

**CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2  
TOWN OF CASTLE ROCK, COLORADO**

**2020 ANNUAL REPORT**

Pursuant to the Amended and Consolidated Service Plan, for Crystal Valley Metropolitan District No. 2 (the "District") dated November 21, 2001, as amended (the "Service Plan") the District is required to submit an annual report to the Town of Castle Rock, Colorado (the "Town") which reflects activity and financial events of the District through the preceding December 31 (the "report year") and includes the following:

**To the best of our actual knowledge, for the year ending December 31, 2020, the District makes the following report:**

**A. A narrative summary of the progress of the District in implementing their service plan for the report year:**

The District continues to implement the development schedule as contemplated in the Service Plan.

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

A copy of the audit for the year ending December 31, 2020 will be submitted once completed.

**C. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year:**

As of December 31, 2020, this District does not incur capital expenses.

A copy of the District's budget for the year ending December 31, 2020 is attached as **Exhibit A**.

**D. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness or long-term obligations issued in the report year, the total assessed valuation of all taxable properties within the District as of January 1 of the report year, and the current mill levy of the District pledged to debt retirement in the report year:**

For a summary of the financial obligations of the District as of December 31, 2020, will be submitted in the Audit.

The 2020 assessed valuation of all taxable properties within Crystal Valley Metropolitan District No. 2 is attached hereto as **Exhibit B**.

In 2020, the District imposed 3.500 mills for general operating expenses and 48.000 mills for general obligation bonds and interest.

**E. The District's budget for the calendar year in which the annual report is submitted:**

A copy of the District's 2021 budget is attached as **Exhibit C**.

**F. A summary of residential and commercial development that has occurred within the District for the report year:**

District No. 2 closed on 161 homes in 2020 with an average closing Price of \$508,680.00

**G. A summary of all fees, charges and assessments imposed by the District as of January 1 of the report year:**

A copy of the District's current fee resolution is attached as **Exhibit D**.

**H. Certification of the Board that no action, event, or condition of Section 11.02.060 (Material Modification of Service Plan) of this chapter has occurred in the report year:**

The Board of Directors of the District hereby certify that as of December 31, 2020, and pursuant to the City Resolution No. 2008-51, no action, event or condition has taken place constituting a material modification of the Service Plan.

**I. The names, business addresses and phone numbers of all members of the Board and its chief administrative officer and general counsel, together with the date, place and time of the regular meetings of the board:**

Mark Turner, President  
4058 Eagle Ridge Way  
Castle Rock, CO 80104  
Telephone: (303) 818-0854

Jerry Biesboer, Vice President  
2377 Echo Park Drive  
Castle Rock, CO 80104  
Telephone: (303) 840-7798

Linda Sweetman  
3998 Old Oaks Street  
Castle Rock, CO 80104  
Telephone: 303-472-7862

Carl Smith  
5788 Clover Ridge Circle  
Castle Rock, CO 80104

Brian Bates  
4759 Lions Paw St.  
Castle Rock, CO 80104

General Counsel:

Kristen D. Bear, Esq.  
White Bear Ankele Tanaka and Waldron, Attorneys at Law  
2154 E. Commons Ave., Suite 2000  
Centennial, CO 80122  
Telephone: (303) 858-1800

Regular Meetings:

Date: The first Wednesday of April, June, October, and November  
Place: 2160 Fox Haven Drive, Castle Rock, CO  
Time: 4:00 p.m.

**EXHIBIT A**  
**2020 Budget**

**CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2**  
**2020**  
**BUDGET MESSAGE**

Attached please find a copy of the adopted 2020 budget for the Crystal Valley Metropolitan District No. 2.

The Crystal Valley Metropolitan District No. 2 has adopted two funds, a General Fund to provide for the payment of general operating expenditures and transfers to Crystal Valley Metropolitan District No. 1 for the payment of general operating expenditures; and a Debt Service Fund to provide for payments on the general obligation loans.

The District's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary source of revenue for the District in 2020 will be property taxes. The District intends to impose a 54.854 mill levy on the property within the District for 2020, of which 5.000 mills will be dedicated to the General Fund and the balance of 49.854 mills will be allocated to the Debt Service Fund.

