

# **TOWN OF SILT**

## **Metropolitan District Model Service Plan (Single District)**

**This model service plan template should be referenced in conjunction with  
Chapter 18.01 of the Town of Silt Municipal Code.**

**SERVICE PLAN**

**FOR**

\_\_\_\_\_ **METROPOLITAN DISTRICT**  
**TOWN OF SILT, COLORADO**

Prepared by

[Name of Person or Entity]

[Address]

[Approval Date]

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**Exhibits**

- Exhibit A - Legal Description
- Exhibit B - Boundary Map
- Exhibit C - Inclusion Area Legal Description
- Exhibit D - Inclusion Area Boundary Map
- Exhibit E - Public Improvements
- Exhibit F -Vicinity Map
- Exhibit G - Cost Estimate
- Exhibit H - Public Improvement Location Maps
- Exhibit I - Financial Plan
- Exhibit J – Public Benefits
- Exhibit K - Disclosure Notice
- Exhibit L -Intergovernmental Agreement

## I. INTRODUCTION

### A. Purpose and Intent.

The Town of Silt's ("Town"), objective in approving the Service Plan for the \_\_\_\_\_ Metropolitan District (the "District") is to authorize the District to provide for the planning, design, acquisition, construction, installation, relocation and redevelopment of the Public Improvements identified in this Service Plan. The District is intended to be an independent unit of local government separate and distinct from the Town and is governed by this Service Plan, the Special District Act (Title 32, C.R.S.) and other applicable State law. Except as may otherwise be provided by State law, the Town of Silt Municipal Code ("Code"), or this Service Plan, the District's activities are subject to review and approval by the Town Board of Trustees ("Town Board") only insofar as they are a material modification of this Service Plan as identified in this Service Plan or pursuant to C.R.S. Section 32-1207 of the Special District Act.

It is intended that the District will provide all or part of the Public Improvements for the Project for the use and benefit of all anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction of these Public Improvements by the issuance of Debt. The District shall not be authorized to issue any Debt or impose a Debt Mill Levy, *[add if appropriate: Operations and Maintenance Mill Levy] [add if appropriate: or impose any Fees]* unless and until the delivery of Public Improvements has been secured in accordance with Section 18.01.070.J of the Town's Municipal Code and the District has entered into an intergovernmental agreement with the Town as required by Section XVII herein.

The District is not intended to provide ongoing operations and maintenance services except as expressly authorized in this Service Plan.

It is the intent of the District to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt, except that if the District is authorized in this Service Plan to perform continuing operating or maintenance functions, the District shall continue in existence for the sole purpose of providing such functions and shall retain only the powers necessary to impose and collect the taxes or Fees authorized in this Service Plan to pay for the costs of those functions.

It is the intent of this Service Plan to assure to the extent possible that no property bear an economic burden that is greater than that associated with revenues from the Debt Service Mill Levy, Fees, Special Assessments, and/or other source of revenue, even under bankruptcy or other unusual situations. Generally, the costs of Public Improvements that cannot be funded within these parameters are not costs to be paid by the District.

It is intended that the District shall comply with the provisions of this Service Plan and that the Town may enforce any non-compliance with these provisions as provided in Section XVI of this Service Plan.

B. Need for the District.

There are currently no other governmental entities, including the Town, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of the Public Improvements. Formation of the District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. Objective of the Town Regarding District's Service Plan.

The Town's objective in approving this Service Plan 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 to be issued by the District, but in doing so, to also establish in this Service Plan the means by which the Public Benefits will be provided. Except as specifically provided in this Service Plan, all Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Term Limit, and at a tax mill levy no higher than the Maximum Debt Mill Levy. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax and Fee burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

D. Relevant Intergovernmental Agreements.

***[Add description of any relevant intergovernmental agreements.]***

E. Town Approvals.

Any provision in this Service Plan requiring "Town" or "Town Board" approval or consent shall require the Town Board's prior written approval or consent exercised in its sole discretion, evidenced by resolution. Failure of the Town to respond to a notice provided pursuant to Section 32-1-207(3)(b), C.R.S., within 45 days shall be deemed to be disapproval by the Town. Any provision in this Service Plan requiring "Town Administrator" approval or consent shall require the Town Administrator's prior written approval or consent exercised in the Town Administrator's sole discretion. The Town Administrator may determine in his or her sole discretion to refer any issue requiring the Town Administrator's consent to the Town Board.

## II. DEFINITIONS

In this Service Plan, the following words, terms and phrases which appear in a capitalized format shall have the meaning indicated below, unless the context clearly requires otherwise:

Approved Development Plan: means a Town-approved development plan or other land use application required by the Town Code for identifying, among other things, public improvements necessary for facilitating the development of property within the Service Area, which plan shall include, without limitation, any development agreement required by the Town Code.

Board: means the duly constituted Board of Directors of the District.

Bond, Bonds or Debt: means bonds, notes or other multiple fiscal year financial obligations for the payment of which the District has promised to impose an ad valorem property tax mill levy, or other legally available revenue permitted pursuant to this Service Plan. Such terms do not include contracts through which the District procures or provides services or tangible property.

