

SERVICE PLAN
FOR
ESTANCIA METROPOLITAN DISTRICT

ARAPAHOE COUNTY, COLORADO

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I. INTRODUCTION

A. **General Overview.** This service plan (the "Service Plan") is for Estancia Metropolitan District (the "District"), a special district proposed to be organized to finance public infrastructure which will serve the needs of a new residential development located within its boundaries. It is submitted in accordance with Part 2 of the Special District Act, §§ 32-1-201, *et seq.*, Colorado Revised Statutes ("C.R.S."). The District is located entirely within the boundaries of unincorporated Arapahoe County, Colorado and its general boundaries are Arapahoe Road on the North, Antelope Filing No. 1 on the East, Chapparral 480 Amended filing on the West and Chapparral 480 Amendment No. 2 filing on the South. The District's service area will consist of approximately eighty (80) acres. Boundary and vicinity maps of the District are contained in Exhibits C and D to this Service Plan, respectively.

The purpose of the District will be to finance public improvements for the benefit of its inhabitants and taxpayers, the majority of which may be dedicated to Arapahoe County, its designee, or other entities as provided herein or as Arapahoe County otherwise requires; a certain number of other improvements may be dedicated to other service districts. The improvements to be furnished by the District as well as a demonstration of how the District will best provide the necessary public improvements in a cost effective manner from available resources and by coordination with surrounding service providers, are described herein.

Implementation of the concepts set forth in this Service Plan will require considerable financial involvement by Estancia 80, LLC, the developer of the Estancia area (the "Developer"), which may include providing substantial letters of credit or other securities that will enable the District to issue bonds at attractive interest rates. Significant development risk will be borne by the Developer until sufficient assessed valuation is produced to enable the District to become self-sufficient. This Service Plan demonstrates that the District, with the Developer's assistance, will be financially viable and able to provide the services and facilities described herein on an economic basis.

The District's service area consists of approximately eighty (80) acres. At build-out, it is anticipated that the District will contain fifty-eight (58) single-family dwelling units, streets, fencing, entry ornamentation and landscaping amenities. An estimation of the build-out of the entire community is illustrated below:

Estimated Community Build-Out and Population

Single-Family* Dwelling Units

Year	Number of Units	Population
2005	15	38
2006	15	38
2007	15	38
2008	13	33
Totals:	58	147

*Population based on 2.5 persons per unit, rounded up to the nearest whole number

A legal description of the property within the boundaries of the District is attached hereto as Exhibit B. The "service area" to be served by the District includes all of the property described in Exhibit B.

B. Contents of Service Plan, Generally. This Service Plan consists of preliminary financial analysis and preliminary engineering plans showing how the facilities and services can be provided and financed by the District. Numerous items are addressed herein which will satisfy the requirements of law for the formation of a special district, as further identified in Exhibit E, attached hereto. Each of the requirements of law are satisfied by this Service Plan.

The assumptions contained herein were derived from a variety of sources. Information regarding the present status of property within the District, as well as the current status and projected future level of similar services, was obtained from the Developer. Construction cost estimates were assembled by Peak Civil Consultants, Inc., who has experience in the construction of similar facilities, as well as the costs associated therewith. Legal advice in the preparation of this Service Plan was provided by the law firm of White, Bear & Ankele Professional Corporation, general counsel to the District, which represents numerous special districts. Financial recommendations and advice in the preparation of the Service Plan were provided by Kirkpatrick Pettis.

C. Modification of Service Plan. This Service Plan has been designed with sufficient flexibility to enable the District to provide the services and facilities contemplated herein under evolving circumstances. While the assumptions upon which this Service Plan are generally based are reflective of current zoning plans for the property within the District's boundaries, the cost estimates and financial plan are sufficiently flexible to enable the District to provide necessary services and facilities without the need to amend this Service Plan as development progresses. Ultimately, the District financing will be constrained by the marketplace. Modification of the general types of services and facilities, as well as changes in proposed configurations, locations, or dimensions of various facilities and improvements, shall be permitted to accommodate evolving development needs consistent with then-current zoning for the property.

II. PURPOSE AND INTENT; NEED FOR THE DISTRICT

A. Purpose and Intent. The purpose of the District will be to finance public improvements for the benefit of its inhabitants and taxpayers, the majority of which may be dedicated to Arapahoe County, its designee, or other entities as provided herein or as Arapahoe County otherwise requires; a certain number of other improvements may be dedicated to other service districts. It is not the intent of the District to provide ongoing services other than as specifically set forth herein, or as authorized by Arapahoe County. Should the purposes of the District change from what is stated herein, said change shall be considered a material modification of this Service Plan and shall be subject to prior approval by Arapahoe County.

B. Need for the District. There are currently no other entities in existence located in the surrounding area which have the ability and/or desire to undertake the design, financing and construction of improvements needed for the area. It is also the Developer's understanding that Arapahoe County does not consider it feasible or practicable to provide the necessary services and facilities for the area itself. Consequently, the powers and authorities requested under this Service Plan are deemed necessary for the provision of adequate public improvements in the area. The level of required improvements makes organization of the District critical so that it may hold both the construction and financing costs at acceptable levels.

C. General Powers. The District will have the power and authority to provide the following services and facilities, in accordance with applicable law:

1. Water. The design, acquisition, installation and construction of a complete water and irrigation water system, including but not limited to transmission and distribution systems for domestic and other public or private purposes, together with all necessary and proper facilities, equipment and appurtenances incident thereto which may include, but shall not be limited to, transmission lines, distribution mains and laterals, land and easements, together with extensions of, and improvements to, said systems.

2. Streets. The design, acquisition, installation, construction, operation and maintenance of street and roadway improvements, including but not limited to curbs, and entry monumentation, as well as sidewalks, bridges, underpasses, emergency access streets, parking facilities, paving, lighting, sleeving, grading, landscaping, snow removal equipment, and other street improvements, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of, and improvements to, said facilities.

3. Traffic and Safety Controls. The design, acquisition, installation and construction of traffic and safety protection facilities and services through traffic and safety controls and devices on streets and highways, environmental monitoring, as well as other facilities and improvements including but not limited to, main entry features, signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, together with all necessary, incidental, and appurtenant facilities, land easements, together with extensions of, and improvements to, said facilities.

4. Drainage and Stormwater Quality. The design, acquisition, installation and construction of storm sewers, flood and surface drainage, channels, culverts, storm sewers and other drainage facilities, detention ponds, fishing ponds, water quality control facilities, retaining walls, erosion control structures and appurtenances, and all necessary or proper equipment or appurtenances incident thereto, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of, and improvements to, said facilities or systems.

5. Sanitary Sewer. The operation and maintenance of treatment and disposal works and facilities, solid waste disposal facilities and waste services, and all necessary or proper equipment or appurtenances incident thereto, specifically including all septic systems within the District.

6. Mosquito and Pest Control. The design, acquisition, installation, construction, operation, and maintenance of systems and methods for the elimination and control of mosquitoes, rodents and other pests.

7. Parks and Recreation; Landscaping. The design, acquisition, installation, construction, operation and maintenance of public park and recreation facilities or programs including, but not limited to, retaining walls, seeding and mulching of District property, landscaping, an outlet pond, perimeter fencing, entry wall identification, and other facilities, together with all necessary, incidental and appurtenant facilities, land and easements, as well as all necessary extensions of, and improvements to, said facilities or systems. Once completed, all such improvements will be owned, operated and maintained by the District or managed by a Homeowners Association, as the District deems necessary or appropriate.

8. Legal Powers. The powers of the District will be exercised by its board of directors to the extent necessary to provide the services, facilities and improvements contemplated herein. Said services, facilities and improvements will be carried out pursuant to, and in accordance with, the procedures and conditions contained in the Special District Act, other applicable Colorado statutes, and this Service Plan, as any or all of the same may be amended from time to time.

9. Other. In addition to the powers enumerated above, the District's board of directors shall also have the authority:

a. To amend this Service Plan as needed, subject to the appropriate statutory procedures, including, by written notice to Arapahoe County pursuant to Section 32-1-207, C.R.S., amendments regarding actions which the District believes are permitted by this Service Plan, but which may be unclear; and

b. To forego, reschedule, or restructure the financing and construction of certain improvements and facilities in order to better accommodate the pace of growth, resource availability and potential inclusions of property within the District and to determine if some or all of the improvements and facilities contemplated herein would best be performed by another entity; and

c. To provide all such additional services and exercise all such powers as are expressly or impliedly granted by Colorado law and which special districts are required to provide or exercise or, in their discretion, choose to provide or exercise; and

d. To exercise all necessary and implied powers under Title 32, C.R.S., in the reasonable discretion of the District's board of directors.

III. BOUNDARIES; POPULATION AND ASSESSED VALUATION ESTIMATES

A. **Boundary Changes**. The District shall have the authority to include property into its boundaries, to exclude property therefrom and to provide service to the areas located

within and outside of its boundaries pursuant to Sections 32-1-401, *et seq.* and 32-1-1001(1)(k), C.R.S.

B. Population and Assessed Valuation Estimates. An estimate of the District's projected and assessed valuations is set forth in the Financial Plan, which is attached hereto as Exhibit F. The current population of the District is zero (0) persons; at build-out, its population is estimated to be one hundred forty-seven (147) persons. The 2003 assessed valuation for the District's real property was Four Hundred Dollars (\$400.00).

