

CONSOLIDATED SERVICE PLAN
FOR
ROCKINGHORSE METROPOLITAN DISTRICT NOS. 1 and 2

CITY OF AURORA, COLORADO

Prepared

by

White and Associates Professional Corporation

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I. INTRODUCTION

A. General Overview. This consolidated service plan ("Service Plan") for RockingHorse Metropolitan District Nos. 1 and 2 (hereinafter collectively known as "Districts") constitutes a combined service plan for two special districts proposed to be organized to serve the needs of a new community to be known as "RockingHorse." RockingHorse Metropolitan District No. 1 shall hereinafter be known as "the Operating District," and RockingHorse Metropolitan District No. 2 shall hereinafter be known as "the Taxing District." The primary purpose of the proposed Districts is to provide public improvements to be dedicated to the City of Aurora, ("Aurora") or to the Operating District for the use and benefit of the Districts' inhabitants and taxpayers. The proposed Districts are generally located east of Parker Road, southeast of E-470, south of County Line Road and contain approximately 1,031 acres. This Service Plan was prepared by White and Associates Professional Corporation, 8005 S. Chester Street, Suite 125, Englewood, Colorado 80112; telephone (303) 858-1800.

In general, the Taxing District will serve to provide funding to the Operating District for construction, operation and maintenance of the facilities and improvements described herein. The Operating District will manage the financing, construction, operation and maintenance of such facilities and improvements. Agreements between the Districts will identify the timing, purposes and scope of issuance of bonds by the Taxing District to fund those activities. The "Financing Plan" discussed in Section V contains a consolidated financial plan for the two Districts as a result of the inherent financial ties which the Districts will have to each other for the provision of public improvements for the project and for the payment of debt.

The use of a consolidated Service Plan for the proposed Districts will help ensure proper coordination of the powers and authorities of each respective District, and will help avoid confusion regarding the separate but coordinated purposes of the Districts which could arise if separate service plans were used. Unless otherwise specifically noted herein, the general provisions of this Service Plan apply to the Districts collectively. Where necessary, however, specific reference is made to an individual District to help distinguish the powers and authorities of each District.

Improvements to be provided by the Districts shall include the types of facilities and improvements generally described in Section II.C. below, consisting largely of water, wastewater, streets, park and recreation facilities and other improvements needed for the area. This Service Plan addresses the improvements which are expected to be provided by the Districts and demonstrates how the Districts will work together to provide the necessary public improvements. The Districts may, with Aurora's agreement, engage in other activities.

The assumptions contained within this Service Plan were derived from a variety of sources. Information regarding the present status of property within the Districts, as well as the current status and projected future level of similar services, was obtained from the Developer. Construction cost estimates were assembled by Nolte Associates, Inc., which has experience in the costing and construction of similar facilities. Financial recommendations and advice in the

preparation of the Service Plan were provided by Kirkpatrick Pettis and Clifton Gunderson, LLP, who have experience as financial consultants to numerous special districts.

B. Contents of Service Plan. This Service Plan consists of a financial analysis and engineering information showing how the facilities and services of the Districts can be provided and financed. Numerous items are addressed in this Service Plan in order to satisfy the requirements of law relative to formation of special districts, as further specifically identified in Exhibit K attached hereto. It is believed that each of the requirements of law and of the Aurora Code are satisfied by this Service Plan.

C. Modification of Service Plan. This Service Plan has been prepared with sufficient flexibility to enable the Districts to provide required services and facilities to meet the needs of the community under evolving circumstances. While the assumptions upon which this Service Plan are generally based and reflective of proposed zoning for the property within the proposed Districts, the cost estimates and Financing Plan are sufficiently flexible to enable the Districts to provide the necessary services and facilities without the need for repeated amendments to the Service Plan. To the extent permitted herein, modification of the proposed configuration of improvements, scheduling of construction of such improvements, and the locations and dimensions of various facilities and improvements shall be permitted administratively to accommodate development needs consistent with zoning for the property.