**Crystal Valley Metropolitan District No. 2**  
**Adopted Budget**  
**General Fund**  
**For the Year ended December 31, 2020**

	Actual <u>2018</u>	Adopted Budget <u>2019</u>	Actual <u>6/30/2019</u>	Estimate <u>2019</u>	Adopted Budget <u>2020</u>
Beginning fund balance	\$ 432,066	\$ -	\$ 797,273	\$ 797,273	\$ 1,200,839
Revenues:					
Property taxes	364,098	433,845	428,928	433,845	290,262
Specific ownership taxes	38,503	34,863	19,971	34,863	23,249
Interest income	<u>7,247</u>	<u>360</u>	<u>5,361</u>	<u>3,000</u>	<u>360</u>
Total revenues	<u>409,848</u>	<u>469,068</u>	<u>454,260</u>	<u>471,708</u>	<u>313,871</u>
Total funds available	<u>841,914</u>	<u>469,068</u>	<u>1,251,533</u>	<u>1,268,981</u>	<u>1,514,710</u>
Expenditures:					
Audit	-	5,000	-	4,200	5,000
Directors fees	200	8,000	300	1,500	6,000
Insurance	3,367	4,000	4,819	4,819	5,000
Miscellaneous	120	2,002	75	1,000	2,002
Payroll taxes	15	612	23	115	460
Payment to District 1	35,474	442,376	29,526	50,000	1,491,354
Treasurer fees	5,465	6,508	6,434	6,508	4,354
Emergency reserve (3%)	<u>-</u>	<u>570</u>	<u>-</u>	<u>-</u>	<u>540</u>
Total expenditures	<u>44,641</u>	<u>469,068</u>	<u>41,177</u>	<u>68,142</u>	<u>1,514,710</u>
Ending fund balance	\$ <u>797,273</u>	\$ -	\$ 1,210,356	\$ 1,200,839	\$ -
Assessed valuation		<u>\$ 40,260,310</u>			<u>\$ 58,052,340</u>
Mill Levy		<u>10.776</u>			<u>5.000</u>

**Crystal Valley Metropolitan District No. 2**  
**Adopted Budget**  
**Debt Service Fund**  
**For the Year ended December 31, 2020**

	Actual	Adopted	Actual	Estimate	Adopted
	<u>2018</u>	<u>2019</u>	<u>6/30/2019</u>	<u>2019</u>	<u>2020</u>
Beginning fund balance	\$ 1,149,267	\$ 1,646,249	\$ 1,743,190	\$ 1,737,532	\$ 2,698,162
Revenues:					
Property taxes	1,672,754	1,993,208	1,970,618	1,993,208	2,894,141
Specific ownership taxes	176,895	139,525	91,751	139,525	202,866
Transfer from District 1	-	117,303	-	117,303	-
Interest income	<u>34,495</u>	<u>1,736</u>	<u>25,401</u>	<u>17,135</u>	<u>1,736</u>
Total revenues	<u>1,884,144</u>	<u>2,251,772</u>	<u>2,087,770</u>	<u>2,267,171</u>	<u>3,098,743</u>
Total funds available	<u>3,033,411</u>	<u>3,898,021</u>	<u>3,830,960</u>	<u>4,004,703</u>	<u>5,796,905</u>
Expenditures:					
Miscellaneous	75	5,518	43	8,210	5,000
Paying Agent / Trustee fees	-	6,000	1,500	6,000	6,000
Treasurer's fees	25,105	29,898	29,561	25,091	43,416
Series 2017 - Principal payment	90,000	95,000	-	95,000	105,000
Series 2017 - Interest expense	201,333	206,798	98,912	201,333	195,237
Series 2015 - Principal payment	375,000	390,000	-	390,000	420,000
Series 2015 - Interest expense	<u>604,366</u>	<u>580,907</u>	<u>289,656</u>	<u>580,907</u>	<u>566,909</u>
Total expenditures	<u>1,295,879</u>	<u>1,314,121</u>	<u>419,672</u>	<u>1,306,541</u>	<u>1,341,562</u>
Ending fund balance	\$ <u>1,737,532</u>	\$ <u>2,583,900</u>	\$ <u>3,411,288</u>	\$ <u>2,698,162</u>	\$ <u>4,455,343</u>
Required reserve		<u>723,497</u>			<u>723,497</u>
Ending fund balance		<u>1,860,403</u>			<u>3,731,846</u>
Assessed valuation		\$ <u>40,260,310</u>			\$ <u>58,052,340</u>
Mill Levy		<u>49.508</u>			<u>49.854</u>
Total Mill Levy		<u>60.284</u>			<u>54.854</u>

