

RESOLUTION NO.  
15-32

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

**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. 1 (“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.

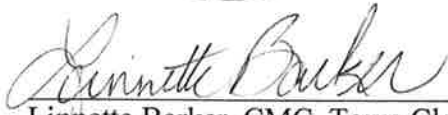
Section 6. All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

INTRODUCED, READ AND PASSED this 2<sup>nd</sup> day of December, 2015.

TOWN OF HUDSON, COLORADO



Attest:



Linnette Barker, CMC, Town Clerk

  
Raymond Patch, Mayor

**SERVICE PLAN**

**FOR**

**SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1**

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

**SERVICE PLAN FOR  
SHAKLEE CENTRE METROPOLITAN DISTRICT NO. 1**

**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. 1: means Shaklee Centre Metropolitan District No. 1.

Districts: means District No. 1, Shaklee Centre Metropolitan District No. 2, 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. 1 Boundary: means the boundary of the area legally described in **Exhibit A** and depicted on the Initial District No. 1 Boundary Map.

Initial District No. 1 Boundary Map: means the map attached hereto as **Exhibit B-2**, depicting the Initial District No. 1 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. 1 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. 1, 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. 1 Boundary includes approximately Eight Hundred Forty-Two (842) acres. A legal description of the Initial District No. 1 Boundary is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B-1**. An Initial District No. 1 Boundary Map is attached hereto as **Exhibit B-2**. It is anticipated that District No. 1's boundaries may change from time to time, particularly as portions of the Project are excluded from District No. 1 and included into the boundaries of 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. 1 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 1<sup>st</sup> 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 31<sup>st</sup> of the prior year.
2. Agreements with other governmental entities, either entered into or proposed as of December 31<sup>st</sup> 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 31<sup>st</sup> of the prior year.

4. Audit of the District's financial statements, for the year ending December 31<sup>st</sup> 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.