D. Multiple District Structure. This Service Plan defines the powers and authorities of, as well as the limitations and restrictions on, the proposed Districts. The Operating District will be responsible for managing the construction of all facilities and improvements, and for the operation and maintenance of all improvements, which are not conveyed to Aurora. The Taxing District will be responsible for providing the funding and tax base needed to support the Financing Plan for capital improvements and to fund ongoing operations.

Various agreements are expected to be executed by the Districts clarifying the nature of the functions and services to be provided by each District. A description of such agreements shall be included in the annual report to be provided by the Districts to Aurora, as described in Section VI. The agreements will be designed to help assure the orderly development of essential services and facilities resulting in a community, which will be both an aesthetic and economic asset to Aurora.

Establishment of the proposed Districts will create several benefits for the inhabitants of the community and Aurora. In general, those benefits are: (a) coordinated administration of construction and operation of public improvements and delivery of those improvements in a timely manner; (b) maintenance of a reasonably uniform mill levy and reasonable tax burden on all residential and commercial areas through controlled management of the financing and operation of public improvements; and (c) assured compliance with state laws regarding taxation which permits the issuance of bonds at the most favorable interest rates possible.

II. PURPOSE OF AND NEED FOR THE PROPOSED DISTRICTS

A. Purpose and Intent. It is intended that the Districts will provide certain essential public-purpose facilities for the use and benefit of all anticipated inhabitants and taxpayers of real property within the boundaries of the Districts, which are wholly located within Aurora. The primary purpose of the Districts will be to finance the construction of these facilities. It is not the intent of the Districts to provide ongoing services other than as specifically set forth in this Service Plan and approved by Aurora. The Districts acknowledge the need and their intent to cooperate with Aurora to serve and promote the health, safety, prosperity, security and general welfare of its inhabitants. As evidence of such cooperation and need to coordinate activities with Aurora, the proposed Districts shall obtain a resolution approving this Service Plan from Aurora which shall be attached hereto as Exhibit A. Should the purposes of the Districts change from what is stated herein, it shall be considered to be a material modification of this Service Plan.

B. Need for Districts. There are currently no other entities in existence located in the surrounding area of the Districts, which have the ability and/or desire to undertake the design, financing and construction of improvements needed for the project. It is the petitioners' understanding that Aurora does not consider it feasible or practicable for it to provide the necessary services and facilities for the project depicted in Exhibit E hereof and described herein. Formation of the Districts is necessary for the provision of public improvements required for the project in the most economic manner possible.

C. General Powers. The proposed Districts will have power and authority to provide the services and facilities generally described in this Service Plan; however, the powers and authorities of each District will be allocated and further refined in a Master Intergovernmental Agreement ("Master IGA"), as referred to in Section I.D above, which may be voted upon and approved by the Districts' voters and shall constitute contractual general obligation debt of the Taxing District. For purposes of applicable state laws and Aurora requirements, the Master IGA shall not constitute an amendment of this Service Plan, but shall constitute an integral element of the plan for the Districts and shall be considered a binding agreement between the Districts regarding implementation of the powers contained in this consolidated Service Plan. The termination of, or any material amendment to the Master IGA, shall be deemed a material modification to the Service Plan, and subject to Aurora's prior approval. However, if the Operating District dissolves simultaneously with the termination of the Master IGA as is contemplated upon completion of construction of the improvements set forth herein and financing therefore then no material modification will have been deemed to occur. Contractual debt obligations of the Master IGA shall not count against the total combined new money debt limit ("Debt Limit") as set forth in Section V herein.

