided that the

foregoing shall not include the principal amount of Debt which has been refunded by the issuance of refunding Debt.

7. 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 constitute a revenue source for the District without any limitation.

8. 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 Board, unless such consolidation is with one or more of the related Districts.

9. 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 Board as part of a Service Plan Amendment.

10. 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.1, 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.

11. 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.

12. 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, 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 estimates derived from the proposed land uses on the property in the Service Area and is approximately One Hundred Sixty-Two Million Forty-Seven Thousand Three Hundred Sixty-One Dollars (\$162,047,361).

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 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 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.

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment, and operations and maintenance 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

Three Hundred Twenty-Five Million Dollars (\$325,000,000) 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. 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 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, 2016, 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. 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.

H. 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 Directors' 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 following the year in which an Order and Decree creating the District has been issued.

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

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 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 at its first Board meeting after its organizational election, in the same form as is attached on **Exhibit C** and with any revisions as approved by the Town Board. 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 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 a Service Plan Amendment or other form of Town Board approval. 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

Legal Description of Initial District No. 2 Boundary

Legal Description

**Shaklee Centre Metropolitan District No. 2
Boundary**

A PARCEL OF LAND LOCATED IN THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 2 NORTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF WELD, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 25 BEING 400.00 FEET (AS MEASURED AT RIGHT ANGLES) WEST OF THE EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 25;

THENCE SOUTH 88°49'31" WEST, ALONG SAID SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET;

THENCE NORTH 00°48'23" WEST, PARALLEL WITH SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET;

THENCE NORTH 88°49'31" EAST, PARALLEL WITH SAID SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET TO A POINT BEING 400.00 FEET (AS MEASURED AT RIGHT ANGLES) WEST OF SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25;

THENCE SOUTH 00°48'23" EAST, PARALLEL WITH SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET TO THE POINT OF BEGINNING;

CONTAINING 10,000 SQUARE FEET OR 0.230 ACRE MORE OR LESS, TOGETHER WITH AND SUBJECT TO ALL EASEMENTS AND RIGHTS-OF-WAY EXISTING AND/OR OF PUBLIC RECORD.

BEARINGS FOR THE HEREIN DESCRIBED PARCEL ARE BASED ON THE SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25 BEING SOUTH 88°49'31" WEST.



EXHIBIT B-1

Hudson Vicinity Map

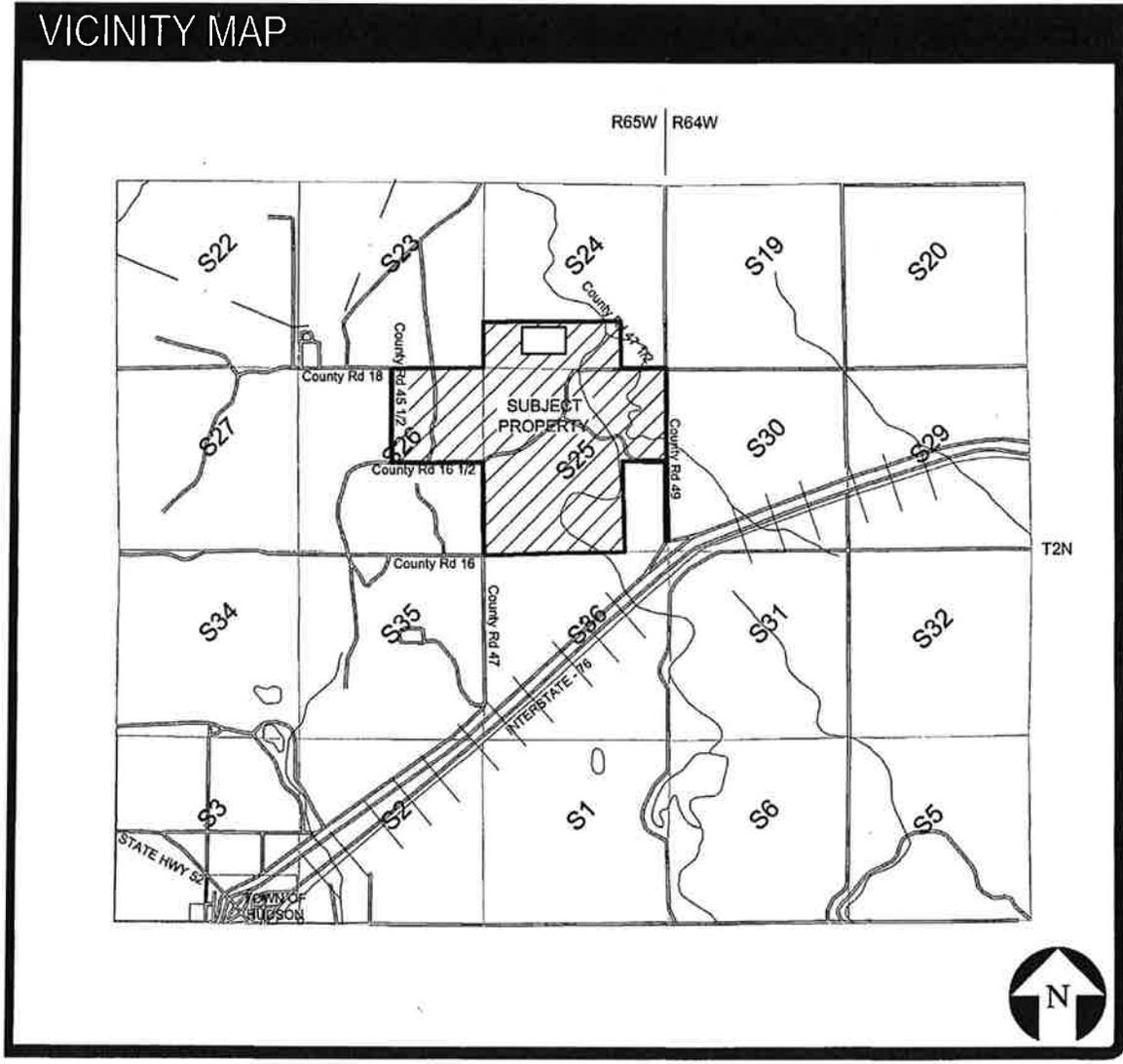
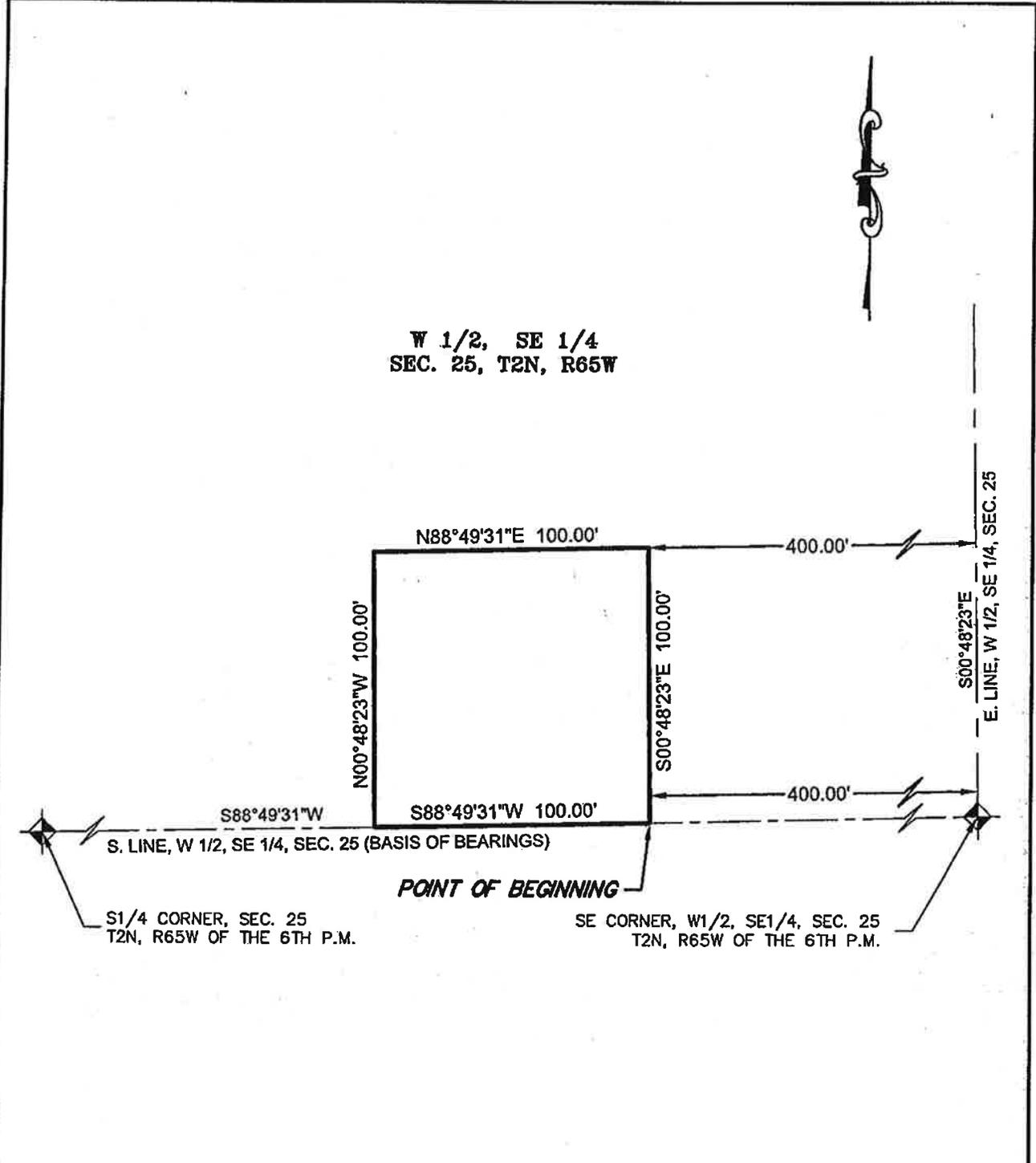


EXHIBIT B-2

Initial District No. 2 Boundary Map

EXHIBIT



THIS EXHIBIT DOES NOT REPRESENT A MONUMENTED SURVEY.
IT IS INTENDED ONLY TO DEPICT THE ATTACHED DESCRIPTION.

PARAGON ENGINEERING CONSULTANTS, INC.
7852 S. ELATI STREET, SUITE 106
LITTLETON, CO 80120

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 2
BOUNDARY**

SITUATED IN SEC. 25, T2N, R65W, 6th P.M.
WELD COUNTY, COLORADO
PARCEL CONTAINS 0.230 Acre

DRAWN BY:	SCALE:	FOLDER:
JP	NOT TO SCALE	15-023 Shaklee Centre Metropolitan District (cont) (Sheet 2) Legal
CHECKED BY:	DATE:	FILE:
WA	11/12/2015	15-023 District Boundary 2-Legal

EXHIBIT C

Form of Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT BETWEEN
TOWN OF HUDSON, COLORADO
AND
SHAKLEE CENTRE 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 SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”). The Town and the District may be collectively referred to herein 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. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them 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. Public Improvements located within the Service Area and financed or constructed by the District—in particular, public streets, water, and sanitary sewer improvements—will be dedicated to the Town for ongoing operation, maintenance and repair in a manner consistent with that certain Annexation Agreement dated January 21, 2009, and recorded in the Weld County Clerk and Recorder’s Office on February 27, 2009, at Reception No. 3608062, by and between the Town and Kerry L. Shaklee, Kathleen S. Osburn, Karen L. McGill, and CC Open A, LLC, and any future subdivision improvement agreements or other development agreements applicable to the Public Improvements within the Service Area. Those Public Improvements that are not accepted by the Town may be retained by the District for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan, applicable rules and regulations of the Town, applicable provisions of the Town Code, and any agreements between the Town and District.

During any period that the District operates and maintains Public Improvements located within its boundaries, revenue to pay the expenses of such operations and maintenance may be obtained from fees legally imposed by the District or other legally available revenues of the District, including *ad valorem* property taxes imposed for such purpose. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S., and to the extent authorized in an approved Land Use Plan.

3. 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, 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.

4. 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.

5. Inclusion. The District shall not include within its boundaries any property from outside of the Initial District No. 2 Boundary without the prior written consent of the Town Board.

6. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area that 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.

7. Total Debt Issuance. The District shall not issue Debt in excess of Three Hundred Twenty-Five Million Dollars (\$325,000,000), provided that the foregoing shall not include the principal amount of Debt which has been refunded by the issuance of refunding Debt.

8. 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.

9. 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 Board, unless such consolidation is with one or more of the related Districts.

10. 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 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.

11. 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.

12. Dissolution. Upon an independent determination of the Town Board 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.

13. 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.

14. 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.

15. 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 following the year in which an Order and Decree creating the District has been issued.

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, under any Debt instruments, which continue beyond a ninety (90) day period; 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.

16. 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, 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, 2016, 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.

17. 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.

18. 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

21. 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.

22. 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.

23. 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.

24. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado. Venue for all actions brought hereunder shall be in the District Court in and for Weld County.

25. 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.

26. 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.

27. 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.

28. 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.

29. 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.

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

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO INTERGOVERNMENTAL AGREEMENT BETWEEN
TOWN OF HUDSON, COLORADO AND SHAKLEE CENTRE METROPOLITAN
DISTRICT NO. 2]**

SHAKLEE CENTRE METROPOLITAN
DISTRICT NO. 2

By: _____
President

Attest:

Secretary

TOWN OF HUDSON

By: _____
Its: _____

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____

RESOLUTION NO.

15-34

**TITLE: APPROVING THE SERVICE PLAN FOR SHAKLEE CENTRE
METROPOLITAN DISTRICT NO. 3**

WHEREAS, Pursuant to Section 32-1-204.5, C.R.S., as amended, a Service Plan (“Service Plan”) for the proposed Shaklee Centre Metropolitan District No. 3 (“District”) has been submitted to the Board of Trustees (“Board”) of the Town of Hudson (“Town”).

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 December 2, 2015.

WHEREAS, Notice of the hearing before the Board was duly published in The Greeley Tribune, a newspaper of general circulation within the Town, on November 6, 2015, 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.

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

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.

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 the 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 1. The Board hereby approves the Service Plan for the District as submitted.

Section 2. 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 3. This Resolution shall be filed in the records of the Town and a copy thereof submitted to the petitioners for the District for the purpose of filing in the District Court of Weld County.

Section 4. 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 ____ day of December, 2015.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

Attest:

Linnette Barker, CMC, Town Clerk

SERVICE PLAN

FOR

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 3

TOWN OF HUDSON, WELD COUNTY, COLORADO

Prepared

by

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

Pre-Submittal: October 5, 2015

Formal Submittal: November 18, 2015

Approved: _____, 2015

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EXHIBIT A	Legal Description of Initial District No. 3 Boundary
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EXHIBIT B-2	Initial District No. 3 Boundary Map
EXHIBIT C	Form of Intergovernmental Agreement

**SERVICE PLAN FOR
SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 3**

I. INTRODUCTION

A. Purpose and Intent.

The District , as hereinafter defined, 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 Agreement between the Town and the District, as hereinafter defined. 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, maintenance 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 the Property 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 bears 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 but shall not include the District's promise to impose an *ad valorem* property tax mill levy pursuant to an intergovernmental agreement.

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

District or District No. 3: means Shaklee Centre Metropolitan District No. 3.