Town: means the Town of Silt, Colorado, a home rule municipality.

Town Administrator: means the Town Administrator of the Town.

Town Board: means the Town Board of Trustees.

Town Code: means collectively the Town's Home Rule Charter, Municipal Code, Land Use Code and ordinances as all are now existing and hereafter amended.

C.R.S.: means the Colorado Revised Statutes.

Debt Mill Levy: means a property tax mill levy imposed on Taxable Property by the District for the purpose of paying Debt as authorized in this Service Plan, at a rate not to exceed the limitations set in Section IX.B of this Service Plan. The Debt Mill levy shall have a term not to exceed forty (40) years from the date of its first imposition. Any unpaid Developer Advances and/or Debt payments shall be discharged at that time.

Developer: means a person or entity that is the owner of property or owner of contractual rights to property in the Service Area that intends to develop the property.

Developer Advances: means any advances to the District by the Developer for the costs of the Public Improvements and/or operational costs, either in the form of direct payment for such costs or by means of advances to the District. Such



advances, which the Board is obligated to appropriate on an annual basis, shall count against the maximum allowable debt limit under this Service Plan and may be repaid by the District from bond proceeds, or legally available sources of revenue. Developer Advances will be considered subordinate to the District general obligation bonds. The interest rate on Developer Advances shall not exceed the current Bond Buyer 20-Bond GO Index plus 4% or a maximum of 12%, whichever the lesser.

Disclosure Notice: Written notice, in substantially the form attached hereto as **Exhibit K**, and approved by the Town Administrator, provided to potential purchasers of property within the District, which includes the maximum amount of debt authorized, the amount of debt already issued, the debt term remaining, the expected date of repayment, the Maximum Mill Levy and anticipated property tax bill based on the anticipated sale price.

District: means the *[Name of District]* organized under and governed by this Service Plan.

District Boundaries: means the boundaries of the area legally described in **Exhibit A** attached hereto and incorporated by reference and as depicted in the District Boundary Map.

District Boundary Map: means the map of the District Boundaries attached hereto as **Exhibit B** and incorporated by reference.

End User: means any owner, or tenant of any owner, of any property within the District, who is intended to become burdened by the imposition of ad valorem property taxes and/or Fees. By way of illustration, a resident homeowner, renter, commercial property owner or commercial tenant is an End User. A Developer and any person or entity that constructs homes or commercial structures is not an End User.

External Municipal Advisor: means a Municipal Advisor that: (1) is qualified to advise 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; and (2) is not an officer or employee of the District; and (4) is approved by the Town Administrator.

External Municipal Advisor Certificate: Opinion of a registered Municipal Advisor as to the reasonableness of the terms of any debt instrument issued by the District in substantially the form cited below:

We are [I am] a Municipal 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.

Fees: means the fees, rates, tolls, penalties and charges the District is authorized to impose and collect under this Service Plan, if any.

Financial Plan: means the Financial Plan described in Section IX of this Service Plan which was prepared or approved by [Name], an External Financial Advisor approved by the Town Administrator, in accordance with the requirements of this Service Plan and describes (a) how the Public Improvements are to be financed; (b) how the Debt is expected to be incurred; and (c) the estimated operating revenue derived from property taxes and Fees (if any) for the first budget year through the year in which all District Debt is expected to be defeased or paid in the ordinary course.

Inclusion Area Boundaries: means the boundaries of the property that is anticipated to be added to the District Boundaries after the District's organization, which property is legally described in **Exhibit C** attached hereto and incorporated by reference and depicted in the map attached hereto as **Exhibit D** and incorporated herein by reference.

Maximum Debt Authorization: means the total Debt the District is permitted to issue as set forth in Section IX.B.7 of this Service Plan.

Maximum Debt Term Limit: means the maximum term during which the Debt Mill Levy may be imposed on property developed in the Service Area. This maximum term, including refunding bonds, unless approved by the District Board as defined herein, shall not exceed \_\_\_\_\_ ***[enter a term that will not extend past the useful life of the Public Improvements funded by such debt measured from the date of completion of the improvements; but not to exceed 30 years]*** years from the calendar year in which the District issues Bonds.

Maximum Mill Levy: means the maximum mills that the District may levy for its combined Debt Mill Levy and Operations and Maintenance Mill Levy (if any), at a rate not to exceed the limitation set in Section IX.B.1 of this Service Plan.

Municipal Advisor: means as any person (who is not a municipal entity or an employee of a municipal entity) that provides advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, or that undertakes a solicitation of a municipal entity or obligated person. Said person shall be registered under Section 15B of the Securities Exchange Act of 1934, as amended from time to time.

Operations and Maintenance Mill Levy: means a property tax mill levy imposed on Taxable Property for the purpose of funding District administration, operations and maintenance as authorized in this Service Plan, including, without limitation, repair and replacement of Public Improvements, and imposed at a rate not to exceed the limitations set in Section IX.B. of this Service Plan.