IV. DESCRIPTION OF FACILITIES AND IMPROVEMENTS

The District will be permitted to exercise its statutory powers and its respective authority as set forth herein to finance, construct, acquire, operate and maintain the public facilities and improvements described in this Service Plan, either directly or by contract. Where appropriate, the District will contract with various public and/or private entities to undertake such functions.

Information for each type of improvement needed for the area is set forth in the following pages. All facilities will be designed in such a way as to assure that the facility and service standards will be compatible with those of Arapahoe County, and of other municipalities and special districts which may be affected thereby.

The following sections contain general descriptions of the contemplated facilities and improvements which will be financed by the District. All of the facilities and improvements contemplated herein shall be constructed, operated and/or maintained as described and shown in the "Estancia Subdivision Filing No. 1" Preliminary Plat, Case No. P01-083, which is on file with Arapahoe County

A. General. The facilities needed by the area, including those to be provided by the District, consist of a domestic potable water system, electric, telephone, cable television, gas, parks and a roadway system. Fire services will be provided by the Parker Fire Protection District. Water services will be provided by the Arapahoe County Water and Wastewater Authority. The District is needed, and authorized hereunder, to operate those facilities that will not be conveyed to other entities.

Advance planning for the development of infrastructure is currently being undertaken by the Developer. It is anticipated that the Developer will acquire any infrastructure that is developed prior to the time the District has sufficient credit to borrow construction funds; said acquisition shall be made in return for promissory notes or other debt obligations to be repaid from future bond issues of the District.

B. Water System. The water system will be composed of a distribution system consisting of buried mains, fire hydrants, a pump station for which the District shall pay its pro-rata share, and related appurtenances located within the District's boundaries. Transmission mains will be installed from a direct connection to the Arapahoe County Water and Wastewater Authority's water distribution system. At completion, the water distribution system will provide domestic potable water to all platted lots within the District from adjacent streets and roads. The

mains will provide for normal and peak water demands as well as for the delivery of water for the purposes of fire protection.

The required water system facilities are expected to be financed and constructed by the District in accordance with applicable standards of the Arapahoe County Water and Wastewater Authority and the fire protection requirements of Arapahoe County. Once construction is complete, the District shall dedicate all water system facilities to the Arapahoe County Water and Wastewater Authority for continued operation and maintenance. Estimated construction costs for the construction of the water system facilities are presented in Exhibit G, attached hereto.

C. Street Improvements. The District will construct the internal street and roadway systems to be located within its boundaries and will improve adjacent portions of Arapahoe Road, including funding fifty percent (50%) of the total costs necessary to construct a traffic signal at the intersection of Arapahoe Road and South Euclid Street. After conveyance of the street rights-of-way or appropriate easements to Arapahoe County, the District will finance the design, installation, and construction the necessary road, street, parking, curbs, gutters, culverts, drainage, ditches, detention ponds, sidewalks, bridges, paving, lighting, signs, landscaping, fencing and other necessary road, street, drainage facility, and traffic and safety improvements, devices and/or controls required by the area.

The required roadway infrastructure is expected to be either financed and constructed, or acquired, by the District. All public streets and streets dedicated by plat within the District will be maintained by Arapahoe County upon completion and upon Arapahoe County's acceptance thereof. Should Arapahoe County fail to accept all or any portion of the street improvements contemplated herein, the District shall be fully authorized to operate and maintain the same. The estimated construction costs for the development of the roadway system and drainage facility are shown on Exhibit G, attached hereto.

D. Drainage and Stormwater Improvements. The District plans to install all necessary and/or required storm drainage systems required for the improvements that will be located within its boundaries, including, but not limited to, temporary and permanent stormwater quality improvements together with the maintenance and/or cleaning thereof, on-site detention and retention pond improvements together with the maintenance thereof, storm sewers, drainage channels, streets, gutters and culverts. Additionally, the District will contribute a pro-rata share of the downstream drainage infrastructure to Piney Creek, which is currently anticipated to include, generally, acquisition of a drainage easement, grading, culverts, storm sewers, erosion protection, and similar improvements. Culverts will be installed under all roadways that intersect storm drainage channels and will be designed to pass flows as required. These culverts may include headwalls, wing walls, inlet structures, and riprap protection in order to enhance their hydraulic capacity and to reduce bank or channel erosion. Storm drainage facilities will be owned, operated and maintained by the District, Arapahoe County or a homeowner's association, as appropriate and required by development approvals given in connection with Estancia. The District shall consider the costs associated with the ongoing maintenance operations of the on-site detention and on-site retention ponds and of the temporary and permanent water quality improvements as part of its annual budgetary process, and will appropriate sufficient funds to

cover these costs on an annual basis. It is currently anticipated that the District shall impose approximately One Thousand Two Hundred Dollars (\$1,200.00) in fees per single-family unit to help pay for said operation and maintenance costs, however this fee shall be subject to increase or decrease from time to time, as the District's Board of Directors deems necessary or appropriate.

E. Mosquito and Pest Control. The District shall provide for the eradication and control of mosquitoes, including but not limited to elimination or treatment of breeding grounds, and for the purchase, lease, contracting or other use of equipment or supplies for mosquito control. An effective mosquito control plan addressing the design, construction and regular inspection and maintenance of retention/detention ponds to prevent mosquito breeding conditions, and larviciding/adulticiding as needed if the insects become a problem despite best management practices, shall be created in accordance with the policies and standards of the Tri-County Health Department and shall be submitted to the Tri-County Health Department for review and approval prior to the final construction of any Drainage and Stormwater Improvements. The District will include such costs in its operations and maintenance budget when stormwater facilities have been constructed. The District shall consider the costs associated with the ongoing maintenance operations of the mosquito and pest control facilities as part of its annual budgetary process, and will appropriate sufficient funds to cover these costs on an annual basis. It is currently anticipated that the District shall impose approximately One Thousand Two Hundred Dollars (\$1,200.00) in fees per single-family unit to help pay for said operation and maintenance costs, however this fee shall be subject to increase or decrease from time to time, as the District's Board of Directors deems necessary or appropriate.

F. Parks and Recreation; Landscaping. The park and recreation improvements that are currently expected to be constructed, operated and maintained by the District include retaining walls, seeding and mulching of District property, landscaping, perimeter fencing and entry wall identification. The estimated construction costs for these improvements are shown in Exhibit G. Additional improvements may be constructed as development within the area evolves and subject to the financial restrictions set forth in this Service Plan.

G. Wastewater and Septic Systems. Homes within the District shall be served by individual sewage disposal systems. The District will provide for the ongoing uniform operation and maintenance of the individual sewage disposal systems located within its boundaries pursuant to the General Notes to the "Estancia Subdivision Filing No. 1" Preliminary Plat, Case No. P01-083, which is on file with Arapahoe County. Upon its organization, the District shall adopt Rules and Regulations and/or a uniform set of Policies and Procedures that will contain a management plan specific to the ongoing uniform operation and maintenance of the individual sewage disposal systems, which plan shall be provided to the Tri-County Health Department for review and approval. The District shall consider the costs associated with the ongoing maintenance operations of the individual sewage disposal systems as part of its annual budgetary process, and will appropriate sufficient funds to cover these costs on an annual basis. It is currently anticipated that the District shall impose approximately One Thousand Two Hundred Dollars (\$1,200.00) in fees per single-family unit to help for said operation and maintenance costs, however this fee shall be subject to increase or decrease from time to time, as the District's Board of Directors deems necessary or appropriate.

H. Other Facilities and Improvements. It is expected that the District may participate in the financing and/or construction of such other public facilities and improvements as may be required by the area contained within its boundaries. The extent and configuration of such improvements will depend on local need, amendments to this Service Plan, and/or notices provided pursuant to Section 32-1-207, C.R.S.

I. Construction and Design Standards. The District will follow any applicable design or construction standards promulgated by the State of Colorado, Arapahoe County and/or other governmental entities, as appropriate. Construction of all of the planned facilities and improvements will be scheduled in such a way as to allow for the proper sizing and phasing to keep pace with the need for service. All descriptions of the specific facilities and improvements to be constructed, as well as all related costs, are estimates only and are subject to modification as engineering, development plans, economics, Arapahoe County, and construction scheduling may require.

J. Estimated Cost of Facilities. The anticipated cost of the improvements to be constructed, installed and/or acquired by the District in the short and long term are generally shown in Exhibit G, attached hereto. However, these costs are preliminary in nature and may be revised or reallocated to other categories of improvements, as development within the boundaries of the district necessitates, without the need to amend this Service Plan.

V. PROPOSED AND EXISTING AGREEMENTS

A. Agreements/Authority. To the extent practicable, the District may enter into intergovernmental and private agreements in order to ensure long-term provision of the improvements and services contemplated herein, as well as for the effective management thereof. Said agreements may include, but are not limited to, agreements with property owner associations and/or other service providers.

B. Agreement for the Provision of Water Service. It is anticipated that the District shall, within thirty (30) days of the approval of its organization, enter into an intergovernmental agreement with the Arapahoe County Water and Wastewater Authority regarding the provision of water services to the District. Said agreement shall be substantially similar to the form agreement attached hereto as Exhibit H. Failure of the District to enter into such an agreement shall constitute a material modification to this Service Plan.