Districts: means District No. 3, Shaklee Centre Metropolitan District No. 1, Shaklee Centre Metropolitan District No. 2, Shaklee Centre Metropolitan District No. 4, Shaklee Centre Metropolitan District No. 5, and Shaklee Centre Metropolitan District No. 6, collectively.

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.

Initial District No. 3 Boundary: means the boundary of the area legally described in **Exhibit A** and depicted on the Initial District No. 3 Boundary Map.

Initial District No. 3 Boundary Map: means the map attached hereto as **Exhibit B-2**, depicting the Initial District No. 3 Boundary.

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 for the Property and either a Sketch Plan, Preliminary Plat and Final Plat, or Planned Unit Development for the Project, together with any required Subdivision Improvement Agreement(s) as approved by the Town pursuant to the Town Code, as any of the foregoing may be amended from time to time with Town approval, and which identify, among other things, the Public Improvements necessary for facilitating development of property within the Service Area and, as applicable, the entity or entities responsible for operating and maintaining such Public Improvements on an ongoing basis.

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 herein.

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

Property: means the property within the Service Area.

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

Service Area: means the property described in **Exhibit A** and depicted on the Initial District No. 3 Boundary Map, as well as any additional property actually included into the boundaries of any one of the Districts in accordance with Section V.

Service Plan: means this service plan for District No. 3, as approved by the Town Board in accordance with applicable State law.

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

Town Code: means the Municipal Code for the Town, as amended from time to time.

III. BOUNDARIES

The area within the Initial District No. 3 Boundary includes approximately Twenty-Three One Hundredths (0.23) acres. A legal description of the Initial District No. 3 Boundary is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B-1**. An Initial District No. 3 Boundary Map is attached hereto as **Exhibit B-2**. It is anticipated that District No. 3's boundaries may change from time to time, particularly as portions of the Project are excluded from Shaklee Centre Metropolitan District No. 1 and included into the boundaries of District No. 3 or the other Districts from time to time, pursuant to Section 32-1-401, *et seq.*, C.R.S., Section 32-1-501, *et seq.*, C.R.S., and subject to the limitations set forth in Section V below.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately Eight Hundred Forty-Three (843) acres of land. The current assessed valuation of the Service Area is considered to be \$-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 daytime population of the District at build-out is estimated to be approximately Five Thousand (5,000) people.

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. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. Public Improvements located within the Service Area and financed or constructed by the District—in particular, public streets, water, and sanitary sewer improvements—will be dedicated to the Town for ongoing operation, maintenance and repair in a manner consistent with that certain Annexation Agreement dated January 21, 2009, and recorded in the Weld County Clerk and Recorder's Office on February 27, 2009, at Reception No. 3608062, by and between the Town and Kerry L. Shaklee, Kathleen S. Osburn, Karen L. McGill, and CC Open A, LLC, and any future subdivision improvement agreements or other development agreements applicable to the Public Improvements within the Service Area. Those Public Improvements that are not accepted by the Town may be retained by the District for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan,

applicable rules and regulations of the Town, applicable provisions of the Town Code, and any agreements between the Town and District.

During any period that the District operates and maintains Public Improvements located within its boundaries, revenue to pay the expenses of such operations and maintenance may be obtained from fees legally imposed by the District or other legally available revenues of the District, including *ad valorem* property taxes imposed for such purpose. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S., and to the extent authorized in an approved Land Use Plan.

2. 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 applicable permits for construction and installation of Public Improvements, as required by Town rules and regulations, prior to performing such work.

3. 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.

4. Inclusion Limitation. The District shall not include within its boundaries any property from outside of the Initial District No. 3 Boundary without the prior written consent of the Town Board.

5. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area that 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.

6. Total Debt Issuance Limitation. The District shall not issue Debt in excess of Three Hundred Twenty-Five Million Dollars (\$325,000,000), provided that the

foregoing shall not include the principal amount of Debt which has been refunded by the issuance of refunding Debt.

7. 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 constitute a revenue source for the District without any limitation.

8. 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 Board, unless such consolidation is with one or more of the related Districts.

9. 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 Board as part of a Service Plan Amendment.

10. 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.1, 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.

11. 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.

12. 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, 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 estimates derived from the proposed land uses on the property in the Service Area and is approximately One Hundred Sixty-Two Million Forty-Seven Thousand Three Hundred Sixty-One Dollars (\$162,047,361).

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 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 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.

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment, and operations and maintenance 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

Three Hundred Twenty-Five Million Dollars (\$325,000,000) 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. 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 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, 2016, 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. 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.

H. 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 Directors' 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 following the year in which an Order and Decree creating the District has been issued.

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

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 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 at its first Board meeting after its organizational election, in the same form as is attached on **Exhibit C** and with any revisions as approved by the Town Board. 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 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 a Service Plan Amendment or other form of Town Board approval. 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

Legal Description of Initial District No. 3 Boundary

Legal Description

**Shaklee Centre Metropolitan District No. 3
Boundary**

A PARCEL OF LAND LOCATED IN THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 2 NORTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF WELD, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 25 BEING 300.00 FEET (AS MEASURED AT RIGHT ANGLES) WEST OF THE EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 25;

THENCE SOUTH 88°49'31" WEST, ALONG SAID SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET;

THENCE NORTH 00°48'23" WEST, PARALLEL WITH SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET;

THENCE NORTH 88°49'31" EAST, PARALLEL WITH SAID SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET TO A POINT BEING 300.00 FEET (AS MEASURED AT RIGHT ANGLES) WEST OF SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25;

THENCE SOUTH 00°48'23" EAST, PARALLEL WITH SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET TO THE POINT OF BEGINNING;

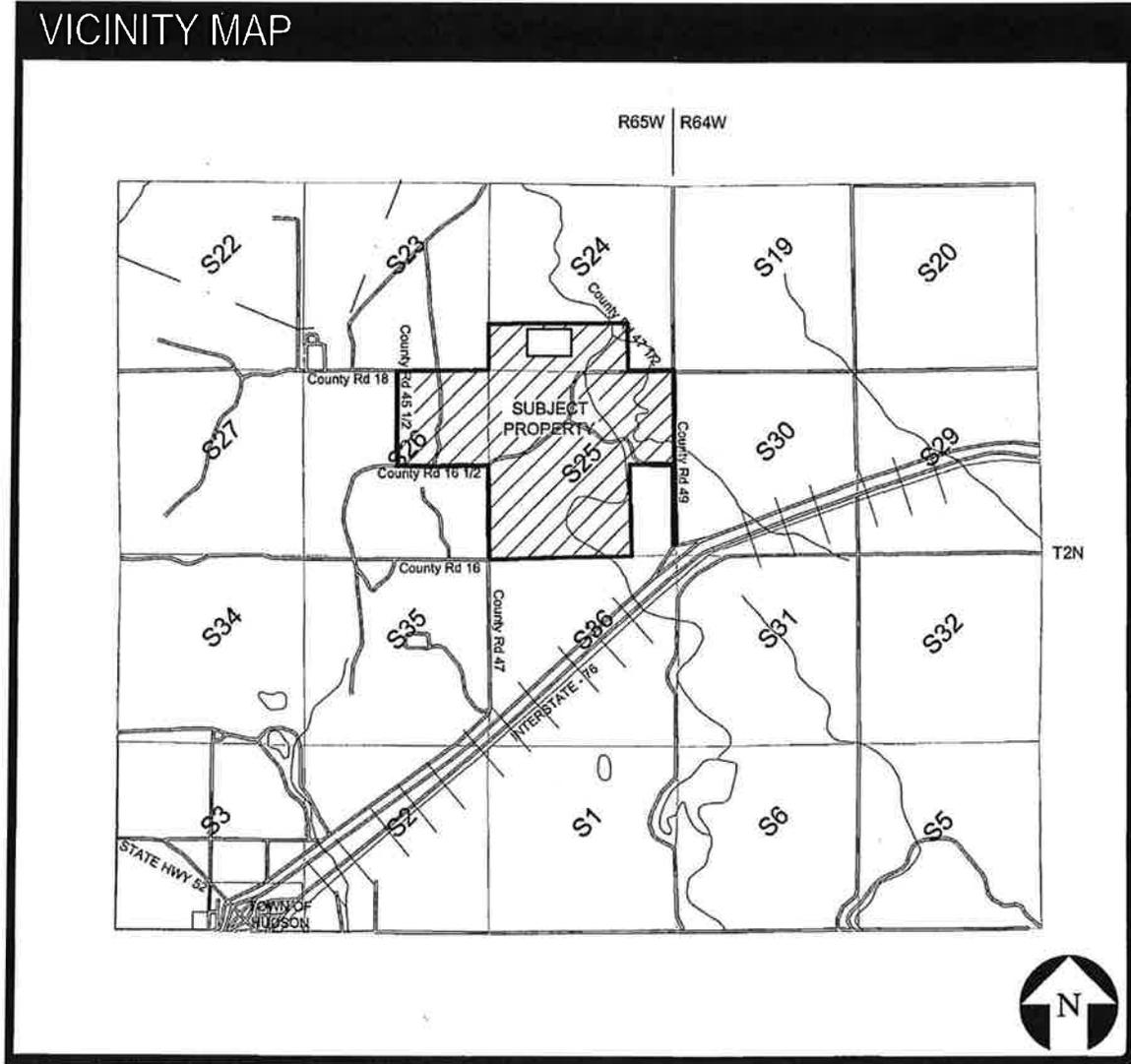
CONTAINING 10,000 SQUARE FEET OR 0.230 ACRE MORE OR LESS, TOGETHER WITH AND SUBJECT TO ALL EASEMENTS AND RIGHTS-OF-WAY EXISTING AND/OR OF PUBLIC RECORD.

BEARINGS FOR THE HEREIN DESCRIBED PARCEL ARE BASED ON THE SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25 BEING SOUTH 88°49'31" WEST.



EXHIBIT B-1

Hudson Vicinity Map



SHAKLEE ANNEXATION TO THE TOWN OF HUDSON

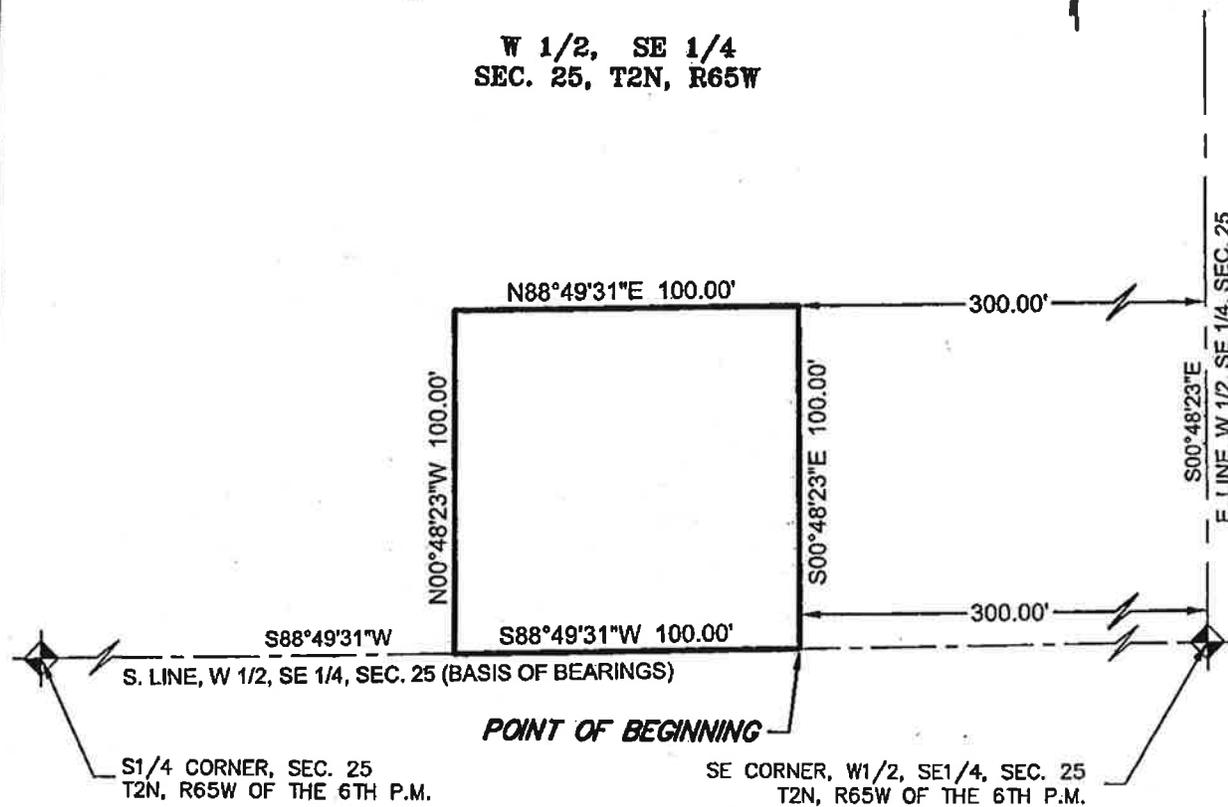
EXHIBIT B-2

Initial District No. 3 Boundary Map

EXHIBIT



**W 1/2, SE 1/4
SEC. 25, T2N, R65W**



THIS EXHIBIT DOES NOT REPRESENT A MONUMENTED SURVEY.
IT IS INTENDED ONLY TO DEPICT THE ATTACHED DESCRIPTION.

PARAGON ENGINEERING CONSULTANTS, INC.
7852 S. ELATI STREET, SUITE 106
LITTLETON, CO 80120

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 3
BOUNDARY**

SITUATED IN SEC. 25, T2N, R65W, 6th P.M.
WELD COUNTY, COLORADO

PARCEL CONTAINS 0.230 Acre

DRAWN BY:	SCALE:	FOLDER:
JP	NOT TO SCALE	15-023 Shaklee Centre Metropolitan District (Court/Sheet Set)/Legal
CHECKED BY:	DATE:	FILE:
WA	11/12/2015	15-023 District Boundary 3-Legal

EXHIBIT C

Form of Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT BETWEEN
TOWN OF HUDSON, COLORADO
AND
SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 3

THIS AGREEMENT is made and entered into as of this ____ day of _____, 20__, by and between the TOWN OF HUDSON, COLORADO (the “Town”), and SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 3, a quasi-municipal corporation and political subdivision of the State of Colorado (the “District”). The Town and the District may be collectively referred to herein 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. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them 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. Public Improvements located within the Service Area and financed or constructed by the District—in particular, public streets, water, and sanitary sewer improvements—will be dedicated to the Town for ongoing operation, maintenance and repair in a manner consistent with that certain Annexation Agreement dated January 21, 2009, and recorded in the Weld County Clerk and Recorder’s Office on February 27, 2009, at Reception No. 3608062, by and between the Town and Kerry L. Shaklee, Kathleen S. Osburn, Karen L. McGill, and CC Open A, LLC, and any future subdivision improvement agreements or other development agreements applicable to the Public Improvements within the Service Area. Those Public Improvements that are not accepted by the Town may be retained by the District for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan, applicable rules and regulations of the Town, applicable provisions of the Town Code, and any agreements between the Town and District.

During any period that the District operates and maintains Public Improvements located within its boundaries, revenue to pay the expenses of such operations and maintenance may be obtained from fees legally imposed by the District or other legally available revenues of the District, including *ad valorem* property taxes imposed for such purpose. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S., and to the extent authorized in an approved Land Use Plan.