Planned Development: means the private development or redevelopment of the properties in the Service Area, commonly referred to as the *[Name]* development, under an Approved Development Plan.

Project: means the installation and construction of the Public Improvements for the Planned Development.

Public Improvements: means the improvements and infrastructure the District is authorized by this Service Plan to finance, plan, design, acquire, construct and install *[add “operate and maintain” only if the Town has approved such function]* for the Planned Development to serve the future taxpayers and inhabitants of the District, except as specifically prohibited or limited in this Service Plan. Public Improvements shall include, without limitation, the improvements and infrastructure described in **Exhibit E** attached hereto and incorporated by reference.

Service Area: means the property within the District Boundaries and the property in the Inclusion Area Boundaries when it is added, in whole or part, to the District Boundaries.

Special District Act: means Article 1 in Title 32 of the Colorado Revised Statutes, as amended.

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

Service Plan Amendment: means a material modification of the Service Plan approved by the Town Board in accordance with the Special District Act, this Service Plan and any other applicable law.

State: means the State of Colorado.

Taxable Property: means the real and personal property within the District Boundaries and within the Inclusion Area Boundaries when added to the District Boundaries that will be subject to the ad valorem property taxes imposed by the District.

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

Vicinity Map: means the map attached hereto as **Exhibit F** and incorporated by reference depicting the location of the Service Area within the regional area surrounding it.

### III. BOUNDARIES AND LOCATION

The area of the District Boundaries includes approximately [*Insert Number*] acres and the total area proposed to be included in the Inclusion Area Boundaries is approximately [*Insert Number*] acres. A legal description and map of the District Boundaries are attached hereto as **Exhibit A** and **Exhibit B**, respectively. A legal description and map of the Inclusion Area Boundaries are attached hereto as **Exhibit C** and **Exhibit D**, respectively. It is anticipated that the District's Boundaries may expand or contract from time to time as the District undertakes inclusions or exclusions pursuant to the Special District Act, subject to the limitations set forth in this Service Plan. The location of the Service Area is depicted in the vicinity map attached as **Exhibit F**.

### IV. DESCRIPTION OF PROJECT, PLANNED DEVELOPMENT, PUBLIC BENEFITS & ASSESSED VALUATION

#### A. Project and Planned Development.

*[Describe the nature of the Project and Planned Development, estimated population at build out, timeline for development, estimated assessed value after 5 and 10 years and estimated sales tax revenue. Also, please identify all plans, including but not limited to Town-wide Plans, Small Area Plans, and General Development Plans that apply to any portion of the District's Boundaries or Inclusion Area Boundaries and describe how the Project and Planned Development are consistent with the applicable plans. Please state if the proposed District is to be located within an urban renewal area and if the proposed development is anticipating the use of tax increment financing (TIF). If the District intends to pursue TIF, provide information on how the TIF financing will interact with the District's financing and how the necessary Public Improvements will be shared across the two funding sources.]*

Approval of this Service Plan by the Town Board does not imply approval of the development of any particular land use for any specific area within the District. Any such approval must be contained within an Approved Development Plan.

B. Public Benefits.

In addition to providing the Public Improvements, the organization of the District is intended to enable the Project to deliver a number of extraordinary direct and indirect public benefits, including: *[Describe Public Benefits]* (collectively, the “Public Benefits”). The Public Benefits to be provided under this Service Plan are specifically described in **Exhibit J** attached hereto and incorporated herein by reference.

C. Assessed Valuation.

The current assessed valuation of the Service Area is approximately [*Dollar Amount*] and, at build out, is expected to be [*Dollar Amount*]. These amounts are expected to be sufficient to reasonably discharge the Debt as demonstrated in the Financial Plan.

**V. INCLUSION OF LAND IN THE SERVICE AREA**

Other than the real property in the Inclusion Area Boundaries, the District shall not include any real property into the Service Area without the Town Board’s prior written approval and in compliance with the Special District Act. Once the District has issued Debt, it shall not exclude real property from the District’s boundaries without the prior written consent of the Town.

**VI. DISTRICT GOVERNANCE**

The District’s Board shall be comprised of persons who are a qualified “eligible elector” of the District as provided in the Special District Act. It is anticipated that over time, the End Users who are eligible electors will assume direct electoral control of the District’s Board as development of the Service Area progresses. The District shall not enter into any agreement by which the End Users’ electoral control of the Board is removed or diminished.

**VII. AUTHORIZED AND PROHIBITED POWERS**

A. General Grant of Powers.

The District shall have the power and authority to provide the Public Improvements and related operation and maintenance services, within and without the District Boundaries, as such powers and authorities are described in the Special District Act, other applicable State law, common law and the Colorado Constitution, subject to the prohibitions, restrictions and limitations set forth in this Service Plan.

If, after the Service Plan is approved, any State law is enacted to grant additional powers or authority to metropolitan districts by amendment of the Special District Act or otherwise, such powers and authority shall not be deemed to be a part hereof. These new

powers and authority shall only be available to be exercised by the District if the Town Board first approves a Service Plan Amendment to specifically allow the exercise of such powers or authority by the District.