1. Powers Regarding Services and Facilities. The Operating District shall have authority to construct, operate and maintain the services and facilities described below. The Taxing District will provide the funding to the Operating District necessary for activities to be undertaken by the Operating District. Funding will be provided by the issuance of bonds by the Taxing District at times required pursuant to the Master IGA. The following activities shall be permitted:

a. Water. The supply of water for domestic and other public and private purposes by any available means and the design, acquisition, installation and construction of a complete water and irrigation water system, including but not limited to the 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.

b. 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.

c. 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 buildings, access gates, signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities.

d. Parks, Open Space and Recreation. The design, acquisition, installation, construction, operation and maintenance of public park and recreation facilities or programs including, but not limited to, swimming pools and spas, tennis courts, exercise facilities, bike paths, hiking trails, pedestrian trails, pedestrian bridges, pedestrian malls, public fountains and sculpture, art, and botanical gardens, equestrian trails and centers, picnic areas, skating areas and facilities, common area and right-of-way landscaping and irrigation, weed control, outdoor lighting of all types, community events and other facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems.

e. Sewer and Drainage. The design, acquisition, installation and construction of storm or sanitary sewers, or both, flood and surface drainage, gutters, culverts, storm sewers and other drainage facilities, detention ponds, retaining walls and appurtenances, wastewater collection and disposal works and facilities, and all necessary or proper equipment and 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.

2. Relationship with Framework Development Plan. The terms, requirements and provisions of the RockingHorse Framework Development Plan ("FDP"), as approved by the City of Aurora, shall take precedence over conflicting terms and provisions, if any between the final FDP and this Service Plan. If there is any density discrepancy greater than 5% between the number of units described in the Financing Plan and the final FDP, then the Service Plan will be amended, and approved by the City, to reflect the actual number of units to be constructed.

3. Miscellaneous Powers. The Districts shall have the following miscellaneous powers with respect to activities to be conducted pursuant to this Service Plan.

a. Legal Powers. The powers of the Districts will be exercised by their boards of directors to the extent necessary to provide the services contemplated in this Service Plan. The foregoing improvements and services, along with all other activities permitted by law, will be undertaken in accordance with, and pursuant to, the procedures and conditions contained in the Special District Act, other applicable statutes and this Service Plan, as any or all of the same may be amended from time to time.

b. Other. In addition to the powers enumerated above, the boards of directors of the Districts shall also have the following authority:

i. To amend this Service Plan as needed, subject to applicable state and local laws contained in Title 32, C.R.S. and the Aurora Code. Each District shall have the right to amend this Service Plan independent of participation of the other Districts on condition that none of the Districts shall be permitted to amend those portions of this Service Plan which affect, impair, or infringe upon the rights or powers of the other District without such District's written consent. No District shall be permitted to depart from or attempt to amend this Service Plan in any way which materially affects the activities of the other District as contemplated herein including, but not limited to, the efforts of the Operating District exclusively to manage the payment, construction, operations and maintenance of facilities as contemplated herein; and

ii. With the written consent of the Operating District, to forego, reschedule, or restructure the payment 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 other Districts, or if the development of the improvements and facilities would best be performed by another entity; and

iii. To provide all such services and exercise all such powers as are expressly or impliedly granted herein, and which the Districts are required to provide or exercise or, in their discretion, choose to provide or exercise; and

iv. To exercise all necessary and implied powers under Title 32, C.R.S. in the reasonable discretion of the boards of directors of the Districts, subject to, and in accordance with, the powers described herein.

III. BOUNDARIES; POPULATION AND ASSESSED VALUATION ESTIMATES

A. General. The service areas of the Districts are generally described as all real property within the collective boundaries of the Districts. The boundaries of the Districts are more particularly depicted in the maps contained in Exhibit D. Legal descriptions of the boundaries of the Operating District and the Taxing District are attached as Exhibit B. The service areas of the Districts are more particularly discussed in Section III.C. which follows. Exhibit C is an Aurora vicinity map, which generally reflects the Districts' location within current Aurora boundaries.

The developer of the Project is New Cities Development Group (the "Developer"). The Developer holds title to all real property within the Districts. RockingHorse will contain approximately 1,031 acres of real property divided into several development phases planned for residential communities. The improvements, which are described in this Service Plan, are necessary and applicable for the entirety of RockingHorse. The petitioners assure that the Districts are entirely within the current boundaries of Aurora.