VI. FINANCIAL PLAN

A. General. The Financial Plan, attached hereto as Exhibit F, shows: 1) how the proposed facilities and/or services are to be financed; 2) the estimated costs and expenses related to the organization and operation of the District; and 3) the anticipated debt issuance schedule and the anticipated repayment plan based on the projected development within the District's boundaries. The Financial Plan also demonstrates that, at various projected levels of development, the District will have the ability to finance the facilities identified herein and will be capable of discharging the proposed indebtedness on a reasonable basis. All of the District's

financial obligations will be issued in compliance with this Service Plan as well as any applicable State and Federal law. Without limiting the generality of the foregoing, the general obligation debt shown in the Financial Plan will be issued in accordance with Section 32-1-1101(6) and Article 59 of Title 11, C.R.S.

The provision of the facilities by the District will be primarily financed by the issuance of several series of general obligation bonds, secured by the *ad valorem* taxing authority of the District, with limitations as discussed below. The Financial Plan contains an anticipated debt issuance schedule and anticipated repayment plan based on the projected development within the District's boundaries. It is currently anticipated that the first bond issue will occur in 2004. Prior to that time, the construction costs for necessary improvements will be advanced by the Developer, with the intent that the District acquire any and all completed improvements and reimburse the Developer for all such advanced construction costs.

The proposed maximum voted interest rate is estimated at eighteen percent (18%) and the maximum discount at five percent (5%). The exact interest rates and discounts will be determined at the time the bonds are sold by the District, and will reflect market conditions at the time of sale. The District may also issue notes, certificates, debentures or other evidences of indebtedness, subject to the limitations set forth herein. Based upon the construction cost estimates and financing cost estimates computed during the preparation of this Service Plan, it is anticipated that a total of Two Million Five Hundred Ten Thousand Dollars (\$2,510,000.00) of bonds will be issued. The bonds will contain adequate call provisions in order to allow for prior redemption or refinancing.

The District will have a debt service mill levy assessed on all taxable property located within its boundaries as a primary source of revenue for repayment of debt service and for operations and maintenance. Although the mill levy may vary, depending upon the elected board of director's decision to fund the projects contemplated herein, it is estimated that a mill levy of fifty (50) mills will produce revenue sufficient to support the District's operations and maintenance and to retire the debt within the bond repayment period (the "Mill Levy Cap"). In addition, the district may capitalize interest to permit payment of interest during the period of time between development of taxable properties and the collection of tax levies therefrom. Interest income through the reinvestment of construction funds, capitalized interest and annual tax receipts will provide additional funds. These revenue sources should be sufficient to retire the proposed indebtedness if growth occurs as projected; otherwise, increases in the mill levy and/or the imposition of rates, tolls, fees and charges may be necessary.

B. Cost Summary and Bond Development. The district may authorize, issue, sell, and deliver such bonds, notes, contracts, reimbursement agreements, or other obligations evidencing or securing a borrowing (collectively, the "Bonds") as are permitted by law, provided that the following limitations apply:

1. The total outstanding amount of Bonds, for the payment of which the District promises to impose an *ad valorem* property tax ("General Obligation Bonds"), shall not exceed Four Million Dollars (\$4,000,000.00) without the prior consent of Arapahoe County.

2. All Bonds, regardless of whether the District has promised to impose an *ad valorem* mill levy for their payment, shall be exempt from registration under the Colorado Municipal Bond Supervision Act, or shall be registered thereunder.

3. The "Mill Levy Cap" shall be the maximum mill levy the District is obligated to impose for payment of general obligation debt, and shall be determined as follows:

a. For debt which exceeds 50% of the District's assessed valuation, the Mill Levy Cap for each series of bonds shall be forty-five (45) mills; subject to adjustment for changes in the method of calculating assessed valuation, occurring on or after January 1, 2005, or in the event of any change in law, method of calculation, legislation or constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the District's board of directors in good faith (such determination to be binding and final), so that to the extent possible, the actual tax revenues generated by the mill levy for changes occurring after January 1, 2005, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

b. For debt which is equal to or less than 50% of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy pledged for repayment of the debt shall be such amount as may be necessary to pay the debt service on such debt, without limitation of rate. For purposes of the foregoing, once debt has been determined to be equal to or less than 50% of the District's assessed valuation, so that the District is entitled to pledge to its payment an unlimited *ad valorem* mill levy, the District may provide that such debt remain secured by such unlimited mill levy, notwithstanding any subsequent reduction in the assessed valuation of the District.

The Financial Plan reflects the total amount of bonds to be sold to finance the completion, construction, acquisition and/or installation of the proposed facilities, including all costs and expenses related to the anticipated bond issuances. The amount of bonds sold will be based upon the final engineering estimates and/or actual construction contracts. Organizational costs, including legal fees and capitalized engineering costs, are to be paid from the proceeds of each bond issue.

The Financial Plan projects the anticipated flow of funds and is based upon estimates of construction and project needs for bond proceeds to finance the District's improvements. The District's engineer has evaluated the timing and cost estimate of the District's improvements, which are necessary to support the proposed absorptions of development as projected in the Financial Plan, and has concurred with the assumptions. The Financial Plan sets forth the most reasonable estimate of growth within the District and will allow the District's board of directors a measure of flexibility such that the District need not incur debt in excess of what it needs to meet a growing population's demands for facilities and services.

It will not be necessary to obtain a bond rating or to secure credit enhancement for the issuance of the bonds because the Mill Levy Cap provides protection for the property owners

currently within the District and those who will be future taxpayers and service users therein. If it is determined that a lower interest rate or other savings may result for the benefit of the District's taxpayers from the enhancement of the bonds, the district may obtain a bond rating or secure credit enhancement for the sale of bonds.

C. Administrative Expenses; Operations and Maintenance Expenses. The costs associated with the District's day-to-day administrative expenses are anticipated to be Twenty-Five Thousand Dollars (\$25,000.00) per year, to be inflated annually at the rate of one percent (1%), beginning in the year 2004. The Financial Plan projects that this amount will be sufficient to meet the administrative requirements of the District. If necessary, however, the District reserves the right to augment this amount with additional sources of revenue, as permitted by law. The District anticipates receiving its initial operating funds from the Developer until such time as it is able to generate operating revenues of its own accord.

The debt service Mill Levy Cap proposed herein for repayment of bonds does not apply to the District's ability to increase its mill levy in order to provide for the operation and maintenance of public facilities and infrastructure contemplated herein; there are statutory and Constitutional limits on the District's ability to increase its mill levy for the provision of operational and maintenance services without an election. Accordingly, the costs associated with the ongoing operation and maintenance of the on-site detention ponds, on-site retention ponds, temporary water quality improvements, permanent water quality improvements, mosquito and pest control improvements and individual sewage disposal systems shall be funded on an annual basis via the District's fee imposition powers, as the same are provided under Section 32-1-1001(1)(j), C.R.S., and, to the extent possible, with any remaining mill levy available under the Mill Levy Cap in any given year. The District's Board of Directors shall consider the costs associated with said ongoing maintenance and operations costs as part of its annual budgetary process, and will appropriate sufficient funds to cover these costs on an annual basis. It is currently anticipated that the District shall impose approximately One Thousand Two Hundred Dollars (\$1,200.00) in fees per single-family unit for said operation and maintenance costs, however this fee shall be subject to increase or decrease from time to time, as the District's Board of Directors deems necessary or appropriate.

D. Other Financial Matters. The District's board of directors shall be entitled to modify the proposed structure of the Financial Plan by causing the District to obtain funding directly from the Developer, its lender, or assigns of the Developer; provided, however, that all such borrowing shall comply with the requirements of Colorado law regarding limitations on the amount of general obligation debt which may be issued. As an example, the District shall be entitled to obtain funding from the Developer interests, rather than issuing bonds, and may agree to repay the developer from revenue sources to which the District might otherwise be entitled. The District shall have the ability to utilize excess debt capacity which may be developed within the District if the assumptions contained in the Financial Plan are more conservative than what actually develops within the boundaries of the District.

The information contained in this section of the Service Plan is preliminary in nature. All dollars are stated in 2004, uninflated, U.S. Dollars. Upon approval of this Service Plan, the District will continue to develop and refine the cost estimates contained herein and to prepare for

bond issuance. All cost estimates will be inflated to current dollars at the time of bond issuance and construction. Engineering and other contingencies, as well as capitalized interest and other costs of financing, will be added. All construction cost estimates assume construction will meet applicable local, State or Federal requirements.

In addition to *ad valorem* property taxes, and in order to offset the expenses of the anticipated construction and the District's operations and maintenance costs, the District may utilize the power to assess fees, rates, tolls, penalties or charges as provided in Section 32-1-1001(1)(j), C.R.S. The Financial Plan also assumes revenue derived from specific ownership taxes and investment income.