B. Prohibited Improvements and Services and other Restrictions and Limitations.

The District's powers and authority under this Service Plan to provide Public Improvements and services and to otherwise exercise its other powers and authority under the Special District Act and other applicable State law, are prohibited, restricted and limited as hereafter provided. Failure to comply with these prohibitions, restrictions and limitations shall constitute a material modification under this Service Plan and shall entitle the Town to pursue all remedies available at law and in equity as provided in Sections XVI and XVII of this Service Plan:

1. Eminent Domain Restriction

The District shall not exercise its statutory power of eminent domain without first obtaining approval from the Town Board. This restriction on the District's exercise of its eminent domain power is being voluntarily acquiesced to by the District and shall not be interpreted in any way as a limitation on the District's sovereign powers and shall not negatively affect the District's status as a political subdivision of the State as conferred by the Special District Act.

2. Fee Limitation

The District is not authorized to impose and collect any fees ***[if the Town approved specific fees, add: "except that District may seek written approval in the form of a resolution from the Town Board of Trustees to collect and impose the following fees: \_\_\_\_\_"]***.

3. Operations and Maintenance

The primary purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The District shall dedicate the Public Improvements to the Town or other appropriate jurisdiction or owners' association in a manner consistent with the Approved Development Plan and the Town Code, provided that nothing herein requires the Town to accept a dedication. ***[Add if appropriate: The District is specifically authorized to operate and maintain all or any part of the Public Improvements not otherwise conveyed or dedicated to the Town or another appropriate governmental entity until such time as the District is dissolved]***.

If the boundaries of the District overlap with the boundaries of an owners' association, then during any year (including any portion of a year) when the Developer is the declarant of the association, written consent of the Town is required prior to the levy and collection of an Operations and Maintenance Mill Levy (defined below) by the metropolitan district.

4. Fire Protection Restriction

The District is not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, own, operate or maintain fire protection facilities or services. The authority to plan for, design, acquire, construct, install, relocate, redevelop, finance, own, operate or maintain fire hydrants and related improvements installed as part of the Project's water system shall not be limited by this subsection.

5. Public Safety Services Restriction

The District is not authorized to provide policing or other security services. However, the District may, pursuant to C.R.S. §32-1-1004(7), as amended, furnish security services pursuant to an intergovernmental agreement with the Town.

6. Grants from Governmental Agencies Restriction

The District shall not apply for grant funds distributed by any agency of the United States Government or the State, including but not limited to the Department of Local Affairs, Conservation Trust Fund, and Great Outdoors Colorado, without the prior written approval of the Town Administrator. This restriction does not apply to specific ownership taxes which shall be distributed to and be a revenue source for the District without any limitation.

7. Television Relay and Translation Restriction

The District is not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, own, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to prior written approval from the Town Board as a Service Plan Amendment.

8. Potable Water and Wastewater Treatment Facilities

Acknowledging that the Town currently owns and operates treatment facilities for potable water and wastewater that are available to provide

services to the Service Area, the District shall not plan, design, acquire, construct, install, relocate, redevelop, finance, own, operate or maintain such facilities without obtaining the Town Board's prior written approval either by intergovernmental agreement or as a Service Plan Amendment.

9. Sales and Use Tax Exemption Limitation

The District shall not exercise any sales and use tax exemption otherwise available to the District under the Town Code.

10. Sub-district Restriction

The District shall not create any sub-district pursuant to the Special District Act without the prior written approval of the Town Board.

11. External Municipal Advisor Statement

Prior to the issuance of any Debt, the District shall obtain the certification of a Municipal Advisor acceptable to the Town substantially as follows:

We are [I am] a Municipal Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in C.R.S. Section 32-1-103(12)) 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.

12. Special Assessments

The District shall not impose special assessments without the prior written approval of the Town Board.

13. Limitation on Extraterritorial Service

The District shall not be authorized to provide services or facilities outside the District boundaries or to establish Fees, rates, tolls, charges, penalties or charges for any such service or facilities.



14. Overlap Limitation

Without the prior consent of the Town Board, which consent shall be evidenced by resolution, the boundaries of the District shall not overlap with any other metropolitan district formed under the Special District Act.

15. Consolidation Limitation

The District shall not file a request with any Court to consolidate with another Title 32 district without the prior consent of the Town, which shall be evidenced by resolution.

## VIII. PUBLIC IMPROVEMENTS AND ESTIMATED COSTS

**Exhibit E** summarizes the type of Public Improvements that are projected to be constructed and/or installed by the District. The cost, scope, and definition of such Public Improvements may vary over time. The total estimated costs of Public Improvements, as set forth in **Exhibit G**, are approximately [**Dollar Amount**] in [**Year**] dollars and total approximately [**Dollar Amount**] in the anticipated year of construction dollars. The cost estimates are based upon preliminary engineering, architectural surveys, and reviews of the Public Improvements set forth in **Exhibit E** and include all construction cost estimates together with estimates of costs such as land acquisition, engineering services, legal expenses and other associated expenses. Maps of the anticipated location, operation, and maintenance of Public Improvements are attached hereto as **Exhibit H**. Changes in the Public Improvements or cost, which are approved by the Town in an Approved Development Plan and any agreement approved by the Town Board pursuant to Section IV.B of this Service Plan, shall not constitute a Service Plan Amendment.