3. 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, 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.

4. 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.

5. Inclusion. The District shall not include within its boundaries any property from outside of the Initial District No. 3 Boundary without the prior written consent of the Town Board.

6. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area that 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.

7. Total Debt Issuance. The District shall not issue Debt in excess of Three Hundred Twenty-Five Million Dollars (\$325,000,000), provided that the foregoing shall not include the principal amount of Debt which has been refunded by the issuance of refunding Debt.

8. 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.

9. 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 Board, unless such consolidation is with one or more of the related Districts.

10. 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 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.

11. 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.

12. Dissolution. Upon an independent determination of the Town Board 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.

13. 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.

14. 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.

15. 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 following the year in which an Order and Decree creating the District has been issued.

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, under any Debt instruments, which continue beyond a ninety (90) day period; 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.

16. 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, 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, 2016, 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.

17. 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.

18. 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

21. 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.

22. 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.

23. 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.

24. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado. Venue for all actions brought hereunder shall be in the District Court in and for Weld County.

25. 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.

26. 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.

27. 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.

28. 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.

29. 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.

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

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO INTERGOVERNMENTAL AGREEMENT BETWEEN
TOWN OF HUDSON, COLORADO AND SHAKLEE CENTRE METROPOLITAN
DISTRICT NO. 3]**

SHAKLEE CENTRE METROPOLITAN
DISTRICT NO. 3

By: _____
President

Attest:

Secretary

TOWN OF HUDSON

By: _____
Its: _____

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____

RESOLUTION NO.
15-35

**TITLE: APPROVING THE SERVICE PLAN FOR SHAKLEE CENTRE
METROPOLITAN DISTRICT NO. 4**

WHEREAS, Pursuant to Section 32-1-204.5, C.R.S., as amended, a Service Plan (“Service Plan”) for the proposed Shaklee Centre Metropolitan District No. 4 (“District”) has been submitted to the Board of Trustees (“Board”) of the Town of Hudson (“Town”).

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 December 2, 2015.

WHEREAS, Notice of the hearing before the Board was duly published in The Greeley Tribune, a newspaper of general circulation within the Town, on November 6, 2015, 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.

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

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.

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 the 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 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 ____ day of December, 2015.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

Attest:

Linnette Barker, CMC, Town Clerk

SERVICE PLAN

FOR

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 4

TOWN OF HUDSON, WELD COUNTY, COLORADO

Prepared

by

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

Pre-Submittal: October 5, 2015

Formal Submittal: November 18, 2015

Approved: _____, 2015

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LIST OF EXHIBITS

EXHIBIT A	Legal Description of Initial District No. 4 Boundary
EXHIBIT B-1	Hudson Vicinity Map
EXHIBIT B-2	Initial District No. 4 Boundary Map
EXHIBIT C	Form of Intergovernmental Agreement

**SERVICE PLAN FOR
SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 4**

I. INTRODUCTION

A. Purpose and Intent.

The District , as hereinafter defined, 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 Agreement between the Town and the District, as hereinafter defined. 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, maintenance 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 the Property 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 bears 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 but shall not include the District's promise to impose an *ad valorem* property tax mill levy pursuant to an intergovernmental agreement.

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

District or District No. 4: means Shaklee Centre Metropolitan District No. 4.

Districts: means District No. 4, Shaklee Centre Metropolitan District No. 1, Shaklee Centre Metropolitan District No. 2, Shaklee Centre Metropolitan District No. 3, Shaklee Centre Metropolitan District No. 5, and Shaklee Centre Metropolitan District No. 6, collectively.

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.

Initial District No. 4 Boundary: means the boundary of the area legally described in **Exhibit A** and depicted on the Initial District No. 4 Boundary Map.

Initial District No. 4 Boundary Map: means the map attached hereto as **Exhibit B-2**, depicting the Initial District No. 4 Boundary.

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 for the Property and either a Sketch Plan, Preliminary Plat and Final Plat, or Planned Unit Development for the Project, together with any required Subdivision Improvement Agreement(s) as approved by the Town pursuant to the Town Code, as any of the foregoing may be amended from time to time with Town approval, and which identify, among other things, the Public Improvements necessary for facilitating development of property within the Service Area and, as applicable, the entity or entities responsible for operating and maintaining such Public Improvements on an ongoing basis.

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 herein.

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

Property: means the property within the Service Area.

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

Service Area: means the property described in **Exhibit A** and depicted on the Initial District No. 4 Boundary Map, as well as any additional property actually included into the boundaries of any one of the Districts in accordance with Section V.

Service Plan: means this service plan for District No. 4, as approved by the Town Board in accordance with applicable State law.

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

Town Code: means the Municipal Code for the Town, as amended from time to time.

III. BOUNDARIES

The area within the Initial District No. 4 Boundary includes approximately Twenty-Three One Hundredths (0.23) acres. A legal description of the Initial District No. 4 Boundary is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B-1**. An Initial District No. 4 Boundary Map is attached hereto as **Exhibit B-2**. It is anticipated that District No. 4's boundaries may change from time to time, particularly as portions of the Project are excluded from Shaklee Centre Metropolitan District No. 1 and included into the boundaries of District No. 4 or the other Districts from time to time, pursuant to Section 32-1-401, *et seq.*, C.R.S., Section 32-1-501, *et seq.*, C.R.S., and subject to the limitations set forth in Section V below.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately Eight Hundred Forty-Three (843) acres of land. The current assessed valuation of the Service Area is considered to be \$-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 daytime population of the District at build-out is estimated to be approximately Five Thousand (5,000) people.

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. **Operations and Maintenance Limitation.** The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. Public Improvements located within the Service Area and financed or constructed by the District—in particular, public streets, water, and sanitary sewer improvements—will be dedicated to the Town for ongoing operation, maintenance and repair in a manner consistent with that certain Annexation Agreement dated January 21, 2009, and recorded in the Weld County Clerk and Recorder's Office on February 27, 2009, at Reception No. 3608062, by and between the Town and Kerry L. Shaklee, Kathleen S. Osburn, Karen L. McGill, and CC Open A, LLC, and any future subdivision improvement agreements or other development agreements applicable to the Public Improvements within the Service Area. Those Public Improvements that are not accepted by the Town may be retained by the District for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan,

applicable rules and regulations of the Town, applicable provisions of the Town Code, and any agreements between the Town and District.

During any period that the District operates and maintains Public Improvements located within its boundaries, revenue to pay the expenses of such operations and maintenance may be obtained from fees legally imposed by the District or other legally available revenues of the District, including *ad valorem* property taxes imposed for such purpose. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S., and to the extent authorized in an approved Land Use Plan.

2. 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 applicable permits for construction and installation of Public Improvements, as required by Town rules and regulations, prior to performing such work.

3. 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.

4. Inclusion Limitation. The District shall not include within its boundaries any property from outside of the Initial District No. 4 Boundary without the prior written consent of the Town Board.

5. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area that 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.

6. Total Debt Issuance Limitation. The District shall not issue Debt in excess of Three Hundred Twenty-Five Million Dollars (\$325,000,000), provided that the

foregoing shall not include the principal amount of Debt which has been refunded by the issuance of refunding Debt.

7. 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 constitute a revenue source for the District without any limitation.

8. 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 Board, unless such consolidation is with one or more of the related Districts.

9. 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 Board as part of a Service Plan Amendment.

10. 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.1, 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.

11. 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.

12. 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, 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 estimates derived from the proposed land uses on the property in the Service Area and is approximately One Hundred Sixty-Two Million Forty-Seven Thousand Three Hundred Sixty-One Dollars (\$162,047,361).

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 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 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.

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment, and operations and maintenance 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

Three Hundred Twenty-Five Million Dollars (\$325,000,000) 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. 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 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, 2016, 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. 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.

H. 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 Directors' 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 following the year in which an Order and Decree creating the District has been issued.

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

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 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 at its first Board meeting after its organizational election, in the same form as is attached on **Exhibit C** and with any revisions as approved by the Town Board. 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 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 a Service Plan Amendment or other form of Town Board approval. 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

Legal Description of Initial District No. 4 Boundary

Legal Description

**Shaklee Centre Metropolitan District No. 4
Boundary**

A PARCEL OF LAND LOCATED IN THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 2 NORTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF WELD, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 25 BEING 200.00 FEET (AS MEASURED AT RIGHT ANGLES) WEST OF THE EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 25;

THENCE SOUTH 88°49'31" WEST, ALONG SAID SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET;

THENCE NORTH 00°48'23" WEST, PARALLEL WITH SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET;

THENCE NORTH 88°49'31" EAST, PARALLEL WITH SAID SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET TO A POINT BEING 200.00 FEET (AS MEASURED AT RIGHT ANGLES) WEST OF SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25;

THENCE SOUTH 00°48'23" EAST, PARALLEL WITH SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET TO THE POINT OF BEGINNING;

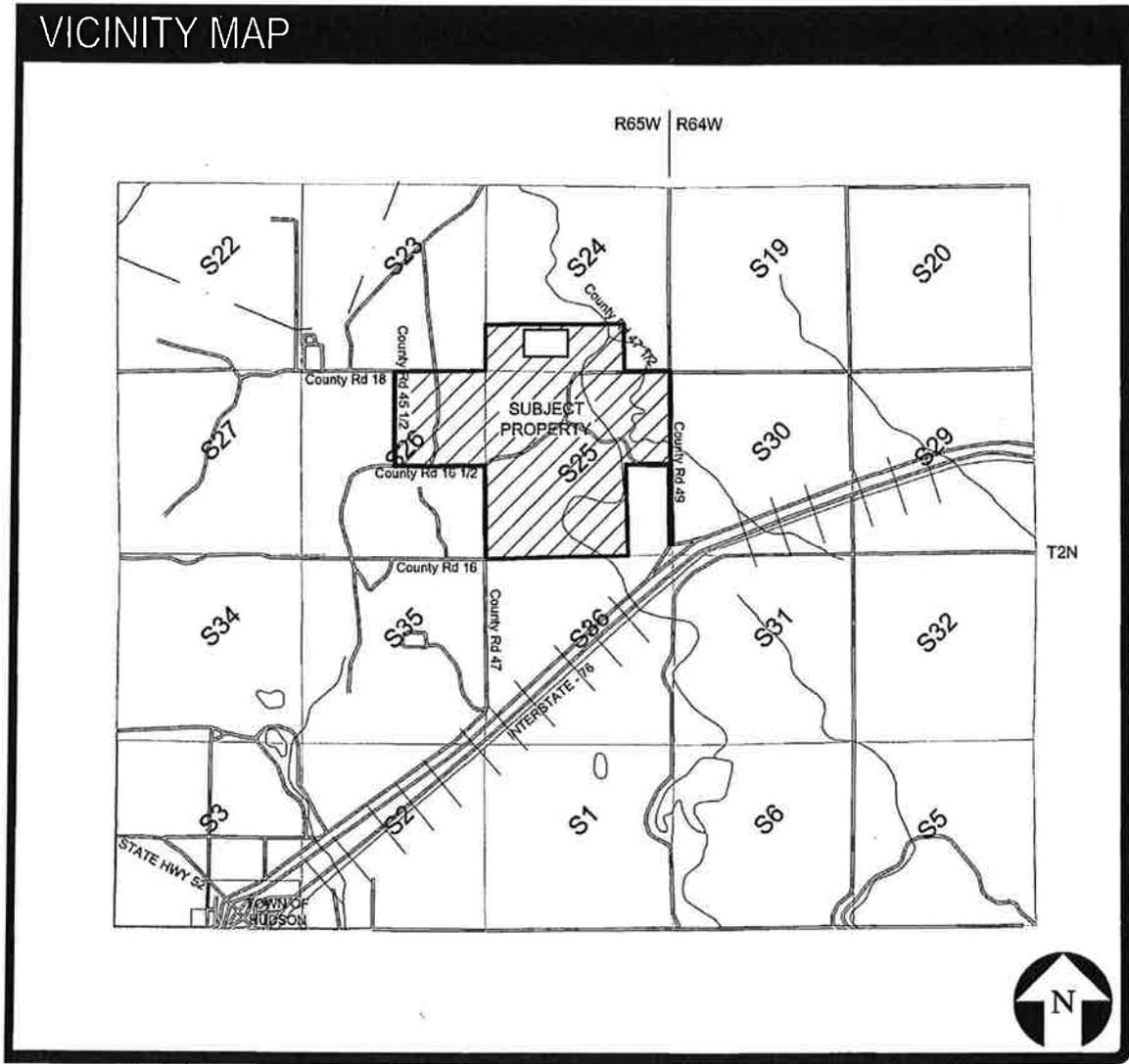
CONTAINING 10,000 SQUARE FEET OR 0.230 ACRE MORE OR LESS, TOGETHER WITH AND SUBJECT TO ALL EASEMENTS AND RIGHTS-OF-WAY EXISTING AND/OR OF PUBLIC RECORD.

BEARINGS FOR THE HEREIN DESCRIBED PARCEL ARE BASED ON THE SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25 BEING SOUTH 88°49'31" WEST.



EXHIBIT B-1

Hudson Vicinity Map



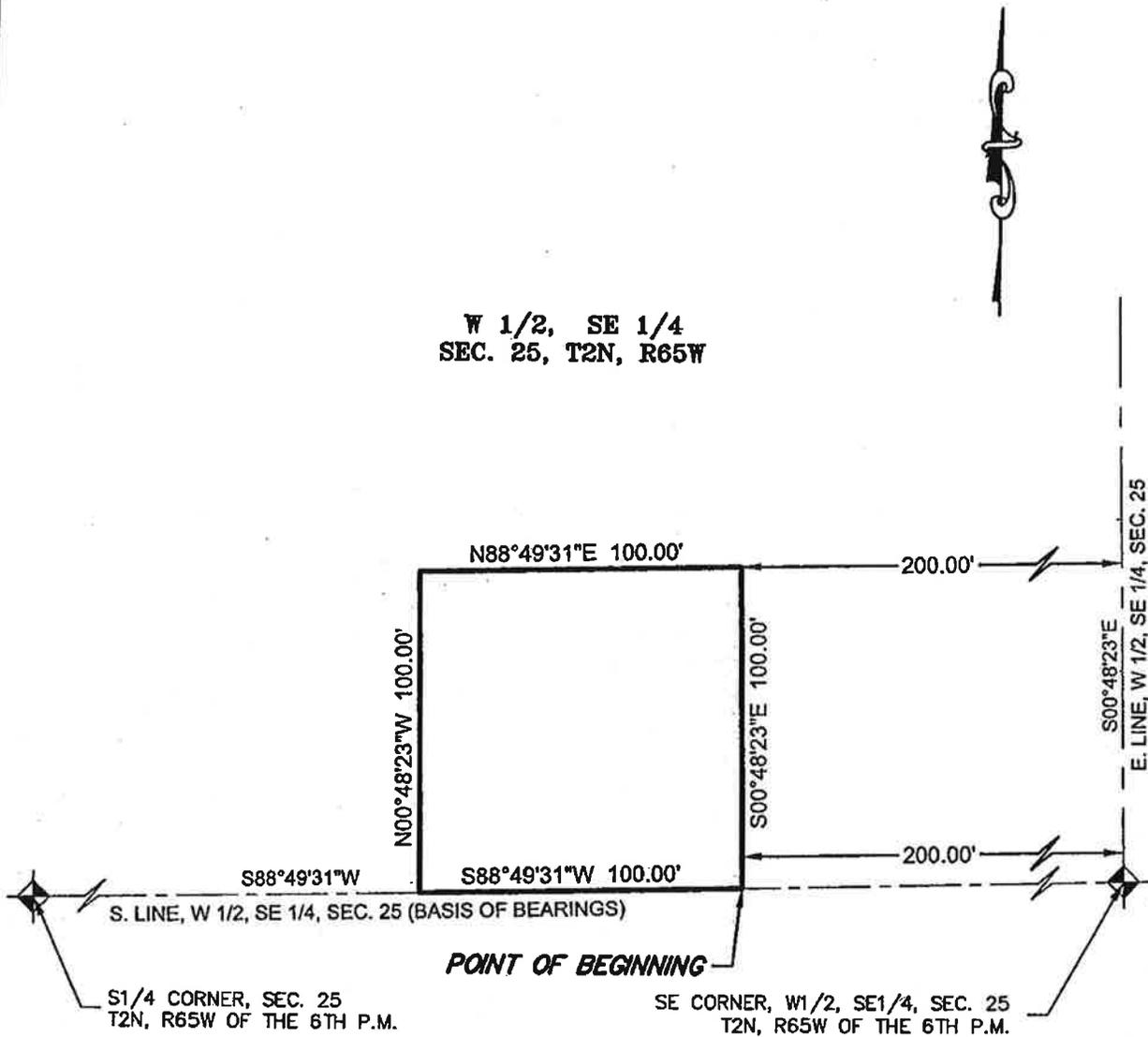
SHAKLEE ANNEXATION TO THE TOWN OF HUDSON

EXHIBIT B-2

Initial District No. 4 Boundary Map

EXHIBIT

**W 1/2, SE 1/4
SEC. 25, T2N, R65W**



THIS EXHIBIT DOES NOT REPRESENT A MONUMENTED SURVEY.
IT IS INTENDED ONLY TO DEPICT THE ATTACHED DESCRIPTION.