The Financial Plan does not project any significant accumulation of fund balances which might represent receipt of revenues in excess of expenditures under the TABOR Amendment. It is anticipated that the operations of the District may qualify as "enterprises" under the TABOR Amendment. If its operations do not so qualify, revenues from all sources which exceed the permitted level of expenditures in a given year will be refunded to the District's taxpayers, unless a vote approving the retention of such revenues is obtained. To the extent annual District revenues exceed expenditures in this manner, the District will comply with the provisions of TABOR and either refund the excess or obtain voter approval to retain such amounts.

The estimated costs of the facilities and improvements to be constructed and installed by the District are generally set forth in Exhibit G to this Service Plan. These costs may be revised or re-allocated among improvements and services which the District is empowered to provide as development within the District's boundaries evolves or requires.

In the event that the total number of dwelling units contemplated herein is decreased due to the construction of improvements associated with down-stream storm drainage infrastructure, the District shall amend and/or revise the Financial Plan attached hereto as Exhibit F accordingly. All such amendments and/or revisions shall be provided to Arapahoe County for review.

VII. ELECTIONS; OTHER REQUIREMENTS

A. **Elections.** Following the approval of this Service Plan by Arapahoe County, and after the issuance of orders calling an election from the Arapahoe County District Court, an election will be scheduled which will allow the electorate of the District to vote on questions relating to the District's organization. This election is currently planned for November 2, 2004, but may be held on any legally permissible date. This organizational election, as well as all future elections, will be conducted as provided in the Uniform Election Code of 1992, the Special District Act, and the TABOR Amendment to the Colorado Constitution. The ballot for the organizational election mentioned above may deal with the following topics (in several questions, but not necessarily using the exact divisions shown here):

1. Whether to organize the District;
2. Membership and terms of the initial board of directors;
3. Approval of new taxes;

4. Approval of mill levies;
5. Approval of bond limits;
6. Approval of limits on other forms of indebtedness;
7. Approval of an initial property tax revenue limit;
8. Approval of an initial total revenue limit; and
9. Approval of an initial fiscal year spending limit

B. Annual Report; Requests for Information. The District shall be responsible for submitting an annual report to Arapahoe County on or before May 1 for the preceding fiscal year. For purposes of this section, a "fiscal year" shall begin on January 1 and end on December 31 of each year. The annual report shall contain the following information as it pertains to each fiscal year:

1. Boundary changes made or proposed;
2. Intergovernmental Agreements with other governmental entities entered into or proposed;
3. Changes or proposed changes in the district's policies;
4. Changes or proposed changes in the District's operations;
5. Summary of litigation and/or notices of claim which involve the District;
6. Proposed construction plans for the year immediately following the report year;
7. Current status of construction of public improvements;
8. A current District budget;
9. A schedule of all fees, charges and assessments imposed in the report year and proposed to be imposed in the following year as well as a summary of the revenues raised or proposed to be raised therefrom.

The annual report shall be signed by either the District's legal counsel or by the District's President, provided that the latter is attested by the District's Secretary. Arapahoe County reserves the right to request reports from the District beyond the mandatory statutory five-year reporting period, per Section 32-1-207(3)(c), C.R.S. In addition to the foregoing, the District shall permit Arapahoe County to inspect all public improvements and facilities as well as all of the District's books and accounting records.

C. Conservation Trust Fund. The District shall not apply for, or claim any entitlement to, funds from the Conservation Trust Fund, which is derived from proceeds from the Colorado Lottery, or other funds available from or through governmental or non-profit entities for which Arapahoe County is eligible to apply. The District shall promptly remit to Arapahoe County any and all funds obtained from such sources which it receives.

D. Modification of Service Plan. The District shall obtain the prior, written approval of Arapahoe County before making any material modifications to this Service Plan. Material modifications requiring an amendment hereto are limited to modifications of a basic or essential nature as set forth in the Special District Act.

E. Dissolution. Notwithstanding anything contained herein to the contrary, any amount of outstanding principal and accrued interest on general obligation debt remaining unpaid after December 31, 2040 shall be deemed to be forever discharged and satisfied in full.

The District shall notify Arapahoe County within sixty (60) days of the date when all of the financial obligations contemplated herein have been paid, or when provision for the final payment thereof has been made via escrow per Section 32-1-702(3)(b), C.R.S., and no further operational requirements for the public improvements remain. Said notification shall request a meeting with Arapahoe County to discuss the steps necessary to dissolve the District under then-applicable Colorado law, provided that such dissolution is in the District's best interests.

VIII. CONCLUSION

It is submitted that this Service Plan for the proposed Estancia Metropolitan District has established that the following requirements of Section 32-1-203(2), C.R.S. have been met:

1. There is sufficient existing and projected need for organized service in the area to be served by the District;
2. Existing services in said area to be served are inadequate for present and projected needs;
3. The District is capable of providing economical and sufficient service to the area within its boundaries;
4. The area included in the District has, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
5. Adequate service is not, nor will it be, available to the area through Arapahoe County or other existing municipal or quasi-municipal corporations, including special districts, within a reasonable time and on a comparable basis;
6. The facility and service standards of the District are compatible with the facility and service standards of Arapahoe County, for each municipality within which the Districts are located and for each municipality which is an "interested party" under Section 32-1-204(I), C.R.S.;
7. The proposal is in substantial compliance with a master plan adopted pursuant to Section 30-28-108, C.R.S.;
8. The proposal is in compliance with any duly adopted county, regional, or State long-range water quality management plan for the area; and
9. The creation of the District is in the best interests of the area proposed to be served.

It is therefore respectfully requested that the Board of County Commissioners of Arapahoe County Colorado, which has jurisdiction to approve this Service Plan by virtue of §32-1-207, C.R.S., *et seq.*, adopt a resolution approving this Service Plan as submitted.

Respectfully submitted,

WHITE, BEAR & ANKELE
Professional Corporation

A handwritten signature in black ink, appearing to read 'Kristen D. Bear', written in a cursive style.

Kristen D. Bear, Esq.
Counsel to the District

Exhibit A
Resolution of Approval

STATE OF COLORADO }
 COUNTY OF ARAPAHOE } ss.

At a regular meeting of the Board of County Commissioners for Arapahoe County, Colorado held in the Administration Building, Littleton, Colorado on Tuesday the 21st day of September 2004, there were present:

Susan Beckman, Chair	Present
Bernard L. Zimmer, Chair Pro-Tem	Present
Marie Mackenzie, Commissioner	Present
Lynn Myers, Commissioner	Absent & Excused
Debra A. Vickrey, Commissioner	Present
Kathryn L. Schroeder, County Attorney	Present
John E. Bush, Jr., Deputy County Attorney	Present
Nancy A. Doty, Clerk to the Board	Absent & Excused
Jennifer Gayer, Deputy Clerk	Present

when the following proceedings, among others, were had and done, to-wit:

RESOLUTION NO. 040676 It was moved by Commissioner Vickrey and duly seconded by Commissioner Zimmer to adopt the following Resolution:

WHEREAS, on or about July 23, 2004, a Service Plan for the proposed Estancia Metropolitan District (the "Service Plan") was filed with the Clerk and Recorder of Arapahoe County, Colorado, and the Clerk, on behalf of the Board of County Commissioners, provided to the Division of Local Government in the Department of Local Affairs (the "Department") a Notice of Filing of Special District Service Plan, and sent a copy of the notice of the Public Hearing on the said Service Plan to the Department; and

WHEREAS, the proposed Estancia Metropolitan District is generally located in unincorporated Arapahoe County on the south side of East Arapahoe Road at South Euclid Street (extended) and consists of approximately 79 acres; and

WHEREAS, the Service Plan was referred to the Arapahoe County Planning Commission (the "Planning Commission") and on August 24, 2004, the Planning Commission, after conducting a hearing on the Service Plan, by a unanimous vote of those commissioners in attendance, favorably recommended the Service Plan, subject to certain conditions, to the Board of County Commissioners; and

WHEREAS, on September 7, 2004, by the adoption of Resolution No. 040631, the Board of County Commissioners set a public hearing date on the Service Plan for September 21, 2004 ("Public Hearing"); and

WHEREAS, notice of the date, time, location and purpose of such Public Hearing was published in The Villager, a newspaper of general circulation, on August 26, 2004; and

WHEREAS, the Board of County Commissioners has caused notice of the date, time, and location of the Public Hearing to be mailed to the Petitioners and the governing body of the existing municipalities and special districts which have levied an ad valorem tax within the next preceding year and which have boundaries within a radius of three miles of the boundaries of the proposed Estancia Metropolitan District (the "District"); and

WHEREAS, the Petitioners represent one hundred percent of the property owners within the proposed district, and therefore the Petitioners are not required to send letter notification of the Public Hearing to the property owners within the proposed special district;

WHEREAS, on September 21, 2004 at 9:30 a.m., at the Arapahoe County Administration Building, 5334 South Prince Street, Littleton, Colorado, a Public Hearing was opened, at which time all interested parties, as defined in §32-1-204, C.R.S., were afforded an opportunity to be heard, and all testimony or evidence relevant to the Service Plan and the organization of the proposed District were heard, received and considered.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of the County of Arapahoe, Colorado, as follows:

1. That the Board of County Commissioners does hereby determine that all procedural requirements of §§32-1-201 et seq., C.R.S., relating to the public hearing on the Service Plan have been fulfilled and that the Board has jurisdiction in the matter.

