

SERVICE PLAN
FOR
40 NORTH METROPOLITAN DISTRICT
CITY OF LAFAYETTE, COLORADO

Prepared

by

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I. INTRODUCTION

A. Purpose and Intent.

The District is an independent unit of local government, separate and distinct from the City, and, except as may otherwise be provided for by State or local law or this Service Plan, its activities are subject to review by the City only insofar as they may deviate in a material manner from the requirements of the Service Plan. It is intended that the District will provide a part or all of the Public Improvements 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.

Exhibit D of the Service Plan includes a general list of Public Improvements anticipated to be developed by the District and an estimate of the cost of the Public Improvements. Construction and/or purchase of the Public Improvements will be funded through the issuance of Bonds that will be repaid from a debt mill levy and/or Fees as expressly limited by this Service Plan. The mill levy for Debt purposes will be limited by the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, and the aggregate Debt of the District will be limited by the Total Debt Issuance Limitation. No Fee related to repayment of debt shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User subsequent to the issuance of a certificate of occupancy for said Taxable Property. The District is also being created with the intent that it will provide ongoing operations and maintenance services for certain Public Improvements as specifically set forth in this Service Plan, similar to and in lieu of a traditional master homeowners' association to serve the project.

B. Need for the District.

There are currently no other governmental entities, including the City, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction installation, operation, maintenance, relocation, redevelopment, and financing of the Public Improvements needed for the Project. 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 District's Service Plan.

The objective of this Service Plan is to authorize the District to provide for the planning, design, acquisition, construction, installation, operation, maintenance, relocation and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the District. All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term and at a tax mill levy no higher than the Maximum Debt Mill Levy, and/or repaid by Fees as limited by Section V.A.15. Debt which is issued within these parameters (as further described in the Financial Plan) is intended to insulate the 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. The Debt contemplated by this Service Plan is not, and should not be construed, as a debt or obligation of the City of Lafayette, or the authorization of the issuance of debt by the City of Lafayette.

This Service Plan is intended to establish a limited purpose for the District and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with development and regional needs pursuant to the Approved Development Plan for the property. After defeasance of the Debt, subject to the limitations in this Service Plan, it is the intent of the District to continue their authorized operating functions, retaining those powers necessary to impose and collect taxes to pay for these costs and to perform these functions.

The District shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from Fees or from tax revenues collected from a mill levy which shall not exceed the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term. It is the intent of this Service Plan to assure to the extent possible that no property bear an economic burden related to Debt that is greater than that associated with the Maximum Debt Mill Levy in amount and that no property developed for a residential use bear an economic burden related to Debt that is greater than that associated with the Maximum Debt Mill Levy Imposition Term in duration 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.

II. DEFINITIONS

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Approved Development Plan: means a development plan, subdivision development agreement or other process established by the City (including, without limitation, approval of a Final Subdivision Plat and Final Site Plan by the City) for identifying, among other things, improvements, public or otherwise, necessary for facilitating development of property within the Service Area as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time. The parties anticipate that the Approved Development Plan, and associated Development Agreement, will include enhanced features and improvements such as provisions for a wildlife corridor running the north-south length of the project; park dedication, design and construction; resolution of storm drainage issues, particularly in the northern portion of the project; construction, ownership and maintenance of selected streets by the District; use of the District to fulfill the customary functions of a master home-owner's association (HOA) to the exclusion of establishment of an HOA; and specific provisions to notify potential purchasers of property of the existence of the District.

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, and/or collect Fee revenue.

Capital Plan: means the Capital Plan described in Section V.B. which includes a list of the Public Improvements anticipated to be developed by the District and an estimate of the costs of the Public Improvements.

City: means the City of Lafayette, Colorado.

City Code: means the City Code of Ordinances of the City of Lafayette, Colorado.

City Council: means the City Council of the City of Lafayette, Colorado.

Developer Control Period: the period of time in which a majority of the Board is qualified as eligible electors solely under §§ 32-1-103(5)(b), of the Colorado Revised Statutes, as may be amended from time to time (i.e. the qualification of eligible electors via option contracts).

District: means the 40 North Metropolitan District.

District Boundaries: means the boundaries of the original District area described in the legal description attached hereto as **Exhibit A**.

District Boundary Map: means the map attached hereto as **Exhibit C**, describing the District's original boundaries.