PARAGON ENGINEERING CONSULTANTS, INC.
7852 S. ELATI STREET, SUITE 106
LITTLETON, CO 80120

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 4
BOUNDARY**

SITUATED IN SEC. 25, T2N, R65W, 6th P.M.
WELD COUNTY, COLORADO
PARCEL CONTAINS 0.230 Acre

DRAWN BY:	SCALE:	FOLDER:
JP	NOT TO SCALE	15-023 Shaklee Centre Metropolitan District (Cont. Sheet Sets) Legal
CHECKED BY:	DATE:	FILE:
WA	11/12/2015	15-023 District Boundary 4-Legal

EXHIBIT C

Form of Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT BETWEEN
TOWN OF HUDSON, COLORADO
AND
SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 4

THIS AGREEMENT is made and entered into as of this ____ day of _____, 20 __, by and between the TOWN OF HUDSON, COLORADO (the “Town”), and SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 4, a quasi-municipal corporation and political subdivision of the State of Colorado (the “District”). The Town and the District may be collectively referred to herein 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. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them 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. Public Improvements located within the Service Area and financed or constructed by the District—in particular, public streets, water, and sanitary sewer improvements—will be dedicated to the Town for ongoing operation, maintenance and repair in a manner consistent with that certain Annexation Agreement dated January 21, 2009, and recorded in the Weld County Clerk and Recorder’s Office on February 27, 2009, at Reception No. 3608062, by and between the Town and Kerry L. Shaklee, Kathleen S. Osburn, Karen L. McGill, and CC Open A, LLC, and any future subdivision improvement agreements or other development agreements applicable to the Public Improvements within the Service Area. Those Public Improvements that are not accepted by the Town may be retained by the District for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan, applicable rules and regulations of the Town, applicable provisions of the Town Code, and any agreements between the Town and District.

During any period that the District operates and maintains Public Improvements located within its boundaries, revenue to pay the expenses of such operations and maintenance may be obtained from fees legally imposed by the District or other legally available revenues of the District, including *ad valorem* property taxes imposed for such purpose. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S., and to the extent authorized in an approved Land Use Plan.

3. 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, 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.

4. 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.

5. Inclusion. The District shall not include within its boundaries any property from outside of the Initial District No. 4 Boundary without the prior written consent of the Town Board.

6. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area that 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.

7. Total Debt Issuance. The District shall not issue Debt in excess of Three Hundred Twenty-Five Million Dollars (\$325,000,000), provided that the foregoing shall not include the principal amount of Debt which has been refunded by the issuance of refunding Debt.

8. 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.

9. 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 Board, unless such consolidation is with one or more of the related Districts.

10. 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 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.

11. 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.

12. Dissolution. Upon an independent determination of the Town Board 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.

13. 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.

14. 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.

15. 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 following the year in which an Order and Decree creating the District has been issued.

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, under any Debt instruments, which continue beyond a ninety (90) day period; 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.

16. 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, 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, 2016, 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.

17. 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.

18. 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

21. 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.

22. 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.

23. 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.

24. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado. Venue for all actions brought hereunder shall be in the District Court in and for Weld County.

25. 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.

26. 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.

27. 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.

28. 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.

29. 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.

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

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO INTERGOVERNMENTAL AGREEMENT BETWEEN
TOWN OF HUDSON, COLORADO AND SHAKLEE CENTRE METROPOLITAN
DISTRICT NO. 4]**

SHAKLEE CENTRE METROPOLITAN
DISTRICT NO. 4

By: _____
President

Attest:

Secretary

TOWN OF HUDSON

By: _____
Its: _____

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____

RESOLUTION NO.

15-36

**TITLE: APPROVING THE SERVICE PLAN FOR SHAKLEE CENTRE
METROPOLITAN DISTRICT NO. 5**

WHEREAS, Pursuant to Section 32-1-204.5, C.R.S., as amended, a Service Plan (“Service Plan”) for the proposed Shaklee Centre Metropolitan District No. 5 (“District”) has been submitted to the Board of Trustees (“Board”) of the Town of Hudson (“Town”).

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 December 2, 2015.

WHEREAS, Notice of the hearing before the Board was duly published in The Greeley Tribune, a newspaper of general circulation within the Town, on November 6, 2015, 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.

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

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.

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 the 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 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 ____ day of December, 2015.

TOWN OF HUDSON, COLORADO

Ray Patch, Mayor

Attest:

Linnette Barker, CMC, Town Clerk

SERVICE PLAN

FOR

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 5

TOWN OF HUDSON, WELD COUNTY, COLORADO

Prepared

by

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

Pre-Submittal: October 5, 2015

Formal Submittal: November 18, 2015

Approved: _____, 2015

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LIST OF EXHIBITS

EXHIBIT A	Legal Description of Initial District No. 5 Boundary
EXHIBIT B-1	Hudson Vicinity Map
EXHIBIT B-2	Initial District No. 5 Boundary Map
EXHIBIT C	Form of Intergovernmental Agreement

**SERVICE PLAN FOR
SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 5**

I. INTRODUCTION

A. Purpose and Intent.

The District , as hereinafter defined, 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 Agreement between the Town and the District, as hereinafter defined. 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, maintenance 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 the Property 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 bears 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 but shall not include the District's promise to impose an *ad valorem* property tax mill levy pursuant to an intergovernmental agreement.

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

District or District No. 5: means Shaklee Centre Metropolitan District No. 5.

Districts: means District No. 5, Shaklee Centre Metropolitan District No. 1, Shaklee Centre Metropolitan District No. 2, Shaklee Centre Metropolitan District No. 3, Shaklee Centre Metropolitan District No. 4, and Shaklee Centre Metropolitan District No. 6, collectively.

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.

Initial District No. 5 Boundary: means the boundary of the area legally described in **Exhibit A** and depicted on the Initial District No. 5 Boundary Map.

Initial District No. 5 Boundary Map: means the map attached hereto as **Exhibit B-2**, depicting the Initial District No. 5 Boundary.

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 for the Property and either a Sketch Plan, Preliminary Plat and Final Plat, or Planned Unit Development for the Project, together with any required Subdivision Improvement Agreement(s) as approved by the Town pursuant to the Town Code, as any of the foregoing may be amended from time to time with Town approval, and which identify, among other things, the Public Improvements necessary for facilitating development of property within the Service Area and, as applicable, the entity or entities responsible for operating and maintaining such Public Improvements on an ongoing basis.

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 herein.

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

Property: means the property within the Service Area.

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

Service Area: means the property described in **Exhibit A** and depicted on the Initial District No. 5 Boundary Map, as well as any additional property actually included into the boundaries of any one of the Districts in accordance with Section V.

Service Plan: means this service plan for District No. 5, as approved by the Town Board in accordance with applicable State law.

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

Town Code: means the Municipal Code for the Town, as amended from time to time.

III. BOUNDARIES

The area within the Initial District No. 5 Boundary includes approximately Twenty-Three One Hundredths (0.23) acres. A legal description of the Initial District No. 5 Boundary is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B-1**. An Initial District No. 5 Boundary Map is attached hereto as **Exhibit B-2**. It is anticipated that District No. 5's boundaries may change from time to time, particularly as portions of the Project are excluded from Shaklee Centre Metropolitan District No. 1 and included into the boundaries of District No. 5 or the other Districts from time to time, pursuant to Section 32-1-401, *et seq.*, C.R.S., Section 32-1-501, *et seq.*, C.R.S., and subject to the limitations set forth in Section V below.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately Eight Hundred Forty-Three (843) acres of land. The current assessed valuation of the Service Area is considered to be \$-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 daytime population of the District at build-out is estimated to be approximately Five Thousand (5,000) people.

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. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. Public Improvements located within the Service Area and financed or constructed by the District—in particular, public streets, water, and sanitary sewer improvements—will be dedicated to the Town for ongoing operation, maintenance and repair in a manner consistent with that certain Annexation Agreement dated January 21, 2009, and recorded in the Weld County Clerk and Recorder's Office on February 27, 2009, at Reception No. 3608062, by and between the Town and Kerry L. Shaklee, Kathleen S. Osburn, Karen L. McGill, and CC Open A, LLC, and any future subdivision improvement agreements or other development agreements applicable to the Public Improvements within the Service Area. Those Public Improvements that are not accepted by the Town may be retained by the District for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan,

applicable rules and regulations of the Town, applicable provisions of the Town Code, and any agreements between the Town and District.

During any period that the District operates and maintains Public Improvements located within its boundaries, revenue to pay the expenses of such operations and maintenance may be obtained from fees legally imposed by the District or other legally available revenues of the District, including *ad valorem* property taxes imposed for such purpose. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S., and to the extent authorized in an approved Land Use Plan.

2. 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 applicable permits for construction and installation of Public Improvements, as required by Town rules and regulations, prior to performing such work.

3. 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.

4. Inclusion Limitation. The District shall not include within its boundaries any property from outside of the Initial District No. 5 Boundary without the prior written consent of the Town Board.

5. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area that 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.

6. Total Debt Issuance Limitation. The District shall not issue Debt in excess of Three Hundred Twenty-Five Million Dollars (\$325,000,000), provided that the

foregoing shall not include the principal amount of Debt which has been refunded by the issuance of refunding Debt.

7. 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 constitute a revenue source for the District without any limitation.

8. 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 Board, unless such consolidation is with one or more of the related Districts.

9. 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 Board as part of a Service Plan Amendment.

10. 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.1, 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.

11. 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.

12. 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, 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 estimates derived from the proposed land uses on the property in the Service Area and is approximately One Hundred Sixty-Two Million Forty-Seven Thousand Three Hundred Sixty-One Dollars (\$162,047,361).

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 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 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.

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment, and operations and maintenance 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

Three Hundred Twenty-Five Million Dollars (\$325,000,000) 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. 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 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, 2016, 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. 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.

H. 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 Directors' 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 following the year in which an Order and Decree creating the District has been issued.

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

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 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 at its first Board meeting after its organizational election, in the same form as is attached on **Exhibit C** and with any revisions as approved by the Town Board. 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 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 a Service Plan Amendment or other form of Town Board approval. 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

Legal Description of Initial District No. 5 Boundary

Legal Description

**Shaklee Centre Metropolitan District No. 5
Boundary**

A PARCEL OF LAND LOCATED IN THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 2 NORTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF WELD, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 25 BEING 100.00 FEET (AS MEASURED AT RIGHT ANGLES) WEST OF THE EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 25;

THENCE SOUTH 88°49'31" WEST, ALONG SAID SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET;

THENCE NORTH 00°48'23" WEST, PARALLEL WITH SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET;

THENCE NORTH 88°49'31" EAST, PARALLEL WITH SAID SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET TO A POINT BEING 100.00 FEET (AS MEASURED AT RIGHT ANGLES) WEST OF SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25;

THENCE SOUTH 00°48'23" EAST, PARALLEL WITH SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET TO THE POINT OF BEGINNING;

CONTAINING 10,000 SQUARE FEET OR 0.230 ACRE MORE OR LESS, TOGETHER WITH AND SUBJECT TO ALL EASEMENTS AND RIGHTS-OF-WAY EXISTING AND/OR OF PUBLIC RECORD.

BEARINGS FOR THE HEREIN DESCRIBED PARCEL ARE BASED ON THE SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25 BEING SOUTH 88°49'31" WEST.

