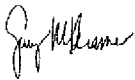


DISTRICT COURT, ELBERT COUNTY, COLORADO	
Court Address: 751 Ute Avenue, P.O. Box 232, Kiowa, CO, 80117	DATE FILED: December 27, 2017 5:31 PM CASE NUMBER: 2017CV30062
In the Matter of: INDEPENDENCE WATER SANITATION DISTRICT	
<b>△ COURT USE ONLY △</b>	
Case Number: 2017CV30062 Division: 1                      Courtroom:	
<b>Order and Decree re Organization of District</b>	

The motion/proposed order attached hereto: SO ORDERED.

Issue Date: 12/27/2017



GARY MICHAEL KRAMER  
District Court Judge

COMBINED COURTS  
STATE OF COLORADO } ss.  
Elbert County

CERTIFIED to be a full, true and correct copy of the original in my custody.

JAN 03 2018



Cheryl Layns  
Clerk of the Combined Court

By Harry Notary Deputy Page 1-3

<p>DISTRICT COURT COUNTY OF ELBERT, COLORADO Court Address: 751 Ute Street                     Kiowa, Colorado 80117 Telephone No.: (303) 621-2131</p> <hr/> <p><b>In Re the Matter of:</b></p> <p><b>Independence Water &amp; Sanitation District</b></p> <hr/>	<p style="text-align: center;">▲ COURT USE ONLY ▲</p> <hr/> <p>Case Number: 2017CV30062</p> <p>Div.:           Ctrm</p>
<p><b>ORDER AND DECREE ORGANIZING DISTRICT AND ISSUANCE OF CERTIFICATES OF ELECTION AND TO RELEASE PETITIONER’S BOND AND CASH DEPOSIT SUBMITTED TO SECURE BOND IN RE THE ORGANIZATION OF INDEPENDENCE WATER &amp; SANITATION DISTRICT, COUNTY OF ELBERT, COLORADO</b></p>	

This matter comes before the Court on the Motion for Order and Decree Organizing District and Issuance of Certificates of Election and to Release Petitioner’s Bond and Cash Deposit filed by the Petitioner for the organization of Independence Water & Sanitation District (the “District”). This Court, being fully advised in the premises, hereby FINDS AND ORDERS:

1. That a majority of the votes cast at the election held on Tuesday, November 7, 2017, in which the question of organization of the District was submitted to eligible electors, were in favor of organization and that the election was held in accordance with the provisions of §§ 1-1-101, *et seq.* through §§ 1-13-101, *et seq.*, C.R.S., §§ 1-45-101, *et seq.*, C.R.S., §§ 1-13.5-101, *et seq.*, through §§ 1-13.5-1601, *et seq.*, C.R.S. and §§ 32-1-801, *et seq.*, C.R.S.
2. That the District shall be and is hereby duly and regularly organized in accordance with the requirements of §§ 32-1-101, *et seq.*, C.R.S.
3. That the District shall be known as “Independence Water & Sanitation District,” the corporate name designated in the Petition filed with this Court.
4. That the District is located in the County of Elbert, Colorado, as more particularly described in **Exhibit A**, attached hereto and incorporated herein by this reference.

5. That the District shall be a quasi-municipal corporation and political subdivision of the State of Colorado with all the powers thereof.

6. A certified copy of this Order and a copy of the approved service plan and the resolution of the Board of County Commissioners, County of Elbert, Colorado approving the service plan shall be filed with the Clerk and Recorder in and for the County of Elbert and the Division of Local Government, Department of Local Affairs. A copy of such service plan and resolution approving the service plan are attached hereto as **Exhibit B**.

7. That the following qualified persons were duly elected as members of the District's first Board of Directors for the indicated terms, and as further shown on the Certificates of Election, issued by this Court in accordance with § 32-1-305.5(5), C.R.S., which Certificates are filed concurrent to this Order:

<u>NAME</u>	<u>TERM</u>
Randall David Roberts	Four (4) year
Eric Kane Simpson	Four (4) year
Charles Foster	Four (4) year
Timothy Patrick Craft	Two (2) year
Jeffrey Michael Keeley	Two (2) year

8. That the Clerk of the Court shall release to the Petitioner its bond and cash deposit in the amount of Five Hundred Dollars (\$500.00) submitted as security for Petitioner's bond in connection with the organization of the District.

DONE IN COURT this \_\_\_ day of \_\_\_\_\_ 2017.

BY THE COURT:

\_\_\_\_\_  
District Court Judge

**EXHIBIT A. LEGAL DESCRIPTION OF THE DISTRICT**

Legal Description of the Initial Boundaries for:  
Independence Water & Sanitation District; and  
Independence Metropolitan District Nos. 1-4; and  
Independence Overlay Metropolitan District.

A parcel of land in the SW1/4SW1/4 of Section 14 and the SE1/4SE1/4 of Section 15, in Township 7 South, Range 65 West of the 6th P.M., County of Elbert, State of Colorado, described as:

Beginning at the Southwest corner of Section 14, being also the Southeast corner of said Section 15;  
Thence West 230 feet along the South line of Section 15;  
Thence North parallel to the East line of Section 15, for 284 feet;  
Thence East parallel to the South line of Section 15, for 230 feet;  
Thence North along the West line of Section 14 for 151.5 feet;  
Thence East parallel to the South line of Section 14 for 200 feet;  
Thence South parallel to the West line of Section 14 for 435.5 feet;  
Thence West along the South line of Section 14 for 200 feet to the point of beginning.

AND

Upon the Recordation of Independence Subdivision Filing No. 1 with the Elbert County Clerk and Recorder:

Tracts D and E, Independence Subdivision Filing No. 1, County of Elbert, State of Colorado.



572042 B: 780 P: 774 RES  
09/12/2017 12:41:22 PM Page: 2 of 3 R 0.00 D  
Dallas Schroeder Recorder, Elbert County, Co  


Section 2. The Commissioners make the following findings pursuant to C.R.S. §§ 32-1-201, *et seq.*, as amended:

a. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed special district.

b. The existing service in the area to be served by the proposed special district is inadequate for present and projected needs.

c. The proposed special district is capable of providing economical and sufficient service to the area within its proposed boundaries.

d. The area to be included in the proposed special district has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

e. Adequate service is not, or will not be, available to the area through the county or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.

f. The facility and service standards of the proposed special district are compatible with the facility and service standards of each county within which the proposed special district is to be located and each municipality which is an interested party under § 32-1-204(1), C.R.S.

g. The proposal is in substantial compliance with a master plan adopted pursuant to § 30-28-106, C.R.S.

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

i. The creation of the District will be in the best interests of the area proposed to be served.

Section 3. The Commissioners make the following findings pursuant to the County's Regulations:

a. Pre-application meetings for the Service Plan were held in accordance with the Regulations on September 20, 2016 and May 3, 2017, respectively.

b. The Service Plan was formally submitted to the County on or about May 4, 2017, and the submission was deemed complete on and after May 11, 2017 in accordance with the Regulations.

c. The Commissioners hereby deem the submission and review of the Service Plan to be in substantial compliance with the Regulations, and hereby expressly waive any deviations therefrom.

572042 B: 780 P: 774 RES  
09/12/2017 12:41:22 PM Page: 3 of 3 R 0.00 D  
Dallas Schroeder Recorder, Elbert County, Co



Section 4. Upon approval, this Resolution shall be attached to and incorporated within the Service Plan for the District as **Exhibit G**. The Service Plan for the Independence Water & Sanitation District is hereby approved with the following conditions:

1. The District shall submit an annual report to the Elbert County Board of County Commissioners.
2. Infrastructure and facilities developed by the Independence Districts shall conform to the Elbert County Construction Standards & Specifications.
3. The District shall not export water outside of Elbert County, with the exception for provisions of any emergency services.

This Special District was reviewed and approved by the Elbert County Board of County Commissioners on the 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> days of September, year 2017, A.D.

Upon a motion duly made and seconded, the foregoing resolution was adopted by the following vote:

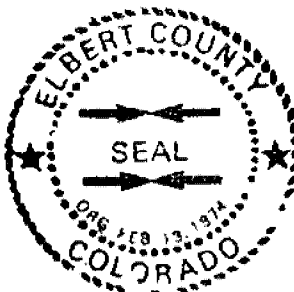
  
\_\_\_\_\_ Aye  
**DANNY WILLCOX, CHAIR**

  
\_\_\_\_\_ Aye  
**CHRISTOPHER RICHARDSON, VICE CHAIR**

  
\_\_\_\_\_ Aye  
**GRANT THAYER, COMMISSIONER**

**ATTEST: DIANNA HIATT  
DEPUTY COUNTY CLERK**

**BY:**   
**Deputy Clerk to the Board**



**SERVICE PLAN FOR**  
**INDEPENDENCE WATER & SANITATION DISTRICT**  
**ELBERT COUNTY, COLORADO**

Prepared

by

Miller & Associates Law Offices, LLC  
1641 California Street, Suite 300  
Denver CO 80202

September 7, 2017



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1. EXHIBIT A – Vicinity Map
2. EXHIBIT B – Legal Description
3. EXHIBIT C – Boundary Map
4. EXHIBIT D – Property Owners’ Consent
5. EXHIBIT E – Engineering Estimate and Map of Improvements
6. EXHIBIT F – Financial Plan
7. EXHIBIT G – Resolution of Approval

## INDEPENDENCE WATER & SANITATION DISTRICT

### SERVICE PLAN

#### I. INTRODUCTION

The District shall be named the Independence Water & Sanitation District (the "District"). This Service Plan (the "Service Plan") is being submitted by Craft Bandera Acquisition Company, LLC, a Colorado limited liability company (the "Developer") pursuant to the requirements of the Special District Control Act, C.R.S. §§ 32-1-201, *et seq.*, as amended, (the "Act"), as well as those Special District Service Plan Regulations adopted by the Elbert County (the "County") Board of County Commissioners, as amended and as applicable to the Service Plan. The purpose of the District is to acquire, construct, finance and maintain public water, sewer and storm drainage improvements (the "Improvements") (as defined in § 32-1-1006(1)(c), C.R.S., as amended) for the use and benefit of service users of the District's systems. The District shall have all of the powers of a water and sanitation district set forth in §§ 32-1-1001 and -1006, C.R.S., as amended.