**EXHIBIT B**  
**2020 Assessed Valuation**



# CERTIFICATION OF VALUATION BY DOUGLAS COUNTY ASSESSOR

Name of Jurisdiction: 4210 - Crystal Valley Metro District 2

IN DOUGLAS COUNTY ON 10/12/2020

New Entity: No

<b>USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATIONS (5.5% LIMIT) ONLY</b>
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IN ACCORDANCE WITH 39-5-121(2)(a) AND 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 2020 IN DOUGLAS COUNTY, COLORADO

1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$58,052,340
2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: *	\$69,953,200
3. LESS TIF DISTRICT INCREMENT, IF ANY:	\$0
4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION:	\$69,953,200
5. NEW CONSTRUCTION: **	\$5,496,440
6. INCREASED PRODUCTION OF PRODUCING MINES: #	\$0
7. ANNEXATIONS/INCLUSIONS:	\$0
8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: #	\$0
9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND ( 29-1-301(1)(b) C.R.S.): ##	\$0
10. TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1))(a) C.R.S.):	\$0.00
11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a) C.R.S.) and (39-10-114(1)(a)(I)(B) C.R.S.):	\$463.13

\* This value reflects personal property exemptions IF enacted by the jurisdiction as authorized by Art. X, Sec.20(8)(b),Colo.

\*\* New construction is defined as: Taxable real property structures and the personal property connected with the structure.

# Jurisdiction must submit respective certifications (Forms DLG 52 AND 52A) to the Division of Local Government in order for the values to be treated as growth in the limit calculation.

## Jurisdiction must apply (Forms DLG 52B) to the Division of Local Government before the value can be treated as growth in the limit calculation.

<b>USE FOR 'TAVOR' LOCAL GROWTH CALCULATIONS ONLY</b>
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IN ACCORDANCE WITH THE PROVISION OF ARTICLE X, SECTION 20, COLO CONST, AND 39-5-121(2)(b),C.R.S. THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 2020 IN DOUGLAS COUNTY, COLORADO ON AUGUST 25, 2020

1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: @	\$781,809,253
ADDITIONS TO TAXABLE REAL PROPERTY:	
2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: !	\$75,412,983
3. ANNEXATIONS/INCLUSIONS:	\$0
4. INCREASED MINING PRODUCTION: %	\$0
5. PREVIOUSLY EXEMPT PROPERTY:	\$0
6. OIL OR GAS PRODUCTION FROM A NEW WELL:	\$0
7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.)	\$0
DELETIONS FROM TAXABLE REAL PROPERTY:	
8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS:	\$0
9. DISCONNECTIONS/EXCLUSION:	\$0
10. PREVIOUSLY TAXABLE PROPERTY:	\$0

@ This includes the actual value of all taxable real property plus the actual value of religious, private schools, and charitable real property.

! Construction is defined as newly constructed taxable real property structures.

% Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1),C.R.S. AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS : 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY:----->

\$0

NOTE: All levies must be Certified to the Board of County Commissioners NO LATER THAN DECEMBER 15, 2020

Data Date: 10/12/2020

**EXHIBIT C**  
**2021 Budget**

**CRYSTAL VALLEY METROPOLITAN DISTRICT NO. 2**  
**2021**  
**BUDGET MESSAGE**

Attached please find a copy of the adopted 2021 budget for the Crystal Valley Metropolitan District No. 2.

The Crystal Valley Metropolitan District No. 2 has adopted two funds, a General Fund to provide for the payment of general operating expenditures and transfers to Crystal Valley Metropolitan District No. 1 for the payment of general operating expenditures; and a Debt Service Fund to provide for payments on the general obligation loans.

The District's accountants have utilized the modified accrual basis of accounting and the budget has been adopted after proper postings, publications and public hearing.

The primary source of revenue for the District in 2021 will be property taxes. The District intends to impose a 51.500 mill levy on the property within the District for 2021, of which 3.500 mills will be dedicated to the General Fund and the balance of 48.000 mills will be allocated to the Debt Service Fund.