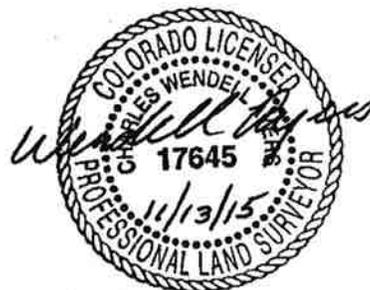
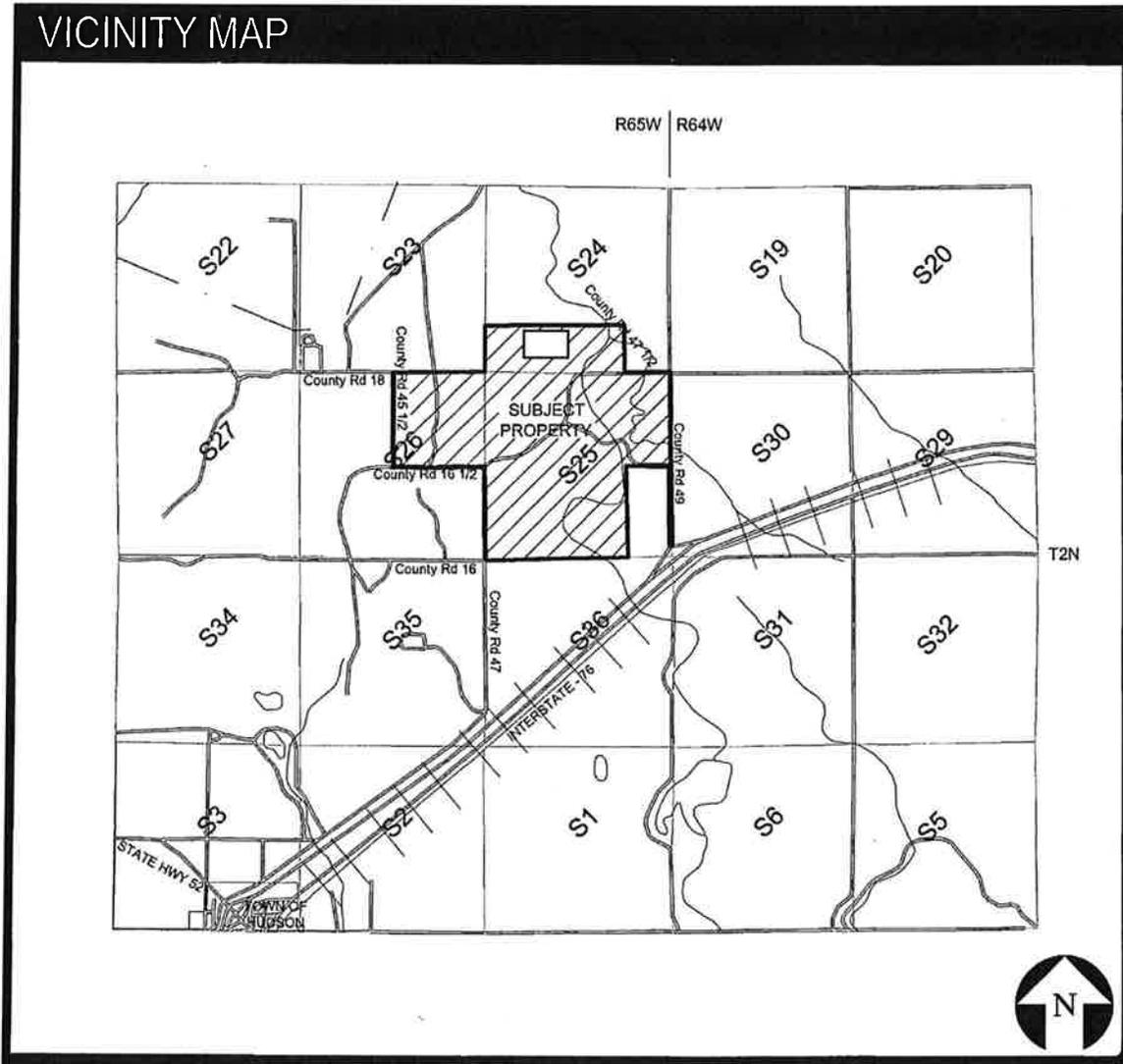


EXHIBIT B-1

Hudson Vicinity Map



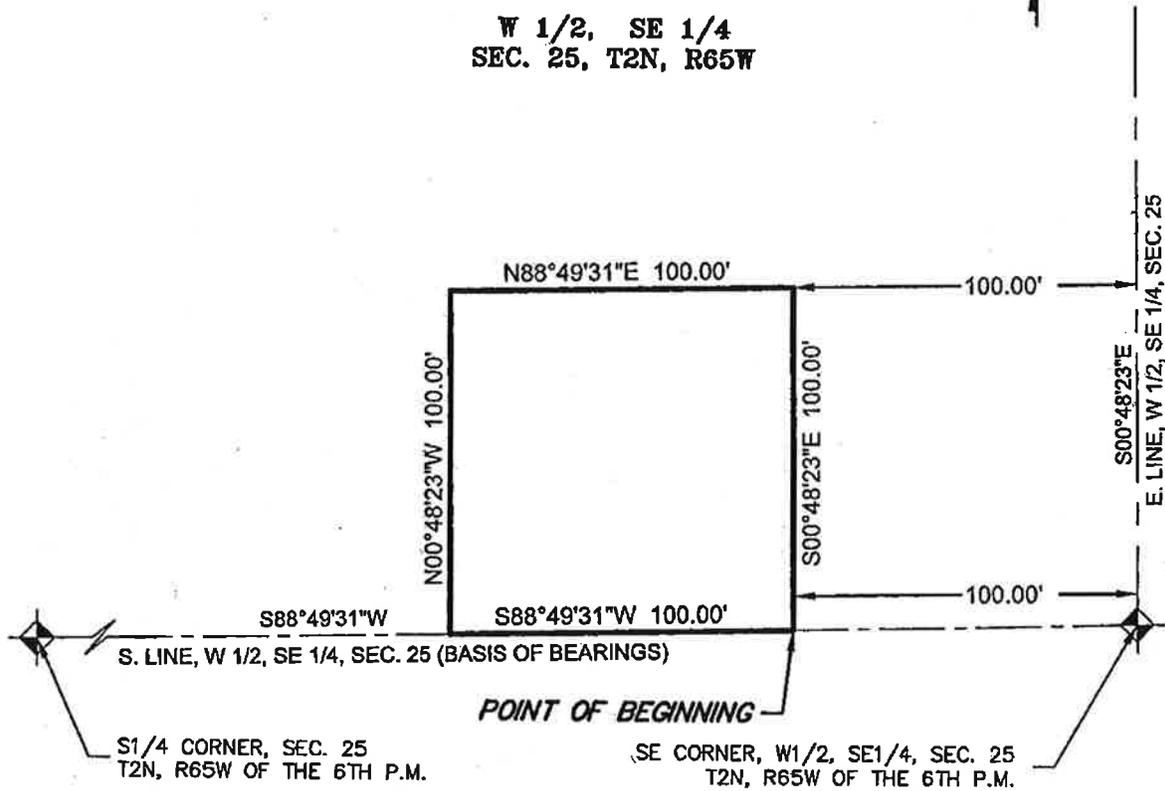
SHAKLEE ANNEXATION TO THE TOWN OF HUDSON

EXHIBIT B-2

Initial District No. 5 Boundary Map

EXHIBIT

W 1/2, SE 1/4
SEC. 25, T2N, R65W



THIS EXHIBIT DOES NOT REPRESENT A MONUMENTED SURVEY.
IT IS INTENDED ONLY TO DEPICT THE ATTACHED DESCRIPTION.

PARAGON ENGINEERING CONSULTANTS, INC.
7852 S. ELATI STREET, SUITE 106
LITTLETON, CO 80120

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 5
BOUNDARY**

SITUATED IN SEC. 25, T2N, R65W, 6th P.M.
WELD COUNTY, COLORADO

PARCEL CONTAINS 0.230 Acre

DRAWN BY: JP	SCALE: NOT TO SCALE	FOLDER: 15-023 Shaklee Centre Metropolitan District (Quad) Sheet Sets/Logos
CHECKED BY: WA	DATE: 11/12/2015	FILE: 15-023 District Boundary 5-Legal

EXHIBIT C

Form of Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT BETWEEN
TOWN OF HUDSON, COLORADO
AND
SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 5

THIS AGREEMENT is made and entered into as of this ____ day of _____, 20__ , by and between the TOWN OF HUDSON, COLORADO (the “Town”), and SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 5, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”). The Town and the District may be collectively referred to herein 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. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them 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. Public Improvements located within the Service Area and financed or constructed by the District—in particular, public streets, water, and sanitary sewer improvements—will be dedicated to the Town for ongoing operation, maintenance and repair in a manner consistent with that certain Annexation Agreement dated January 21, 2009, and recorded in the Weld County Clerk and Recorder’s Office on February 27, 2009, at Reception No. 3608062, by and between the Town and Kerry L. Shaklee, Kathleen S. Osburn, Karen L. McGill, and CC Open A, LLC, and any future subdivision improvement agreements or other development agreements applicable to the Public Improvements within the Service Area. Those Public Improvements that are not accepted by the Town may be retained by the District for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan, applicable rules and regulations of the Town, applicable provisions of the Town Code, and any agreements between the Town and District.

During any period that the District operates and maintains Public Improvements located within its boundaries, revenue to pay the expenses of such operations and maintenance may be obtained from fees legally imposed by the District or other legally available revenues of the District, including *ad valorem* property taxes imposed for such purpose. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S., and to the extent authorized in an approved Land Use Plan.

3. 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, 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.

4. 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.

5. Inclusion. The District shall not include within its boundaries any property from outside of the Initial District No. 5 Boundary without the prior written consent of the Town Board.

6. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area that 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.

7. Total Debt Issuance. The District shall not issue Debt in excess of Three Hundred Twenty-Five Million Dollars (\$325,000,000), provided that the foregoing shall not include the principal amount of Debt which has been refunded by the issuance of refunding Debt.

8. 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.

9. 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 Board, unless such consolidation is with one or more of the related Districts.

10. 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 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.

11. 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.

12. Dissolution. Upon an independent determination of the Town Board 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.

13. 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.

14. 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.

15. 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 following the year in which an Order and Decree creating the District has been issued.

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, under any Debt instruments, which continue beyond a ninety (90) day period; 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.

16. 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, 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, 2016, 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.

17. 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.

18. 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

21. 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.

22. 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.

23. 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.

24. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado. Venue for all actions brought hereunder shall be in the District Court in and for Weld County.

25. 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.

26. 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.

27. 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.

28. 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.

29. 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.

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

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO INTERGOVERNMENTAL AGREEMENT BETWEEN
TOWN OF HUDSON, COLORADO AND SHAKLEE CENTRE METROPOLITAN
DISTRICT NO. 5]**

SHAKLEE CENTRE METROPOLITAN
DISTRICT NO. 5

By: _____
President

Attest:

Secretary

TOWN OF HUDSON

By: _____
Its: _____

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____

RESOLUTION NO.
15-37

**TITLE: APPROVING THE SERVICE PLAN FOR SHAKLEE CENTRE
METROPOLITAN DISTRICT NO. 6**

WHEREAS, Pursuant to Section 32-1-204.5, C.R.S., as amended, a Service Plan (“Service Plan”) for the proposed Shaklee Centre Metropolitan District No. 6 (“District”) has been submitted to the Board of Trustees (“Board”) of the Town of Hudson (“Town”).

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 December 2, 2015.

WHEREAS, Notice of the hearing before the Board was duly published in The Greeley Tribune, a newspaper of general circulation within the Town, on November 6, 2015, 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.

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

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.

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 the 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 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 ____ day of December, 2015.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

Attest:

Linnette Barker, CMC, Town Clerk

SERVICE PLAN

FOR

SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 6

TOWN OF HUDSON, WELD COUNTY, COLORADO

Prepared

by

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

Pre-Submittal: October 5, 2015

Formal Submittal: November 18, 2015

Approved: _____, 2015

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EXHIBIT B-2	Initial District No. 6 Boundary Map
EXHIBIT C	Form of Intergovernmental Agreement

**SERVICE PLAN FOR
SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 6**

I. INTRODUCTION

A. Purpose and Intent.

The District , as hereinafter defined, 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 Agreement between the Town and the District, as hereinafter defined. 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, maintenance 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 the Property 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 bears 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 but shall not include the District's promise to impose an *ad valorem* property tax mill levy pursuant to an intergovernmental agreement.

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

District or District No. 6: means Shaklee Centre Metropolitan District No. 6.

Districts: means District No. 6, Shaklee Centre Metropolitan District No. 1, Shaklee Centre Metropolitan District No. 2, Shaklee Centre Metropolitan District No. 3, Shaklee Centre Metropolitan District No. 4, and Shaklee Centre Metropolitan District No. 5, collectively.

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.

Initial District No. 6 Boundary: means the boundary of the area legally described in **Exhibit A** and depicted on the Initial District No. 6 Boundary Map.

Initial District No. 6 Boundary Map: means the map attached hereto as **Exhibit B-2**, depicting the Initial District No. 6 Boundary.

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 for the Property and either a Sketch Plan, Preliminary Plat and Final Plat, or Planned Unit Development for the Project, together with any required Subdivision Improvement Agreement(s) as approved by the Town pursuant to the Town Code, as any of the foregoing may be amended from time to time with Town approval, and which identify, among other things, the Public Improvements necessary for facilitating development of property within the Service Area and, as applicable, the entity or entities responsible for operating and maintaining such Public Improvements on an ongoing basis.

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 herein.

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

Property: means the property within the Service Area.

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

Service Area: means the property described in **Exhibit A** and depicted on the Initial District No. 6 Boundary Map, as well as any additional property actually included into the boundaries of any one of the Districts in accordance with Section V.

Service Plan: means this service plan for District No. 6, as approved by the Town Board in accordance with applicable State law.

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

Town Code: means the Municipal Code for the Town, as amended from time to time.

III. BOUNDARIES

The area within the Initial District No. 6 Boundary includes approximately Twenty-Three One Hundredths (0.23) acres. A legal description of the Initial District No. 6 Boundary is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B-1**. An Initial District No. 6 Boundary Map is attached hereto as **Exhibit B-2**. It is anticipated that District No. 6's boundaries may change from time to time, particularly as portions of the Project are excluded from Shaklee Centre Metropolitan District No. 1 and included into the boundaries of District No. 6 or the other Districts from time to time, pursuant to Section 32-1-401, *et seq.*, C.R.S., Section 32-1-501, *et seq.*, C.R.S., and subject to the limitations set forth in Section V below.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately Eight Hundred Forty-Three (843) acres of land. The current assessed valuation of the Service Area is considered to be \$-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 daytime population of the District at build-out is estimated to be approximately Five Thousand (5,000) people.

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. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. Public Improvements located within the Service Area and financed or constructed by the District—in particular, public streets, water, and sanitary sewer improvements—will be dedicated to the Town for ongoing operation, maintenance and repair in a manner consistent with that certain Annexation Agreement dated January 21, 2009, and recorded in the Weld County Clerk and Recorder's Office on February 27, 2009, at Reception No. 3608062, by and between the Town and Kerry L. Shaklee, Kathleen S. Osburn, Karen L. McGill, and CC Open A, LLC, and any future subdivision improvement agreements or other development agreements applicable to the Public Improvements within the Service Area. Those Public Improvements that are not accepted by the Town may be retained by the District for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan,

applicable rules and regulations of the Town, applicable provisions of the Town Code, and any agreements between the Town and District.

During any period that the District operates and maintains Public Improvements located within its boundaries, revenue to pay the expenses of such operations and maintenance may be obtained from fees legally imposed by the District or other legally available revenues of the District, including *ad valorem* property taxes imposed for such purpose. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S., and to the extent authorized in an approved Land Use Plan.

2. 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 applicable permits for construction and installation of Public Improvements, as required by Town rules and regulations, prior to performing such work.

3. 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.

4. Inclusion Limitation. The District shall not include within its boundaries any property from outside of the Initial District No. 6 Boundary without the prior written consent of the Town Board.

5. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area that 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.

6. Total Debt Issuance Limitation. The District shall not issue Debt in excess of Three Hundred Twenty-Five Million Dollars (\$325,000,000), provided that the

foregoing shall not include the principal amount of Debt which has been refunded by the issuance of refunding Debt.

7. 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 constitute a revenue source for the District without any limitation.

8. 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 Board, unless such consolidation is with one or more of the related Districts.

9. 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 Board as part of a Service Plan Amendment.

10. 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.1, 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.

11. 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.

12. 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, 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 estimates derived from the proposed land uses on the property in the Service Area and is approximately One Hundred Sixty-Two Million Forty-Seven Thousand Three Hundred Sixty-One Dollars (\$162,047,361).

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 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 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.

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment, and operations and maintenance 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

Three Hundred Twenty-Five Million Dollars (\$325,000,000) 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. 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 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, 2016, 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. 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.

H. 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 Directors' 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 following the year in which an Order and Decree creating the District has been issued.