This Service Plan (the "Service Plan" or "Plan") has been prepared by the Developer and the following participating consultants (collectively, the "Organizers"):

#### Organizers

Craft Bandera Acquisition Company, LLC  
Attn: Tim Craft  
1787 S. Broadway, Ste. 200  
Denver, CO 80210  
Phone: (303) 601-8315  
Email: [indycommunity.ec@gmail.com](mailto:indycommunity.ec@gmail.com)

#### District Counsel

Miller & Associates Law Offices, LLC  
Attn: Dianne D. Miller, Esq.  
1641 California St., Ste. 300  
Denver, CO 80202  
Phone: (303) 285-5320  
Email: [dmiller@ddmalaw.com](mailto:dmiller@ddmalaw.com)

#### Financial Advisor

George K. Baum & Company  
Attn: Alan Matlosz  
1400 Wewatta St., Ste. 800  
Denver, CO 80202

#### Engineer

CORE Consultants, Inc.  
Attn: Blake Calvert  
1950 West Littleton Blvd., Ste. 109  
Littleton, CO 80120

Phone: (303) 391-5501  
Fax: (303) 391-5601  
Email: [matlosz@gkbaum.com](mailto:matlosz@gkbaum.com)

Phone: (303) 703-4444  
Email: [calvert@corecivil.com](mailto:calvert@corecivil.com)

## **II. PURPOSE OF THE PROPOSED DISTRICT**

The District will be authorized to provide for the acquisition and construction of public improvements for the use and benefit of all service users of the District's systems and may finance all or a portion of the Improvements through the issuance of revenue bonds as set forth in Section V, "Financing Plan," and shall provide for maintenance of such Improvements. The District is a quasi-municipal corporation that is being formed in conjunction with five (5) other districts, Independence Metropolitan District No. 1 ("District 1"), Independence Metropolitan District No. 2 ("District 2"), Independence Metropolitan District No. 3 ("District 3"), Independence Metropolitan District No. 4 ("District 4"), and Independence Overlay Metropolitan District ("Overlay District"). Collectively, District 1, District 2, District 3 and District 4 shall be referred to herein as the "Infrastructure Districts," and the Infrastructure Districts, the Overlay District and the District shall be collectively referred to herein as the "Districts." It is expected that the Infrastructure Districts will finance the acquisition, construction and installation of public improvements, including the Improvements, for the use and benefit of all of their respective residents, taxpayers and system users within and without the Independence residential development located in the Elbert County (the "Development"); such public improvements shall include, without limitation, local and regional streets, water, sanitary sewer, traffic and safety controls, street lighting, park and recreation, landscaping and storm drainage facilities located both within and without the boundaries of the Development. It is expected that, to the extent not otherwise provided by the Infrastructure Districts, the District will provide Improvements within its service area, which shall include, without limitation, the Development; under all circumstances, it is expected that the District will be the sole

ongoing provider of water and sanitation services within its service area, which shall include, without limitation, the Development. It is further expected that the Overlay District will operate and maintain certain public park, recreation, open space and landscaping improvements, and provide covenant design control, review and enforcement services, within the boundaries of the Districts.

The District will dissolve when there are no financial obligations, outstanding bonds or other obligations outstanding, or if all financial obligations are secured by escrowed funds or securities meeting the investment requirements in part 6 of article 75 of title 24, C.R.S., as amended, and upon an independent determination of the District's Board of Directors and the County Board of County Commissioners that other governmental entities are willing and able to acquire the District's facilities and to provide ongoing maintenance and service to service users of the District's systems. The District's dissolution prior to payment of all debt will be subject to approval of a plan of dissolution in the District Court of Elbert County pursuant to § 32-1-704, C.R.S., as amended. The District will work closely and cooperate with the County to serve and promote the health, safety, prosperity, security and general welfare of its inhabitants.

### **III. BOUNDARIES, POPULATION & VALUATION**

The boundaries of the District are located entirely within the County. A vicinity map is included hereto as **Exhibit A**, a legal description of the District is included in **Exhibit B**, and a detailed boundary map of the boundaries of the District is attached hereto as **Exhibit C**. The total area within the boundaries is approximately three and one-half (3.5) acres. No property shall be included into the boundaries of the District without the prior written consent of the County Board of County Commissioners following a public hearing before the Board of County Commissioners, which consent, if given, shall not be considered to be a material modification of

the Service Plan pursuant to C.R.S. § 32-1-207, as amended. The District is not anticipated to have any residents located within its boundaries. The present and continuing assessed valuation of the District for purposes of this Service Plan is Twelve Thousand Eight Hundred Twenty and 00/100 Dollars (\$12,820.00). Bluegreen Investments, LLC, a Colorado limited liability company, is the owner of all the property to be included into the District under the Service Plan and has consented to the formation of the District, which consent is attached hereto as **Exhibit D**.

#### **IV. DESCRIPTION OF PROPOSED FACILITIES AND SERVICES**

##### **a. Type of Improvements/Services.**

The District will be authorized to provide for the acquisition, construction, installation, operation and maintenance of the Improvements (as defined in § 32-1-1006(1)(c), C.R.S., as amended), and for the ongoing maintenance of the Improvements, within and without the boundaries of the District, as described in **Exhibit E**. The District may accept, appropriate, purchase, lease or otherwise acquire any water or water rights, either potable or non-potable, for use within or without the Development area. It is anticipated that any water and sanitation public improvements constructed or installed by the Infrastructure Districts, if any, shall be conveyed or dedicated to the District for ownership and ongoing maintenance purposes. It is further anticipated that the District will provide water and sanitation facilities and services for the Development in accordance with the provisions of § 32-1-1006, C.R.S., as amended. The District shall not be authorized to provide any service to any property outside the Inclusion Property (“extraterritorial agreement” or “extraterritorial service”) without the prior written consent of the Board of County Commissioners following any public hearing before the Board of County Commissioners at which the provision of any extraterritorial services by the District is considered; such public hearing shall be initiated upon the request of the owner(s) of the property

seeking such extraterritorial service from the District. Upon consent of the Board of County Commissioners, the District may provide service to other properties within the County subject to mutual agreement as evidenced by an extraterritorial agreement with the other party or parties, provided that such extraterritorial service does not in any way diminish the District's ability to provide service within the Development. The District shall not export water outside of the County, with the exception for provisions of any emergency services. The District also anticipates the use of one (1) or more water enterprises and sewer enterprises and/or authorities, as provided by state statute, to support the acquisition, construction, operation and maintenance of the facilities. The District may provide both potable and non-potable reuse water to its system users in conformance with any applicable County or State of Colorado regulations.

**b. Preliminary Engineering Survey.**

The Organizers of the District have prepared a preliminary engineering report based upon the County's construction standards for facilities to serve the Development, attached hereto as **Exhibit E**, which depict the Improvements which the District intends to provide, including the estimated costs in current dollars of each, together with an explanation of the methods, basis and/or assumptions used.

The combined estimated cost of the initial Improvements anticipated to be funded by the District is Twenty-Nine Million Seven Hundred Thirty-Eight Thousand and 00/100 Dollars (\$29,738,000.00) for Phase 1 Improvements, plus an additional Twenty-One Million One Hundred and Eighty-Six Thousand Dollars (\$21,186,000.00) for Phase 2 Improvements. To ensure that the District's facilities are capable of supporting and serving all potential future on-site and off-site system users, an additional estimated Seventy-Six Million Forty-Seven Thousand and 00/100 Dollars (\$76,047,000.00) of Improvements may be required; this amount

is only an estimate and may be adjusted as actual on-site and off-site District system users are identified and the infrastructure required to serve them is designed and constructed. Under all circumstances, the County shall not be responsible for assuming any of the costs of the public improvements funded by the District and, to the extent that any public improvement costs exceed the financing capacity of the District, such costs shall be borne by the Developer or its successor(s)-in-interest.

The District shall acquire water rights from the Developer, who has complied with the 300-year water supply data in the land development approvals for the Project.

The design plans and specifications of the Improvements necessary for the Development and any extra-territorial service are preliminary in nature at this time, and may be subject to further revision as actual circumstances dictate, all subject to approval by the County and any governmental entities with applicable jurisdiction. The District shall be authorized to construct the Improvements generally described on **Exhibit E**, subject to the specific final design and approval thereof by the County or other appropriate governmental entity. Phasing of construction shall be determined by the District to meet the needs of the on-site and off-site service users of the District's facilities.

**c. Description of Existing Conditions.**

The area is predominantly undeveloped at this time.

**d. Public Improvement Schedule.**

Construction of the public improvements will commence in coordination with commencement of development of the Development.

**e. County Construction Standards.**



The District will ensure that the proposed Improvements are designed and constructed in accordance with the standards and specifications of the County and other governmental entities having applicable jurisdiction. The District will obtain approval of civil engineering plans and a permit for construction and installation of improvements from the County or other appropriate government entity having jurisdiction.

**f. Ownership of Improvements.**

The District shall own or acquire the necessary contract or property interests to allow it to serve the users of the system and shall maintain the Improvements.

**V. FINANCIAL INFORMATION**

This section describes the nature, basis, method of funding and debt capacity associated with the District's Improvements, services and operations. It is anticipated that the eligible electors of the District will vote sufficient electoral authorization to allow the District to provide the Improvements and services to its system users on a phased basis, as may be required. A Financing Plan and statement of assumptions is contained in **Exhibit F**, attached hereto and incorporated herein by this reference, and includes estimated operations, administration and maintenance costs, revenue bond capacity, estimated proposed maximum interest rates and discounts and other major expenses related to the organization and operation of the District. It projects the capacity of the District to issue and repay revenue bonds based on the expected service demand on the District's facilities and systems. The Financing Plan demonstrates that, at various projected levels of operation, the proposed District has the ability to finance the Improvements identified herein, and will be capable of discharging the proposed revenue bonds on a reasonable basis.

a. **General.**

The provision of Improvements and services by the proposed District will be paid through fees and charges imposed by the District for use of the system and may be financed through revenue bonds issued by the District, acting by and through the water and sewer enterprises. Revenue bonds may be issued in one or more series. Prior to the first issuance of Revenue Bonds, construction costs may be advanced by the Developer until the Improvements are capable of producing revenue, subject to subsequent acquisition of the completed Improvements by the District and reimbursement to the Developer of construction costs advanced pursuant to the terms of an advance and reimbursement agreement anticipated to be entered into between the District and the Developer.

b. **Revenue Bond Issuance.**

In order to fund the acquisition of water rights and the acquisition and/or construction of the Improvements, the District may issue revenue bonds, or other contractual obligations or multi-fiscal year obligations, which will be payable from fees, rates, tolls or charges imposed by the District upon service users, in an amount not to exceed One Hundred and Ninety Million, Four Hundred and Fifty-Six Thousand, Five Hundred Dollars (\$190,456,500), without the prior written consent of the County, which consent, if given, shall not be considered to be a material modification of this Service Plan pursuant to C.R.S. § 32-1-207, as amended. The charges of the District are anticipated to be in the nature of capital and infrastructure fees in order to defray the cost of the construction and/or acquisition of the Improvements and service fees to pay the cost of operations. Revenue bonds may be issued in several series, the amounts of which will be based upon the number of service users serviced in that given time period. Revenue bonds issued by the District, acting by and through the water and sanitary sewer enterprises and/or

authorities, shall be secured for payment solely from fees and charges imposed by the District, and shall not be a debt, as defined by the state constitution, of the District or on any service user of the system. No property taxes shall be pledged for payment of the District's bonds. The District may enter into agreements with developers or homebuilders (but not homeowners) to guarantee the payment of tap fees in order to provide stable financing revenue for the bonds.