End User: means any owner, or tenant of any owner, of any taxable improvement within the District, who is intended to become burdened by the imposition of *ad valorem* property taxes subject to the Maximum Debt Mill Levy. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an End User. The business entity that constructs homes or commercial structures is not an End User.

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 and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Fees: means any fee imposed by the District for services, programs or facilities provided by the District, as described in Section V.A.15. below.

Financial Plan: means the Financial Plan 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.

Homeowner's Association: means any common interest community as set forth in §§ 38-33.3-101, *et seq.*, of the Colorado Revised Statutes, as may be amended from time to time, but shall exclude any association which provides services to multi-family residential communities which the District is not authorized to provide under the Special District Act.

Initial Debt: means the first Debt issued by the District after City approval of an Approved Development Plan.

Initial Debt Issuance Deadline: means the date that is five years after the City's approval of an Approved Development Plan and shall be the date by which the District initiates its Initial Debt issuance in accordance with Section V.A.13 below.

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

Maximum Debt Mill Levy Imposition Term: means the maximum term for imposition of a mill levy on a particular property as set forth in Section VI.D below.

Maximum Operations and Maintenance Mill Levy: means the maximum mill levy the District is permitted to impose for payment of operations and maintenance services as set forth in Section VI.I below.

Project: means the development or property commonly referred to as 40 North.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, operated, maintained, relocated, redeveloped and financed as generally described in the Special District Act, except as specifically limited in Section V below that benefit the Service Area and serve the future taxpayers and inhabitants of the Service Area as determined by the Board of the District. As used herein, the term Public Improvements includes not only the improvements to be dedicated to the City, but certain improvements to be owned and maintained by entities other than the City. The Public Improvements contemplated and anticipated under this Service Plan are specified in **Exhibit D**.

Service Area: means the property within the District Boundary Map.

Service Plan: means this service plan for the District approved by City Council.

Service Plan Amendment: means an amendment to the Service Plan approved by City Council in accordance with the City's ordinance and the applicable state law.

Special District Act: means Section 32-1-101, *et seq.*, of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

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

III. BOUNDARIES

The area of the District Boundaries includes approximately 78.6 acres. A legal description of the District Boundaries is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B**. A map of the District Boundaries is attached hereto as **Exhibit C**.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately 78.6 acres of residential land. The current assessed valuation of the Service Area is \$0.00 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 population of the District at build-out is estimated to be approximately 1287 people (based on 3 persons per residence and 429 residential units).

Approval of this Service Plan by the City does not constitute zoning or land use approval, nor does it imply approval of the development of a specific area within the District, the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto or any other Development Plan.

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 operations 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 Constitution, subject to the limitations set forth herein.

1. Homeowner's Association Limitation. To the extent authorized by law, the District shall not allow a Homeowner's Association to be created or otherwise operate within the District Boundaries without the prior written consent of the City Council. In lieu of a Homeowner's Association, the District may furnish covenant enforcement and design review services in accordance with Section 32-1-1004(8)(a), of the Colorado Revised Statutes, as amended from time to time.

2. Operations and Maintenance Authorization. The purpose of the District is to plan for, design, acquire, construct, install, operate, maintain, relocate, redevelop and finance the Public Improvements. The District shall dedicate the Public Improvements to the City or other appropriate jurisdiction in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. As the District intends to provide operations and maintenance services similar to that of a traditional homeowner association, the District shall be authorized to operate and maintain any part or all of

the Public Improvements, subject to the Approved Development Plan and limitations set forth in this Service Plan. The District is required and obligated to operate and maintain park and recreation improvements. Unless otherwise specified in an intergovernmental agreement with the City, all parks and trails shall be open to the general public free of charge.

3. Fire Protection Limitation. The District shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

4. Television Relay and Translation Limitation. The District shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, 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 an intergovernmental agreement with the City.

5. Telecommunication Facilities. The District agrees that no telecommunication facilities owned, operated or otherwise allowed by the District shall affect the ability of the City to expand its public safety telecommunication facilities or impair existing telecommunication facilities.

6. Construction Standards Limitation. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction. The District will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

7. Zoning and Land Use Requirements. The District shall be subject to all of the City's zoning, subdivision, building code and other land use requirements.

8. Growth Limitations. The District acknowledges that the City shall not be limited in implementing Council or voter approved growth limitations, even though such actions may reduce or delay development within the District and the realization of District revenue.