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

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 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 at its first Board meeting after its organizational election, in the same form as is attached on **Exhibit C** and with any revisions as approved by the Town Board. 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 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 a Service Plan Amendment or other form of Town Board approval. 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

Legal Description of Initial District No. 6 Boundary

Legal Description

**Shaklee Centre Metropolitan District No. 6
Boundary**

A PARCEL OF LAND LOCATED IN THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 2 NORTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF WELD, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION;

THENCE SOUTH 88°49'31" WEST, ALONG THE SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 25, 100.00 FEET;

THENCE NORTH 00°48'23" WEST, PARALLEL WITH THE EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 25, 100.00 FEET;

THENCE NORTH 88°49'31" EAST, PARALLEL WITH SAID SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET TO SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25;

THENCE SOUTH 00°48'23" EAST, ALONG SAID EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25, 100.00 FEET TO THE POINT OF BEGINNING;

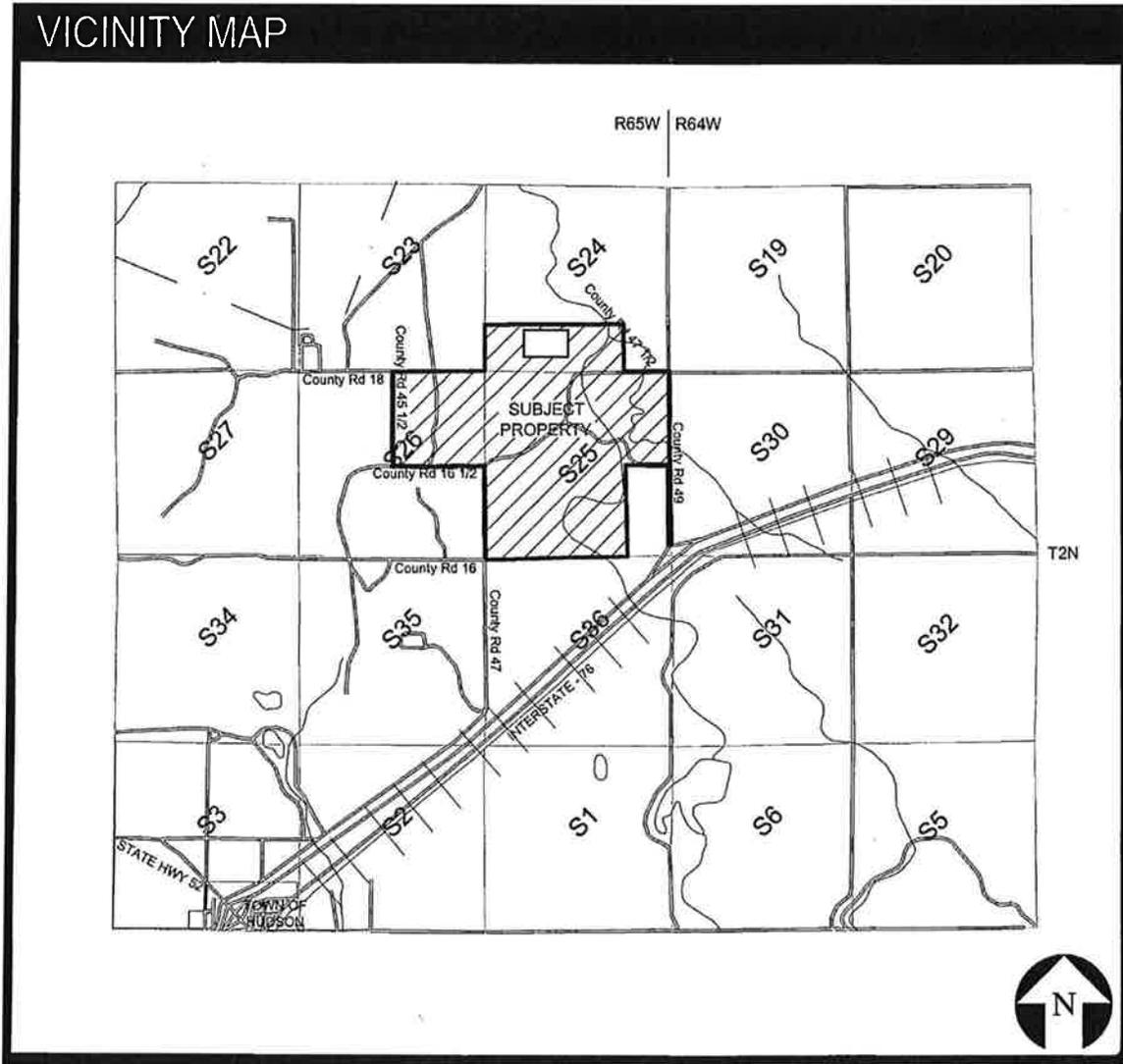
CONTAINING 10,000 SQUARE FEET OR 0.230 ACRE MORE OR LESS, TOGETHER WITH AND SUBJECT TO ALL EASEMENTS AND RIGHTS-OF-WAY EXISTING AND/OR OF PUBLIC RECORD.

BEARINGS FOR THE HEREIN DESCRIBED PARCEL ARE BASED ON THE SOUTH LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 25 BEING SOUTH 88°49'31" WEST.



EXHIBIT B-1

Hudson Vicinity Map



SHAKLEE ANNEXATION TO THE TOWN OF HUDSON

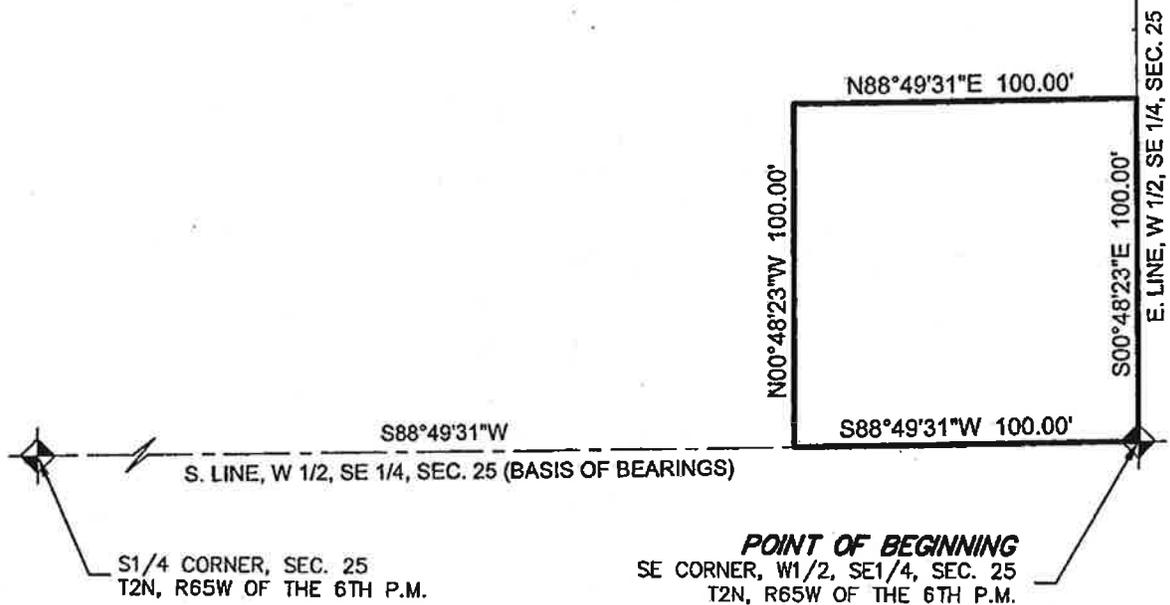
EXHIBIT B-2

Initial District No. 6 Boundary Map

EXHIBIT



**W 1/2, SE 1/4
SEC. 25, T2N, R65W**



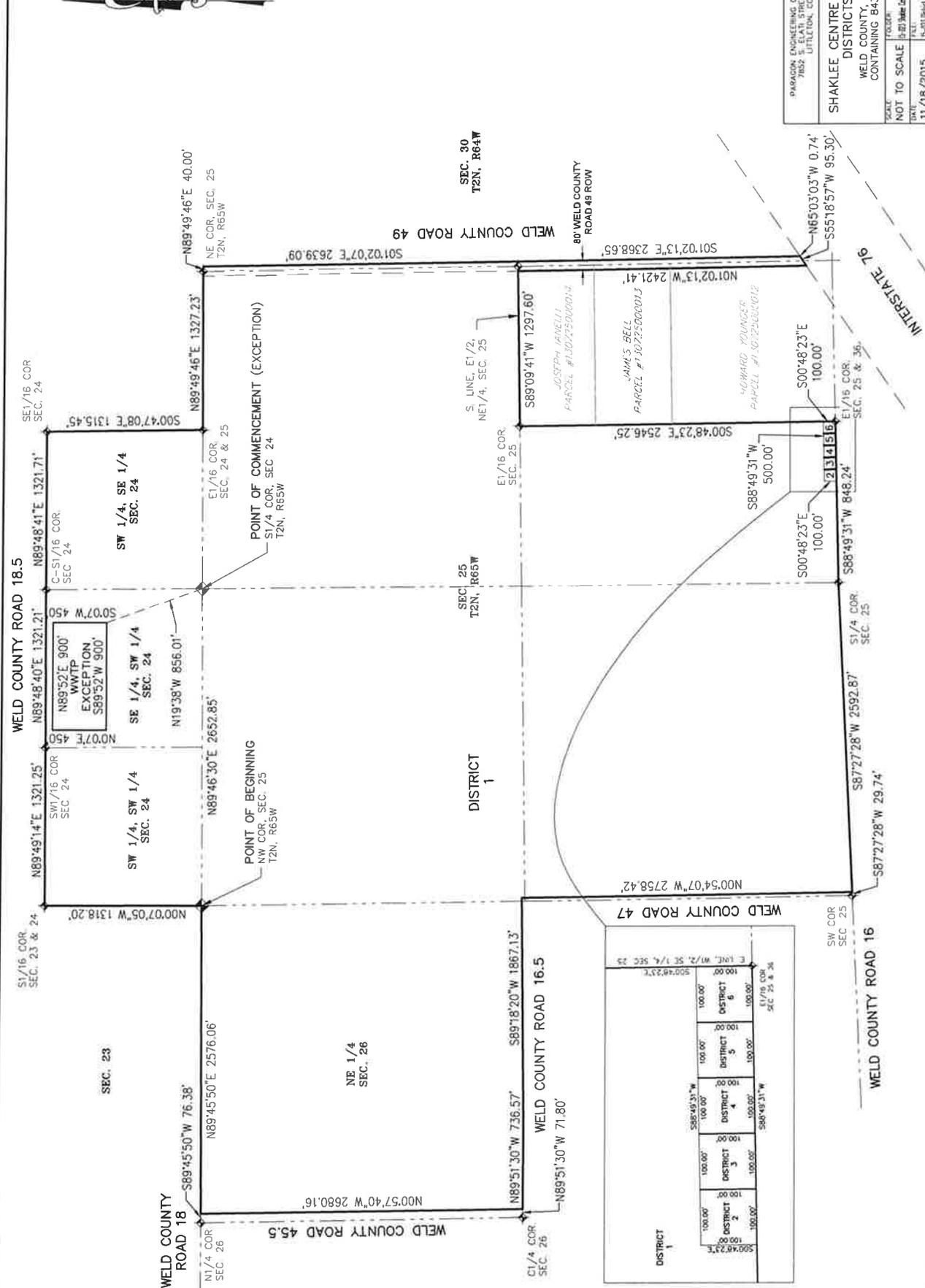
THIS EXHIBIT DOES NOT REPRESENT A MONUMENTED SURVEY.
IT IS INTENDED ONLY TO DEPICT THE ATTACHED DESCRIPTION.

PARAGON ENGINEERING CONSULTANTS, INC.
7852 S. ELATI STREET, SUITE 106
LITTLETON, CO 80120

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 6
BOUNDARY**

SITUATED IN SEC. 25, T2N, R65W, 6th P.M.
WELD COUNTY, COLORADO
PARCEL CONTAINS 0.230 Acre

DRAWN BY:	SCALE:	FOLDER:
JP	NOT TO SCALE	15-023 Shaklee Centre Metropolitan District (Coal) Sheet Set/Logan
CHECKED BY:	DATE:	FILE:
WA	11/12/2015	15-023 District Boundary 6-Legal



PARADIGM ENGINEERING CONSULTANTS, INC 7852 W. STATE ST. SUITE 106 LITTLETON, CO 80120	
SHAKLEE CENTRE METROPOLITAN DISTRICTS 1-6 WELD COUNTY, COLORADO CONTAINING 843.15 ACRES	
SCALE	NOT TO SCALE
DATE	11/18/2015
FOLDER	15-02 State Center Metrolite 106 (4/16/15)
FILE	15-021 State Center Metrolite 106 (4/16/15)

SW 1/4, SW 1/4
SEC. 24

SE 1/4, SE 1/4
SEC. 24

SW 1/4, SW 1/4
SEC. 24

SW 1/4, SE 1/4
SEC. 24

NE 1/4
SEC. 26

SEC. 23

SEC. 25

SEC. 30
T2N, R64W

WELD COUNTY ROAD 18.5

WELD COUNTY ROAD 49

WELD COUNTY ROAD 48 ROW

WELD COUNTY ROAD 47

WELD COUNTY ROAD 16.5

WELD COUNTY ROAD 16

INTERSTATE 76

DISTRICT 1

POINT OF BEGINNING
NW COR. SEC. 25
T2N, R65W

POINT OF COMMENCEMENT (EXCEPTION)
S1/4 COR. SEC. 24
T2N, R65W

WATER TREATMENT PLANT EXCEPTION
N89°52'E 900'
S89°52'W 900'

JAMES BELL
PARCEL #130225000013

JOSEPH JANELLI
PARCEL #130225000014

SHARON YOUNGER
PARCEL #150225000012

S LINE, E1/2,
NE1/4, SEC. 25

500'x48'23"E
100.00'

EXHIBIT C

Form of Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT BETWEEN
TOWN OF HUDSON, COLORADO
AND
SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 6

THIS AGREEMENT is made and entered into as of this ____ day of _____, 20__, by and between the TOWN OF HUDSON, COLORADO (the “Town”), and SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 6, a quasi-municipal corporation and political subdivision of the State of Colorado (the “District”). The Town and the District may be collectively referred to herein 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. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them 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. Public Improvements located within the Service Area and financed or constructed by the District—in particular, public streets, water, and sanitary sewer improvements—will be dedicated to the Town for ongoing operation, maintenance and repair in a manner consistent with that certain Annexation Agreement dated January 21, 2009, and recorded in the Weld County Clerk and Recorder’s Office on February 27, 2009, at Reception No. 3608062, by and between the Town and Kerry L. Shaklee, Kathleen S. Osburn, Karen L. McGill, and CC Open A, LLC, and any future subdivision improvement agreements or other development agreements applicable to the Public Improvements within the Service Area. Those Public Improvements that are not accepted by the Town may be retained by the District for ongoing operation, maintenance and repair in a manner consistent with the Land Use Plan, applicable rules and regulations of the Town, applicable provisions of the Town Code, and any agreements between the Town and District.

During any period that the District operates and maintains Public Improvements located within its boundaries, revenue to pay the expenses of such operations and maintenance may be obtained from fees legally imposed by the District or other legally available revenues of the District, including *ad valorem* property taxes imposed for such purpose. The District shall be authorized to provide covenant enforcement and design review, as provided under Section 32-1-1004(8)(a), C.R.S., and to the extent authorized in an approved Land Use Plan.

3. 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, 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.

4. 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.

5. Inclusion. The District shall not include within its boundaries any property from outside of the Initial District No. 6 Boundary without the prior written consent of the Town Board.

6. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area that 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.