The maximum voted interest rate shall be fifteen percent (15%) *per annum* and the maximum underwriting discount shall be three percent (3%) of bond principal. The actual interest rates and discounts, within such maximum voted amounts, will be determined at the time the bonds are sold by the Board of Directors of the District and will reflect market conditions at the time of sale. All bonds issued by the District shall mature no later than forty (40) years from the date of issuance. The Board of Directors of the District shall notify the Board of County Commissioners of any alteration or revision of the proposed schedule of debt issuance set forth in the financial plan per County Special District Service Plan Regulations Section F.5 and C.R.S. § 32-1-202(2)(b), as each may be amended.

Estimated interest rates used in the Financing Plan are based on information furnished by the Financial Advisor, George K. Baum & Company. In the event bonds are issued at an interest rate higher than the estimated rates used in the Financing Plan, the principal amount of bonds will be reduced so as to result in total debt service payments approximately equal to those projected in the Financing Plan, and so that debt service on the bonds can be paid from the revenue sources contemplated in this Service Plan. Any revenue bonds issued by the District pursuant to this Service Plan shall be in compliance with all applicable state and federal legal requirements, including, without limitation, § 32-1-1101(1)(d), C.R.S., and article 59 of title 11,

C.R.S., as the same may be amended from time to time, and shall be approved by nationally recognized bond counsel.

**c. Identification of District Revenue.**

The District shall be authorized to impose fees and charges for the use of its systems and Improvements. The anticipated revenue from these fees and charges is described in the Financing Plan, but may be subject to further increase or diminution in accordance with applicable law as actual circumstances require. Initially, the District anticipates tap fees of Twenty-Seven Thousand Five Hundred and 00/100 Dollars (\$27,500.00) per lot and an annual water resource fee of Two Hundred Fifty and 00/100 Dollars (\$250.00) per lot, each subject to increases due to inflation. The amount of tap and water resource fees are subject to adjustment to assure that the District has sufficient revenue for construction and financing of improvements. The District anticipates service charges of approximately One Hundred and 00/100 Dollars (\$100.00) per month for water service and Sixty and 00/100 Dollars (\$60.00) per month for sewer service. A chart detailing the anticipated water service charges is included in the Financing Plan detailed in **Exhibit F**. Charges for provision of service are subject to adjustment to assure the District has sufficient revenue to operate and maintain the system in accordance with applicable standards and law.

**d. Services of District/Operations, Maintenance and Administrative Costs.**

The District will require sufficient operating funds to operate and maintain the system in accordance with standards established by the State of Colorado. In addition, initial organizing costs of the District, including, legal, engineering and accounting costs, compliance with state testing and reporting and other administrative requirements, may be repaid by the District to the Developer through excess revenues not otherwise required for other purposes. The annual

operating budget is estimated to be One Million Four Hundred Seventy-Seven Thousand Nine Hundred Dollars (\$1,477,900) at such time when One Thousand and Forty-Five (1,045) water taps (which is comprised of an estimated Nine Hundred and Twenty (920) single family residences, as well as One Hundred and Twenty-Five (125) water taps being utilized for other users of the District's water and sanitation facilities, including, without limitation, park and open space irrigation purposes, fire and emergency response purposes, and for a Development community clubhouse) are utilizing the District's water and sewer services and facilities. It is anticipated that the District will ultimately provide water and sanitation services and facilities for, without limitation, community centers, parks, one or more schools, one or more fire stations, residential housing and other miscellaneous uses, all located within and without the boundaries of the Development. The District shall not export any water outside of the boundaries of the County, with the exception for the provision of any emergency services. The District may provide service to other properties within the County subject to mutual agreement as evidenced by an extraterritorial agreement with the other party or parties provided that such service in no way diminishes the District's ability to serve the Development. The District may have or obtain the necessary infrastructure capacity to provide water and sewer services and Improvements to additional system users not otherwise identified herein, which will be subject to mutual agreement between the District and such future system users provided that such service in no way diminishes the Districts ability to serve the Development.

The District will require sufficient operating funds to operate and maintain any Improvements not maintained or operated by other entities. An estimate of the District's annual operating expenses is included in the Financing Plan attached as **Exhibit F**. The District will incur costs for administrative functions, including legal, engineering, accounting and compliance. It is

estimated that, among other costs, the District will incur the following organizational and operational costs as a part of each of the Districts' respective financing plans: 1. \$2,000,000 in engineering services; 2. \$500,000 in legal services; and 3. \$500,000 for administrative services; the actual costs described herein are merely estimates, and may be subject to change as actual circumstances require.

The District is not anticipated to rely upon the imposition of a debt service or operations mill levy to fund its operations. The District shall be authorized to impose fees and charges for the use of its systems and Improvements and the anticipated revenue from these fees and charges is described in the Financing Plan, but may be subject to further increase or diminution in accordance with applicable law as actual circumstances require.

**e. Quinquennial Review.**

Pursuant to C.R.S. § 32-1-1101.5, as amended, the District shall, upon request by the County, submit an application for a quinquennial finding of reasonable diligence in every fifth (5<sup>th</sup>) calendar year after the calendar year in which the District's ballot issue to incur general obligation indebtedness is approved by its electorate. Upon such application, the County Board of County Commissioners may accept such application or hold a public hearing thereon and take such actions as are permitted by law. The County shall have all powers concerning the quinquennial review as provided by applicable Colorado statutes in effect from time to time. For the purposes of this Service Plan, it is understood that the District shall not have any authorization to incur general obligation indebtedness proposed to its electorate.

**f. Emergency Clause**

In the event that development activity occurs at a rate such that the mill levy from property values become insufficient to fund the District's Services within the mill levy cap and

revenues from fees becomes an unreasonable burden to property owners, this Service Plan allows for enough financial and development flexibility to allow for slower-than-expected phasing within the Development.

## **VI. ANNUAL REPORT**

The District will submit an annual report to the County within one hundred twenty (180) days from the conclusion of the District's fiscal year (December 31). The annual report shall include the following information:

- a. Description of the services currently provided by the District;
- b. Financial status of the District, including revenues collected, itemized expenditures and budget plan, and major changes in the financial state of the District;
- c. Description of the current mill levy of the District, if applicable, and how the District's mill levy compares to the total property taxes;
- d. Names of the board members of the District;
- e. Times and locations for regularly scheduled meetings of the District;
- f. Contact information for the District's principal place of business;
- g. Location where public notices of the District are posted;
- h. Results of the elections of the prior year;
- i. Schedule of upcoming elections and election details;
- j. Board members whose terms are expiring, and personnel changes;
- k. Website address where District election results are posted, if applicable;
- l. Procedure and filing schedule for nominations for Board positions;

- m. Any District boundary changes accomplished or contemplated;
- n. Any significant policy changes accomplished or contemplated;
- o. Any intergovernmental agreements accomplished or contemplated;
- p. Status of compliance with applicable laws and regulations;
- q. Address of any website of the District, if applicable; and
- r. Any other events that significantly affect the District's operations.

## **VII. DISSOLUTION**

The District shall file a petition in the District Court for dissolution when there are no financial obligations or outstanding revenue bonds, or any such financial obligations or outstanding revenue bonds are adequately secured by escrow funds or securities meeting the investment requirements in part 6 of article 75 of title 24, C.R.S., and upon an independent determination by the Board of Directors of the District and the County Board of County Commissioners that other governmental entities are willing and able to acquire the District's facilities and to provide ongoing maintenance and service to service users of the District's systems. In the event that the District fails to provide the Services as described herein or if development activity detailed in this Service Plan ceases, the County may request an update of the District's financials to account for the failure to comply with the terms of the Service Plan, and the County may require the District to justify any non-compliance with the Service Plan. Where appropriate, County action to require the dissolution of the District shall be held after a full and fair opportunity for the District to appear and be heard before the County Board of County Commissioners. Dissolution of the District is subject to approval of a plan of dissolution meeting the requirements of part 7 of article 1 of title 32, C.R.S., by the District Court.



#### **VIII. MODIFICATION OF SERVICE PLAN**

The District will obtain the approval of the Board of County Commissioners before making any material modifications to this Service Plan. Material modifications include modifications of a basic or essential nature including additions to the types of services provided by the District, change in dissolution date or change in revenue sources. This is not an exclusive list of all actions that may be identified as a material modification. County approval is not required for modifications to this Service Plan necessary for the execution of financing or construction of public improvements already outlined in this Service Plan.

#### **IX. RESOLUTION OF APPROVAL**

The District incorporates the County Board of County Commissioners' Resolution approving this Service Plan, including any conditions of approval, into this Service Plan to be presented to the District Court as **Exhibit E**.

#### **X. INTERGOVERNMENTAL AGREEMENTS**

No intergovernmental agreements are proposed at this time; however, the District anticipates that intergovernmental agreements may be required in the future. The District shall provide the County Board of County Commissioners with notice of all intergovernmental agreements entered into by and between the District and other local governments.