9. Privately Placed Debt Limitation. 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.

10. Inclusion Limitation. The District shall not include within any of its boundaries any property outside of the Service Area without the prior written consent of the City Council.

11. Eminent Domain Limitation. The District shall not be authorized to use the power of eminent domain without the prior written consent of the City Council.

12. Overlap Limitation. The District shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the District unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the District.

13. Initial Debt Limitation. On or before the effective date of approval by the City of an Approved Development Plan, the District shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any Fees used for the purpose of repayment of Debt. The District shall make its best efforts to initiate the issuance of its Initial Debt prior to the Initial Debt Issuance Deadline. This requirement does not mandate that the issuance of the Initial Debt be sized to utilize the entirety of the District's Total Debt Issuance Limitation (as defined below). The District shall not be prohibited from completing the issuance of the Initial Debt after the Initial Debt Issuance Deadline, so long as the issuance of the Initial Debt commenced prior to the Initial Debt Issuance Deadline. The City recognizes that the issuance of Debt, including the Initial Debt, is determined by market conditions and shall not treat a failure of the District to initiate the issuance of the Initial Debt as a material modification of this Service Plan that requires an amendment to the Service Plan, as described in Section 32-1-207, C.R.S. Should the District fail to initiate the issuance of its Initial Debt prior to the Initial Debt Issuance Deadline, the District may seek, and obtain, a written extension of the Initial Debt Issuance Deadline from City Administrator and shall not be required to obtain City Council approval for such extension.

14. Total Debt Issuance Limitation. The District shall not issue Debt in excess of Six Million, Five Hundred Thousand Dollars (\$6,500,000). Debt that is issued for the purpose of refunding outstanding District Debt shall not be counted against such \$6,500,000 debt limitation.

15. Fee Limitation. The District may impose and collect Fees as a source of revenue for repayment of Debt, capital costs, and/or for operations and maintenance. Notwithstanding the foregoing, throughout the Developer Control Period the District may not impose general operations fees, but may impose Fees related to covenant enforcement, and may further impose discreet Fees directly attributable to specific Public Improvements. After any

such Developer Control Period, the District shall not be subject to any such Fee limitation as a source of revenue for operations and maintenance activities.

No Fee related to repayment of Debt shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User subsequent to the issuance of a certificate of occupancy for said Taxable Property.

16. Public Improvement Fee Limitation. The District shall not impose, collect, receive, spend or pledge to any Debt any fee, assessment, tax or charge which is collected by a retailer in the District on the sale of goods or services by such retailer and which is measured by the sales price of such goods or services, except as provided pursuant to an intergovernmental agreement with the City.

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

18. Limitation on Debt Issued to Developer or Related Party. Debt issued to the developer of the Project, or to any person or entity affiliated with the developer of the Project, including, without limitation, any owner of any interest in the developer or any relative thereof to the second degree of consanguinity shall be callable at any time by the District and shall not bear interest in excess of six percent (6%) per annum.

19. 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 City.

20. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy, Maximum Debt Mill Levy Imposition Term and the Fees have been established under the authority of the City 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 non-bankruptcy 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 exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, 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 City as part of a Service Plan Amendment. The City shall be entitled to all remedies available at law to enjoin such actions of the District.

21. Reimbursement Agreement. It is unknown whether reimbursement agreements with third-party developers or adjacent landowners will be necessary or desirable after District organization. Any such agreement would provide the means to reimburse the District for costs of improvements that benefit third-party landowners. If a reimbursement agreement exists or is entered into for an improvement financed by the District, any and all resulting reimbursements received for such improvement shall be deposited in the district's debt service fund and used for the purpose of retiring the District's Debt.

22. Service Plan Amendment Requirement. This 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. The District is an independent unit of local government, separate and distinct from the City, and its activities are subject to review by the City only insofar as it may deviate in a material way from the requirements of this Service Plan or the City Code or as otherwise provided by law. Actions of the District which violate the limitations set forth in V.A.1-21 above or in VI.B-G shall be deemed to be material modifications to this Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the District. Modification of the general types of services 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 consistent with any then-current Approved Development Plan for the Project, subject to the limitations of this Service Plan.

