INTERGOVERNMENTAL AGREEMENT REGARDING CITY SALES AND USE TAX FOR A COMMUNITY RECREATION POOL FACILITY

This AGREEMENT is contingent upon approval of the voters of the City of Cañon City of ballot initiative 2A. Therefore, upon such voter approval, this AGREEMENT shall be effective as of the 4th day of November, 2026, by and between the City of Cañon City, a Colorado home rule municipality ("City") and the Cañon City Area Metropolitan Recreation and Park District, a Title 32 special district ("District") (the City and District being singularly referred to as "Party" and jointly referred to as "Parties").

RECITALS

A. The City submitted, and the registered electors of the City approved at the November 5, 2024 election, a sales and use tax for three-tenths of a percent (0.3%) to be used exclusively to support financing for the construction of a community recreation pool and related pool capital improvements, constructed and operated by the District ("Pool Sales and Use Tax").

B. The approval of the registered electors only became effective if the registered electors of the District approved the District's ballot issue authorizing the District to issue debt to finance the costs of constructing and equipping a new community recreation pool ("Debt Ballot Issue"). The registered electors of the District approved the Debt Ballot Issue at the November 5, 2024 election.

C. The registered electors of the City also authorized the City to enter into an intergovernmental agreement with the District to transmit the pledged revenues from the City's collection of the Pool Sales and Use Tax.

D. This IGA is authorized by Article XIV, Section 18(2)(a) and (b) of the Colorado Constitution and C.R.S. § 29-1-203, C.R.S., as it will serve a public purpose and will promote the health, safety, security, and general welfare of the inhabitants and visitors of the City and District.

E. The City will submit a ballot question for the November 3, 2026 election to revise the Pool Sales and Use Tax to enable revenues to also support the operations and maintenance of the community recreation pool facility (the "Pool Facility"). The Parties understand that if the question to be submitted by the City on November 3, 2026 as detailed in this IGA is unsuccessful, the City will not distribute any further proceeds from the Pool Sales and Use Tax, except as expressly provided for in this IGA.

F. The Parties understand that if the 2026 Pool Sales and Use Tax question is unsuccessful, the City will notify the Secretary of State to end the collection of the 0.3% Pool Sales and Use Tax effective January 1, 2027. The Parties understand that all remaining funds collected between January 1, 2025 and December 31, 2026 under the 0.3% Pool Sales and Use Tax measure will be refunded by the City, in a manner to be determined by City Council in accordance with Colorado law.

G. The Parties agree that no more than $18 million in bonds will be issued to finance construction of a community pool, which shall be the Pool Facility as described herein. See Voter-

Approved Ballot Language for District Ballot Issue #6B from the 2024 Election, attached hereto as **Appendix A.**

H. The Parties agree that the goal is to construct and operate the community Pool Facility similar in scope to the outdoor option included in the 2024 District feasibility study that included two bodies of water (a recreation pool with Americans with Disabilities Act compliant access and a lap pool) and a slide. See **Appendix B**, attached hereto. The Parties envision the Pool Facility will open in Spring 2028.

I. The Parties agree that the goal is to operate the Pool Facility as an extended seasonal pool, taking into account the local climate as well as operations and maintenance costs.

J. The District estimates that, at the commencement of the operations of the planned Pool Facility, the total annual operations expenses will be approximately $470,000 and that an annual subsidy of approximately $240,000 will be needed. Additionally, the District estimates that approximately $100,000 per year is the fiscally appropriate amount to be placed in the District's capital replacement line item to address future capital replacement issues at the Pool Facility as built. The Parties believe that the funds represented by this Agreement will be able to fund both of those amounts; however, to the extent that any shortfall is realized in any year, such shortfall will be suffered by the capital replacement contribution first.

K. The Parties agree that "related pool capital improvements," is intended to cover items directly related to the Pool Facility envisioned above in Recital H, such as associated parking and shall in no way be used to offset District expenses or capital projects that are not specifically and solely related to the Pool Facility.

NOW THEREFORE, in consideration of the above recitals, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the Parties agree as follows:

AGREEMENT

1. <u>Sales and Use Tax</u>. The Parties agree that the 2026 Pool Sales and Use Tax shall terminate on December 31, 2050 ("Expiration Date"). The 2026 Pool Sales and Use Tax shall be used exclusively to support the financing for the construction of the community recreation Pool Facility, related pool capital improvements, and subsidizing the costs to operate and maintain the Pool Facility. On an annual basis, any revenue collected through the 2026 Pool Sales and Use Tax will first be used to pay the regular payments on the bond note, next be used to subsidize the annual operations and maintenance, and any remaining funds will be placed in the capital replacement line item described in recital J.