## XI. INITIAL BOARD OF DIRECTORS

The Developer anticipates that the following qualified electors of the District will be nominated to serve as the initial Board of Directors:

Tim Craft	Randy Roberts
Jeff Keeley	Charles Foster
Eric Simpson	

## XII. CONCLUSION

This Service Plan demonstrates that:

1. There is sufficient existing and projected need for organized service in the area to be served by the District;

*At build-out, the Project will consist of approximately 920 residential units with a projected population of 2,337 persons (assuming 920 units and 2.54 person-equivalents per unit). There are currently no other entities in existence in the County that have the ability to undertake the design, financing, construction, operation and maintenance of the improvements designated herein that are needed for the Project. Organizer also understands that the County does not consider it feasible or practicable to provide the necessary services and facilities for the Project.*

2. The existing service in the area to be served by the District is inadequate for present and projected needs;

*There are currently no other entities in existence in the County that have the ability or willingness to undertake the design, financing, construction, operation and/or maintenance of the capital improvements contemplated and necessary to serve the Project. The District also understands that the County does not consider it feasible or practicable to provide the necessary services and facilities for the Project. The District is willing to assume responsibility for the improvements and services designated herein.*

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

*As shown in the Financing Plan the District can support the Improvements and services contemplated herein for the Project. As is also demonstrated herein, the District can provide these services economically under a single administrative and maintenance umbrella.*

4. The area to be included in the District has, or will have, the financial ability to discharge the indebtedness on a reasonable basis;

*As shown in the Financing Plan, the projected revenues of the District from capital and service fees will allow the District to discharge the proposed revenue bonds on a reasonable basis, through the imposition of reasonable service charges and fees.*

5. Adequate service is not, or will not be, available to the area through the County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

*The County does not intend to provide improvements or services for the Project. No other existing municipal or quasi-municipal corporations, including existing special districts, intend to provide adequate service to the Project within a reasonable time or on a comparable basis. The scope of the improvements contemplated herein together with the long-term maintenance needs associated therewith makes the District the only logical provider of such service.*

6. The facility and service standards of the District are compatible with the facility and service standards of each county within which the District is to be located and each municipality which is an interested party under C.R.S. § 32-1-204(1), as amended;

*Based on the types of improvements proposed, the District's facility and service standards either meet or exceed the County's facility and service standards. There are no municipalities that constitute interested parties under Section 32-1-204(1), C.R.S. The Service Plan complies with the statutory criteria.*

7. The proposal is in substantial compliance with the Elbert County Comprehensive Master Plan, as amended, adopted pursuant to C.R.S. § 30-28-106, as amended;

*Based on the types of improvements proposed, the District's facility and service standards either meet or exceed the County's facility and service standards.*

8. The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area;

*All sanitary sewer and water facilities and services will be constructed, operated and maintained in accordance with all County, local, State and Federal water quality rules, regulations and/or laws.*

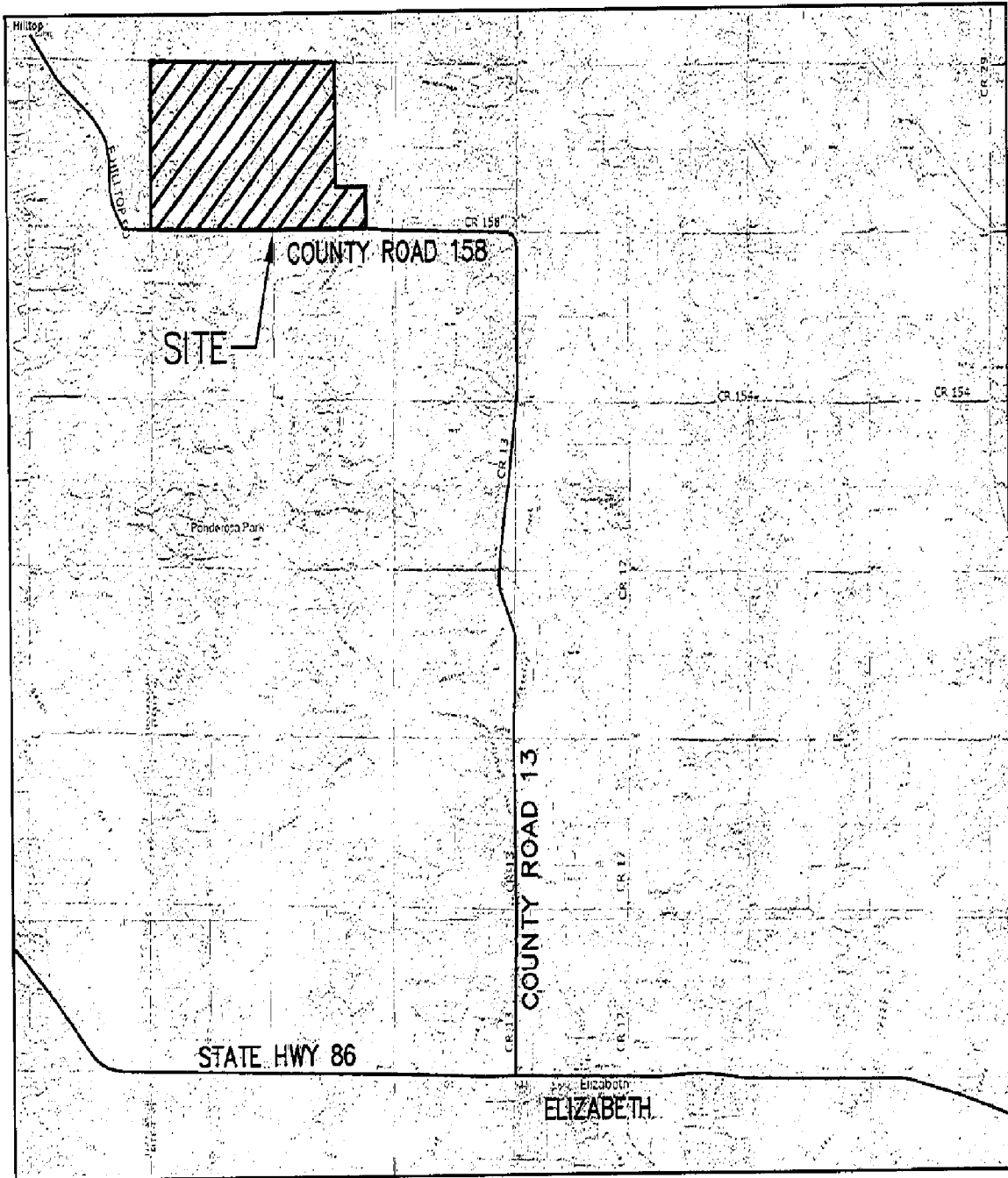
9. The creation of the District is in the best interests of the area proposed to be served.

*The District is initially planned to be coextensive with the planned community known as Independence and will be organized to assist in the funding, integration and coordination of water and sewer services and facilities within and without its boundaries. The creation of the District will thus be in the best interests of the existing and future service users of the District.*

**EXHIBIT A**

**Vicinity Maps**





VICINITY MAP  
SCALE: 1" = 1 MILE

**EXHIBIT B**

**Legal Description**

A parcel of land in the SW1/4SW1/4 of Section 14 and the SE1/4SE1/4 of Section 15, in Township 7 South, Range 65 West of the 6th P.M., County of Elbert, State of Colorado, described as:

Beginning at the Southwest corner of Section 14, being also the Southeast corner of said Section 15;

Thence West 230 feet along the South line of Section 15;

Thence North parallel to the East line of Section 15, for 284 feet;

Thence East parallel to the South line of Section 15, for 230 feet;

Thence North along the West line of Section 14 for 151.5 feet;

Thence East parallel to the South line of Section 14 for 200 feet;

Thence South parallel to the West line of Section 14 for 435.5 feet;

Thence West along the South line of Section 14 for 200 feet to the point of beginning.

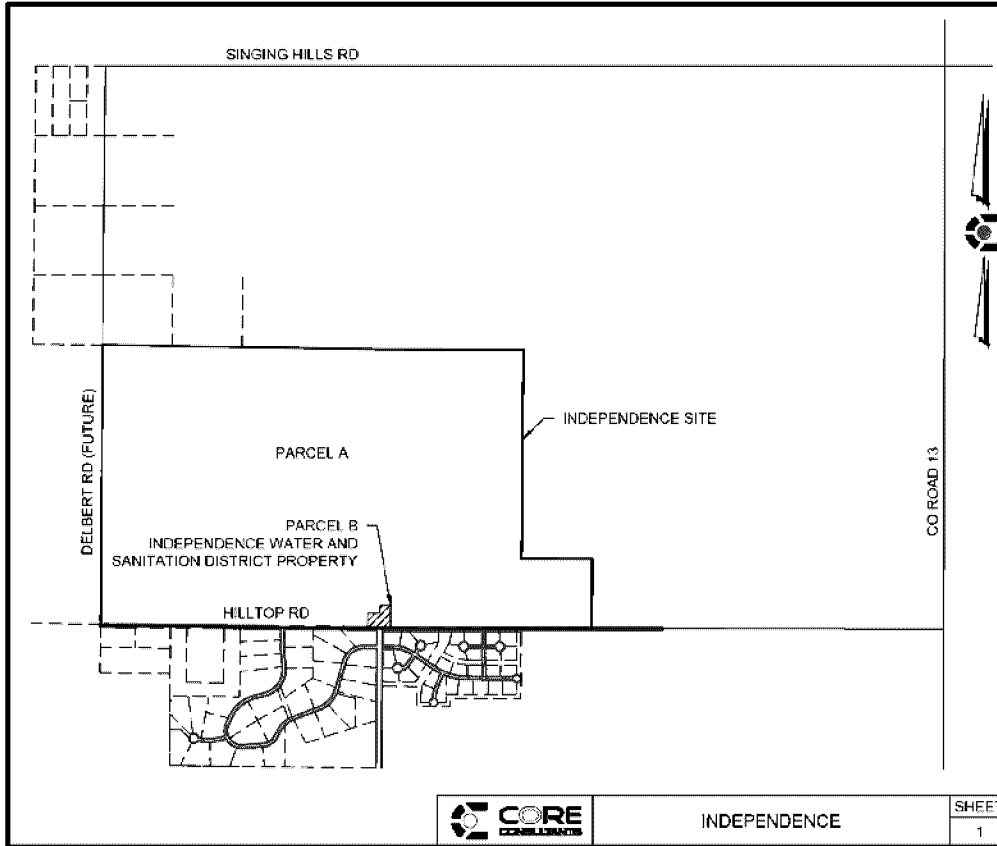
AND

Upon the Recordation of Independence Subdivision Filing No. 1 with the Elbert County Clerk and Recorder:

Tracts D and E, Independence Subdivision Filing No. 1, County of Elbert, State of Colorado.

### EXHIBIT C

### Boundary Map







**EXHIBIT A**

**Legal Description**

**Parcel A:**

All of Section 15, West 1/2 of Section 14, and SW1/4SE1/4 of Section 14, all in Township 7 South, Range 65 West of the 6th Principal Meridian, County of Elbert, State of Colorado, except a parcel of land in the SW1/4SW1/4 of Section 14 and the SE1/4SE1/4 of Section 15, in Township 7 South, Range 65 West of the 6th P.M., described as:

Beginning at the Southwest corner of Section 14, being also the Southeast corner of said Section 15;

Thence West 230 feet along the South line of Section 15;

Thence North parallel to the East line of Section 15, for 284 feet;

Thence East parallel to the South line of Section 15, for 230 feet;

Thence North along the West line of Section 14 for 151.5 feet;

Thence East parallel to the South line of Section 14 for 200 feet;

Thence South parallel to the West line of Section 14 for 435.5 feet;

Thence West along the South line of Section 14 for 200 feet to the point of beginning.