The Public Improvements shall be listed using an ownership and maintenance matrix in **Exhibit E**, either individually or categorically, to identify the ownership and maintenance responsibilities of the Public Improvements.

The Town Code has development standards, contracting requirements and other legal requirements related to the construction and payment of public improvements and related to certain operation activities. Relating to these, the District shall comply with the following requirements:

A. Development Standards.

The District shall ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the Town Code and of other governmental entities having proper jurisdiction, as applicable. The District directly, or indirectly through any Developer, will obtain the Town's approval of civil engineering plans and will obtain applicable permits for construction and installation of

Public Improvements prior to performing such work. Unless waived by the Town Board, the District shall be required, in accordance with the Town Code, to post a letter of credit, or other approved development security for any Public Improvements to be constructed by the District. Such development security may be released in the Town Administrator's discretion when the District has obtained funds, through Debt issuance or otherwise, adequate to insure the construction of the Public Improvements, unless such release is prohibited by or in conflict with any Town Code provision, State law or any agreement approved and entered into under Section IV.B of this Service Plan. Any limitation or requirement concerning the time within which the Town must review the District's proposal or application for an Approved Development Plan or other land use approval is hereby waived by the District.

B. Contracting.

The District shall comply with all applicable State purchasing, public bidding and construction contracting requirements and limitations.

C. Land Acquisition and Conveyance.

The purchase price of any land or improvements acquired by the District from the Developer shall be no more than the then-current fair market value as confirmed by an independent MAI appraisal for land and by an independent professional engineer for improvements. Land, easements, improvements and facilities conveyed to the Town shall be free and clear of all liens, encumbrances and easements, unless otherwise approved by the Town Administrator prior to conveyance. All conveyances to the Town shall be by special warranty deed, shall be conveyed at no cost to the Town, shall include an ALTA title policy issued to the Town shall meet the environmental standards of the Town and shall comply with any other conveyance prerequisites required in the Town Code.

D. Equal Employment and Discrimination.

In connection with the performance of all acts or activities hereunder, the District shall not discriminate against any person otherwise qualified with respect to its hiring, discharging, promoting or demoting or in matters of compensation solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability, and further shall insert the foregoing provision in contracts or subcontracts entered into by the District to accomplish the purposes of this Service Plan.

## **IX. FINANCIAL PLAN/PROPOSED DEBT**

This Section IX of the Service Plan describes the nature, basis, method of funding and financing limitations associated with the acquisition, construction, completion, repair, replacement, operation and maintenance of Public Improvements.

A. Financial Plan.

The District's Financial Plan, attached as **Exhibit I** and incorporated by reference, reflects the District's anticipated schedule for incurring Debt to fund Public Improvements in support of the Project. The Financial Plan also reflects the schedule of all anticipated revenues flowing to the District derived from District mill levies, [***Fees imposed by the District***], specific ownership taxes, and all other anticipated legally available revenues. The Financial Plan is based on economic, political and industry conditions as they presently exist and reasonable projections and estimates of future conditions. These projections and estimates are not to be interpreted as the only method of implementation of the District's goals and objectives but rather a representation of one feasible alternative. Other financial structures may be used so long as they are in compliance with this Service Plan. The Financial Plan incorporates all of the provisions of this Article IX. [***Add if Developer Advances are to be used: The Developer will incur costs for Public Improvements, either in the form of direct payments for such costs, or by means of advances to the District. These Developer Advances will be reimbursable by the District from Debt, contractual reimbursement agreements and/or any other revenue sources available by law and permitted by this Service Plan, and are subject to the Maximum Debt Authorization, Maximum Mill Levy, and Maximum Debt Term Limit.***]

Based upon the assumptions contained therein, the Financial Plan projects the issuance of Bonds to fund Public Improvements and anticipated Debt repayment based on the development assumptions and absorptions of the property in the Service Area by End Users. The Financial Plan anticipates that the District will finance the planning, design, acquisition, construction, installation and completion of all Public Improvements needed to serve the Service Area.

The Financial Plan demonstrates that the District will have the financial ability to discharge all Debt to be issued as part of the Financial Plan on a reasonable basis. Furthermore, the District will secure the certification of a Municipal Advisor who will provide an opinion as to whether such Debt issuances are in the best interest of the District at the time of issuance.

B. Mill Levies.

It is anticipated that the District will impose a Debt Mill Levy and an Operations and Maintenance Mill Levy on all property within the Service Area. In doing so, the following shall apply:

1. Maximum Mill Levy

The Maximum Mill Levy shall not exceed \_\_\_\_\_ [**50 mills** , **or the amount of the Debt Mill Levy + Operations and Maintenance Mill Levy from below, whichever is less**] mills in the aggregate of the Debt Mill Levy and any Operations and Maintenance Mill Levy (if authorized), subject to Gallagher adjustments.