B. Capital Plan/Preliminary Engineering Survey.

The District shall have 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, to be more specifically defined in an Approved Development Plan. In addition to the defined Public Improvements, the Approved Development Plan shall also define certain improvements that do not constitute Public Improvements but that are required enhancements benefitting the Project and the surrounding area. A Capital Plan, including a general list of the Public Improvements is attached hereto as **Exhibit D**. As shown in the Capital Plan, the estimated cost of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, operated, maintained or financed by the District is approximately twenty-three million, nine hundred and ninety-five thousand dollars (\$23,995,000). The Public Improvements generally depicted and described in the Capital Plan have been presented for illustration only, and the exact design, sub-phasing of construction and location of the Public Improvements will be determined at the time and in accordance with any then current Approved Development Plans, and variations from the Capital Plan shall not constitute a material modification of this Service Plan. Costs of required Public Improvements that cannot be financed by the District within the parameters of this Service Plan and the financial capability of the District are not the responsibility of the City and will be financed by a third-party entity.

All of the Public Improvements will be designed and constructed in such a way as to assure that the Public Improvements standards will comply with the standards and specifications of the City for similar improvements and shall be in accordance with the requirements of Approved Development Plans. All descriptions of the Public Improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the City's requirements and construction scheduling may require. Upon approval of this Service Plan, the District will continue to develop and refine the Capital Plan as necessary, and prepare for issuance of Debt. All cost estimates will be inflated to then-current dollars at the time of the issuance of debt and construction. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District shall be to issue such Debt as the District can reasonably pay within the Maximum Debt Mill Levy Imposition Term from revenues derived from the Maximum Debt Mill Levy, Fees and other legally available revenues. The total Debt that the District shall be permitted to issue shall not exceed Six Million, Five Hundred Thousand Dollars (\$6,500,000) 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. Debt that is issued for the purpose of refunding outstanding District Debt shall not be counted against such \$6,500,000 debt limitation. All bonds and other Debt issued by the District may be payable from any and all legally available revenues of the District, including general *ad valorem* taxes and Fees to be imposed upon all Taxable Property within the District. The District may also rely upon various other revenue sources authorized by law. Specifically, these revenue sources may include specific ownership taxes, interest income, developer operating advances, and advances for infrastructure.

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. If the total amount of aggregate District Debt exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy shall be thirty five (35) mills; provided that if the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement is changed by law; 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, 2018 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. If the total amount of aggregate District Debt 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 ratio. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

To the extent that the District is composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

D. Maximum Debt Mill Levy Imposition Term.

The District shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed which exceeds forty (40) years after the City's approval of this Service Plan unless a majority of the Board of Directors of the District are residents of the District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S., *et seq.*

E. Debt Repayment Sources.

The District's mill levy on taxable property within its boundaries may be used as a primary source of revenue for repayment of debt service and for operations and maintenance. The District may also rely upon other specific revenue sources authorized by law, such as Fees, specific ownership taxes, interest income, developer operating advances, and developer advances for infrastructure. 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(I), C.R.S., as amended from time to time and as limited by Section V.A.15. In no event shall the debt service mill levy in the District exceed the Maximum Debt Mill Levy or the Maximum Debt Mill Levy Imposition Term, except pursuant to an intergovernmental agreement between the District and the City.

F. 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.

G. Security for Debt.

The District shall not pledge any of the Public Improvements, revenue, property or assets of the City 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 City 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 City in the event of default by the District in the payment of any such obligation.

H. TABOR Compliance.

The District will comply with the provisions of TABOR. In the discretion of the Board, the District may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the District will remain under the control of the District's Board, and any such entity shall be subject to and bound by all terms, conditions, and limitations of the Service Plan.

I. Maximum Operations and Maintenance Mill Levy.

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 Maximum Debt Service Mill Levy for the repayment of Debt shall not apply to the District's operations and maintenance functions. Accordingly, the District shall have the ability to increase its operations and maintenance mill levy as necessary for the provision of operations and maintenance services to their taxpayers and service users, provided, however, the "Maximum Operations and Maintenance Mill Levy" shall be Twenty (20) mills during the Developer Control Period. Notwithstanding the foregoing, provided that if the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement is changed by law; the mill levy limitation applicable to such operations and maintenance services 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, 2018 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. After any such Developer Control Period, the District shall not be subject to the Maximum Operations and Maintenance Mill Levy.

VII. ANNUAL REPORT

A. General.

The District shall be responsible for submitting an annual report to the City Clerk within eight months of the close of the fiscal year.

B. Reporting of Significant Events.

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 of the prior year.
2. Intergovernmental Agreements with other governmental entities either entered into or proposed as of December 31 of the prior year.
3. Copies of the District's rules and regulations, if any, as of December 31 of the prior year.
4. A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year.
5. Status of the District's construction of the Public Improvements as of December 31 of the prior year.