7. Total Debt Issuance. The District shall not issue Debt in excess of Three Hundred Twenty-Five Million Dollars (\$325,000,000), provided that the foregoing shall not include the principal amount of Debt which has been refunded by the issuance of refunding Debt.

8. 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.

9. 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 Board, unless such consolidation is with one or more of the related Districts.

10. 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 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.

11. 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.

12. Dissolution. Upon an independent determination of the Town Board 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.

13. 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.

14. 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.

15. 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 following the year in which an Order and Decree creating the District has been issued.

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, under any Debt instruments, which continue beyond a ninety (90) day period; 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.

16. 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, 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, 2016, 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.

17. 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.

18. 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.

22. 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.

23. 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.

24. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado. Venue for all actions brought hereunder shall be in the District Court in and for Weld County.

25. 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.

26. 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.

27. 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.

28. 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.

29. 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.

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

[SIGNATURE PAGE FOLLOWS]

**[SIGNATURE PAGE TO INTERGOVERNMENTAL AGREEMENT BETWEEN
TOWN OF HUDSON, COLORADO AND SHAKLEE CENTRE METROPOLITAN
DISTRICT NO. 6]**

SHAKLEE CENTRE METROPOLITAN
DISTRICT NO. 6

By: _____
President

Attest:

Secretary

TOWN OF HUDSON

By: _____
Its: _____

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____

MEMORANDUM

3.1.

To: Board of Trustees
From: Joe Racine, Town Administrator
Date: November 18, 2015
Subject: Report: Kerr McGee Oil & Gas Onshore, LP, Use by Special Review, Memorandum of Understanding, Contribution Agreement

Attachments

On October 21st the Board granted two use by special review permits to Kerr McGee for two well pads on the Shaklee property. Conditions on those approvals are explained in the attached letter to Kerr McGee that was sent following the meeting. The Board specified that by this meeting on November 18th we would either have a Memorandum of Understanding (MOU) with Kerr McGee addressing use of Town streets and traffic congestion resulting from these wells and a set of well pads north of the prison and outside of the Town known as the "Powers" wells. Absent an acceptable MOU the Board was prepared to impose additional specific conditions on the two USRs.

In partial fulfillment of one of the conditions, Kerr McGee is working with their consultant, Felsburg, Holt and Ulevig, to revise and complete a traffic management plan. Secondly, on November 12th they submitted a DRAFT MOU and an accompanying "Contribution Agreement" for our consideration.

I suggested that the drafts represented a good faith effort on the part of Kerr McGee to satisfy the Board's conditions and that the drafts satisfy the spirit of the Board's conditions. The attached agreements were submitted to the Town on November 30th in response to comments sent by the Town Attorney. We will have additional comments on the agreements for the December 2nd meeting at which time we may recommend approval by the Board. If we do not believe that the agreements are ready for Board consideration, we will recommend that the matter be tabled to the January 6th meeting.

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this "MOU") is made and entered into this ____ day of November, 2015 ("Effective Date"), by and between the Town of Hudson, a Colorado municipal corporation (the "Town"), whose address is 557 Ash, Hudson, Colorado, 80642-0351, and Kerr-McGee Oil & Gas Onshore LP, a Delaware limited partnership ("KMG"), whose address is 1099 18th Street, Suite 1800, Denver, Colorado 80202. KMG and the Town may be referred to individually as a "Party" or collectively as the "Parties."

BACKGROUND and RECITALS:

A. As of the Effective Date, KMG possesses certain oil and gas leasehold and mineral interests both within and outside the legal corporate limits of the Town (the "Town Limits"). KMG currently operates oil and gas wells within and outside the Town Limits ("Existing Wells") and has the right, subject to applicable laws, to develop its current and future oil and gas leasehold and mineral interests by drilling additional wells both within and outside the Town Limits.

B. KMG may from time to time apply to drill and operate other new wells at locations depicted on Appendix A attached hereto and incorporated herein that either (1) require access via roads owned by the Town located within the Town Limits ("Town Roads"), but are located outside of the Town Limits (the "Non-Town Wells"), or (2) are located within Town Limits (the "Town Wells," and collectively with the Non-Town Wells, "Wells").

C. The Wells include those certain horizontal wells approved by the Town pursuant to a use by special review permit issued on October 21, 2015, and more particularly described and depicted therein (the "CC Open Wells").

D. In connection with its operations of the Wells, KMG intends to use the Town Roads for access, which use may result in certain impacts to such Town Roads above and beyond normal wear and tear.

E. In order to identify such impacts to Town Roads resulting from KMG's operation of the Wells, KMG has commissioned the following traffic management studies relating to KMG's operation of the Wells, which studies may include descriptions of the amount, nature and timing of expected traffic and plans to mitigate congestion:

(1) a road impact study performed by Arcadis at the expense of KMG, which consists of an assessment of the current condition of the Town Roads and analysis of KMG's proportionate share impact to Town Roads in connection with KMG's operation of the Wells (the "Arcadis Study"); and

(2) a traffic study of the impacts of KMG's operation of the Wells on the intersection of HWY 52 and the I-76 Frontage Road Felsburg Holt & Ullevig (the "FHU Study," and collectively with the Arcadis Study, the "Road Impact Studies").

F. Based on the Road Impact Studies, KMG has developed certain best management practices for KMG's operation of the Wells that may also reduce the potential impacts to the Town Roads.

G. The Town and KMG have, on or about even with the Effective Date, entered into that certain Contribution Agreement, which sets forth KMG's proportionate share obligation for costs associated with repairs to the Town Roads made necessary as a result of potential damage caused by KMG's temporary high impact traffic associated with construction, drilling and ~~completion of the Wells ("Ordinary Wear")~~ completions activities.

H. The Town and KMG have agreed to enter into this MOU in order to memorialize the Parties' agreement concerning KMG's use of the Town Roads in connection with the operation of the Wells and the implementation of certain best management practices.

AGREEMENT:

NOW THEREFORE, in consideration of the mutual covenants set forth in this MOU, the receipt and sufficiency is hereby acknowledged, the Parties agree as follows:

1. Intent to Supplement COGCC Rules and Regulations. The Parties recognize that pursuant to the Colorado Oil and Gas Conservation Act, Colo. Rev. Stat. §34-60-101 et seq. (the "Act"), the COGCC regulates the development and production of oil and gas resources in Colorado, and the Act authorizes the COGCC to adopt statewide rules and regulations, which the COGCC has done. The BMPs identified in this MOU are intended to supplement and are in addition to COGCC rules and regulations with respect to KMG's operation of the Wells. Notwithstanding the foregoing, in the event of an express conflict between this MOU and any COGCC rules, such COGCC rules will control.

2. Applicability. This MOU shall apply only to the Wells. Without limiting the generality of the foregoing, this MOU shall not apply to any wells or operations: (i) not within the Town Limits, so long as KMG's operations of such wells do not require use of the Town Roads; (ii) any wells for which KMG is not the primary operator, regardless of whether KMG may have an interest in the same; or (iii) that are Existing Wells drilled by KMG prior to the Effective Date. If, after the Effective Date, the Town annexes into the Town Limits lands on which KMG has then-existing operations, then this MOU shall also apply to any new Wells KMG drills on such annexed lands after annexation is completed.

3. Road Impact Studies. KMG will provide to the Town final versions of the Road Impact and Traffic Studies, and agrees to conduct its operations in compliance with such Studies, and implement the commercially reasonable recommendations in such Studies.

4. Maintenance and Repairs. At the mutual agreement of the parties, KMG will either repair, or be responsible for payment of the actual costs of repair, of any damage to Town Roads, other than Ordinary Wear, directly caused by KMG in connection with KMG's operation of the Wells, including without limitation damage to surfaces, traffic control devices, water and sewer facilities, or other facilities owned by the Town within such Town Roads. As necessary, the Town will not withhold, condition, or delay any permits that may be necessary for such repair that the parties choose for KMG to undertake. ~~The Town hereby grants KMG any and all rights necessary~~

~~for KMG to perform any such repairs within Town Roads and any applicable rights-of-way areas for purposes of this provision, and the Town will not withhold, condition or delay any permits necessary for such KMG repairs.~~ Except for repairs of damage actually caused by KMG in connection with the operation of the Wells, any damage or excessive wear to the Town Roads shall not be the responsibility of KMG to remedy and the cost shall not be borne by KMG.

5. Municipal Code Ordinance Concerning Overweight Trucks. KMG will cause and its contractors to~~will~~ obtain in advance of operations any necessary overweight vehicle permits in connection with the Wells, as required by ~~Town Ordinance No. 13-09.~~ the Hudson Municipal Code. The Parties agree that KMG has the rights to utilize the Town Roads in connection with the construction, drilling, producing and completions activities. ~~of the Wells.~~

6. Best Management Practices.

(a) Road BMPs. KMG shall comply with the best management practices set forth in Appendix B attached hereto and incorporated herein (“Road BMPs”) in connection with its use of any Town Roads for its operation of the Wells.

(b) Town BMPs. In addition to any applicable Road BMPs, KMG shall comply with the best management practices set forth in Appendix C attached hereto and incorporated herein (“Town BMPs,” and collectively with the Road BMPs, the “BMPs”) in connection with its operation of the Town Wells.

7. Term. This MOU is effective upon the Effective Date and shall remain in effect until the earlier to occur of (a) three (3) years from the Effective Date, or (b) the date upon which (i) the COGCC implements any rules, regulations, ordinances or best management practice guidelines regarding oil and gas development specifically in the Town Limits or in an area that includes the Town Limits, which provide for higher standards than the BMPs or (ii) the Town and the COGCC enter into any agreements binding on KMG regarding oil and gas development specifically in the Town Limits or in an area that includes the Town Limits (as applicable, the “Term”). Upon expiration of the Term, this MOU shall automatically terminate and be of no further force and effect without the need for any further action by the Parties. In the event of either (b)(i) or (b)(ii) above, those portions of this MOU not directly affected by such COGCC actions or agreements shall remain in effect, and the terms of Sections 3 and 5 of this MOU shall not terminate and shall continue to apply and remain in effect even if directly affected by such COGCC actions or agreements.

8. No Waiver of Rights. Nothing herein shall be interpreted as a waiver by KMG of any rights it has pursuant to its current and future oil and gas interests to explore for, drill and produce the oil and gas underlying or outside the Town Limits. Without limiting the generality of the foregoing and notwithstanding any other provision herein, even in the event of termination of this MOU, KMG shall retain all rights and benefits it has under approved Town issued permits, the Contribution Agreement and/or COGCC approved permits and such permits shall remain in full force and effect. Except as set forth in this MOU, the Town does not waive the rights it has pursuant to the laws of the State of Colorado or the Town Municipal Code.

9. Force Majeure. Neither Party will be liable for any delay or failure in performing under this MOU in the event and to the extent that the delay or failure arises out of causes beyond a Party's reasonable control, including, without limitation, war, civil commotion, act of God, strike or other stoppage (whether partial or total) of labor, or any law, decree, regulation or order of any government or governmental body (including any court or tribunal) other than the Town.

10. Authority to Execute MOU. Each Party represents that it has the full right and authority to enter into this MOU.

11. Governing Law. This MOU shall be governed and construed in accordance with the laws of the State of Colorado without reference to its conflicts of laws provisions.

12. No Third Party Beneficiaries. Except for the rights of enforcement by the COGCC with respect to the BMPs, if any, this MOU is not intended to, and does not, create any right, benefit, responsibility or obligation that may be enforced by any non-party. Additionally, nothing in this MOU shall entitle any third party to any claims, rights or remedies of any kind.

13. Notices. All notices and other correspondence related to this MOU shall be in writing and shall be delivered by: (i) certified mail with return receipt, (ii) hand delivery with signature or delivery receipt provided by a third party courier service (such as FedEx, UPS, etc.), (iii) fax transmission if verification of receipt is obtained, or (iv) email with return receipt, to the designated representative of the Party as indicated below. A Party may change its designated representative for notice purposes at any time by written notice to the other Party. The initial representatives of the Parties are as follows:

Town: Town of Hudson
 557 Ash St.
 Hudson, Colorado 80642-0351
 Attn: Town Administrator
 Telephone: 303-536-9311
 Fax: 303-536-4753
 Email: manager@hudsoncolorado.org

With copy to: ~~Hayes, Phillips,~~ Hoffmann, Parker, Wilson & Carberry, P.C.
~~1530 511~~ 16th Street, Suite ~~200 610~~
Denver, CO 80202
Attn: Corey Y. Hoffmann, Town Attorney
Fax: 303-825-1269
Email: cyhoffmann@hphelawhpwclaw.com

KMG: Kerr-McGee Oil & Gas Onshore LP
 1099 18th Street, Suite 1800
 Denver, CO 80202
 Attn: Rockies Regulatory – Municipal Planning

With copy to: Kerr-McGee Oil & Gas Onshore LP
 1099 18th Street, Suite 600

Denver, CO 80202
Attn: Counsel
Fax: 720-929-7505

14. Default. If a Party defaults in the performance under this MOU, the defaulting Party shall have thirty (30) days to cure the default after receipt of written notice of such default from the non-defaulting Party, provided the defaulting Party shall be entitled to a longer cure period if the default cannot reasonably be cured within thirty (30) days and the defaulting Party commences the cure within such thirty (30) day period and diligently pursues its completion. If the defaulting Party fails to cure the default within the applicable cure period, then the non-defaulting Party shall have the right to immediately terminate this MOU upon written notice to the defaulting Party.

IN WITNESS WHEREOF, the Parties have caused this MOU to be executed by a duly authorized representative on the day and year first above written.

TOWN:

The Town of Hudson
a Colorado municipal corporation

By: _____
Name: _____
Title: _____

KMG:

Kerr-McGee Oil & Gas Onshore LP,
a Delaware limited partnership

By: _____
Name: _____
Title: _____

APPENDIX A

Wells

(to be added)

APPENDIX B

Road BMPs

Following the Effective Date, KMG shall include the best management practices listed below on all Form 2s, Application for Permit to Drill, and Form 2As, Oil and Gas Location Assessment submitted to the COGCC for any Wells.

1. KMG will deliver the Road Impact Study to the Town prior to commencing any operations in connection with the Wells. The Town will have no obligation to issue any Notice to Proceed for the CC Open Wells prior to its receipt of the Road Impact Study.
2. KMG will commence good faith negotiations with the Town for an impact or contribution agreement based on the analysis presented in the Arcadis Study.
3. KMG will take reasonable steps to protect water and wastewater valve boxes and manholes and traffic control devices located along any of the Town Roads. KMG will promptly notify the Town of damages to any such Town facilities.
4. KMG and its subcontractors shall comply with the site specific traffic management plan incorporated into the FHU Study (the "Traffic Plan"), which may address the following with respect to the operations of the Wells: (1) expected traffic route and timing of such traffic on the Town Roads, (2) how traffic at the intersection HWY52 and I76 Frontage road will be managed and mitigated, and (3) what truck traffic restrictions will be put in place, if any. KMG and the Town will to the extent permitted by law amend this MOU to include the Traffic Plan as Appendix D, and the Town and KMG will cooperate to amend the Traffic Plan, as necessary, from time to time. Nothing herein shall prevent KMG from using traffic route (s) not identified in the Traffic Plan in the event of emergency or other need due to any other lack of access. KMG will act in good faith and communicate when feasible any change in access to the Town, to the extent such revised access includes Town Roads.
5. KMG will provide the Town an emergency response plan prior to commencing operations of the Wells.
7. Operator will ~~promptly~~promptly clean mud and other debris on Town Roads that may be caused by vehicles entering or leaving the Wells during construction, completion and operation of the Wells. Operator will grade and treat gravel Town Roads used to access the Wells, as depicted on the Traffic Plan, with mag chloride to reduce dust.