2. <u>District Obligations</u>.

a. If the 2026 Pool Sales and Use Tax Ballot Issue submitted at the November 3, 2026 election is approved by the registered electors, the District will issue the debt authorized in the Debt Ballot Issue in an amount not to exceed $18 million for the Pool Facility construction.

b. The District shall establish a Pool Design and Construction Advisory Committee, including appointing the City Administrator, District, and community representatives. This committee shall review and make recommendations to the Board of Directors of the District regarding the design and construction of the Pool Facility, including to ensure alignment with the recitals above.

c. The District shall pursue the construction of the Pool Facility with due diligence, shall make quarterly reports to the City on its progress and expenditures, beginning with the first quarter after the first distribution by the City pursuant to paragraph 3(b) below and every quarter thereafter until the Pool Facility is fully constructed.

d. The District shall provide the City Administrator with a copy of its draft annual budget by the Colorado state budget deadline each year. The District shall provide the City Administrator with its approved annual budget by the Colorado state budget deadline each year. This budget shall include two separate pool operations and maintenance line items, within the District's existing Pool Operations Fund, which shall commonly be known as 1) sales and use tax pool operations and maintenance annual subsidy, and 2) pool capital maintenance reserve. Any funds remaining in the sales and use tax pool operations and maintenance annual subsidy line shall be transferred to the pool capital maintenance reserve on an annual basis.

e. The District's state-mandated annual audit includes the Pool Operations Fund. This annual audit includes compliance checks to ensure all monies expended from this fund are spent on allowable, pool-related purposes. The District shall provide the City with a copy of its annual audits each year.

f. The District shall not obligate or expend any additional Pool Sales and Use Tax funds if the 2026 Pool Sales and Use Tax Ballot Issue is not approved by registered electors.

3. City Obligations.

a. All funds in the existing segregated swimming pool construction tax fund shall remain in said fund in reserve to satisfy the bond underwriting obligations. These funds may not be applied towards offsetting the capital construction costs. Beginning January 1, 2027, the revenue of the 2026 Pool Sales and Use Tax, net of the costs of collection and administration pursuant to paragraph 3(c) below, shall upon receipt of the City be deposited into the community swimming pool tax fund. Such deposit of the net proceeds of the 2026 Pool Sales and Use Tax shall be deposited into this fund shall continue until the Expiration Date.

b. Prior to the issuance of the debt by the District, the City shall collect and retain the 2026 Pool Sales and Use Tax. Until the issuance of the debt, upon a request for funding from the District within the scope of the purpose of the pledged revenues, the City shall distribute the available balance to the District. After the issuance of the debt by the District, the City shall make distributions from the designated fund to the District in the amount of the available balance in the designated fund on a monthly basis, subject to any deductions pursuant to paragraph 3(c). However, if the 2026 Pool Sales and Use Tax Ballot Issue is not approved by the registered electors, any remaining Pool Sales and Use Tax will be refunded by the City in accordance with Colorado law.

c. Notwithstanding anything herein to the contrary, the City shall have no obligation to pay the District more than the amount which the City collects from the net proceeds from the 2026 Pool Sales and Use Tax. All distributions shall be subject to a 1% administrative fee retained by the City for the purpose of defraying the costs of administering the 2026 Pool Sales and Use Tax.

4. Term of IGA. The term of this IGA shall be from November 4, 2026 to the final distribution of the Pool Sales and Use Tax and/or the 2026 Pool Sales and Use Tax by the City, unless terminated by mutual agreement of the Parties, or upon an Event of Default which the breaching Party has not cured and the non-breaching Party elects to terminate this Agreement.

5. Events of Default. The occurrence or existence of any one or more of the following events shall be an "Event of Default" hereunder:

a. The failure by the City to certify, levy and/or collect the 2026 Pool Sales and Use Tax and/or remit the 2026 Pool Sales and Use Tax to the District as required by the terms of this IGA.

b. The filing by either party of a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligations represented by this IGA.

c. The failure of the District to perform any of the obligations or comply with the terms of this IGA.

6. Remedies. In the event either Party breaches any of the provisions of this Agreement, the other Party may bring an action for damages or both in addition to any other remedies which may be allowed by law or equity. Prior to bringing such an action, written notice shall be provided allowing the breaching Party thirty (30) days to cure said breach. In addition, the non-breaching Party may withhold further compliance with this agreement on its part until the breach is cured.

7. Notices. Any formal notice, demand, or request pursuant to this IGA shall be in writing and shall be deemed properly served, given, or made, if delivered in person or sent by certified mail postage prepaid to the parties at the addresses listed below or as otherwise modified.