B. Changes in Boundaries. The District shall obtain written approval from Aurora prior to seeking a change in its boundaries. Any changes in the boundaries of either the Operating District or the Taxing District shall be approved administratively on the condition that all property originally in one of the Districts remains in one of the Districts. Otherwise, the inclusion or exclusion of any property into or from the boundaries of the Districts shall be subject to the prior approval of the Aurora City Council following a public hearing thereon.

C. Configuration of Districts. In order to implement the multiple district structure contemplated herein, the boundaries and individual service areas of the Operating District and the Taxing District need to be carefully configured. The service area (the area legally permitted to be served) of the Operating District will consist of the entire community, including the property within the Taxing District's boundaries. The service area of the Taxing District will be the Taxing District's legal boundaries, as amended from time to time. The Operating District will have power to impose taxes only within its legal boundaries, but will be permitted to provide public services to its entire service area and will be permitted to impose fees and charges for such services in the areas served. The Taxing District will have power to assess taxes and other charges permitted by law only within its service area to fund the Taxing District's obligations to the Operating District. It is currently anticipated that no residential units will be located within the Operating District. The Taxing District is expected to contain residential and commercial properties.

D. Population and Assessed Valuation Estimates. An estimate of projected assessed valuations within the Districts is set forth in Exhibit I, which contains the Financing Plan for the Districts. The 2001 assessed valuation for all property within the boundaries of the Districts was approximately \$32,759.

1. RockingHorse Metropolitan District No. 1. The Operating District shall consist of open space and public park and recreation improvements. There will be no residential

component within the boundaries of the Operating District; therefore there is no projected population.

2. RockingHorse Metropolitan District No. 2. The Taxing District shall consist of residential development comprised of single and multi-family homes. At build-out, the population of the Taxing District is estimated to be 3,750 persons.

IV. DESCRIPTION OF PROPOSED FACILITIES

The following section describes the facilities and improvements expected to be provided by the Districts both within and without their boundaries. This description is preliminary only and will be subject to modification and revision as engineering plans, financial factors, construction scheduling and costs may require. The improvements shall be subject to the limitations on the powers of the Districts as set forth in this Service Plan. Improvements not specifically described herein shall be permitted as long as they are necessary and appurtenant to those improvements generally contemplated in the Service Plan and are within the Districts' financial ability to provide such improvements. As noted herein, the Taxing District will provide funding to the Operating District for construction, operation, and maintenance of such facilities and improvements. The Operating District will be permitted to exercise its statutory powers and authority set forth herein to finance, construct, acquire, operate and maintain the public facilities and their improvements as further described in this Service Plan, either directly or by contract. Where appropriate, the Operating District will contract with various public and/or private entities to undertake such functions, including a Master IGA with the Taxing District and an Intergovernmental Agreement with the City of Aurora, both as further described herein.

The Facilities Plan, attached hereto as Exhibit E, generally identifies the facilities and improvements to be designed, financed, and constructed by the Districts. The Facilities Plan also includes a schedule of estimated costs (in current dollars) and the anticipated timetable for the construction of such facilities and improvements, as well as an explanation of the methods, basis, and/or assumptions used to prepare such Plan.

The combined total estimated cost of the facilities and improvements that the District shall be permitted to construct is approximately \$62,416,201 inclusive of contingencies, engineering, and construction management. Diagrams showing the general layout of the proposed facilities and improvements are attached hereto as Exhibit E. Any material change from what is contemplated within this Service Plan regarding the type or cost of, or the construction timetable for, such facilities and improvements from that which has been stated in this section may be considered to be a material modification of this Service Plan.

Upon approval of this Service Plan, the Districts will continue to develop and refine cost estimates contained herein and prepare for bond issues. Updated information if any, shall be provided to the City in the annual report referred to herein. All cost estimates will be inflated to then-current dollars at the time of bond issuance and construction. All construction cost estimates assume construction to applicable local, state or federal requirements.