6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the prior year.

7. The assessed valuation of the District for the current year.

8. Current year budget including a description of the Public Improvements to be constructed in such year.

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

10. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.

11. 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.

VIII. DISSOLUTION

Upon a mutual determination of the City Council and the District's Board of Directors that the purposes for which the District was created have been accomplished, the District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall dissolution occur until the District has provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

IX. NON-COMPLIANCE WITH SERVICE PLAN

In the event it is determined that the District has undertaken any act or omission which violates the Service Plan or constitutes a material modification of the Service Plan, the City may enforce the Service Plan, including without limitation affirmative injunctive relief to require the District to act in accordance with the provisions of this Service Plan.

X. DISCLOSURE NOTICES

The District will provide a written notice of disclosure to all initial purchasers of property in the District that describes the impact of the District mill levy and fees on each residential property along with the purchase contract. The District shall record the notice of disclosure for each property within the District with Boulder County at the time the subdivision plat is recorded, or provide the City with a copy of the recorded notice of disclosure if the subdivision plat has already been filed. The notice of disclosure shall include the maximum mill levy that may be assessed and associated taxes that may be imposed on the residential property for each year the District is in existence.

EXHIBIT A

Legal Description

EXHIBIT "A"
DESCRIPTION OF THE PROPERTY

That certain real property in the City of Lafayette, County of Boulder, State of Colorado, described as follows:

PARCEL I:

THE EAST HALF (E1/2) OF THE EAST HALF (E1/2) OF THE SOUTHEAST QUARTER (SE1/4) OF SECTION 33, TOWNSHIP 1 NORTH, RANGE 69 WEST OF THE 6TH P.M., COUNTY OF BOULDER, STATE OF COLORADO, AND,

THE WEST HALF (W1/2) OF THE WEST HALF (W1/2) OF THE SOUTHWEST QUARTER (SW1/4) OF SECTION 34, TOWNSHIP 1 NORTH, RANGE 69 WEST OF THE 6TH P.M., COUNTY OF BOULDER, STATE OF COLORADO,

EXCEPT THE FOLLOWING DESCRIBED PARCEL WHICH IS DESCRIBED IN A WARRANTY DEED RECORDED MAY 24, 1962 IN BOOK 1231 AT PAGE 147 OF THE BOOKS AND RECORDS OF THE BOULDER COUNTY CLERK AND RECORDER:

A TRACT OR PARCEL OF LAND, SITUATE IN AND FORMING A PART OF THE WEST HALF (W1/2) OF THE WEST HALF (W1/2) OF THE SOUTHWEST QUARTER (SW1/4) OF SECTION 34, TOWNSHIP 1 NORTH, RANGE 69 WEST OF THE 6TH P.M., PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 34, TOWNSHIP 1 NORTH, RANGE 69 WEST OF THE 6TH P.M.; THENCE NORTH 89 DEGREES 47 MINUTES EAST, ALONG THE SOUTH LINE OF SAID SECTION 34, A DISTANCE OF 119 FEET, TO THE TRUE POINT OF BEGINNING; THENCE NORTH 0 DEGREES 17 MINUTES WEST, PARALLEL TO THE WEST LINE OF SAID SECTION 34, A DISTANCE OF 301.94 FEET; THENCE SOUTH 89 DEGREES 47 MINUTES WEST, PARALLEL TO THE SOUTH LINE OF SAID SECTION 34, A DISTANCE OF 119 FEET, MORE OR LESS, TO A POINT ON THE WEST LINE OF SAID SECTION 34; THENCE NORTH 0 DEGREES 17 MINUTES WEST, ALONG THE WEST LINE OF SAID SECTION 34, A DISTANCE OF 547.14 FEET; THENCE NORTH 89 DEGREES 47 MINUTES EAST, PARALLEL TO THE SOUTH LINE OF SAID SECTION 34, A DISTANCE OF 661.84 FEET, MORE OR LESS, TO A POINT ON THE EAST LINE OF THE SAID WEST HALF (W1/2) OF THE WEST HALF (W1/2), OF THE SOUTHWEST QUARTER (SW1/4) OF SAID SECTION 34; THENCE SOUTH 0 DEGREES 11 MINUTES EAST, ALONG THE EAST LINE OF THE SAID WEST HALF (W1/2) OF THE WEST HALF (W1/2) OF THE SOUTHWEST QUARTER (SW1/4) OF SAID SECTION 34, A DISTANCE OF 849.08 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF SAID SECTION 34; AND THENCE SOUTH 89 DEGREES 47 MINUTES WEST, ALONG THE SOUTH LINE OF SAID SECTION 34, TO THE TRUE POINT OF BEGINNING; COUNTY OF BOULDER, STATE OF COLORADO.