2. Debt Mill Levy

The District may impose a Debt Mill levy of up to \_\_\_\_\_ mills [**Note: debt mill levy must take into account the costs of the Public Improvements to paid for through debt mill levy and anticipated AV, but must not exceed 50 mills when combined with O&M mill levy**], subject to Gallagher adjustments; however, the Maximum Mill Levy may not be exceeded. The Debt Mill Levy shall be imposed for a term not greater than 40 years from the date of its first imposition

3. Operations and Maintenance Mill Levy

The District is not authorized to impose an Operations and Maintenance Mill Levy.

*or*

The District may impose an Operations and Maintenance Mill Levy of up to ten (10) mills, subject to Gallagher adjustments; however, the Maximum Mill Levy must not be exceeded.

4. Gallagher Adjustments

In the event the State's method of calculating assessed valuation for the Taxable Property changes after January 1, [**current year**] or any constitutionally mandated tax credit, cut or abatement, the District's Mill Levy, Debt Mill Levy, Operations and Maintenance Mill Levy, and Maximum Mill Levy, amounts herein provided may be increased or decreased to reflect such changes; such increases or decreases shall be determined by the District's Board in good faith so that to the extent possible, the actual tax revenues generated by such mill levies, as adjusted, are neither enhanced nor diminished as a result of such change occurring after January 1, [**current year**]. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation will be a change in the method of calculating assessed valuation.

5. Excessive Mill Levy Pledges

Any Debt issued with a mill levy pledge, or which results in a mill levy pledge that exceeds the Maximum Mill Levy, shall be deemed a material modification of this Service Plan and shall not be an authorized issuance of Debt unless and until such material modification has been approved by a Service Plan Amendment.

6. Refunding Debt

The Maximum Debt Term Limit may be exceeded for Debt refunding purposes if: (1) a majority of the District Board is composed of End Users and have voted in favor of a refunding of a part or all of the Debt; or (2) such refunding will result in a net present value savings.

7. Maximum Debt Authorization

The District anticipates approximately [*Dollar Amount*] in project costs in [*Year*] dollars as set forth in **Exhibit E** and anticipate issuing approximately [*Dollar Amount*] in Debt to pay such costs as set forth in **Exhibit G**, which Debt issuance amount shall be the amount of the Maximum Debt Authorization. The District shall not issue Debt in excess of the Maximum Debt Authorization. Bonds, loans, notes or other instruments which have been refunded shall not count against the Maximum Debt Authorization. The District must obtain from the Town Board a Service Plan Amendment prior to issuing Debt in excess of the Maximum Debt Authorization.

C. Maximum Voted Interest Rate and Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. The maximum interest rate on any Debt, including any defaulting interest rate, is not permitted to exceed Twelve Percent (12%). The maximum underwriting discount shall be two and a half percent (2.5%). Debt, when issued, will comply with all relevant requirements of this Service Plan, the Special District Act, other applicable State law and federal law as then applicable to the issuance of public securities.

D. Disclosure to Purchasers.

In order to notify future End Users who are purchasing residential lots or dwellings units in the Service Area that they will be paying, in addition to the property taxes owed to other taxing governmental entities, the property taxes imposed under the Debt Mill Levy [*and the Operations and Maintenance Mill Levy*], the District shall not be authorized to issue any Debt under this Service Plan until there is included in the Developer's Approved Development Plan provisions that require the following:

1. That the Developer, and its successors and assigns, shall prepare and submit to the Town Administrator for his approval the Disclosure Notice in substantially the form attached hereto as **Exhibit K**, which includes the maximum amount of debt authorized, the amount of debt already issued, the debt term remaining, the expected date of repayment, the Maximum Mill Levy and anticipated property tax bill based on the anticipated sale price;
2. That when the Disclosure Notice is approved by the Town Administrator, the Developer shall record the Disclosure Notice in the Garfield County Clerk and Recorder's Office; and
3. That the approved Disclosure Notice shall be provided by the Developer, and by its successors and assigns, to each potential End User purchaser of a residential lot or dwelling unit in the Service Area as early as possible in the purchasing process, but at least before that purchaser enters into a written agreement for the purchase and sale of that residential lot or dwelling unit.

E. Municipal Advisor.

A Municipal Advisor acceptable to the Town shall be retained by the District to provide a written opinion regarding the proposed terms and whether Debt terms and conditions are reasonable based upon the status of development within the District, the projected tax base increase in the District, the security offered and other considerations as may be identified by the Advisor. The District shall include in the transcript of any Bond transaction or other appropriate financing documentation for related Debt instrument, a signed letter from the Municipal Advisor providing an official opinion on the structure of the Debt, the cost of issuance, sizing, repayment term, redemption feature, couponing, credit spreads, payment, closing date, and other material transaction details of the proposed Debt. Debt shall not be undertaken by the District if the Debt terms and conditions are found to be unreasonable by the Municipal Advisor.