A. Water System.

1. Overall Plan. The water system will consist of a water distribution system consisting of buried water mains, fire hydrants and related appurtenances located predominately within the District boundaries or easements. The final configuration of the internal water system is yet to be designed. When design and construction are finalized, the system will serve each development tract from adjacent streets and roads. Operations and maintenance of all water facilities will be provided by Aurora. The District shall dedicate to Aurora all utility facilities traditionally owned and operated by the City for operations and maintenance.

2. Design Criteria. The proposed domestic potable water distribution system is expected to include pressurized water mains with multiple pressure zones. Water system components will be installed in accordance with the applicable standards of all entities with jurisdiction over the Districts including Aurora. The Drinking Water Design Criteria of the Colorado Department of Health will also be followed where applicable. The water system will also be designed based on Aurora fire protection requirements.

System pressure will primarily be controlled by an Aurora pump station and a storage tank or reservoir may be required. Pressure zones will be created to maintain static water pressures in roadway water mains in accordance with Aurora's utilities regulations. Water transmission mains will be installed from a direct connection to Aurora's water distribution system. Treated water will be delivered to the mains by high-pressure pump stations.

3. Water Demand. The individual water system components will be sized based upon the projected potable, irrigation and fire flow requirements of RockingHorse.

4. Water Distribution System. The water distribution system will be owned, operated and maintained by Aurora. The system is expected to include main distribution and transmission lines and related appurtenances. At completion, the water distribution system will provide domestic potable water to all platted lots within the Taxing District. The mains will provide for normal and peak water demands of the project as well as the delivery of fire protection water. The water distribution system may also contain reuse mains and delivery lines for irrigation.

5. Metering. Water users within the Taxing District will be metered. Billings for all water service will be based on actual water use to the extent reasonably practicable. The billing process will be the responsibility of Aurora.

6. Cost Estimates. The estimated construction costs for the development of the domestic water system for RockingHorse are presented in Exhibit E.

7. Irrigation Water Supply. It is anticipated that the Districts will acquire water, for purposes of irrigation, from the City through an intergovernmental agreement. It is expected that this agreement shall incorporate the following terms:

a. Irrigation water will be supplied through a potable or non-potable water supply system.

b. Once the City implements a non-potable or tertiary system, the Districts will connect to such a system within 6 months of the City requesting the Districts to do so.

B. Street Improvements. After conveyance by the Developer of the street rights-of-way or appropriate easements to the Operating District, the Operating District is expected to construct curbs, gutters, culverts, drainage ditches, sidewalks, box culverts, tunnels, paving, lighting, landscaping and other road, street and drainage facility improvements which the project will require, as well as necessary traffic and safety protection devices and controls.

1. Roadway Infrastructure. All public streets and streets dedicated by plat within the Districts will be maintained by Aurora. This will include all roadway infrastructure as it is completed and accepted by Aurora. With the exception of private roads within the Districts, snow removal and other roadway maintenance on roads within the Districts that will be dedicated to and accepted by Aurora will be Aurora's responsibility.

2. Drainage Facilities. The Operating District is expected to construct culverts, drainage ditches, box culverts, tunnels and drainage facility improvements, including but not limited to detention ponds and water quality ponds as necessary. Only those regional storm drainage facilities dedicated to and accepted by Aurora will be operated and maintained by Aurora. Public detention and water quality ponds that will not be owned, operated or maintained by the City will be operated and maintained by the Operating District or by contract with a homeowner's association ("HOA").

3. Cost Estimates. The estimated construction costs for the development of the roadway system for the project are shown on Exhibit E.

