CIMARRON HILLS FIRE PROTECTION DISTRICT

A RESOLUTION RELATED TO SUCCESSFUL DEFENSE OF TABOR LAWSUIT

RECITALS

A. The Cimarron Hills Fire Protection District (the "**District**") is a quasi-municipal corporation and political subdivision of the State of Colorado and a duly organized and existing special district pursuant to the Special District Act (the "**Act**"), organized to provide essential life safety and emergency response services to the residents and visitors of the District.

B. On December 30, 2010 a Complaint was filed in El Paso County District Court (the "**Lawsuit**") against the District, alleging that the District had violated Article X, Section 20 of the Colorado Constitution ("**TABOR**").

C. The Board of Directors of the District (the "**Board**") disagreed with the Plaintiffs' interpretation of the 1996 TABOR Question. It further determined that a ruling for the Plaintiffs would have had an extremely adverse impact on the District's ability to deliver high quality fire and emergency response services to the community.

D. Without certainty about the timing or outcome of the Lawsuit, the Board decided to submit two TABOR questions to the voters at the November 1, 2011 election as a proactive measure to best ensure that the community would receive uninterrupted high level emergency services.

E. On October 21, 2011, the El Paso County Court ruled in favor of the District. The Court laid out its reasoning in a thorough 26-page Order and Judgment (the "**Judgment**"), which set forth and *rejected every single substantive argument made by Plaintiffs*. In its Conclusion, the Court stated:

> the 1996 ballot language at issue is not ambiguous. The language has a straightforward literal meaning under TABOR and under standard rules of the English language. ... The Court ... declares the 1996 ballot question authorized the District to set the mill levy at 7.598 in 1997 and to adjust or set the rate thereafter within a cap adjusted each year for "inflation" and "local growth" as those terms are defined in TABOR. The District has not set a mill levy in violation of this authority.

NOW, THEREFORE, be it resolved by the Board of Directors of the Cimarron Hills Fire Protection District in the County of El Paso, State of Colorado that:

1. The Board is pleased with the Court's decision completely and unequivocally validating the Board's prior actions. The Lawsuit has placed a significant

burden on the District's personnel and finances. The Judgment now allows the District to focus its entire resources on its mission: providing the highest level of emergency services to the Cimarron Hills community.

2. The Board does not know if the Plaintiffs will appeal and obviously does not know for sure what the outcome of an appeal would be - although it believes that the Court's carefully reasoned and deliberate decision would be upheld.

3. The Board is currently weighing options on how to proceed with the Plaintiffs, including whether to seek attorneys fees and costs related to the defense of the Lawsuit.

4. On November 1, 2011, the Districts' voters decided not to approve the two new ballot measures. The Board anticipates that the Plaintiffs and their supporters may argue that the election result is a referendum on the existing mill levy. However, the Board rejects this position because it is impossible to know precisely what any voter's thoughts are, which is even more pertinent in this instance because the Judgment was rendered while mail ballots were out which may have impacted the outcome.

5. The Board will therefore continue to do what it has always done: develop its budgets based on the community's needs, and then determine how to best meet those needs financially.

6. The Board will hold its 2012 budget hearing on December 14 at 5:30 p.m. As always, the Board encourages the public to attend to help decide how the community's emergency services needs can best be met.

7. The Recitals above are incorporated into this Resolution by reference.

ADOPTED AND APPROVED this 10th day of November, 2011.

CIMARRON HILLS FIRE PROTECTION DISTRICT

By _____
President

ATTEST:

By _____
Secretary