F. Disclosure to Debt Purchasers.

District Debt shall set forth a statement in substantially the following form:

“By acceptance of this instrument, the owner of this Debt agrees and consents to all of the limitations with respect to the payment of the principal and interest on this Debt contained herein, in the resolution of the District authorizing the issuance of this Debt and in the Service Plan of the District. This Debt is not and cannot be a Debt of the Town of Silt, Colorado”

Similar language describing the limitations with respect to the payment of the principal 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 Service Area.

G. 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.

H. TABOR Compliance.

The District shall 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 a District will remain under the control of the District's Board.

I. District's 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, are anticipated to be [*Dollar Amount*], which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be operated and maintained. The first year's operating budget is estimated to be [*Dollar Amount*].

Ongoing administration, operations and maintenance costs may be paid from property taxes collected through the imposition of an Operations and Maintenance Mill Levy, as set forth in Section IX.B.3, as well as from other revenues legally available to the District.

J. Monies from Other Governmental Sources. The District shall not apply for or accept monies from the Conservation Trust Fund, Great Outdoors Colorado, or other funds available from or through governmental or non-profit entities that the Town is eligible to apply for, except with prior approval of the Town. This limitation shall not apply to specific ownership taxes which shall be distributed to and available as a revenue source for the District without limitation.

## **X. TOWN FEES**

The District shall pay all applicable Town fees as required by the Town Code.

## **XI. BANKRUPTCY LIMITATIONS**

All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Mill Levy, Maximum Debt Term Limit and Fees, have been established under the authority of the Town in the Special District Act to approve this Service Plan. It is expressly intended that by such approval such limitations: (i) shall not be set aside for any reason, including by judicial action, absent a Service Plan Amendment; and (ii) are, together with all other requirements of State 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 non-bankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

## **XII. ANNUAL REPORTS AND BOARD MEETINGS**

### **A. General.**

The District shall be responsible for submitting an Annual Report to the Town Clerk no later than September 1st of each year following the year in which the Order and Decree creating the District has been issued. The annual report may be made available to the public on the Town’s website.

### **B. Board Meetings.**

The District’s board of directors shall hold at least one public board meeting in three of the four quarters of each calendar year, beginning in the first full calendar year after the District’s creation. Notice for each of these meetings shall be given in accordance with the requirements of the Special District Act and other applicable State law. This meeting requirement shall not apply until there is at least one End User of property within the District. Also, this requirement shall no longer apply when a majority of the directors on the District’s Board are End Users.

### **C. Report Requirements.**

Unless waived in writing by the Town Administrator, the District Annual Report must include the following in the Annual Report:

#### **1. Narrative**

A narrative summary of the progress of the District in implementing its Service Plan for the report year.



2. Financial Statements

Except when exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year including a statement of financial condition (i.e., balance sheet) as of December 31 of the report year and the statement of operation (i.e., revenue and expenditures) for the report year.

3. Capital Expenditures

Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of improvements in the report year.

4. Financial Obligations

Unless disclosed within a separate schedule to the financial statements, a summary of financial obligations of the District at the end of the report year, including the amount of outstanding Debt, the amount and terms of any new District Debt issued in the report year, the total assessed valuation of all Taxable Property within the Service Area as of January 1 of the report year and the current total District mill levy pledged to Debt retirement in the report year.

5. Board Contact Information

The names and contact information of the current directors on the District's Board, any District Administrator and the attorney for the District shall be listed in the report. The District's current office address, phone number, email address and any website address shall also be listed in the report.

6. Other Information

Any other information deemed relevant by the Town Board or deemed reasonably necessary by the Town Administrator.

7. Reporting of Significant Events

The Annual Report shall also include information as to any of the following that occurred during the report year:

- (1) Boundary changes made or proposed to the District Boundaries as of December 31 of the report year.

- (2) Intergovernmental Agreements with other governmental entities, either entered into or proposed as of December 31 of the report year.
- (3) Copies of the District's rules and regulations, if any, or substantial changes to the District's rules and regulations as of December 31 of the report year.
- (4) A summary of any litigation which involves the District's Public Improvements as of December 31 of the report year.
- (5) A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the Town as of December 31 of the report year.
- (6) Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.
- (7) Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

D. Failure to Submit.

In the event the Annual Report is not timely received by the Town Clerk or is not fully responsive, notice of such default shall be given to the District Board at its last known address. The failure of the District to file the Annual Report within forty-five (45) days of the mailing of such default notice by the Town Clerk may constitute a material modification of the Service Plan, at the discretion of the Town Administrator.