C. Park and Recreation Improvements; Landscaping.

1. Parks and Open Space. The park improvements are expected to be constructed and maintained within the Districts include common area landscaping, an irrigation system, monumentation and trail improvements. Landscaping improvements may consist of irrigated turf, hardscape, walkways, shrubs, mulch beds, and various amenity features. All public parks shall be open and available to the general public and Aurora citizens free of charge. If the development proceeds in accordance with the FDP, it is expected that the following improvements will be provided within the boundaries of the Districts:

a. Neighborhood Parks

In addition to the six Neighborhood Activity Centers (NACs), discussed below, the plan accommodates two neighborhood parks proposed as additional designated areas for common space for standard community amenities. These parks will house facilities such as open fields, picnic areas, shelters, playgrounds and hard court play areas, providing the necessary

conveniences for a development of this magnitude. One of these neighborhood parks is located in the northeast corner of the site providing easy access and visibility to travelers on the Piney Creek/Sampson Gulch trail system. Low, stone structures intended to reflect the Rocky Mountain Craftsman architectural styles are to be used in this park. This park may become a pedestrian gateway into the property with convenient access to and from the Creekside neighborhood. The second neighborhood park is centrally located, and is on axis with the Recreation Center. The connection provides a green area between communities and allows convenient circulation between facilities. It is located on a high point, providing visual connection to both the lake and Golf neighborhood. The architecture of the park structures shall reflect the styles used in the golf course neighborhood. A tall identifier element chosen from the Rocky Mountain Craftsman theme will help the park fit with the neighborhood. Both neighborhood parks have been situated along sidewalks, trails and open space corridors to allow for primarily pedestrian traffic.

The two Neighborhood Parks provide expanded opportunities for group play and larger gatherings. A neighborhood park is required by the City of Aurora standards to be over five acres in size and contain open fields facilitating the play of many sports. Some uses that will occur in the parks will be multi-purpose play field, hard court surface (basketball, in-line hockey, etc.), tot lot, snow sledding run, interpretive and educational opportunities, concrete trails (hiking, skiing, etc) and pavilions/picnic Areas

2. Recreation. If the development proceeds in accordance with the FDP, it is expected that the following improvements will be provided within the boundaries of the Districts:

a. The Lake

A generous 22-acre lake is planned in the central part of the property, immediately adjacent to the Gartrell Road re-alignment. Aesthetically and functionally, the Lake provides an inherent and spectacular amenity to the community. The addition of a sizable water feature such as this is rare and opens up many opportunities, both passive and active. A meandering concrete trail will circle the lake. It will pass private activity nodes; rising to a boardwalk to protecting newly created sensitive wetlands, and terminates at the Lakeside Recreation Center. The Lakeside Recreation Center (Neighborhood Activity Center #2) located adjacent to the lake provides premium amenities responding to a variety of ages and lifestyles. The pool house and all community structures shall be designed in the American Classic, Spanish Revival, Rustic Italian or Formal European styles, as detailed in the Architectural Standards. The recreation center will be available for use for the entire community allowing year-round activities and an area for socialization and community gathering.

b. Neighborhood Activity Centers (NACs)

RockingHorse is expected to contain six Neighborhood Activity Centers (NAC) spaced conveniently throughout the development. NACs are defined as areas of intensified gathering and being less than five acres in size. A NAC may have uses associated with them that

extend well into the community, such as trails, golf, and lake uses. Below, we have listed uses that will be available at each Neighborhood Activity Center.

NAC #1: Golf Course Club (Privately owned)

NAC #2: The Lake Club containing a Swimming pool, Recreational complex (billiards, ping pong, arcade, rental spaces, etc.), Fishing, Canoeing, Tennis, Sand tot lot, Multi purpose play field, Concrete trail system, Passive uses (picnic spaces, sitting, viewing, walking, cross country skiing, etc.), Interpretive and educational opportunities (wetlands), Outdoor theater/bandstand and Concessions.

NAC #3: The Creekside Elementary School containing a School site, Multi-use field, Baseball/softball, Hard court play surface, Auditorium/cafeteria and Meeting spaces for rental. This location is subject to change/relocation at the time of the CSP submittal pending further discussions with the Douglas County School District. Should the Douglas County School District choose to relocate the Elementary School from RockingHorse, the NAC #3 will remain with a new program to benefit the Creekside Neighborhood.