**Crystal Valley Metropolitan District No. 2**  
**Adopted Budget**  
**General Fund**  
**For the Year ended December 31, 2021**

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>6/30/2020</u>	Estimate <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ 797,273	\$ 1,200,839	\$ 1,139,270	\$ 1,139,270	\$ -
Revenues:					
Property taxes	433,813	290,262	287,912	290,262	244,837
Specific ownership taxes	43,515	23,249	11,301	17,415	13,576
Interest income	<u>11,689</u>	<u>360</u>	<u>1,844</u>	<u>3,688</u>	<u>360</u>
Total revenues	<u>489,017</u>	<u>313,871</u>	<u>301,057</u>	<u>311,365</u>	<u>258,773</u>
Total funds available	<u>1,286,290</u>	<u>1,514,710</u>	<u>1,440,327</u>	<u>1,450,635</u>	<u>258,773</u>
Expenditures:					
Audit	4,200	5,000	-	5,000	5,500
Directors fees	1,700	6,000	1,200	1,500	6,000
Insurance	4,819	5,000	2,375	2,375	5,000
Miscellaneous	135	2,002	70	1,000	1,984
Payroll taxes	130	460	92	115	460
Payment to District 1	129,526	1,491,354	50,000	346,031	235,601
Treasurer fees	6,510	4,354	4,320	4,354	3,673
Transfer to other funds	-	-	-	1,090,260	-
Emergency reserve (3%)	<u>-</u>	<u>540</u>	<u>-</u>	<u>-</u>	<u>555</u>
Total expenditures	<u>147,020</u>	<u>1,514,710</u>	<u>58,057</u>	<u>1,450,635</u>	<u>258,773</u>
Ending fund balance	<u>\$ 1,139,270</u>	<u>\$ -</u>	<u>\$ 1,382,270</u>	<u>\$ -</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 58,052,340</u>			<u>\$ 69,953,320</u>
Mill Levy		<u>5.000</u>			<u>3.500</u>

**Crystal Valley Metropolitan District No. 2**  
**Adopted Budget**  
**Debt Service Fund**  
**For the Year ended December 31, 2021**

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual <u>6/30/2020</u>	Estimate <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ 1,743,190	\$ 2,698,162	\$ 2,814,990	\$ 2,814,990	\$ 620,844
Revenues:					
Property taxes	1,993,062	2,894,141	2,870,709	2,894,141	3,357,759
Specific ownership taxes	199,919	202,866	112,684	173,646	201,460
Transfer from District 1	117,303	-	-	3,553,375	-
Transfer from other funds	-	-	-	59,522,063	-
Interest income	55,108	1,736	18,726	17,135	20,000
Total revenues	<u>2,365,392</u>	<u>3,098,743</u>	<u>3,002,119</u>	<u>66,160,360</u>	<u>3,579,219</u>
Total funds available	<u>4,108,582</u>	<u>5,796,905</u>	<u>5,817,109</u>	<u>68,975,350</u>	<u>4,200,063</u>
Expenditures:					
Miscellaneous	43	5,000	16	5,000	-
Paying Agent / Trustee fees	1,500	6,000	1,500	5,000	10,000
Treasurer's fees	29,910	43,416	43,076	43,412	50,366
Cost of Issuance	-	-	11,500	11,500	-
Refund Series 2015 Loan	-	-	-	15,962,743	-
Refund Series 2017 Loan	-	-	-	5,982,769	-
Refund Series 2014A Bonds	-	-	-	40,903,914	-
Refund Series 2014B Bonds	-	-	-	4,000,000	-
Series 2020A - principal expense	-	-	-	550,000	-
Series 2020A - Interest expense	-	-	-	442,654	2,161,300
Series 2020B - Interest expense	-	-	-	67,485	-
Series 2017 - Principal payment	95,000	105,000	-	-	-
Series 2017 - Interest expense	197,824	195,237	97,351	97,351	-
Series 2015 - Principal payment	390,000	420,000	-	-	-
Series 2015 - Interest expense	579,315	566,909	282,678	282,678	-
Total expenditures	<u>1,293,592</u>	<u>1,341,562</u>	<u>436,121</u>	<u>68,354,506</u>	<u>2,221,666</u>
Ending fund balance	\$ 2,814,990	\$ 4,455,343	\$ 5,380,988	\$ 620,844	\$ 1,978,397
Required reserve		<u>723,497</u>			
Ending fund balance		<u>3,731,846</u>			<u>1,978,397</u>
Assessed valuation		\$ 58,052,340			\$ 69,953,320
Mill Levy		<u>49.854</u>			<u>48.000</u>
Total Mill Levy		<u>54.854</u>			<u>51.500</u>

**Crystal Valley Metropolitan District No. 2**  
**Adopted Budget**  
**Capital Projects Fund**  
**For the Year ended December 31, 2021**