2. That the Board of County Commissioners does hereby find:

- (a) that there is sufficient existing and projected need for organized service in the area to be serviced by the proposed District; and
- (b) that the existing service in the area to be served by the proposed District is inadequate for present and projected needs; and
- (c) that the proposed District is capable of providing economical and sufficient service to the area within their proposed boundaries; and
- (d) that the area to be included in the proposed District can, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis; and
- (e) that 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; and
- (f) that the facility and service standards of the proposed District is compatible with the facility and service standards of Arapahoe

- County and each municipality which is an interested party under §32-1-204(1), C.R.S.; and
- (g) that the proposal is in substantial compliance with the Arapahoe County Comprehensive Plan; and,
 - (h) that the proposal is in compliance with any duly adopted County, regional or state long-range water quality management plan for the area; and
 - (i) that the creation of the proposed District will be in the best interests of the area proposed to be served; and
 - (j) that the Service Plan, based upon the statements contained therein and upon the evidence and testimony presented at the public hearing on September 21, 2004, meets all conditions and requirements of §§32-1-201 et seq., C.R.S.

3. That the Board of County Commissioners hereby approves the Service Plan as submitted, without condition or modification.

4. That a certified copy of this Resolution be filed in the records of Arapahoe County and that a copy be provided to Petitioner.

The vote was:

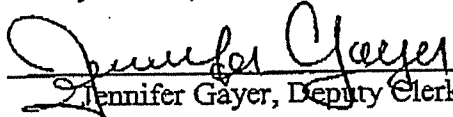
Commissioner Beckman, Yes; Commissioner Mackenzie, Yes; Commissioner Myers, Absent and Excused; Commissioner Vickrey, Yes; Commissioner Zimmer, Yes.

The Chair declared the motion carried and so ordered.

I, Nancy A. Doty, County Clerk and ex-officio Clerk of the Board of County Commissioners in and for the County and State aforesaid, do hereby certify that the annexed and foregoing Order is truly copied from the records of the proceedings of the Board of County Commissioners for said Arapahoe County, now in my office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said County, at Littleton, Colorado this 29th day of September 2004.

Nancy A. Doty, Clerk to the Board

by: 
Jennifer Gayer, Deputy Clerk

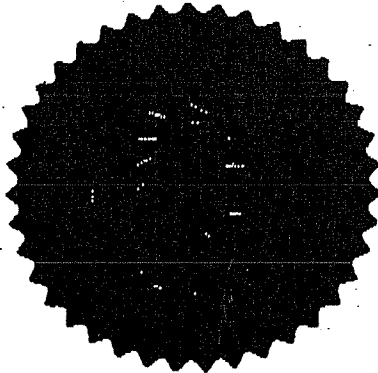


Exhibit B
Legal Description

LEGAL DESCRIPTION

THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 27, TOWNSHIP 5 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN, EXCEPT THE NORTHERLY 30 FEET FOR ROAD PURPOSES, COUNTY OF ARAPAHOE, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 27, AND CONSIDERING THE NORTH LINE OF SAID WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 27 TO BEAR S. 89°49'04" E., WITH ALL BEARINGS HEREIN RELATIVE THERETO; THENCE ALONG THE WEST LINE OF SAID WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 27, S. 00°12'32" W., A DISTANCE OF 30.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE S. 89°49'04" E., A DISTANCE OF 1322.45 FEET TO THE EASTERLY LINE OF SAID WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 27;
THENCE S. 00°08'30" W., A DISTANCE OF 2612.15 FEET TO THE SOUTHEAST CORNER OF SAID WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 27;
THENCE S. 89°27'43" W., A DISTANCE OF 1325.62 FEET TO THE SOUTHWEST CORNER OF SAID WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 27;
THENCE N. 00°12'32" E., A DISTANCE OF 2628.82 FEET TO THE TRUE POINT OF BEGINNING;

CONTAINING AN AREA OF 3,469,490 SQUARE FEET OR 79.649 ACRES, MORE OR LESS.

Exhibit C
Boundary Map

S89°49'04"E 1322.45'

NE CORNER, W 1/2, NE 1/4 SEC. 27
FND: 2.5" ALUM. CAP IN RANGE BOX
STAMPED "PR FLETCHER PLS 25942 1999"

POINT OF COMMENCEMENT
N 1/4 CORNER, SECTION 27,
T5S, R66W, 6TH P.M.
FOUND #5 REBAR
SET MONUMENT W/PLS 25942

N00°12'32"E 2628.82'

ESTANCIA SUBDIVISION
FILING NO. 1

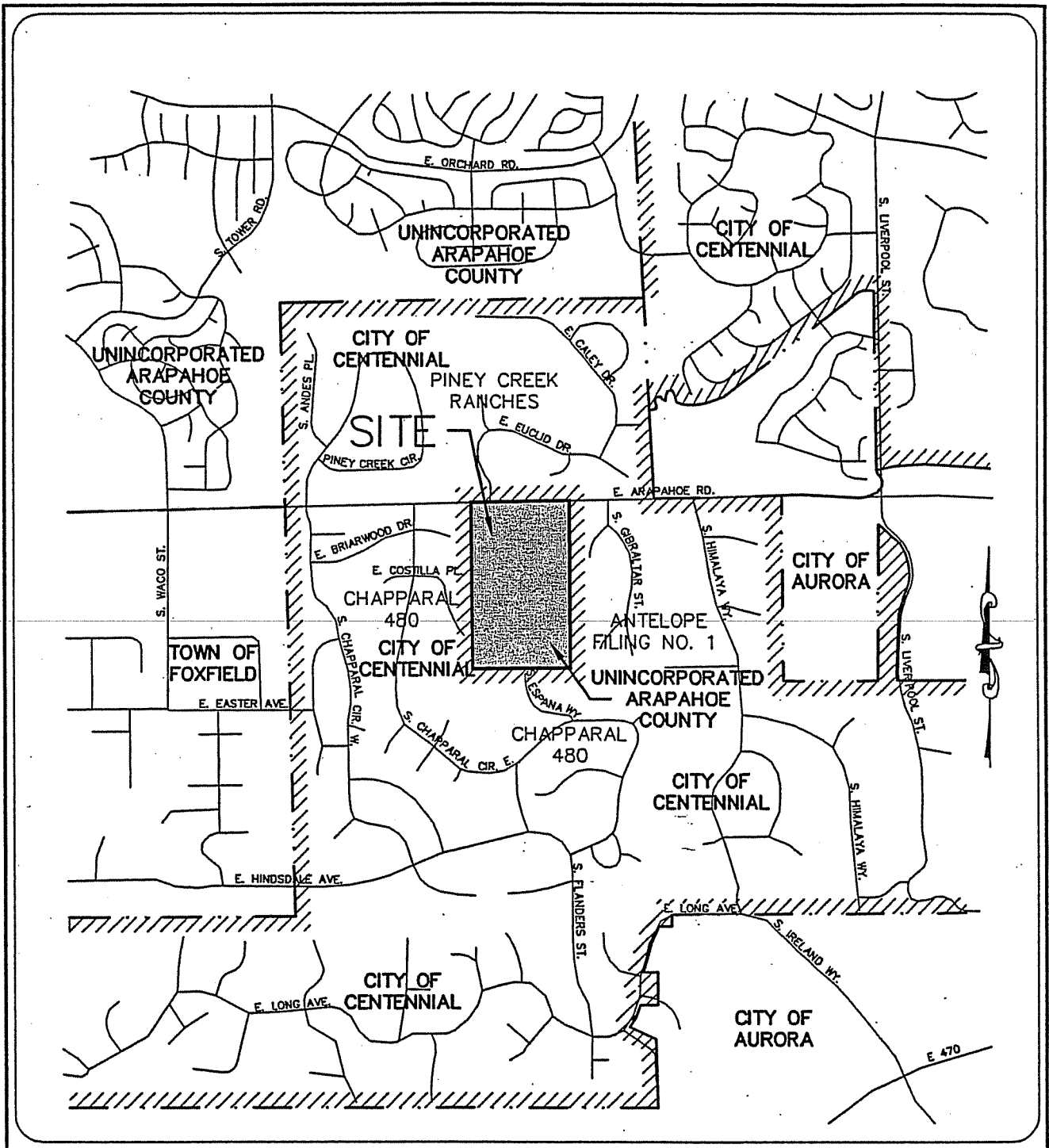
S00°08'30"W 2612.15'

SE CORNER, W 1/2, NE 1/4 SEC. 27
FND: #6 REBAR W/3-1/4" ALUM. CAP
STAMPED "LS 25942 1999"

CENTER CORNER, SECTION 27
FND: #6 REBAR W/2" ALUM. CAP
STAMPED "LS 16848 CITY OF AURORA
1994" PER MON. REC. FILED 11-16-94
BY PLS 16848

S89°27'43"W 1325.62'

Exhibit D
Vicinity Map



VICINITY MAP

Scale: 1" = 2000'

Exhibit E
Statutory Contents of Service Plan

- I. A description of the proposed services;
- II. A financial plan showing how the proposed services are to be financed;
- III. A preliminary engineering or architectural survey showing how the proposed services are to be provided;
- IV. A map of the District's boundaries and an estimate of the population and valuation for assessment of the District;
- V. A general description of the facilities to be constructed and the standards of such construction, including a statement of how the facility and service standards of the District are compatible with the facility and service standards of Arapahoe County and of municipalities and special districts which are interested parties pursuant to § 32-1-204(1), C.R.S.;
- VI. A general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the organization and initial operation of the District;
- VII. A description of any arrangement or proposed agreement with any political subdivision for the performance of any services between the District and such other political subdivisions;
- VIII. Information satisfactory to establish that each of the following criteria as set forth in § 32-1-203, C.R.S., has been met:
 - (a) That there is sufficient existing and projected need for organized service in the area to be served by the District;
 - (b) That the existing service in the area to be served by the District is inadequate for the present and projected needs;
 - (c) That the District is capable of providing economical and sufficient service to the area within their boundaries;
 - (d) That the area to be included in the District has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
 - (e) That adequate service is not, or will not be available to the area through Arapahoe County, other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

(f) That the facility and service standards of the District are compatible with the facility and service standards of Arapahoe County and each municipality which is an interested party under § 32-1-204(1), C.R.S.;

(g) The proposal is in substantial compliance with any master plan adopted pursuant to § 3-28-106, C.R.S.;

(h) That the proposal is in compliance with any duly adopted Town, county, regional, or state long-range water quality management plan for the area; and

(i) That the formation of the District will be in the best interests of the area proposed to be served.