APPENDIX C

Town BMPs

1. **Communication** – KMG will, from time to time, provide the Town information regarding the timing and nature of major activities during construction, drilling and, ~~completion activities~~ and ~~operation~~ of Town Wells. KMG will meet periodically with the Town to discuss current and future operations.

2. **Information** – KMG shall provide Notice of Intent to Conduct Operations to the Town's Local Government Designee for all locations within a ½ mile of the Town Limits at least 30 days prior to submittal of the COGCC 2A Location Permit for any Town Wells.

3. **Fencing** – Operator shall install, following obtaining any required consent from the owner of the surface estate for any Town Wells, fencing or other sufficient barriers to protect Town Wells and related facilities, ~~against intrusion or damage~~. Such fencing shall comply with COGCC and Town regulations.

APPENDIX D

TRAFFIC MANAGEMENT PLAN – FHU Study:

(to be added)

CONTRIBUTION AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of November, 2015 (the "Effective Date"), by and between the Town of Hudson, a Colorado municipal corporation (Town"), whose address is 557 Ash, Hudson, Colorado, 80642-0351 and Kerr-McGee Oil & Gas Onshore, LP, a limited partnership organized under the laws of the State of Delaware ("KMG"), whose address is 1099 18th Street, Suite 1800, Denver, Colorado 80202. The Town and KMG are collectively referred to herein as the "Parties."

RECITALS

The Parties enter into this Agreement with respect to the following facts:

A. As of the Effective Date, KMG possesses certain oil and gas leasehold and mineral interests both within and outside the legal corporate limits of the Town (the "Town Limits"). KMG currently operates oil and gas wells within and outside the Town Limits ("Existing Wells") and has the right, subject to applicable laws, to develop its current and future oil and gas leasehold and mineral interests by drilling additional wells both within and outside the Town Limits.

B. KMG may from time to time apply to drill and operate other new wells at locations depicted on Appendix A attached hereto and incorporated herein that either (1) require access via roads owned by the Town located within the Town Limits ("Town Roads"), but are located outside of the Town Limits (the "Non-Town Wells"), or (2) are located within Town Limits (the "Town Wells," and collectively with the Non-Town Wells, "Wells").

C. The Wells include those certain horizontal wells approved by the Town pursuant to a use by special review permit issued on October 21, 2015, and more particularly described and depicted therein (the "CC Open Wells").

D. Pursuant to that certain Memorandum of Understanding between the Town and KMG (the "MOU"), which generally governs the duties and obligations of the Parties with respect to the Wells and their impacts on the Town Roads, KMG has obtained a road impact study performed by Arcadis, attached hereto as Appendix B and incorporated herein by this reference (the "Road Impact Study").

E. The Parties have agreed that KMG will be responsible for its ~~estimated~~ proportionate share of ~~wear~~potential damage and ~~tear~~ wear to the Town Roads as a result of its operation of the Wells, as determined by the Road Impact Study, all on the terms hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and obligations hereinafter set forth, the receipt and sufficiency of which is hereby acknowledged, the Parties promise, covenant and agree as follows:

1. Road Contribution.

(a) Payment; Release. KMG will, prior to commencing ~~an~~ operations of the CC Open Wells, deliver to the Town a payment in the amount of \$195,000.00 ("Road Contribution"), which amount reflects KMG's ~~estimated~~ proportionate share of the cost to repair Town Roads ~~as a result of KMG's use of the same~~ potentially caused in connection with KMG's operation of the Wells, as determined by the Road Impact Study. The Parties expressly acknowledge that the amount of the Road Contribution represents the entirety of KMG's obligation and responsibility with respect to KMG's operations causing wear and tear to the Town Roads related to the Wells. Except with respect to KMG's obligation to deposit the Road Contribution related to the Wells, the Town hereby releases and discharges KMG, its subsidiaries and affiliates from any claims or causes of action or damages it may have, now or in the future, with respect to wear and tear to the Town Roads so long as KMG's operations related to the Wells are in compliance with Town approvals to the extent such approvals are required to be obtained.

(b) Town Maintenance. The Town will utilize the Road Contribution for reasonable maintenance and repairs of Town Roads necessary for or as a result of KMG's ongoing activity associated with the Wells. Any funds remaining after KMG's construction, drilling, completion and reclamation of the Wells shall be deemed the property of the Town for the funding of future repairs and maintenance to Town Roads.

(c) KMG Maintenance. KMG may, at its discretion, ~~make repairs to Town Roads~~ grade Town roadways and apply mag chloride to Town roadways consistent with KMG's Best Management Practices to Town roadways as it deems reasonably necessary for continued operations of the Wells, at KMG's sole cost and expense. The Town ~~hereby grants KMG any and all rights necessary for KMG to perform any such repairs within Town Roads and any applicable rights-of-way areas~~ agrees to allow KMG to work within Town owned ROW for purposes of this provision, and the Town will not withhold, condition or delay permits necessary for such KMG repairs, and the Town will not withhold, condition or delay any permits necessary for such KMG repairs. ~~If KMG elects to make such repairs, KMG may submit to the Town invoices setting forth the cost of such repairs and requesting reimbursement for such costs from the Road Contribution. The Town may, within 30 days of receipt of such invoices, reimburse KMG for such costs in the Town's reasonable discretion.~~ KMG shall promptly notify the Town of any damage to traffic control devices or water and sewer facilities in or near Town roadways caused by KMG or its contractors and KMG will reimburse the Town for damages to such facilities caused by KMG.

2. Term. This Agreement will commence on the Effective Date and automatically terminate and be of no further force and effect without the need for any further action by either party, and the Parties will be released from any further obligations under this Agreement upon the earlier to occur of the following: (i) the date upon which the Town has expended the entirety of the Road Contribution; or (ii) KMG has completed all construction, drilling, completion and reclamation of the Wells. Even upon termination, rights provided to KMG under its permits, this Contribution Agreement and the Memorandum of Understanding shall remain, and so long as

KMG has met its obligations under these agreements, nothing shall prevent KMG from continued use of the Town Roads for operations on the Wells.

3. Miscellaneous.

(a) Entire Agreement. Except for the MOU, or associated permits, this Agreement is the only agreement between the Parties relating to the subject matter hereof.

(b) Local Codes and Ordinances. In addition to any of the items listed in this Agreement, all construction in the Oil and Gas Permit is subject to all local Codes and Ordinances as adopted by the City, subject to exceptions agreed or granted.

(c) Modification and Waiver. No modification of the terms of this Agreement shall be valid unless in writing and executed with the same formality as this Agreement, and no waiver of the breach of the provisions of any section of this Agreement shall be construed as a waiver of any subsequent breach of the same section or any other sections which are contained herein.

(d) Governing Law; Severability. This Agreement is to be governed and construed according to the laws of the State of Colorado. In the event that any provision of this Agreement is held to be in violation of city, state or federal laws and hereby rendered unenforceable, the remaining provisions shall survive and remain in full force and effect.

(e) Good Faith. Town shall act at all times in good faith in bidding, construction, and performance under this Agreement so as to finish repairs in a cost efficient manner.

(f) No Third Party Beneficiaries. This Agreement is not intended to, and does not, create any right, benefit, responsibility or obligation that may be enforced by any non-party. Additionally, nothing in this Agreement shall entitle any third party to any claims, rights or remedies of any kind.

(g) Notices. Any notice or communication required or permitted hereunder shall be given in writing and shall be personally delivered or sent by United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

Town: Town of Hudson
 557 Ash St.
 Hudson, Colorado 80642-0351
 Attn: Town Administrator
 Telephone: 303-536-9311
 Fax: 303-536-4753
 Email: manager@hudsoncolorado.org

With copy to: Hayes, Phillips, Hoffmann, Parker, Wilson & Carberry, P.C.
 1530 511 16th Street, Suite 200 610
 Denver, CO 80202

Attn: Corey Y. Hoffmann, Town Attorney
Fax: 303-825-1269
Email: cyhoffmann@~~hphelaw~~hpwclaw.com

KMG: Kerr-McGee Oil & Gas Onshore LP
1099 18th Street, Suite 1800
Denver, CO 80202
Attn: Rockies Regulatory – Municipal Planning

With copy to: Kerr-McGee Oil & Gas Onshore LP
1099 18th Street, Suite 600
Denver, CO 80202
Attn: Counsel
Fax: 720-929-7505

Or to such other address or the attention of such other person(s) as hereafter designated in writing by the applicable parties in conformance with this procedure. Notices shall be effective upon mailing or personal delivery in compliance with this paragraph.

(Signature page follows.)

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized officials to execute this Agreement the day and year first above written.

TOWN:

The Town of Hudson
a Colorado municipal corporation

By: _____
Name: _____
Title: _____

KMG:

Kerr-McGee Oil & Gas Onshore LP,
a Delaware limited partnership

By: _____
Name: _____
Title: _____

**Appendix A
Wells**

(to be added)

**Appendix B
Arcadis Study**

(to be added)

MEMORANDUM

3.m.

To: Board of Trustees
From: Joe Racine, Town Administrator
Date: December 2, 2015
Subject: Town Marshal Policies and Procedures

Attachment

One of the requirements of setting up the Marshal's department is the adoption of a set of law enforcement policies and procedures. Attached to this packet is the proposed Hudson Town Marshal Policies and Procedures. Because of its length (352 pages) we are not proposing that the manual be approved at this meeting. The purpose of the agenda item is to deliver the package to the Board so that you will have a month to look through the policies and to ask questions in advance of the proposed adoption on January 6th.

Brent Flot will be on hand at this meeting to provide a brief overview of the policies, their source, and the importance of having them in place when we formally establish the department.

MEMORANDUM

3.n.

To: Board of Trustees
From: Joe Racine, Town Administrator
Date: December 2, 2015
Subject: Ordinance No. 15-16, First Reading, Deadlines for Write-in Candidates and Cancellation of Elections

Attachment

This ordinance amends the Municipal Code to bring them in line with updated statutes. First, write-in candidate petition deadlines are amended to be not later than 64 days prior to the date of the election. Second, it allows the town to cancel an election 63 days prior to the date of the election in the event that there are not enough candidates for the available positions.

ORDINANCE NO.

15-16
Series of 2015

TITLE: AN ORDINANCE REPEALING AND REENACTING SECTION 2-11 OF THE HUDSON MUNICIPAL CODE REGARDING DEADLINES FOR AFFIDAVITS FOR WRITE IN CANDIDATES AND CANCELLATION OF ELECTIONS

BE IT ORDAINED BY THE BOARD OF TRUSTEES FOR THE TOWN OF HUDSON, COLORADO, THAT:

Section 1. Section 2-11 of the Hudson Municipal Code is hereby repealed and reenacted to read as follows:

Sec. 2-11. Write-in candidates.

(a) The town shall count write-in votes for any municipal office subject to subsection (b) below.

(b) No write-in vote for any municipal office shall be counted unless an affidavit of intent has been filed by the person whose name is written in not later than sixty four (64) days before the day of the municipal election. The affidavit of intent shall indicate that the person desiring the office is qualified to assume the duties of that office if elected.

(c) If the only matter before the voters is the election of persons to office, and if, at the close of business on the sixty third (63rd) day before the election, there are not more candidates than offices to be filled at such election, including candidates filing affidavits of intent pursuant to subsection (b) above, the town clerk, if instructed by resolution of the board of trustees either before or after such day, shall cancel the election. If there are any candidates, the board of trustees shall by resolution declare the candidates elected. Upon such declaration, the candidates shall be deemed elected. Notice of such cancellation shall be published, if possible, to inform the electors of the town, and notice of such cancellation shall be posted at each polling place and in not less than one (1) other public place in the town.

Section 2. Safety Clause. The Town Board of Trustees hereby finds, determines, and declares that this ordinance is promulgated under the general police power of the Town of Hudson, that it is promulgated for the health, safety, and welfare of the public, and that this ordinance is necessary for the preservation of health and safety and for the protection of public convenience and welfare. The Board of Trustees further determines that the ordinance bears a rational relation to the proper legislative object sought to be attained.

Section 3. Severability. If any clause, sentence, paragraph, or part of this ordinance or the application thereof to any person or circumstances shall for any reason be adjudged by a court of competent jurisdiction invalid, such judgment shall not affect application to other persons or circumstances.

Section 4. Effective Date. This Ordinance shall become effective thirty (30) days after final publication.

INTRODUCED, READ IN FULL, AND ADOPTED this _____ day of _____, 2015.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

ATTEST:

Linnette Barker, CMC, Town Clerk

PASSED ON SECOND AND FINAL READING this _____ day of _____, 2015, AND ORDERED PUBLISHED ONCE IN FULL.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

ATTEST:

Linnette Barker, CMC, Town Clerk

APPROVED AS TO FORM:

Corey Y. Hoffmann, Town Attorney

MEMORANDUM

3.o.

To: Board of Trustees
From: Joe Racine, Town Administrator
Date: December 2, 2015
Subject: Resolution No. 15-38, Mail ballots

Attachment

The attached Resolution No. 15-38 specifies that the April 5, 2016 election may be conducted as a mail-only election.

RESOLUTION NO.

15-38

TITLE: A RESOLUTION DECLARING THE TOWN'S INTENT TO CONDUCT THE APRIL 5, 2016, REGULAR MUNICIPAL ELECTION AS A MAIL BALLOT ELECTION

WHEREAS, according to C.R.S. § 1-7.5-104, the Town's governing body must explicitly authorize a mail ballot election in order for such an election to be held; and

WHEREAS, it is the Board of Trustee's desire to hold the April 5, 2016, regular municipal election as a mail ballot election.

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

Section 1. The Board of Trustees of the Town of Hudson hereby declares its intent to conduct the regular municipal election of April 5, 2016, as a mail ballot election.

INTRODUCED, READ and PASSED this 2nd day of December, 2015.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

ATTEST:

Linnette Barker, CMC, Town Clerk

MEMORANDUM

3.p.

To: Board of Trustees
From: Joe Racine, Town Administrator
Date: December 2, 2015
Subject: Resolution No. 15-39, Election judges

Attachment

The attached Resolution No. 15-39 authorizes the Town Clerk to appoint election judges for the April 5, 2016 regular municipal election.

RESOLUTION NO.

15-39

TITLE: A RESOLUTION AUTHORIZING THE TOWN CLERK TO APPOINT ELECTION JUDGES FOR THE TOWN'S APRIL 5, 2016, REGULAR MUNICIPAL ELECTION

WHEREAS, pursuant to C.R.S. § 31-10-401 the Town Board may either appoint election judges or delegate that duty to the Town Clerk; and

WHEREAS, the Town Board desires to delegate the authority and responsibility to appoint qualified election judges to the Town Clerk.

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

Section 1. The Board of Trustees of the Town of Hudson hereby delegates the authority and responsibility to appoint qualified election judges for the April 5, 2016, regular Town election to the Town Clerk. As required by C.R.S. § 31-10-401, the Town Clerk shall make and keep on file in the Clerk's office a list of all persons so appointed.

INTRODUCED, READ and PASSED this 2nd day of December, 2015.

TOWN OF HUDSON, COLORADO

Raymond Patch, Mayor

ATTEST:

Linnette Barker, CMC, Town Clerk