	Actual <u>2019</u>	Adopted Budget <u>2020</u>	Actual 6/30/2020	Estimate <u>2020</u>	Adopted Budget <u>2021</u>
Beginning fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues:					
Bond Proceeds - Series 2020A	-	-	-	56,660,000	-
Bond Premium - Series 2020A	-	-	-	<u>7,782,603</u>	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,442,603</u>	<u>-</u>
Total funds available	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,442,603</u>	<u>-</u>
Expenditures:					
Issuance costs	-	-	-	1,959,689	-
Transfer to other funds	-	-	-	58,431,803	-
Amt available for improvements / repay of developer advances	-	-	-	<u>4,051,111</u>	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,442,603</u>	<u>-</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EXHIBIT D**  
**Current Fee Resolution**

**SECOND AMENDED AND RESTATED  
JOINT RESOLUTION CONCERNING IMPOSITION OF DISTRICT  
DEVELOPMENT FEE**

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WHEREAS, pursuant to an order of District Court of Douglas County, Colorado, Crystal Valley Metropolitan District Nos. 1 and 2 (collectively, the "Districts") have been duly and validly created as metropolitan districts in accordance with all applicable law; and

WHEREAS, the Districts are authorized pursuant to C.R.S. Section 32-1-1001(1)(j) to fix fees, rates, tolls, charges and penalties for services or facilities provided by the Districts which, until paid, shall constitute a perpetual lien on and against the property served; and

WHEREAS, the Districts' Consolidated Service Plan ("Service Plan") similarly empowers the imposition of such fees and rates for services and facilities provided by the Districts; and

WHEREAS, on June 4, 2001, the Districts adopted and approved the Joint Resolution Concerning Imposition of District Development Fee (the "Resolution") which imposed certain development fees and charges against property within the boundaries of the Districts (the "Development Fees"), as recorded in the Douglas County Clerk and Recorders records at reception number 2003027696, which was amended and restated on or about December 2, 2009; and

WHEREAS, the Districts are parties to a District Facilities Construction and Services Agreement, dated as of June 4, 2001, as amended (the "Master IGA"), which Master IGA provides that District No. 1 shall own, operate, maintain, construct all public facilities benefitting the Districts and that District No. 2 will fund all such activities from the proceeds of bonds or property taxes; and

WHEREAS, pursuant to the Master IGA, all fees and charges are imposed by District No. 1 for services and facilities provided to or for the benefit of District No. 2; and

WHEREAS, the Board of Directors of District No. 1 desires to restate the provisions of the Resolution to provide for differential rates for single and multi-family products and further clarify the circumstances under which the Development Fee may be increased or decreased.

NOW, THEREFORE, be it resolved by the Board of Directors of the District No. 1 as follows:

**COVENANTS AND AGREEMENTS**

1. Amendment and Restatement of Fee Resolution. The Fee Resolution is hereby amended and restated in its entirety with this Resolution.



2. Imposition of Fees. As of the effective date hereto, District No. 1 authorizes imposition of all fees and charges established hereunder against all property as is now and in the future within the boundaries of District No. 1 and District No. 2, as such boundaries may be adjusted in the future (“Legal Boundaries”).

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- a. Residential Property. A one-time “Development Fee” is hereby established for all residential dwelling units within the Legal Boundaries of the Districts.
    - i. Residential Detached Dwelling Units. The Development Fee for all residential detached dwelling units shall be set hereunder at the rate of \$2,100.
    - ii. Multi-family Attached Dwelling Units. The Development Fee for all multi-family attached dwelling units shall be set hereunder at the rate of \$1,260.
  - b. Commercial Property. A one-time “Development Fee” is hereby established for all property within the Legal Boundaries developed for commercial uses at an SFE rate of \$2,100 and shall be applied to all such commercial property on the basis of 4 SFEs per each acre of commercial property or \$8,400 per acre of zoned commercial property.
  - c. The Development Fees established hereunder shall be subject to increase at the discretion of the Board of Directors of District No. 1 on an annual basis as part of the next succeeding year’s budget. Any such increases shall be limited to five percent (5%) rounded to the nearest twenty-five dollars (\$25.00) on January 1 of each year commencing January 1, 2012 until no further single or multi-family dwelling units or commercial property remain to be constructed within the Districts.

3. Due at Building Permit. All Development Fees shall be due not later than the date a building permit is obtained by the owner of any portion of the property within the Districts upon which a dwelling unit or commercial property may be constructed. The amount of each Development Fee due hereunder shall be at the rate in effect at the time of that the building permit is obtained.