**Parcel B:**

A parcel of land in the SW1/4SW1/4 of Section 14 and the SE1/4SE1/4 of Section 15, in Township 7 South, Range 65 West of the 6th P.M., County of Elbert, State of Colorado, described as:

Beginning at the Southwest corner of Section 14, being also the Southeast corner of said Section 15;

Thence West 230 feet along the South line of Section 15;

Thence North parallel to the East line of Section 15, for 284 feet;

Thence East parallel to the South line of Section 15, for 230 feet;

Thence North along the West line of Section 14 for 151.5 feet;

Thence East parallel to the South line of Section 14 for 200 feet;

Thence South parallel to the West line of Section 14 for 435.5 feet;

Thence West along the South line of Section 14 for 200 feet to the point of beginning.

**EXHIBIT E**

**Engineering Estimates and Map of Improvements**

**INDEPENDENCE - SERVICE PLAN BUDGET**

Craft Companies LLC  
 BUDGET SUMMARY  
 January 19, 2017



ESTIMATE SUMMARY			
DESCRIPTION		COST TOTALS	NOTES
Delbert Road Improvements - North		\$2,295,775	
Delbert Road Improvements - South		\$960,653	
CR158 Acc1-Decel Lanes		\$234,288	
Site Demo & Grading		\$8,587,240	
Erosion Control		\$1,526,183	
Sanitary Sewer Treatment Facilities		\$28,689,000	Provided by MSK
Sanitary Sewer Services		\$14,362,252	LIR Sla & Force Main by MSK
Storm Sewer		\$3,281,386	
Well Facilities and Water Storage		\$31,455,000	Provided by MSK
Water Main		\$4,978,521	
Irrigation System		\$4,552,954	
Dry Utilities		\$7,529,425	Provided by Others
CR5 Roadway Improvements		\$2,227,789	
Local Roads - Detached Sidewalks & 32' Flow to Flow		\$8,619,120	
Landscape Improvements		\$4,523,931	Provided by Bright View
Vertical Improvements		\$2,250,000	Provided by Others
<b>DIRECT COST TOTAL</b>		<b>\$119,023,476</b>	
<b>CONTINGENCIES</b>			
SCOPE AND BIDDING CONTINGENCY	5.00%	\$5,951,174	
CONSTRUCTION CONTINGENCY	15.00%	\$18,746,198	
<b>CONTINGENCIES COST TOTAL</b>		<b>\$24,697,371</b>	
GENERAL CONDITIONS	8.00%	\$11,497,668	
<b>DIRECT COST W/ CONTINGENCY SUBTOTAL</b>		<b>\$155,218,516</b>	
<b>INDIRECT COSTS:</b>			
DESIGN AND PROFESSIONAL SERVICES		By Owner	
PAVEMENT DESIGN REPORT		\$150,000	
PLAN REVIEW FEES		By Owner	
WATER ACQUISITION FEE		By Owner	
CONSTRUCTION OBSERVATION & MATERIALS TESTING	\$ 2,000.00	\$1,840,000	
ELBERT CO. - PUBLIC/PRIVATE IMPROVEMENT PERMIT	0.53%	\$822,658	
DEVELOPMENT FEE	0.00%	By Owner	
PWSD - ENGINEERING & INSPECTION FEE (\$1.76/LF)		\$21,809	
DOUGLAS CO. GESC PERMIT (\$250 + \$50/AC)		\$3,615	
STATE GESC PERMIT		\$20,000	
USE TAX FEE		By Owner	
EASEMENT ACQUISITIONS		TBD	
<b>INDIRECT COST TOTAL</b>		<b>\$2,868,082</b>	
<b>DIRECT &amp; INDIRECT COST TOTAL</b>		<b>\$158,076,597</b>	
<b>INSURANCE &amp; BOND COSTS:</b>			
GENERAL LIABILITY INSURANCE (NON PROJECT SPECIFIC)	3.00%	\$4,742,298	
BUILDER'S RISK INSURANCE (EXCLUDED)	0.00%	\$0	
<b>INSURANCE COST TOTAL</b>		<b>\$4,742,298</b>	
<b>CONSTRUCTION FEES:</b>			
CM/GC PRE-CONSTRUCTION FEE	0.50%	\$790,363	
CM/GC FEE	5.00%	\$8,140,945	
<b>CONSTRUCTION FEES COST TOTAL</b>		<b>\$8,931,328</b>	
<b>BOND COSTS:</b>			
DEVELOPER BONDS	5.00%	\$8,140,945	
PERFORMANCE & PAYMENT BOND	2.50%	\$4,070,472	
<b>BOND COST TOTAL</b>		<b>\$12,211,417</b>	
<b>TOTAL ESTIMATE&gt;&gt;&gt;</b>		<b>\$ 183,961,640</b>	



**INDEPENDENCE BUDGET**  
**ASSUMPTIONS**  
**January 18, 2017**

General

1. Budget is based on the below listed documents:
  - i. Preliminary 920 Concept Study (conceptual layout) dated November 2, 2016
  - ii. Supplemental Preliminary Geotechnical Investigation Phases 1-3 – prepared by CTL Thompson dated Nov. 1, 2016
  - iii. Preliminary & Final Plat 1<sup>st</sup> Submittal document provided by CORE Consultants
2. The following items are assumed to be the owner/developer costs for this project and therefore are excluded from this budget:
  - i. Engineering Design
  - ii. Traffic Studies
  - iii. Environmental Studies
  - iv. Utility Tap and Development Fees
  - v. Inspection Fees for all referral agencies
3. Performance and payment bonds are included.
4. Contractor general liability insurance policy is included and builders risk is excluded.
5. This budget excludes prevailing wage rates.
6. Surveying and Asbuilts are included for construction staking.
7. The price is based upon free and clear access to all construction areas with no other contractors performing work.
8. Property monumentation (lot corner pins and/or concrete blocks) are included.
9. Due to conceptual drawings, a contingency is included.
10. Budget includes geotechnical construction materials testing services.

Earthwork, Demolition, and Clearing

1. Earthwork budget includes partial demolition of existing buildings and existing fencing.
2. Budget excludes environmental reports and remediation.
3. Rock excavation allowance is included.
4. Onsite soils are assumed to be suitable fill material.
5. All export material and topsoil striping are to remain onsite (create a balanced site).
6. Earthwork quantities were provided by the civil engineer.
7. Lot over-excavation for building foundations is excluded.

Erosion Control

1. Storm Water Management Plan and storm water inspections are included.
2. Budget only includes the BMP items as listed in the budget.
3. Budget includes an allowance for erosion control maintenance.

## **INDEPENDENCE BUDGET ASSUMPTIONS**

4. Erosion Control Maintenance due to construction activities is included during ongoing construction activities.
5. The budget includes Standard Foothills Seed mix for the temporary seeding.

### Asphalt Paving

1. Onsite roadway improvements include Full Depth Hot Mix Asphalt as listed in the preliminary geotechnical report.
2. CR158 roadway accel & decel lanes includes 9" Hot Mix Asphalt.
3. Three feet (3') of over-excavation of the roadway area is included.
4. Subgrade prep for asphalt is 12" Scarify & Recompact.

### Site Concrete

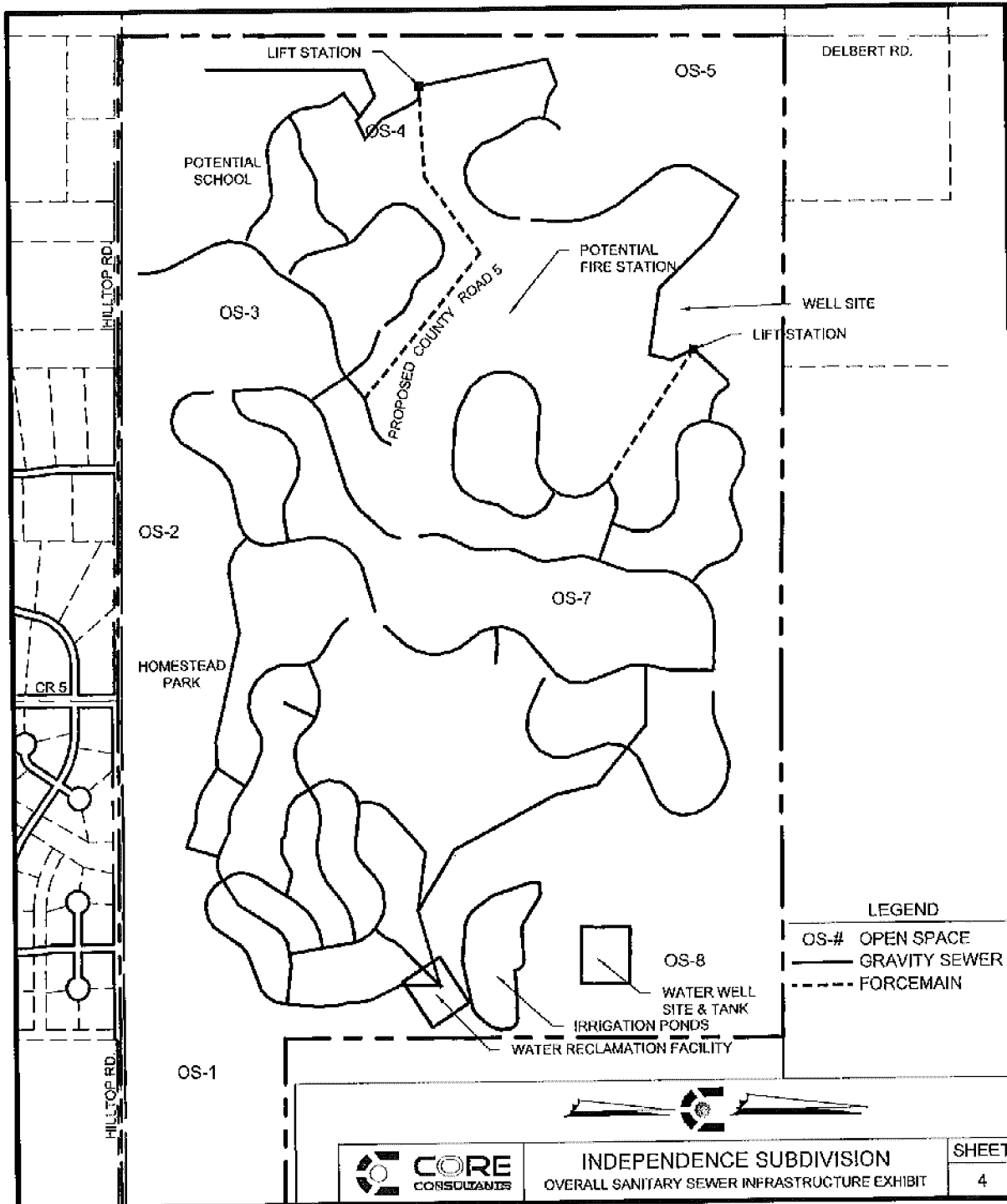
1. Concrete curb subgrade prep is included.
2. Budget includes County Road 5 island median curb (1.5' Vertical Spill Curb & Gutter)