AND FURTHER EXCEPTING THAT PARCEL CONVEYED TO THE CITY OF LAFAYETTE IN SPECIAL WARRANTY DEED RECORDED DECEMBER 21, 2004 UNDER RECEPTION NO. 2652005, COUNTY OF BOULDER, STATE OF COLORADO.

PARCEL II:

A TRACT OR PARCEL OF LAND, WHICH IS ALSO DESCRIBED IN A WARRANTY DEED RECORDED ON MAY 24, 1962 IN BOOK 1231 AT PAGE 147 OF THE BOOKS AND RECORDS OF THE BOULDER COUNTY CLERK AND RECORDER, SITUATE IN AND FORMING A PART OF THE WEST HALF (W1/2) OF THE WEST HALF (W1/2) OF THE SOUTHWEST QUARTER (SW1/4) OF SECTION 34, TOWNSHIP 1 NORTH, RANGE 69 WEST OF THE 6TH P.M., PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 34, TOWNSHIP 1 NORTH, RANGE 69 WEST OF THE 6TH P.M.; THENCE NORTH 89 DEGREES 47 MINUTES EAST, ALONG THE SOUTH LINE OF SAID SECTION 34, A DISTANCE OF 119 FEET, TO THE TRUE POINT OF BEGINNING; THENCE NORTH 0 DEGREES 17 MINUTES WEST, PARALLEL TO THE WEST LINE OF SAID SECTION 34, A DISTANCE OF 301.94 FEET; THENCE SOUTH 89 DEGREES 47 MINUTES WEST, PARALLEL TO THE SOUTH LINE OF SAID SECTION 34, A DISTANCE OF 119 FEET, MORE OR LESS, TO A POINT ON THE WEST LINE OF SAID SECTION 34; THENCE NORTH 0 DEGREES 17 MINUTES WEST, ALONG THE WEST LINE OF SAID SECTION 34, A DISTANCE OF 547.14 FEET; THENCE NORTH 89 DEGREES 47 MINUTES EAST, PARALLEL TO THE SOUTH LINE OF SAID SECTION 34, A DISTANCE OF 661.84 FEET, MORE OR LESS, TO A POINT ON THE EAST LINE OF THE SAID WEST HALF (W1/2) OF THE WEST HALF (W1/2), OF THE SOUTHWEST QUARTER (SW1/4) OF SAID SECTION 34; THENCE SOUTH 0 DEGREES 11 MINUTES EAST, ALONG THE EAST LINE OF THE SAID WEST HALF (W1/2) OF THE WEST HALF (W1/2) OF THE SOUTHWEST QUARTER (SW1/4) OF SAID SECTION 34, A DISTANCE OF 849.08 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF SAID SECTION 34; AND THENCE SOUTH 89 DEGREES 47 MINUTES WEST, ALONG THE SOUTH LINE OF SAID SECTION 34, TO THE TRUE POINT OF BEGINNING;

EXCEPT THAT PARCEL CONVEYED TO THE CITY OF LAFAYETTE IN SPECIAL WARRANTY DEED RECORDED DECEMBER 21, 2004 UNDER RECEPTION NO. 2652006, COUNTY OF BOULDER, STATE OF COLORADO.