4. Penalties for Late Payment. Any Fee that is not paid in full within ten (10) days after the scheduled due date may be assessed a late fee of \$25 per month, not to exceed twenty-five percent (25%) of the amount due, pursuant to §29-1-1102(3), C.R.S. The District may also apply interest to the outstanding fee, exclusive of assessed late fees, at the rate of eighteen (18%) per annum pursuant to §29-1-1102(7), C.R.S.

5. Decrease of Development Fee. Development Fees established hereunder are intended for use in connection with costs of District facilities and services. The Districts are parties to a Prepaid Development Fee Agreement, dated as of December 15, 2005, under which Crystal Valley Development Company LLC (“CVDC”) has purchased and hold Certificates for 108 prepaid development fees (the “Prepaid Fees”). Development fees required to be paid hereunder shall first be applied for redemption of the Prepaid Fees by CVDC until no further Prepaid Fees are outstanding. By signature below, the Districts further acknowledge and represent that after

application of the Development Fees for redemption of the Prepaid Fees, the next \$300,000 of Development Fees collected shall be placed in an escrow account for necessary funding associated with construction of the I-25 Interchange at Crystal Valley Parkway (the "Interchange Escrow"). If the District determines in its sole discretion that funding of the Interchange Escrow is not necessary or is necessary in an amount less than \$300,000, all Development Fees thereafter received shall constitute a pledged revenue source for payment subordinate indebtedness of the Districts. Any decrease in the Development Fees established hereunder shall not be permitted without the prior written consent of at least 75% of subordinate bondholders, including those individuals or entities that hold multi-fiscal year loans, promissory notes or other financial obligations of the Districts. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the District irrespective of whether such persons have notice of the lien.

6. Perpetual Lien. All fees contemplated herein shall, until paid, constitute a perpetual lien on and against the property served or to be served by any improvements provided by the Districts. All such liens shall be in a senior position as against all other liens of record affecting the property served or benefited, or to be served or benefited by improvements of the Districts and shall run with the Property and remain in effect as to any portion of such property as to which the appropriate fee has not been paid. All liens contemplated herein may be foreclosed in any manner authorized by law at such time as the Districts may determine that Fees hereunder have not been paid as required.

7. Prepayment Agreements. The Districts may enter into agreements for the prepayment of Development Fees in order to permit property owners to avoid scheduled increases in the Development Fee. The rate for such prepaid Development fees shall be the rate of the then-current Development Fee at the time of prepayment rather than the rate in effect at the time a building permit is obtained for the dwelling unit to which such prepaid Development Fee shall be allocated.

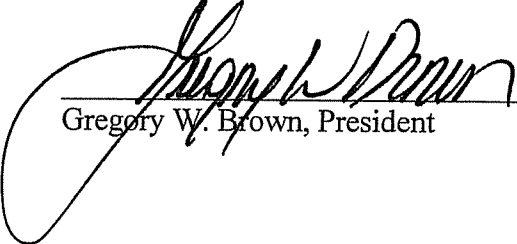
7. Amendment. The Districts may raise the amount of the Development Fee set hereunder when, in the Districts discretion, inflation or other budgetary factors so require.

8. Validity. Invalidation of any of the provisions of this Resolution or of any paragraph, sentence, clause, phrase, or word herein, or the application thereof in any given circumstance, shall not affect the validity of any other provision of this Resolution.

*[Remainder of Page Intentionally Blank].*

ADOPTED AND APPROVED this 19 day of October 2011.

**CRYSTAL VALLEY METROPOLITAN  
DISTRICT NO. 1**

  
\_\_\_\_\_  
Gregory W. Brown, President

ATTEST:

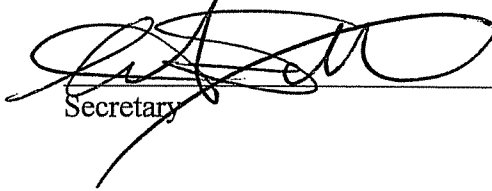
  
\_\_\_\_\_  
Secretary

**ACKNOWLEDGED AND AGREED TO:**

**CRYSTAL VALLEY METROPOLITAN  
DISTRICT NO. 2**

  
\_\_\_\_\_  
Gregory W. Brown, President

ATTEST:

  
\_\_\_\_\_  
Secretary