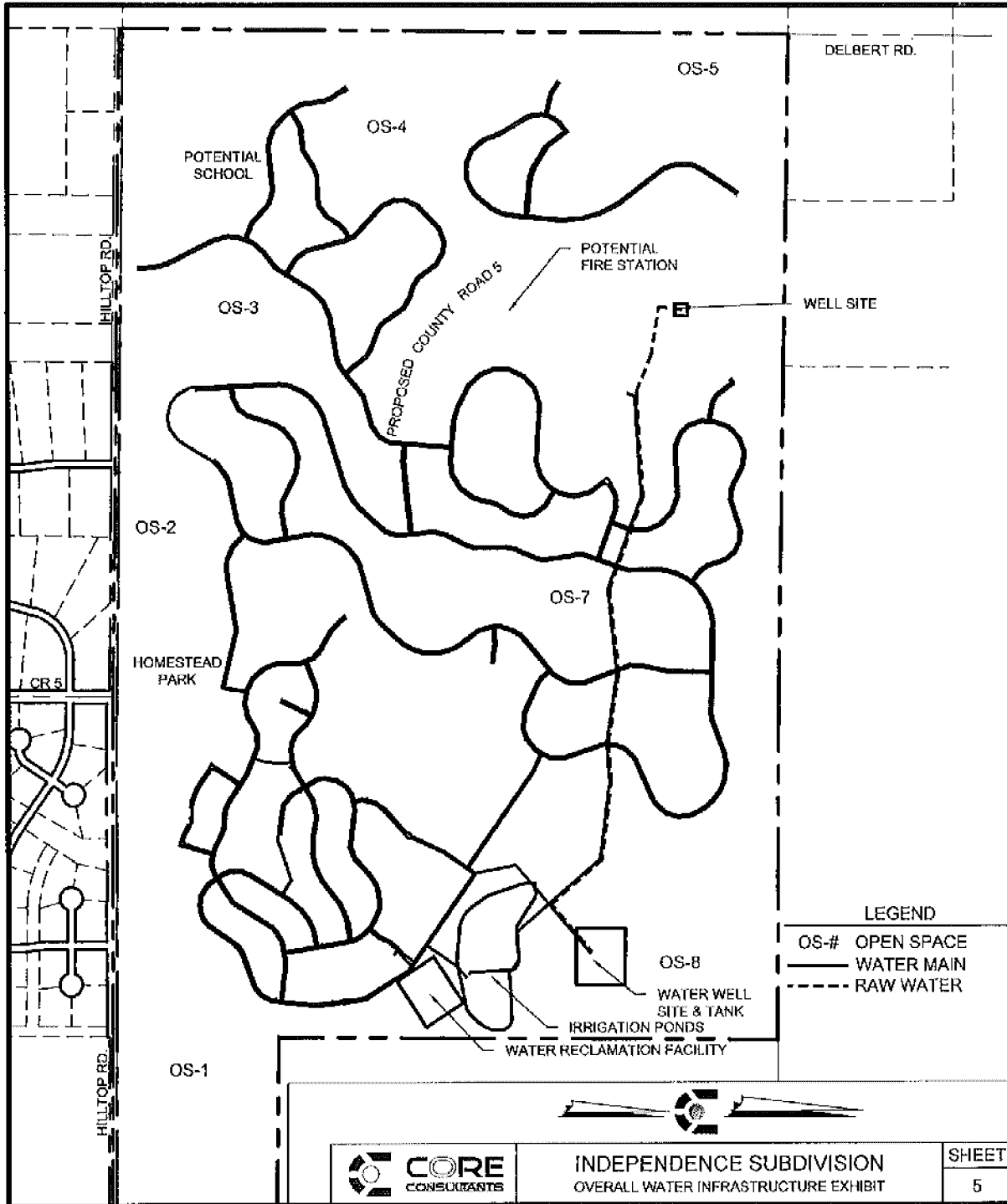
### Site Utilities

1. Pot-holing for existing conditions is included.
2. Rock excavation and dewatering allowances are included.
3. Cost for installation of dry utilities (electric, gas, telecommunications, etc.) and associated conduit crossings are provided as a budgetary number.
4. Water Treatment Facilities budgets provided by MSK Consultants.
5. Water Tank budgets are provided by MSK Consultants.
6. One (1) Lift Station is included.

### Division 33A – Landscaping

1. Budget provided by Bright View.





**EXHIBIT F**

**Financing Plan**

Independence Water & Sanitation District 3/2/17  
7-Mar-17  
10:37 AM

Independence Water & Sanitation District  
Elbert County, Colorado  
Water & Sewer Revenue Bonds

Residential Development

Preliminary as of  
3/2/2017

Non Rated

<u>Proposed</u>	<u>Par</u>	<u>Project Amt.</u>
Series 2019	\$24,920,000	\$23,180,200

Estimated Bond Rate -- 6.00%  
10 Year Issue

**Table of Schedules**

- 1 . Cover Page
- 2 . Cashflow Schedule of Revenue and Debt Service Coverage
- 3 . Water and Sewer Fees  
Series 2019
- 4 . Debt Service Schedule
- 5 . Bond Production Schedule
- 6 . Sources and Uses of Funds



Independence Water & Sanitation District  
 Elbert County, Colorado  
 Water & Sewer Revenue Bonds

cashflowR  
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Cashflow for Bonds Supported by Property Tax										
Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7)	(8)	(9)
	Water & Sewer Fees	Water Resource Fees	Revenue Available for Debt Service	Series 2019 Debt Service	Series 2019 Capitalized Interest	Series 2019 DSRF	Total Net Debt Service	Annual Surplus/Deficit	Cumulative Fund Balance	
2016	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	0	0	0	0
2019	2,069,100	18,000	2,087,100	2,006,400	0	(9,345)	1,997,055	90,045	90,045	90,045
2020	3,273,345	45,250	3,318,595	3,222,100	0	(12,460)	3,209,640	108,955	199,000	199,000
2021	3,514,792	73,250	3,588,042	3,495,300	0	(12,460)	3,482,840	105,202	304,202	304,202
2022	3,935,311	103,250	4,038,561	3,945,700	0	(12,460)	3,933,240	105,321	409,523	409,523
2023	3,975,320	132,250	4,107,570	4,011,300	0	(12,460)	3,998,840	108,730	518,253	518,253
2024	4,297,458	162,250	4,459,708	4,368,100	0	(12,460)	4,355,640	104,068	622,322	622,322
2025	4,939,928	196,250	5,136,178	5,037,800	0	(12,460)	5,025,340	109,838	732,160	732,160
2026	3,128,621	215,250	3,343,871	3,244,700	0	(12,460)	3,232,240	111,631	843,792	843,792
2027	1,430,367	224,000	1,654,367	1,618,400	0	(12,460)	1,605,940	48,427	892,218	892,218
2028	1,024,960	230,000	1,254,960	2,374,400	0	(1,258,460)	1,115,940	139,020	1,031,238	1,031,238
	31,589,203	1,398,750	32,987,953	33,324,200	0	(1,367,485)	31,956,715	1,031,238		

3/7/2017

George K. Baum & Company

Independence Water & Sanitation District  
 Elbert County, Colorado  
 Water & Sewer Revenue Bonds

W & S Revenue			
Completion Year	Homes Completed	Inflation (f) 4.50%	W & S Fees
2017			
2018		\$27,500	
2019	72	\$28,738	\$2,069,100
2020	109	\$30,031	\$3,273,345
2021	112	\$31,382	\$3,514,792
2022	120	\$32,794	\$3,935,311
2023	116	\$34,270	\$3,976,320
2024	120	\$35,812	\$4,297,458
2025	132	\$37,424	\$4,939,928
2026	80	\$39,108	\$3,128,621
2027	35	\$40,868	\$1,430,367
2028	24	\$42,707	\$1,024,960
2029	0	\$44,628	\$0
2030	0	\$46,637	\$0
	920		31,589,203

W & S Revenue		
Completion Year	Homes Completed	Annual Water Resource Fee \$250
2017		
2018		
2019	72	\$18,000
2020	181	\$45,250
2021	293	\$73,250
2022	413	\$103,250
2023	529	\$132,250
2024	649	\$162,250
2025	781	\$195,250
2026	861	\$215,250
2027	896	\$224,000
2028	920	\$230,000
2029		
2030		
		1,398,750

Independence Water & Sanitation  
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**\$24,920,000**  
**Independence Water & Sanitation District**  
**Elbert County, Colorado**  
**Water & Sewer Revenue Bonds**  
**Series 2019**

Debt Service Schedule								
Date	Principal	Rate	Interest	P & I	Annual P & I	Capitalized Interest	DSRF @ 1.00	Net Annual P & I
06/01/19			373,800.00	373,800.00		0.00	(3,115.00)	
12/01/19	885,000	6.000	747,800.00	1,632,600.00	2,008,400.00	0.00	(8,230.00)	1,997,055.00
06/01/20			721,050.00	721,050.00		0.00	(6,230.00)	
12/01/20	1,780,000	6.000	721,050.00	2,501,050.00	3,222,100.00	0.00	(6,230.00)	3,209,640.00
06/01/21			667,650.00	667,650.00		0.00	(6,230.00)	
12/01/21	2,160,000	6.000	667,650.00	2,827,650.00	3,495,300.00	0.00	(6,230.00)	3,482,840.00
06/01/22			602,850.00	602,850.00			(6,230.00)	
12/01/22	2,740,000	6.000	602,850.00	3,342,850.00	3,945,700.00		(6,230.00)	3,933,240.00
06/01/23			520,650.00	520,650.00			(6,230.00)	
12/01/23	2,970,000	6.000	520,650.00	3,490,650.00	4,011,300.00		(6,230.00)	3,998,840.00
06/01/24			431,550.00	431,550.00			(6,230.00)	
12/01/24	3,505,000	6.000	431,550.00	3,936,550.00	4,368,100.00		(6,230.00)	4,355,640.00
06/01/25			326,400.00	326,400.00			(6,230.00)	
12/01/25	4,385,000	6.000	326,400.00	4,711,400.00	5,037,800.00		(6,230.00)	5,025,340.00
06/01/26			194,850.00	194,850.00			(6,230.00)	
12/01/26	2,855,000	6.000	194,850.00	3,049,850.00	3,244,700.00		(6,230.00)	3,232,240.00
06/01/27			109,200.00	109,200.00			(6,230.00)	
12/01/27	1,400,000	6.000	109,200.00	1,509,200.00	1,618,400.00		(6,230.00)	1,605,940.00
06/01/28			67,200.00	67,200.00			(6,230.00)	
12/01/28	2,240,000	6.000	67,200.00	2,307,200.00	2,374,400.00		(1,252,230.00)	1,115,940.00
	24,920,000		8,404,200.00	33,324,200.00	33,324,200.00	0.00	(1,367,485.00)	31,956,715.00