Exhibit F
Financial Plan

ESTANCIA METROPOLITAN DISTRICT
 Development Projection & Financing Plan -- 45 total mills
 Ser. 2004 Bonds, Non-Rated, 30-yr bond maturity

YEAR	Less District Operations @ lesser of \$35,000 ind. @ 1% or max 5.0 mills	Less District Maint Expenses max 5.0 mills	Plus Developer Advances [- repayments]	Net Available for Debt Svc	Less Ser. 2004 \$2,510,000 Par [Net \$1.98 MM] Net Debt Service	Annual Surplus	Cumulative Surplus
2003	25,000	0	\$25,000	0	0	0	0
2004	25,250	0	25,250	0	\$0	0	0
2005	25,503	0	0	49,498	0	49,498	49,498
2006	25,758	2,175	0	68,654	81,575	8,079	57,577
2007	26,015	8,388	0	123,689	168,150	(44,461)	13,118
2008	23,555	14,722	0	169,846	167,825	2,021	15,237
2009	26,538	21,145	0	157,820	162,500	(4,680)	10,657
2010	26,803	24,972	0	190,824	187,500	3,324	13,981
2011	27,071	25,472	0	195,002	195,875	(873)	13,108
2012	27,342	25,472	0	194,705	193,600	1,105	14,213
2013	27,618	25,981	0	199,898	198,325	2,573	16,786
2014	27,892	25,981	0	198,699	198,725	(26)	16,760
2015	28,171	26,501	0	202,841	200,800	2,041	18,800
2016	28,452	26,501	0	202,723	202,550	173	19,074
2017	28,737	27,031	0	207,056	203,975	3,081	22,155
2018	29,024	27,031	0	208,861	205,075	1,786	23,942
2019	29,314	27,571	0	211,329	210,850	479	24,421
2020	29,608	27,571	0	211,050	210,875	175	24,488
2021	29,904	28,123	0	215,555	215,775	(220)	24,278
2022	30,203	28,123	0	215,249	214,925	324	24,601
2023	30,505	28,685	0	219,662	218,750	1,102	25,702
2024	30,810	28,685	0	218,825	218,925	2,855	28,357
2025	31,118	28,259	0	224,344	224,775	(431)	27,925
2026	31,429	28,259	0	224,019	221,850	2,369	30,295
2027	31,743	28,844	0	228,688	228,200	688	30,983
2028	32,061	28,844	0	228,775	228,775	(204)	30,759
2029	32,381	30,441	0	233,436	233,700	(262)	30,497
2030	32,705	30,441	0	233,107	232,650	457	30,954
2031	33,032	31,050	0	236,091	235,950	2,141	33,095
2032	33,363	31,050	0	237,825	238,275	(450)	32,646
2033	33,698	31,671	0	242,882	239,625	3,257	35,902
2034	34,033	31,671	0	242,643	0	242,643	278,545
2035	34,374	32,304	0	255,094	0	255,094	533,639
2036	34,717	32,304	0	262,403	0	262,403	796,042
2037	35,064	32,950	0	275,550	0	275,550	1,071,591
2038	35,415	32,950	0	283,466	0	283,466	1,355,057
2039	35,769	33,609	0	297,350	0	297,350	1,652,407
2040	1,109,870	918,773	50,250	7,368,682	5,716,275	1,652,407	

ESTANCIA METROPOLITAN DISTRICT

Development Projection -- Bulldout Plan (updated 2/23/04)

Residential Summary

YEAR	Residential				Single Family Dwellings				Total Residential Market Value	Facility Fees Collected @ \$5,000/SFD unit	Total Res'l Units	Annual Market Value +/- of Platted & Developed Lots
	# Lots Devel'd	Value @ 10%	58 Units Completed	Incr/(Decr) in Finished Lot	Price Inflated @ 2%	Market Value	Total Residential Market Value	Facility Fees Collected @ \$5,000/SFD unit				
2003	0	\$0				\$0		0	0	0	0	0
2004	0	\$0			\$1,000,000	\$0		0	0	0	0	0
2005	15	1,500,000			1,020,000	0		0	0	0	0	1,500,000
2006	15	0	15	1,040,400	15,606,000	15,606,000	75,000	15	75,000	15	0	0
2007	15	0	15	1,061,208	15,918,120	15,918,120	75,000	15	75,000	15	0	0
2008	13	(200,000)	15	1,082,432	16,236,482	16,236,482	75,000	15	75,000	15	(200,000)	(200,000)
2009	0	(1,300,000)	13	1,104,081	14,353,050	14,353,050	65,000	13	65,000	13	(1,300,000)	(1,300,000)
2010	0	0	0	1,126,162	0	0	0	0	0	0	0	0
2011	0	0	0	1,148,686	0	0	0	0	0	0	0	0
2012	0	0	0	1,171,659	0	0	0	0	0	0	0	0
	58	0	58		62,113,653	62,113,653	290,000	58	290,000	58	0	0

SOURCES AND USES OF FUNDS

**ESTANCIA METROPOLITAN DISTRICT
SERIES 2004 G.O. BONDS
30-year final maturity, Non-Rated**

Dated Date 12/01/2004
Delivery Date 12/01/2004

Sources of Funds	Par Amount	Plus: Accrued	Less: Discount	Total
Bond Proceeds: 30-yr Term Bond	2,510,000.00			2,510,000.00
	2,510,000.00	0.00	0.00	2,510,000.00
<hr/>				
Uses of Funds	Par Amount	Plus: Accrued	Less: Discount	Total
Project Fund Deposits: Project Funds	1,964,896.36			1,964,896.36
Other Fund Deposits: Capitalized Interest	419,603.64			419,603.64
Delivery Date Expenses: Cost of Issuance	125,500.00			125,500.00
	2,510,000.00	0.00	0.00	2,510,000.00

BOND DEBT SERVICE

**ESTANCIA METROPOLITAN DISTRICT
SERIES 2004 G.O. BONDS
30-year final maturity, Non-Rated**

Dated Date 12/01/2004
Delivery Date 12/01/2004

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2004					
06/01/2005			81,575.00	81,575.00	
12/01/2005			81,575.00	81,575.00	163,150
06/01/2006			81,575.00	81,575.00	
12/01/2006			81,575.00	81,575.00	163,150
06/01/2007			81,575.00	81,575.00	
12/01/2007			81,575.00	81,575.00	163,150
06/01/2008			81,575.00	81,575.00	
12/01/2008	5,000	6.500%	81,575.00	86,575.00	168,150
06/01/2009			81,412.50	81,412.50	
12/01/2009	5,000	6.500%	81,412.50	86,412.50	167,825
06/01/2010			81,250.00	81,250.00	
12/01/2010			81,250.00	81,250.00	162,500
06/01/2011			81,250.00	81,250.00	
12/01/2011	25,000	6.500%	81,250.00	106,250.00	187,500
06/01/2012			80,437.50	80,437.50	
12/01/2012	35,000	6.500%	80,437.50	115,437.50	195,875
06/01/2013			79,300.00	79,300.00	
12/01/2013	35,000	6.500%	79,300.00	114,300.00	193,600
06/01/2014			78,162.50	78,162.50	
12/01/2014	40,000	6.500%	78,162.50	118,162.50	196,325
06/01/2015			76,862.50	76,862.50	
12/01/2015	45,000	6.500%	76,862.50	121,862.50	198,725
06/01/2016			75,400.00	75,400.00	
12/01/2016	50,000	6.500%	75,400.00	125,400.00	200,800
06/01/2017			73,775.00	73,775.00	
12/01/2017	55,000	6.500%	73,775.00	128,775.00	202,550
06/01/2018			71,987.50	71,987.50	
12/01/2018	60,000	6.500%	71,987.50	131,987.50	203,975
06/01/2019			70,037.50	70,037.50	
12/01/2019	65,000	6.500%	70,037.50	135,037.50	205,075
06/01/2020			67,925.00	67,925.00	
12/01/2020	75,000	6.500%	67,925.00	142,925.00	210,850
06/01/2021			65,487.50	65,487.50	
12/01/2021	80,000	6.500%	65,487.50	145,487.50	210,975
06/01/2022			62,887.50	62,887.50	
12/01/2022	90,000	6.500%	62,887.50	152,887.50	215,775
06/01/2023			59,962.50	59,962.50	
12/01/2023	95,000	6.500%	59,962.50	154,962.50	214,925
06/01/2024			56,875.00	56,875.00	
12/01/2024	105,000	6.500%	56,875.00	161,875.00	218,750
06/01/2025			53,462.50	53,462.50	
12/01/2025	110,000	6.500%	53,462.50	163,462.50	216,925
06/01/2026			49,887.50	49,887.50	
12/01/2026	125,000	6.500%	49,887.50	174,887.50	224,775
06/01/2027			45,825.00	45,825.00	
12/01/2027	130,000	6.500%	45,825.00	175,825.00	221,650
06/01/2028			41,600.00	41,600.00	
12/01/2028	145,000	6.500%	41,600.00	186,600.00	228,200
06/01/2029			36,887.50	36,887.50	
12/01/2029	155,000	6.500%	36,887.50	191,887.50	228,775
06/01/2030			31,850.00	31,850.00	
12/01/2030	170,000	6.500%	31,850.00	201,850.00	233,700
06/01/2031			26,325.00	26,325.00	
12/01/2031	180,000	6.500%	26,325.00	206,325.00	232,650
06/01/2032			20,475.00	20,475.00	
12/01/2032	195,000	6.500%	20,475.00	215,475.00	235,950
06/01/2033			14,137.50	14,137.50	
12/01/2033	210,000	6.500%	14,137.50	224,137.50	238,275
06/01/2034			7,312.50	7,312.50	
12/01/2034	225,000	6.500%	7,312.50	232,312.50	239,625
	2,510,000		3,634,150.00	6,144,150.00	6,144,150