City Administrator
City of Cañon City
P.O. Box 1460
Cañon City, CO 81215

Executive Director
Cañon City Area Metropolitan Recreation and Park District
575 Ash Street
Cañon City, CO 81212

8. Additional Action. The City and the District agree to take such other action(s) as may be necessary to implement the provisions of this Agreement.

9. Amendments. This IGA may be amended only in writing signed by the Parties.

10. Severability. In the event that any of the terms, covenants, or conditions of this IGA or their application shall be held invalid as to any person, entity, or circumstance by any court having competent jurisdiction, the remainder of this IGA and the application in effect of its terms, covenants or conditions to such persons, entities, or circumstances shall not be affected thereby.

11. Waiver. The waiver by either party of any breach by the other of any term, covenant ,or condition contained in this IGA shall not be deemed to be a waiver of any subsequent breach of the same or other term, covenant, or condition.

12. Entire Agreement. This IGA embodies the complete agreement between the Parties regarding the subject matter herein and supersedes all prior agreements and understandings, if any. This IGA is intended to supplant any obligations of the Parties contained in the Intergovernmental Agreement entered into between the Parties dated April 7, 2025.

13. No Third-Party Beneficiaries. The Parties to this IGA do not intend to benefit any person or entity not a party to this IGA. No person or entity, other than the Parties to this IGA, shall have any right, legal or equitable, to enforce any provision of this IGA.

14. Duly Authorized Signatories. By execution of this IGA, the undersigned each individually represent that he or she is duly authorized to execute and deliver this IGA and that the subject Party shall be bound by the signatory's execution of this IGA.

15. Counterparts, Electronic Signatures, and Electronic Records. This IGA may be executed in two counterparts, each of which shall be an original, but all of which, together, shall constitute one and the same instrument.

16. Successors and Assigns. Neither Party may assign this Agreement.

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CAÑON CITY AREA METROPOLITAN PARK
AND RECREATION DISTRICT

By ______________________________
President, Board of Directors

Attest:

____
Secretary, Board of Directors

CITY OF CAÑON CITY

By ______________________________
Mayor

Attest:

Cindy Foster Owens
____
Cindy Foster Owens, City Clerk

THE CITY OF CAÑON CITY
INCORPORATED
SEAL
APRIL 2 1872
COLORADO

Appendix A

Voter-Approved 2024 Cañon City Area Metropolitan Recreation and Park District Ballot Issue #6B Pool Debt Financing

SHALL CAÑON CITY AREA METROPOLITAN RECREATION AND PARK DISTRICT DEBT BE INCREASED UP TO $24.8 MILLION, WITH A MAXIMUM REPAYMENT COST OF UP TO $44 MILLION, AND SHALL DISTRICT TAXES BE INCREASED UP TO $1.68 MILLION ANNUALLY IF NECESSARY, BUT ONLY AFTER THE APPLICATION OF DEDICATED SALES AND USE TAX REVENUES RECEIVED FROM THE CITY OF CAÑON CITY TO REPAY THE DEBT, ALL FOR THE PURPOSE OF FINANCING THE COSTS OF CONSTRUCTING AND EQUIPPING A NEW COMMUNITY RECREATION POOL TO REPLACE THE DISTRICTS PRIOR SWIMMING POOL WHICH WAS PERMANENTLY CLOSED, SUCH DEBT TO CONSIST OF THE ISSUANCE AND PAYMENT OF GENERAL OBLIGATION BONDS WHICH SHALL BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 5.5% PER ANNUM AND BE ISSUED AT SUCH TIMES AND PRICES (AT, ABOVE OR BELOW PAR) AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF DIRECTORS MAY DETERMINE, PROVIDED THAT ISSUANCE OF DEBT AUTHORIZED BY THIS BALLOT MEASURE SHALL BE CONDITIONED UPON PRIOR VOTER APPROVAL OF A BALLOT MEASURE AUTHORIZING THE CITY OF CAÑON CITY DEDICATED SALES AND USE TAX; SHALL AD VALOREM PROPERTY TAXES BE LEVIED, IF NECESSARY, WITHOUT LIMIT AS TO THE MILL RATE TO GENERATE AMOUNTS SUFFICIENT IN EACH YEAR TO PAY THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON SUCH DEBT BUT ONLY AFTER THE APPLICATION OF DEDICATED SALES AND USE TAX REVENUES RECEIVED FROM THE CITY OF CAÑON CITY; AND SHALL THE DEDICATED REVENUES RECEIVED FROM THE CITY OF CAÑON CITY AND ANY EARNINGS FROM THE INVESTMENT OF SUCH REVENUES AND THE PROCEEDS OF THE BONDS CONSTITUTE A VOTER-APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

Appendix B

2024 Feasibility Study for Outdoor Option with Two Bodies of Water