Dated	03/01/19	Average Coupon	6.000000
		NIC	6.266867
Settlement	03/01/19	TIC	6.333043
		Arbitrage Yield	6.002382
		Bond Years	140,070.00
		Average Life	5.62
		Accrued Interest	0.00

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Independence Water & Sanitation District  
 Elbert County, Colorado  
 Water & Sewer Revenue Bonds  
 Series 2019

**Bond Production Schedule**

Settlement Date	03/01/19	Callable	12/1/2024
		@	100

Date	Principal	Rate	Yield	YTM	\$ Price	
12/01/19	885,000	6.000	6.000		100.000000	885,000.00
12/01/20	1,780,000	6.000	6.000		100.000000	1,780,000.00
12/01/21	2,160,000	6.000	6.000		100.000000	2,160,000.00
12/01/22	2,740,000	6.000	6.000		100.000000	2,740,000.00
12/01/23	2,970,000	6.000	6.000		100.000000	2,970,000.00
12/01/24	3,505,000	6.000	6.000		100.000000	3,505,000.00
12/01/25	4,385,000	6.000	6.000	5.998	100.000000	4,385,000.00
12/01/26	2,855,000	6.000	6.000	5.998	100.000000	2,855,000.00
12/01/27	1,400,000	6.000	6.000	5.998	100.000000	1,400,000.00
12/01/28	2,240,000	6.000	6.000	5.998	100.000000	2,240,000.00
	<b>24,920,000</b>					<b>24,920,000.00</b>

Original Issue Discount	0.00
Premium	0.00
Original Issue Discount/\$1,000	0.00
Premium/\$1,000	0.00

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Independence Water & Sanitation District  
 Elbert County, Colorado  
 Water & Sewer Revenue Bonds  
 Series 2019

**Sources and Uses of Funds**

**Sources**

Principal Amount of Bond Issue	24,920,000.00
	<u>24,920,000.00</u>

**Uses**

Project Fund		23,180,200.00
Debt Service Reserve Fund ( 1/2 of the Lesser Of)		1,246,000.00
Bond Discount	\$15.00 /\$1,000	373,800.00
Cost of Issuance		120,000.00
Contingency		0.00
		<u>24,920,000.00</u>

**Cost of Issuance**

Estimated Cost of Issuance	120,000.00
	<u>120,000.00</u>

**Independence Water & Sanitation District**

**2016 Utility Rates Model**

**Estimated Annual Water and Sewer Operating Costs**

Date: September 2016

Job No: 30-008-01

Cal'cd by: DIT

**Assumptions:**

1. Certain administrative costs for the entire District, such as legal, district management, etc., will be divided amongst the three systems in the following way  
 40% potable water, 40% sewer, 20% irrigation water.

**Table 2-1: Projected Growth Summary**

No.	Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	SFE	100	209	300	400	500	600	700	800	900	1,000	1,045
2	% Buildout	5.57%	19.14%	28.71%	38.28%	47.85%	57.42%	66.99%	76.56%	86.12%	95.69%	100%

**Table 2-2: Water System Fixed Costs**

No.	Fixed Cost	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	Acct/Audit	\$ 8,000	\$ 8,400	\$ 8,800	\$ 9,200	\$ 9,600	\$ 10,000	\$ 10,400	\$ 10,800	\$ 11,200	\$ 11,600	\$ 12,000
2	Dist Management	\$ 24,000	\$ 25,200	\$ 26,400	\$ 27,600	\$ 28,800	\$ 30,000	\$ 31,200	\$ 32,400	\$ 33,600	\$ 34,800	\$ 36,000
3	Engineering	\$ 25,000	\$ 26,000	\$ 27,000	\$ 28,000	\$ 29,000	\$ 30,000	\$ 31,000	\$ 32,000	\$ 33,000	\$ 34,000	\$ 35,000
4	Insurance	\$ 4,800	\$ 5,320	\$ 5,840	\$ 6,360	\$ 6,880	\$ 7,400	\$ 7,920	\$ 8,440	\$ 8,960	\$ 9,480	\$ 10,000
5	Legal	\$ 8,000	\$ 8,400	\$ 8,800	\$ 9,200	\$ 9,600	\$ 10,000	\$ 10,400	\$ 10,800	\$ 11,200	\$ 11,600	\$ 12,000
6	Water Ops	\$ 38,400	\$ 40,560	\$ 42,720	\$ 44,880	\$ 47,040	\$ 49,200	\$ 51,360	\$ 53,520	\$ 55,680	\$ 57,840	\$ 60,000
7	Office Expenses	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
8	Reserve	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
9	Water Rights	\$ 10,000	\$ 11,000	\$ 12,000	\$ 13,000	\$ 14,000	\$ 15,000	\$ 16,000	\$ 17,000	\$ 18,000	\$ 19,000	\$ 20,000
10	Lab Testing	\$ 1,000	\$ 1,100	\$ 1,200	\$ 1,300	\$ 1,400	\$ 1,500	\$ 1,600	\$ 1,700	\$ 1,800	\$ 1,900	\$ 2,000
11	Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>		<b>\$ 130,200</b>	<b>\$ 138,960</b>	<b>\$ 147,720</b>	<b>\$ 156,480</b>	<b>\$ 165,240</b>	<b>\$ 174,000</b>	<b>\$ 182,760</b>	<b>\$ 191,520</b>	<b>\$ 200,280</b>	<b>\$ 209,040</b>	<b>\$ 217,800</b>

**Table 2-3: Water System Variable Costs**

No.	Variable Cost	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	Chemicals	\$ 10,000	\$ 11,000	\$ 12,000	\$ 13,000	\$ 14,000	\$ 15,000	\$ 16,000	\$ 17,000	\$ 18,000	\$ 19,000	\$ 20,000
2	Utilities	\$ 60,000	\$ 66,000	\$ 72,000	\$ 78,000	\$ 84,000	\$ 90,000	\$ 96,000	\$ 102,000	\$ 108,000	\$ 114,000	\$ 120,000
3	Repair/Maint.	\$ 20,000	\$ 22,000	\$ 24,000	\$ 26,000	\$ 28,000	\$ 30,000	\$ 32,000	\$ 34,000	\$ 36,000	\$ 38,000	\$ 40,000
4	Supplies	\$ 10,000	\$ 11,000	\$ 12,000	\$ 13,000	\$ 14,000	\$ 15,000	\$ 16,000	\$ 17,000	\$ 18,000	\$ 19,000	\$ 20,000
5	Utility Billing	\$ 1,200	\$ 2,400	\$ 3,600	\$ 4,800	\$ 6,000	\$ 7,200	\$ 8,400	\$ 9,600	\$ 10,800	\$ 12,000	\$ 12,540
6	Meter Reading	\$ 3,600	\$ 7,200	\$ 10,800	\$ 14,400	\$ 18,000	\$ 21,600	\$ 25,200	\$ 28,800	\$ 32,400	\$ 36,000	\$ 37,620
<b>Total</b>		<b>\$ 104,800</b>	<b>\$ 119,600</b>	<b>\$ 134,400</b>	<b>\$ 149,200</b>	<b>\$ 164,000</b>	<b>\$ 178,800</b>	<b>\$ 193,600</b>	<b>\$ 208,400</b>	<b>\$ 223,200</b>	<b>\$ 238,000</b>	<b>\$ 252,160</b>
			\$ 14,800	\$ 14,800	\$ 14,800	\$ 14,800	\$ 14,800	\$ 14,800	\$ 14,800	\$ 14,800	\$ 14,800	\$ 12,160

**Table 2-4: Sewer System Costs**

No.	Fixed Cost	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	Acct/Audit	\$ 8,000	\$ 8,400	\$ 8,800	\$ 9,200	\$ 9,600	\$ 10,000	\$ 10,400	\$ 10,800	\$ 11,200	\$ 11,600	\$ 12,000
2	Dist Management	\$ 24,000	\$ 25,200	\$ 26,400	\$ 27,600	\$ 28,800	\$ 30,000	\$ 31,200	\$ 32,400	\$ 33,600	\$ 34,800	\$ 36,000
3	Utility Billing	\$ 2,400	\$ 4,800	\$ 7,200	\$ 9,600	\$ 12,000	\$ 14,400	\$ 16,800	\$ 19,200	\$ 21,600	\$ 24,000	\$ 25,080
4	Engineering	\$ 20,000	\$ 21,000	\$ 22,000	\$ 23,000	\$ 24,000	\$ 25,000	\$ 26,000	\$ 27,000	\$ 28,000	\$ 29,000	\$ 30,000
5	Insurance	\$ 4,800	\$ 5,320	\$ 5,840	\$ 6,360	\$ 6,880	\$ 7,400	\$ 7,920	\$ 8,440	\$ 8,960	\$ 9,480	\$ 10,000
6	Legal	\$ 8,000	\$ 8,400	\$ 8,800	\$ 9,200	\$ 9,600	\$ 10,000	\$ 10,400	\$ 10,800	\$ 11,200	\$ 11,600	\$ 12,000
7	Sewer Ops	\$ 38,400	\$ 40,560	\$ 42,720	\$ 44,880	\$ 47,040	\$ 49,200	\$ 51,360	\$ 53,520	\$ 55,680	\$ 57,840	\$ 60,000
8	Office Expenses	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
9	Chemicals	\$ 20,000	\$ 27,000	\$ 34,000	\$ 41,000	\$ 48,000	\$ 55,000	\$ 62,000	\$ 69,000	\$ 76,000	\$ 83,000	\$ 90,000
10	Lab	\$ 6,000	\$ 6,700	\$ 7,400	\$ 8,100	\$ 8,800	\$ 9,500	\$ 10,200	\$ 10,900	\$ 11,600	\$ 12,300	\$ 13,000
11	Supplies	\$ 5,000	\$ 6,500	\$ 8,000	\$ 9,500	\$ 11,000	\$ 12,500	\$ 14,000	\$ 15,500	\$ 17,000	\$ 18,500	\$ 20,000
12	Repair/Maint.	\$ 5,000	\$ 9,500	\$ 14,000	\$ 18,500	\$ 23,000	\$ 27,500	\$ 32,000	\$ 36,500	\$ 41,000	\$ 45,500	\$ 50,000
13	Utilities	\$ 20,000	\$ 40,000	\$ 60,000	\$ 80,000	\$ 100,000	\$ 120,000	\$ 140,000	\$ 160,000	\$ 180,000	\$ 200,000	\$ 220,000
14	Reserve	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
15	Sludge Handling	\$ 8,000	\$ 15,200	\$ 22,400	\$ 29,600	\$ 36,800	\$ 44,000	\$ 51,200	\$ 58,400	\$ 65,600	\$ 72,800	\$ 80,000
16	Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>		<b>\$ 180,600</b>	<b>\$ 229,080</b>	<b>\$ 277,560</b>	<b>\$ 326,040</b>	<b>\$ 374,520</b>	<b>\$ 423,000</b>	<b>\$ 471,480</b>	<b>\$ 520,960</b>	<b>\$ 570,440</b>	<b>\$ 619,920</b>	<b>\$ 669,400</b>