NET DEBT SERVICE

**ESTANCIA METROPOLITAN DISTRICT
SERIES 2004 G.O. BONDS
30-year final maturity, Non-Rated**

Period Ending	Principal	Interest	Total Debt Service	Capitalized Interest	Net Debt Service
12/01/2005		163,150	163,150	163,150	
12/01/2006		163,150	163,150	163,150	
12/01/2007		163,150	163,150	101,575	61,575
12/01/2008	5,000	163,150	168,150		168,150
12/01/2009	5,000	162,825	167,825		167,825
12/01/2010		162,500	162,500		162,500
12/01/2011	25,000	162,500	187,500		187,500
12/01/2012	35,000	160,875	195,875		195,875
12/01/2013	35,000	158,600	193,600		193,600
12/01/2014	40,000	156,325	196,325		196,325
12/01/2015	45,000	153,725	198,725		198,725
12/01/2016	50,000	150,800	200,800		200,800
12/01/2017	55,000	147,550	202,550		202,550
12/01/2018	60,000	143,975	203,975		203,975
12/01/2019	65,000	140,075	205,075		205,075
12/01/2020	75,000	135,850	210,850		210,850
12/01/2021	80,000	130,975	210,975		210,975
12/01/2022	90,000	125,775	215,775		215,775
12/01/2023	95,000	119,925	214,925		214,925
12/01/2024	105,000	113,750	218,750		218,750
12/01/2025	110,000	106,925	216,925		216,925
12/01/2026	125,000	99,775	224,775		224,775
12/01/2027	130,000	91,650	221,650		221,650
12/01/2028	145,000	83,200	228,200		228,200
12/01/2029	155,000	73,775	228,775		228,775
12/01/2030	170,000	63,700	233,700		233,700
12/01/2031	180,000	52,650	232,650		232,650
12/01/2032	195,000	40,950	235,950		235,950
12/01/2033	210,000	28,275	238,275		238,275
12/01/2034	225,000	14,625	239,625		239,625
	2,510,000	3,634,150	6,144,150	427,875	5,716,275

Exhibit G
Estimated Capital Costs



Peak Civil Consultants

Civil Engineering & Land Development Services

Project: Estancia
 Date: August 13, 2004
 Client: Estancia 80, LLC

Prepared By: BK
 Job Number: 01.28

District Construction Cost Estimate

Item	Qty	Unit	Unit Cost	Item Cost	Description
Total Earthwork	153,550.00	CY	\$1.10	\$168,905.00	Excludes Rock Excavation (Not Required)
Silt Fence	6,200.00	LF	\$4.00	\$24,800.00	Silt Fence Provided Along Perimeter of Site
Inlet Protection	16.00	EA	\$50.00	\$800.00	Provided Near Storm Sewer Inlets
Outlet Protection	5.00	EA	\$250.00	\$1,250.00	Provided Near Storm Sewer Flared End Sections
Vehicle Tracolon Control	1.00	EA	\$800.00	\$800.00	Near Entrance into Estancia Site
Retaining Walls	6,080.00	FF	\$15.00	\$91,200.00	4' Maximum Height
Rough Cut Street Control	7,744.28	LF	\$1.00	\$7,744.28	Not Including ROW
Temporary Seeding/Mulching	27.50	AC	\$500.00	\$13,750.00	Assumes all swales
Swale Protection	4,453.00	LF	\$5.00	\$22,265.00	Estimated Yearly Maintenance Costs
Maint. of Sediment Basins/EC Facilities	1	EA	\$20,000.00	\$20,000.00	
Grading & Erosion Control Subtotal				\$350,514.28	

Item	Qty	Unit	Unit Cost	Item Cost	Description
Subgrade Preparation	737	SY	\$2.00	\$1,474.00	Assumes 12" Full Depth Asphalt
Full Depth Asphalt	8,848	SYI	\$1.75	\$15,484.00	
Arapahoe Road Interim Subtotal				\$16,958.00	

Item	Qty	Unit	Unit Cost	Item Cost	Description
Subgrade Preparation	3,820	SY	\$2.00	\$7,640.00	Assumes 6.5" Full Depth Asphalt (Based on Plans by Feisburg, Heit & Ullevig)
Vertical Curb & Gutter	1,322	LF	\$8.00	\$10,579.60	
Full Depth Asphalt	45,840	SYI	\$1.75	\$80,220.00	Assumes 25' Landscape Esamt. Along Site Frontage
5' Detached Sidewalk	1,189	LF	\$15.00	\$17,841.75	
Landscaping	33,061	SF	\$3.00	\$99,183.00	
Arapahoe Road Ultimate Subtotal				\$215,464.35	

Internal Streets

Item	Qty	Unit	Unit Cost	Item Cost	Description
Subgrade Preparation	26,886	SY	\$2.00	\$53,772.00	Under All Hard Surface Area Assumes 7.5" Full Depth Asphalt Typical 8' Crossspan For Interim Condition of Euclid St. Near Arapahoe Road For Interim Condition of Euclid St. Near Arapahoe Road For Interim Condition of Euclid St. Near Arapahoe Road For Ultimate Condition of Euclid St. Near Arapahoe Road For Ultimate Condition of Euclid St. Near Arapahoe Road For Ultimate Condition of Euclid St. Near Arapahoe Road For Interim Condition to Ultimate Condition of Euclid St.
Mountable Curb & Gutter	15,185	LF	\$8.00	\$121,480.00	
Full Depth Asphalt	202,110	SYI	\$1.75	\$353,692.50	
Concrete Crossspan	85	SY	\$50.00	\$4,250.00	
Temp. Subgrade Preparation	62	SY	\$124.00	\$3,435.76	
Temp. Mountable Curb & Gutter	429	LF	\$8.00	\$944.00	
Temp. Vert. Median Curb & Gutter	118	LF	\$8.00	\$124.00	
Ultimate Subgrade Preparation	62	SY	\$2.00	\$124.00	
Ultimate Mountable Curb & Gutter	429	LF	\$8.00	\$3,435.76	
Ultimate Vert. Median Curb & Gutter	118	LF	\$8.00	\$944.00	
Demolition of Temp. Euclid	16,768	SF	\$0.50	\$8,384.02	
Internal Streets Subtotal				\$550,586.04	

Water

Item	Qty	Unit	Unit Cost	Item Cost	Description
6" Water Main	250	LF	\$16.80	\$4,203.36	For Fire Hydrant Assembly Unless Noted Otherwise Includes 6" Gate Valve
8" Water Main	8,525	LF	\$22.39	\$190,882.14	
Fire Hydrant Assembly	13	EA	\$2,600.00	\$33,800.00	
8" Gate Valve	21	EA	\$815.00	\$17,115.00	
8"x6" Tee w/TB	13	EA	\$295.00	\$3,835.00	
8"x8" Tee w/TB	8	EA	\$300.00	\$2,400.00	
8"-90 Bend w/TB	1	EA	\$230.00	\$230.00	
8"-45 Bend w/TB	2	EA	\$460.00	\$920.00	
8"-11-1/4 Bend w/TB	17	EA	\$230.00	\$3,910.00	
8"-22-1/2 Bend w/TB	35	EA	\$230.00	\$8,050.00	
8" Plug & B.O.	8	EA	\$2,310.00	\$18,480.00	
3/4" Water Service Lines	58	EA	\$825.00	\$47,850.00	
Connect to Existing	1	EA	\$220.00	\$220.00	
Water Pumping Station	1	EA	\$50,000.00	\$50,000.00	
Water Subtotal				\$381,435.50	Estimated pro rata share of estimated total cost of \$300,000

