

TO: ALL REGISTERED VOTERS

**NOTICE OF ELECTION TO INCREASE TAXES AND
TO INCREASE DEBT ON A REFERRED MEASURE**

Election Date: Tuesday, May 3, 2016

Election Hours: 7:00 A.M. to 7:00 P.M.

Local Election Office Address and Telephone Number: 7404 Yorkshire Drive,
Castle Pines, CO 80108, (303) 688-8550

CASTLE PINES NORTH METROPOLITAN DISTRICT BALLOT ISSUE A

SHALL CASTLE PINES NORTH METROPOLITAN DISTRICT DEBT BE INCREASED \$64,000,000 WITH A REPAYMENT COST OF \$125,000,000, AND SHALL CASTLE PINES NORTH METROPOLITAN DISTRICT TAXES BE INCREASED \$2,600,000 (FIRST FULL FISCAL YEAR DOLLAR INCREASE) AND BY ADDITIONAL AMOUNTS THAT ARE RAISED ANNUALLY THEREAFTER BY THE DISTRICT'S IMPOSITION OF AN AD VALOREM PROPERTY TAX LEVY OF UP TO 15 MILLS (BEGINNING NOT EARLIER THAN COLLECTION YEAR 2018), OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT, SUCH DEBT TO BE IN THE FORM DETERMINED BY THE DISTRICT AND ISSUED FOR THE PURPOSE OF FINANCING THE COSTS OF IMPROVING, EXPANDING, UPGRADING, CONSTRUCTING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING SUSTAINABLE AND RENEWABLE WATER RESOURCES AND WATER INFRASTRUCTURE FOR THE DISTRICT, INCLUDING, WITHOUT LIMITATION:

- *ACQUISITION OF WATER RIGHTS
- *WATER STORAGE FACILITIES
- *WATER TREATMENT FACILITIES
- *WATER DISTRIBUTION SYSTEMS

TOGETHER WITH ALL NECESSARY, INCIDENTAL AND APPURTENANT EQUIPMENT, LAND, EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH SYSTEMS AND FACILITIES; SUCH DEBT TO BE ISSUED FROM TIME TO TIME, AND MATURE, BEAR INTEREST, BE SUBJECT TO REDEMPTION WITH OR WITHOUT PREMIUM, BE SOLD AT, ABOVE OR BELOW PAR, AND PAID FROM ANY LEGALLY AVAILABLE REVENUES OF THE DISTRICT, INCLUDING REVENUE DERIVED FROM FEES AND CHARGES OF THE DISTRICT AND AD VALOREM TAXES IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT IN A MAXIMUM AMOUNT OF UP TO 15 MILLS LEVIED IN EACH YEAR (BEGINNING NOT EARLIER THAN COLLECTION YEAR 2018) FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT, ALL OF THE ABOVE AS DETERMINED BY THE DISTRICT; AND SHALL THE PROCEEDS OF SUCH DEBT AND INVESTMENT EARNINGS THEREON AND THE REVENUE FROM SUCH TAXES, FEES AND CHARGES AND ANY OTHER REVENUE USED TO PAY SUCH DEBT BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO

CONSTITUTION AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?

2016 (estimated)	\$16,315,193
2015 (actual)	\$36,619,049
2014 (actual)	\$10,173,137
2013 (actual)	\$11,223,686
2012 (actual)	\$11,777,919

Overall percentage change from 2012 to 2016: 38.52%

Overall dollar change from 2012 to 2016: \$4,537,274

Proposed District Tax Increase:

Estimated first full fiscal year maximum dollar amount of increase:

Ballot Issue A \$ 2,513,730

Estimated first full fiscal year spending without the increase:

Ballot Issue A \$12,938,771

Proposed District Bonded Debt Ballot Issue A:

Principal Amount: \$ 64,000,000

Maximum Annual Repayment Cost: \$ 4,950,000

Total Repayment Cost: \$125,000,000

Current District Bonded Debt:

Principal Amount Outstanding: \$5,085,000

Maximum Annual Repayment Cost: \$3,335,588

Remaining Total Repayment Cost: \$5,400,938

Summary of Written Comments For the Proposal:

Ballot Issue A will allow Castle Pines North Metropolitan District (CPNMD) to deliver renewable water to establish a stable, long-term source of water and protect property values. Proceeds of Issue A will be used for the construction of pipelines, pump stations, improved well systems, water storage, water treatment, and the securing of water rights. About 90 percent of the bond proceeds would go toward construction of water projects, and 10 percent toward the purchase of water rights. A significant part of the funding is focused on moving water from the lower South Platte River to Chatfield Reservoir, so it's available when needed. Reducing CPNMD's reliance on groundwater (wells) is critical, given the potential for this source of water to become unproductive. Without alternative funding sources in place, dry wells would result in a dramatic impact on our property values. An existing CPNMD bond issue will be retired in 2017, which will reduce property taxes within the District by 22 mills. Issue A requests a mill levy of up to 15 mills for the new \$64 million bond issue. This levy will not be collected until 2018 (after the previous bond issue is retired). The District has invested in water engineering and planning studies over the past three years to develop practical alternatives for collecting and delivering water to District residents. More than 100 options for water collection, treatment, storage and transmittal were reviewed. The final package—Issue A—was selected based on a number of important criteria, including cost, making effective use of existing assets, practicality

and ease of construction. More than 10,000 residents rely on CPNMD for its water. With drought becoming more commonplace, construction costs rising, borrowing costs near historic lows, and the opportunity to purchase important water rights, now is the time to address our highest priority water needs. Your YES vote on Issue A is critical. Issue A is about securing a reliable source of water for the long-term. Issue A is about protecting home values. Issue A is about preserving our future.

Summary of Written Comments Against the Proposal:

The Castle Pines North Metro District is pushing the ballot measure through in less than two months. The District is not giving the residents enough time to fully understand the measure and any other, more economical options. An additional \$125,000,000 obligation on top of the more than \$20,000,000 in existing debt that the district has is too much and places a heavy burden on resident taxpayers.

The tax increase from 19 mills to 34 mills amounts to a 79% increase in taxes. The proposed ballot question allows the Castle Pines North Metropolitan District to increase indebtedness by \$64 million, requiring a total repayment with interest of \$125 million. This measure increases property taxes on a \$500,000 home by approximately \$600 per year over what it would be if this tax measure were not passed. In addition, the ballot language is vague as it pertains to the use of tax proceeds and gives the Castle Pines North Metro District too much discretion on more spending for acquisition of water rights, water storage facilities, water treatment facilities, and water distribution systems...all assets that they currently own.

The proposed ballot question allows the Castle Pines North Metropolitan District to increase indebtedness by \$64 million. It requires a total repayment with interest of \$125 million. It authorizes a tax increase of 15 mills. If passed, this measure would increase property taxes on a \$500,000 home by approximately \$600 per year. The District has not demonstrated a need for the additional infrastructure nor has it adequately investigated less expensive alternatives to these capital expenditures.