**Table 2-5: Irrigation System Fixed Costs**

No.	Fixed Cost	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	Acct/Audit	\$ 4,000	\$ 4,200	\$ 4,400	\$ 4,600	\$ 4,800	\$ 5,000	\$ 5,200	\$ 5,400	\$ 5,600	\$ 5,800	\$ 6,000
2	Dist Management	\$ 12,000	\$ 12,600	\$ 13,200	\$ 13,800	\$ 14,400	\$ 15,000	\$ 15,600	\$ 16,200	\$ 16,800	\$ 17,400	\$ 18,000
3	Engineering	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,500	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000	\$ 14,500	\$ 15,000
4	Insurance	\$ 2,400	\$ 2,660	\$ 2,920	\$ 3,180	\$ 3,440	\$ 3,700	\$ 3,960	\$ 4,220	\$ 4,480	\$ 4,740	\$ 5,000
5	Legal	\$ 4,000	\$ 4,200	\$ 4,400	\$ 4,600	\$ 4,800	\$ 5,000	\$ 5,200	\$ 5,400	\$ 5,600	\$ 5,800	\$ 6,000
6	Water Ops	\$ 19,200	\$ 20,780	\$ 22,360	\$ 23,940	\$ 25,520	\$ 27,100	\$ 28,680	\$ 30,260	\$ 31,840	\$ 33,420	\$ 35,000
7	Office Expenses	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
8	Reserve	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
9	Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>		<b>\$ 57,100</b>	<b>\$ 59,940</b>	<b>\$ 62,780</b>	<b>\$ 65,620</b>	<b>\$ 68,460</b>	<b>\$ 71,300</b>	<b>\$ 74,140</b>	<b>\$ 76,980</b>	<b>\$ 79,820</b>	<b>\$ 82,660</b>	<b>\$ 85,500</b>

**Table 2-6: Irrigation System Variable Costs**

No.	Variable Cost	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	Chemicals	\$ 10,000	\$ 11,000	\$ 12,000	\$ 13,000	\$ 14,000	\$ 15,000	\$ 16,000	\$ 17,000	\$ 18,000	\$ 19,000	\$ 20,000
2	Utility Billing	\$ 1,200	\$ 3,370	\$ 4,456	\$ 5,541	\$ 6,626	\$ 7,711	\$ 8,796	\$ 9,881	\$ 10,967	\$ 12,052	\$ 12,540
3	Utilities	\$ 2,998	\$ 4,698	\$ 6,398	\$ 8,098	\$ 9,798	\$ 11,498	\$ 13,198	\$ 14,898	\$ 16,598	\$ 18,298	\$ 20,000
4	Supplies	\$ 2,999	\$ 5,699	\$ 8,399	\$ 11,099	\$ 13,799	\$ 16,499	\$ 19,199	\$ 21,899	\$ 24,599	\$ 27,299	\$ 30,000
5	Repair/Maint.	\$ 3,000	\$ 8,700	\$ 14,400	\$ 20,100	\$ 25,800	\$ 31,500	\$ 37,200	\$ 42,900	\$ 48,600	\$ 54,300	\$ 60,000
6	Meter Reading	\$ 3,600	\$ 7,200	\$ 10,800	\$ 14,400	\$ 18,000	\$ 21,600	\$ 25,200	\$ 28,800	\$ 32,400	\$ 36,000	\$ 37,620
7	Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>		<b>\$ 23,797</b>	<b>\$ 40,668</b>	<b>\$ 57,539</b>	<b>\$ 74,410</b>	<b>\$ 91,281</b>	<b>\$ 108,152</b>	<b>\$ 125,023</b>	<b>\$ 141,894</b>	<b>\$ 158,765</b>	<b>\$ 175,636</b>	<b>\$ 188,160</b>

**Note:**

1. These costs were determined by consulting with the District's operations contractor ORC.
2. These costs do not include landscape maintenance for the irrigation system, which are assumed to be funded by other sources.
3. The sewer system costs are only for the water reclamation facility and do not include any short-term or long-term collection system costs, including lift stations.

**Independence Water & Sanitation District**

**2016 Utility Rates Model**

**Proposed Water and Sewer Rates**

Date: September 2016

Job No: 30-008-01

**Table 4-1: Potable Water Rates**

	Rate Structure			Tier Maximum
Base Rates	\$45.00	Base Gallons 0	Gallons	\$45.00
1st Tier Rate	\$2.50	up to 6,000	Gallons	\$60.00
2nd Tier Rate	\$3.50	up to 12,000	Gallons	\$81.00
3rd Tier Rate	\$5.00	up to 18,000	Gallons	\$111.00
4th Tier Rate	\$8.00	up to 24,000	Gallons	\$159.00
5th Tier Rate	\$12.00	up to 24,000	Gallons	N/A

**Sewer Rates:**

Monthly User Fee: \$ 60.00

**Table 4-2: Irrigation Water Rates**

	Rate Structure			Tier Maximum
Base Rates	\$25.00	Base Gallons 0	Gallons	\$25.00
1st Tier Rate	\$1.50	up to 6,000	Gallons	\$34.00
2nd Tier Rate	\$3.00	up to 12,000	Gallons	\$52.00
3rd Tier Rate	\$5.00	up to 18,000	Gallons	\$82.00
4th Tier Rate	\$8.00	up to 24,000	Gallons	\$130.00
5th Tier Rate	\$12.00	up to 60,000	Gallons	N/A





Anticipated Service Charges and Fees\*

Total Water and Sewer Tap Fees: \$27,500.00

District Base Fee: \$250.00/year

Water Use Base Fee: \$45.00/month

Water Usage Fee:

1. \$2.50/1,000 gallons (0 – 6,000 gallons)
2. \$3.50/1,000 gallons (6,001 – 12,000 gallons)
3. \$5.00/1,000 gallons (12,001 – 18,000 gallons)
4. \$8.00/1,000 gallons (18,001 – 24,000 gallons)
5. \$12.00/1,000 gallons (>24,000 gallons)

Irrigation Use Base Fee: \$25.00/month (April thru October)

Irrigation Usage Fee:

1. \$1.50/1,000 gallons (0 – 6,000 gallons)
2. \$3.00/1,000 gallons (6,001 – 12,000 gallons)
3. \$5.00/1,000 gallons (12,001 – 18,000 gallons)
4. \$8.00/1,000 gallons (18,001 – 24,000 gallons)
5. \$12.00/1,000 gallons (>24,000 gallons)

Sanitary Sewer Fee: \$60/month

\*The anticipated charges and fees detailed herein are preliminary and subject to change as actual circumstances and service use requires. Nothing contained herein shall be construed as limiting or restricting the power and authority of the Board of Directors of the Independence Water & Sanitation District to set, increase, decrease or eliminate such water, sanitary sewer and storm drainage rates, fees, tolls, charges and penalties as may be required or proper in accordance with applicable law.

**EXHIBIT G**

**Board of County Commissioners' Resolution of Approval**



**Section 2.** The Commissioners make the following findings pursuant to C.R.S. §§ 32-1-201, *et seq.*, as amended:

a. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed special district.

b. The existing service in the area to be served by the proposed special district is inadequate for present and projected needs.

c. The proposed special district is capable of providing economical and sufficient service to the area within its proposed boundaries.

d. The area to be included in the proposed special district has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

e. Adequate service is not, or will not be, available to the area through the county or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.

f. The facility and service standards of the proposed special district are compatible with the facility and service standards of each county within which the proposed special district is to be located and each municipality which is an interested party under § 32-1-204(1), C.R.S.

g. The proposal is in substantial compliance with a master plan adopted pursuant to § 30-28-106, C.R.S.

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

i. The creation of the District will be in the best interests of the area proposed to be served.

**Section 3.** The Commissioners make the following findings pursuant to the County's Regulations:

a. Pre-application meetings for the Service Plan were held in accordance with the Regulations on September 20, 2016 and May 3, 2017, respectively.

b. The Service Plan was formally submitted to the County on or about May 4, 2017, and the submission was deemed complete on and after May 11, 2017 in accordance with the Regulations.

c. The Commissioners hereby deem the submission and review of the Service Plan to be in substantial compliance with the Regulations, and hereby expressly waive any deviations therefrom.

Section 4. Upon approval, this Resolution shall be attached to and incorporated within the Service Plan for the District as **Exhibit G**. The Service Plan for the Independence Water & Sanitation District is hereby approved with the following conditions:

1. The District shall submit an annual report to the Elbert County Board of County Commissioners.
2. Infrastructure and facilities developed by the Independence Districts shall conform to the Elbert County Construction Standards & Specifications.
3. The District shall not export water outside of Elbert County, with the exception for provisions of any emergency services.

This Special District was reviewed and approved by the Elbert County Board of County Commissioners on the 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> days of September, year 2017, A.D.

Upon a motion duly made and seconded, the foregoing resolution was adopted by the following vote:

  
\_\_\_\_\_ Aye  
**DANNY WILLCOX, CHAIR**

  
\_\_\_\_\_ Aye  
**CHRISTOPHER RICHARDSON, VICE CHAIR**

  
\_\_\_\_\_ Aye  
**GRANT THAYER, COMMISSIONER**

**ATTEST: DIANNA HIATT  
DEPUTY COUNTY CLERK**

**BY:**   
**Deputy Clerk to the Board**