Water Stub to Antelope

Item	Qty	Unit	Unit Cost	Item Cost	Description
6" Water Main	368	LF	\$16.80	\$6,162.40	Water Between Lots 31-32 and Lot 29
6" Gate Valve	2	EA	\$650.00	\$1,300.00	Water Between Lots 31-32 and Lot 29
8"x6" Tee w/TB	2	EA	\$295.00	\$590.00	Water Between Lots 31-32 and Lot 29
6" Bend	2	EA	\$245.00	\$490.00	Water Between Lots 31-32 and Lot 29
6" plug & B.O.	2	EA	\$850.00	\$1,700.00	Water Between Lots 31-32 and Lot 29
Water Stub to Antelope Subtotal				\$10,262.40	

Storm Sewer

Item	Qty	Unit	Unit Cost	Item Cost	Description
18" RCP	584	LF	\$27.00	\$15,759.90	
24" RCP	337	LF	\$35.00	\$11,781.00	
30" RCP	2,253	LF	\$43.00	\$96,896.20	
36" RCP	96	LF	\$51.00	\$4,911.30	
42" RCP	354	LF	\$50.00	\$17,700.00	
48" RCP	127	LF	\$50.00	\$6,325.00	
4" Diameter Manhole	21	EA	\$1,350.00	\$28,350.00	
5' Type R Inlet	3	EA	\$2,040.00	\$6,120.00	
10' Type R Inlet	1	EA	\$3,168.00	\$3,168.00	
15' type R Inlet	5	EA	\$4,296.00	\$21,480.00	
Type D Inlet	1	EA	\$2,000.00	\$2,000.00	
Type C Inlet	1	EA	\$2,000.00	\$2,000.00	
24" Flared End Section	1	EA	\$1,000.00	\$1,000.00	
30" Flared End Section	3	EA	\$1,250.00	\$3,750.00	
36" Flared End Section	2	EA	\$1,500.00	\$3,000.00	
48" Flared End Section	1	EA	\$1,750.00	\$1,750.00	
Pond Outlet Structure	3	EA	\$7,000.00	\$21,000.00	
Buried Type M Riprap	24	CY	\$75.00	\$1,800.00	
Maint. of Retention/Detention/WQ Ponds	1	EA	\$15,000.00	\$15,000.00	Estimated Yearly Maintenance Costs
Storm Sewer Subtotal				\$263,791.40	

Miscellaneous

Item	Qty	Unit	Unit Cost	Item Cost	Description
Inclusion into ACWWA	1	EA	\$452,400.00	\$452,400.00	Reimbursement
ACWWA reimbursement	1	EA	(\$31,000.00)	(\$31,000.00)	Estimated Annual Per Lot
OWS Maintenance	58	LOT	\$50.00	\$2,900.00	Mosquito Pesticide Sprayed Near Standing Water Areas
Mosquito Control (Estimated Annual)	1	EA	\$20,000.00	\$20,000.00	
Surveying	58	EA	\$1,000.00	\$58,000.00	
Geotechnical/Materials Testing/Pavement	58	EA	\$300.00	\$17,400.00	
Design					
Perimeter Fencing	7,700	LF	\$20.00	\$154,000.00	
Entry Wall ID	1	EA	\$100,000.00	\$100,000.00	
Miscellaneous Subtotal				\$773,700.00	
District Subtotal:			\$2,562,711.96		
Construction Management at 4.5%			\$115,322.04		
10% Contingency:			\$256,271.20		
Total			\$2,934,305.20		

Exhibit H
Form Agreement for the Provision of Water Service

INTERGOVERNMENTAL AGREEMENT FOR THE PROVISION OF WATER SERVICE

This Agreement (the "Agreement") is made, entered into, and shall be effective as of this _____ day of _____, 200__, by and between Estancia Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District") and the Arapahoe County Water and Wastewater Authority, a political subdivision of the State of Colorado ("ACWWA").

RECITALS

WHEREAS, the District and ACWWA are authorized to enter into intergovernmental agreements pursuant to the provisions of Article XIV, Section 18(2)(a) of the Colorado Constitution, and Section 29-1-203, C.R.S.; and

WHEREAS, the District desires to develop the property contained within its boundaries in a manner pursuant to, and in accordance with, its Service Plan; and

WHEREAS, the District's property currently has no available water service; and

WHEREAS, the District is desirous of obtaining water services for said property; and

WHEREAS, while the District's Service Plan provides powers for the design, acquisition, installation and construction of a water distribution system, the District intends to convey those facilities to ACWWA and will not be a water provider within the Estancia Metropolitan District; and

WHEREAS, ACWWA is desirous of being the water provider to the District, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, ACWWA and the District agree as follows:

1. ACWWA shall provide water services to the District in an amount sufficient to accommodate 58 single-family dwelling units within the Estancia development. ACWWA shall be the sole provider of water services within the boundaries of the District, which properties will also be included within the Arapahoe County Water and Wastewater Public Improvement district ("ACWWPID"), and shall be subject to ACWWPID mill levies, tap fees and service charges. Service charges shall be billed directly to the users by ACWWA.

2. The District shall construct, in a manner consistent with its Service Plan and ACWWA construction standards, all of the facilities necessary to connect existing ACWWA water facilities to said dwelling units. These facilities shall include, but not be limited to, water lines and the District's pro-rata share of a pump station. The point of connection to the existing ACWWA water facilities shall be at the location along the District's property line designated by ACWWA.

3. Once said construction is completed to ACWWA's specifications and standards, and inspected and accepted by ACWWA, the District shall transfer ownership of all of the water facilities constructed to ACWWA by means of bills of sale, warranty deeds, or as otherwise requested by ACWWA.

4. In addition to the terms hereof, the commencement and continued provision of water service to the District's residents shall be subject to continual compliance with any and all ACWWA, local, State or Federal laws and/or rules and regulations. It is the intent of the District and ACWWA that, following connection of any tap within the District's boundaries, ACWWA's water service to that tap shall be perpetual and subject to the terms hereof.

5. This Agreement shall be contingent upon the execution of a service agreement between ACWWA and Estancia 80, LLC for service to the Estancia development.

6. All notices, consents or other instruments or communications provided for under this Agreement shall be in writing, signed by the party giving the same, and shall be deemed properly given and received (a) when actually delivered and received personally, by messenger service, or by fax or telecopy delivery; (b) on the next business day after deposit for delivery in an overnight courier service such as Federal Express; or (c) three business days after deposit in the United States mail, by registered or certified mail with return receipt requested. All such notices or other instruments shall be transmitted with delivery or postage charges prepaid, addressed to the party at the address below for that party or to such other address as such party may designate by written notice to the other party.

If to the District:

Estancia Metropolitan District
30 Cherry Hills Farm Drive
Englewood, CO 80110

Attn: President

With a copy to:

White and Bear, Professional Corporation
1805 Shea Center Drive, Suite 100
Highlands Ranch, CO 80129

Attn: Kristen D. Bear, Esq.

If to ACWWA:

Arapahoe County Water and Wastewater Authority
13031 E. Caley Ave.
Englewood, CO 80111

With a copy to:

Robinson & Scheurer, P.C.
143 Union Boulevard, Suite 625
Lakewood, CO 80228

Attn: Richard J. Scheurer, Esq.

7. The District and ACWWA hereby agree that this Agreement may be enforced in law or in equity, by decree of specific performance or damages, or pursuant to such other legal and/or equitable relief as may be available under the laws of the State of Colorado.

8. This Agreement may not be amended, modified, or changed, in whole or in part, without a written agreement executed by both the District and ACWWA.

9. Neither the District nor ACWWA shall assign its rights or delegate its duties hereunder without the prior, written consent of the other party.

10. This Agreement and its Exhibits represent the entire, integrated agreement between the District and ACWWA with respect to the matters set forth herein and hereby supersedes any and all prior negotiations, representations, agreements or arrangements of any kind with respect to those matters, whether written or oral.

11. If any clause or provision of this Agreement is adjudged invalid and/or unenforceable by a court of competent jurisdiction or by operation of any law, such clause or provision shall not affect the validity of this Agreement as a whole, but shall be severed herefrom, leaving the remaining Agreement intact and enforceable.

12. This Agreement is intended to be perpetual in nature and existence and shall inure to the mutual benefit of the District and ACWWA, their respective heirs, successors and permitted assigns.

13. In accordance with Section 29-1-203(1), C.R.S., this Agreement shall not become effective unless and until it has been approved by the governing bodies of the District and ACWWA, or such person(s) as shall have the power to approve this Agreement on their behalf.

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IN WITNESS WHEREOF, the District and ACWWA have executed this Agreement on the date and year first above written:

ESTANCIA METROPOLITAN DISTRICT

By: _____
President

ATTEST:

Secretary

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing Agreement was acknowledged before me on this _____ day of _____, 200__, by _____ as President and _____ as Secretary of Estancia Metropolitan District.

WITNESS my hand and official seal.

My Commission expires: _____

Notary Public