EXHIBIT B

Lafayette Vicinity Map

LOCATION MAP



EXHIBIT C

District Boundary Map



ASPEN RIDGE DR

W. BASELINE ROAD

EXHIBIT D

Capital Plan

40 North Metro District Capital Plan Proforma

Ridgeline Development Corporation

Land Development- Project Cash Flow

Totals	Phase	Phase																
		2019	2020	2021	2022	2023	2024	2025	2026	2027								
Development Hard Costs																		
Insurance	\$	(40,000)	\$	(10,000)	\$	(10,000)	\$	(10,000)	\$	(10,000)	\$	(10,000)						
Site Prep	\$	(30,000)	\$	(7,500)	\$	(7,500)	\$	(7,500)	\$	(7,500)	\$	(7,500)						
Survey	\$	(120,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)						
Storm Water Management	\$	(140,000)	\$	(35,000)	\$	(35,000)	\$	(35,000)	\$	(35,000)	\$	(35,000)						
Overlotting/Demolition	\$	(2,500,000)	\$	(1,000,000)	\$	(625,000)	\$	(500,000)	\$	(375,000)	\$	(375,000)						
Density Tests	\$	(250,000)	\$	(62,500)	\$	(62,500)	\$	(62,500)	\$	(62,500)	\$	(62,500)						
Sanitary Sewer	\$	(2,900,000)	\$	(1,160,000)	\$	(725,000)	\$	(580,000)	\$	(435,000)	\$	(435,000)						
Storm Sewer	\$	(1,500,000)	\$	(600,000)	\$	(375,000)	\$	(300,000)	\$	(225,000)	\$	(225,000)						
Water Lines	\$	(1,200,000)	\$	(480,000)	\$	(300,000)	\$	(240,000)	\$	(180,000)	\$	(180,000)						
Concrete Flatwork	\$	(1,300,000)	\$	(520,000)	\$	(325,000)	\$	(260,000)	\$	(195,000)	\$	(195,000)						
Street Paving	\$	(1,150,000)	\$	(460,000)	\$	(287,500)	\$	(230,000)	\$	(172,500)	\$	(172,500)						
Landscape-Plan	\$	(120,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)	\$	(30,000)						
Landscape-Install	\$	(3,700,000)	\$	(1,480,000)	\$	(925,000)	\$	(740,000)	\$	(555,000)	\$	(555,000)						
Community Facilities	\$	(1,400,000)	\$	(560,000)	\$	(350,000)	\$	(280,000)	\$	(210,000)	\$	(210,000)						
Irrigation Meter/Tap	\$	(550,000)	\$	(137,500)	\$	(137,500)	\$	(137,500)	\$	(137,500)	\$	(137,500)						
Irrigation Ditch Work	\$	(800,000)	\$	(800,000)														
Offsite Storm Lateral	\$	(750,000)	\$	(750,000)														
Repairs / Backup Work	\$	(35,000)	\$	(8,750)	\$	(8,750)	\$	(8,750)	\$	(8,750)	\$	(8,750)						
Bridge Work	\$	(750,000)	\$	(750,000)														
Street Signs/Entry Monument	\$	(350,000)	\$	(245,000)	\$	(35,000)	\$	(35,000)	\$	(35,000)	\$	(35,000)						
Utility Traffic Light	\$	(200,000)	\$	(200,000)														
Utility Sleeves	\$	(8,000)	\$	(2,000)	\$	(2,000)	\$	(2,000)	\$	(2,000)	\$	(2,000)						
Utility-Electric	\$	(250,000)	\$	(62,500)	\$	(62,500)	\$	(62,500)	\$	(62,500)	\$	(62,500)						
Utility-Gas	\$	(175,000)	\$	(43,750)	\$	(43,750)	\$	(43,750)	\$	(43,750)	\$	(43,750)						
Utility-Phone/Cable	\$	(55,000)	\$	(13,750)	\$	(13,750)	\$	(13,750)	\$	(13,750)	\$	(13,750)						
Homestead Reconstruction	\$	(600,000)	\$	(600,000)														
General Conditions	\$	(350,000)	\$	(87,500)	\$	(87,500)	\$	(87,500)	\$	(87,500)	\$	(87,500)						
Labor-General	\$	(32,000)	\$	(8,000)	\$	(8,000)	\$	(8,000)	\$	(8,000)	\$	(8,000)						
Contingency	\$	(2,600,000)	\$	(650,000)	\$	(650,000)	\$	(650,000)	\$	(650,000)	\$	(650,000)						
Subtotal Development Hard Costs	\$	(23,855,000)	\$	-	\$	(10,793,750)	\$	-	\$	(4,353,750)	\$	-	\$	(3,571,250)				
Land Development Soft Costs																		
Development Soft Costs (Service Plan, Elections, Etc.)	\$	(140,000)	\$	(140,000)														
Subtotal Development Soft Costs	\$	(140,000)	\$	(140,000)														
Total Development Costs	\$	(23,995,000)	\$	(140,000)	\$	(10,793,750)	\$	-	\$	(5,136,250)	\$	-	\$	(4,353,750)	\$	-	\$	(3,571,250)