### **XIII. SERVICE PLAN AMENDMENTS**

This Service Plan is general in nature and does not include specific detail in some instances. The Service Plan has been designed with sufficient flexibility to enable the District to provide required improvements, services and facilities under evolving circumstances without the need for numerous amendments. Modification of the general types of improvements and facilities making up the Public Improvements, and changes in proposed configurations, locations or dimensions of the Public Improvements, shall be permitted to accommodate development needs provided such Public Improvements are consistent with the then-current Approved Development Plans for the Project and any agreement approved by the Town Board pursuant to Section IV.B of this Service Plan. Any action of the District, which is a material modification of this Service Plan requiring a Service Plan Amendment as provided in Section XIV of this Service Plan or that does not comply with provisions of this Service Plan, shall be deemed to be a material

modification to this Service Plan unless otherwise expressly provided in this Service Plan. All other departures from the provisions of this Service Plan shall be considered on a case-by-case basis as to whether such departures are a material modification under this Service Plan or the Special District Act.

**XIV. MATERIAL MODIFICATIONS**

Material modifications to this Service Plan may be made only in accordance with C.R.S. Section 32-1-207 as a Service Plan Amendment. No modification shall be required for an action of the District that does not materially depart from the provisions of this Service Plan, unless otherwise provided in this Service Plan.

Departures from the Service Plan that constitute a material modification requiring a Service Plan Amendment include, without limitation:

1. Actions or failures to act that create materially greater financial risk or burden to the taxpayers of the District;
2. Performance of a service or function, construction of an improvement, or acquisition of a major facility that is not closely related to an improvement, service, function or facility authorized in the Service Plan;
3. Failure to perform a service or function, construct an improvement or acquire a facility required by the Service Plan; and
4. Failure to comply with any of the preconditions, prohibitions, limitations and restrictions of this Service Plan.

**XV. DISSOLUTION**

Upon independent determination by the Town Board that the purposes for which the District was created have been accomplished, the District shall file a petition in district court for dissolution as provided in the Special District Act. In no event shall dissolution occur until the District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State law.

In addition, if within five (5) years from the date of the Town Board’s approval of this Service Plan the intergovernmental agreement contemplated by Section XVII of this Service Plan has not been entered into by the Town with the District and/or any Developer, despite the parties conducting good faith negotiations attempting to do so, the Town may opt to pursue the remedies available to it under C.R.S. Section 32-1-701(3) in order to compel the District to dissolve in a prompt and orderly manner. In such event: (i) the limited purposes and powers of the District, as authorized herein, shall

automatically terminate and be expressly limited to taking only those actions that are reasonably necessary to dissolve; (ii) the Board of the District will be deemed to have agreed with the Town regarding its dissolution without an election pursuant to C.R.S. §32-1-704(3)(b); (iii) the District shall take no action to contest or impede the dissolution of the District and shall affirmatively and diligently cooperate in securing the final dissolution of the District, and (iv) subject to the statutory requirements of the Special District Act, the District shall thereupon dissolve.

## **XVI. SANCTIONS**

Should the District undertake any act without obtaining prior Town Board approval or consent or Town Administrator approval or consent under this Service Plan, that constitutes a material modification to this Service Plan requiring a Service Plan Amendment as provided herein or under the Special Districts Act, or that does not otherwise comply with the provisions of this Service Plan, the Town Board may impose one (1) or more of the following sanctions, as it deems appropriate:

1. Exercise any applicable remedy under the Special District Act;
2. Withhold the issuance of any permit, authorization, acceptance or other administrative approval, or withhold any cooperation, necessary for the District's development or construction or operation of improvements or provision of services;
3. Exercise any legal remedy under the terms of any intergovernmental agreement under which the District is in default; or
4. Exercise any other legal and equitable remedy available under the law, including seeking prohibitory and mandatory injunctive relief against the District, to ensure compliance with the provisions of the Service Plan or applicable law.

## **XVII. INTERGOVERNMENTAL AGREEMENT WITH TOWN**

The District and the Town shall enter into an intergovernmental agreement, the form of which shall be in substantially the form attached hereto as **Exhibit L** and incorporated by reference (the "IGA"). However, the Town and the District may include such additional details, terms and conditions as they deem necessary in connection with the Project and the construction and funding of the Public Improvements and the Public Benefits. The District's Board shall approve the IGA at its first board meeting, unless agreed otherwise by the Town Administrator. Entering into this IGA is a precondition to the District issuing any Debt or imposing any Debt Mill Levy, Operations and Maintenance Mill Levy or Fee for the payment of Debt under this Service Plan. In addition, failure of the District to enter into the IGA as

required herein shall constitute a material modification of this Service Plan and subject to the sanctions in Article XVII of this Service Plan. The Town and the District may amend the IGA from time-to-time provided such amendment is not in conflict with any provision of this Service Plan.

## **XVIII. CONCLUSION**

It is submitted that this Service Plan, as required by C.R.S. Section 32-1-203(2), establishes that:

1. There is sufficient existing and projected need for organized service in the Service Area to be served by the District;
2. The existing service in the Service 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 Service Area; and
4. The Service Area does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

## **XIX. RESOLUTION OF APPROVAL**

The District agrees to incorporate the Town Board's resolution approving this Service Plan, including any conditions on any such approval, into the copy of the Service Plan presented to the District Court for and in Garfield County, Colorado.