NAC #4: Golf Neighborhood- Tot Play Center containing Passive uses (picnic spaces, sitting, viewing, walking, cross country skiing, etc.), Picnic shelter (sitting, picnicking, bar-b-que, etc.), Tot lot (focus on younger users) and an Open play field.

NAC #5: Golf Neighborhood- Teen Play Center containing Passive uses (picnic spaces, sitting, viewing, walking, cross country skiing, etc.), Picnic shelter (sitting, picnicking, bar-b-que, etc.), Playground/play center (focus on pre-teens and teens) and Horseshoes.

NAC #6: Golf Neighborhood- Fitness Center containing 1/8 mile concrete loop trail, 8 fitness stations and a Multi-use field.

3. Trails. Trails are proposed to provide linkage between the major development parcels and other major roadways or other features within the property or immediately adjacent thereto. The trail system is anticipated to include a combination of concrete walkways, gravel trails, necessary signage and identification markers and other ancillary trail hardscape such as benches and tables. All public trails shall be open and available to the general public and Aurora citizens free of charge. One of the major amenities at RockingHorse is expected to be a five-mile trail encircling the property. This trail not only provides an outlet for numerous aerobic activities such as walking, running, biking, and cross-country skiing; it also encompasses an equestrian easement for horseback riding. The proposed design takes this concrete trail one step further by offering four activity nodes along the route. Offered in these pockets are a variety of informal activities including fitness stations or a variety of similar potential activities. These nodes may also be used for passive activities including interpretive or secret gardens, artistic display opportunities, and natural wetland areas. Typically, activity nodes

will be specialized facilities that serve a concentrated or limited population group such as tots or senior citizens.

4. Street Landscaping. The major streets are anticipated to have landscaping along curbing/sidewalk areas and along any medians. This landscaping may consist of required fencing, identification markers, landscape buffers, shrub and flower beds, mulch beds, irrigated and non-irrigated turf and native grasses, subdivision identification markers, trees, and other landscape features commonly associated with streetscape design.

5. Cost Estimates. The estimated construction costs for the development of the park and recreation improvements are shown on Exhibit E.

D. Sanitary Sewer Collection System.

1. Overall Plan. The sanitary sewer collection system is expected to include buried sewer mains, manholes, lift stations and related appurtenances located predominately within the Taxing District's boundary. The District shall dedicate to Aurora all wastewater facilities traditionally owned and operated by the City for operations and maintenance.

Aurora will charge system users for its services in accordance with Aurora policies. The exact configuration of the sanitary sewer collection system is currently being designed, but it is anticipated to include on-site and off-site facilities.

2. Design Criteria. The proposed sanitary sewer collection system is expected to include sewer mains designed to collect sewage from the development areas within RockingHorse. The sewer system components will be designed and installed in accordance with the applicable standards of all entities with jurisdiction over the Districts including the Colorado Department of Health. A sanitary sewer system analysis will be prepared to determine appropriate line sizes and slopes. The minimum line size of a sewer main is expected to be eight (8) inches.

3. Wastewater Treatment. Wastewater may be collected and transported to Aurora or the Metro Wastewater Reclamation District.

4. Cost Estimates. The estimated construction costs for development of the sanitary sewer collection system and storm drainage improvements for RockingHorse are shown in Exhibit E.

E. Description of Cost Estimates. The cost estimates for all improvements summarized in Exhibit E are based on quantities taken from preliminary development plans and preliminary utility and drainage plans. The unit prices, based on recent bids or contracts, were multiplied by the individual quantities. A 20% contingency was added to the subtotals for each system for unforeseen matters.

F. Aurora Construction Standards. The Operating District shall ensure that any proposed improvements set forth in this Section IV will be designed and constructed in

accordance with the standards and specifications set forth by Aurora, if applicable, as well as other regulatory agencies to include, but not be limited to, the Colorado Department of Transportation and the E-470 Public Highway Authority. The Operating District will obtain approval of civil engineering plans and all necessary permits for the construction and installation of improvements from Aurora and any other requisite regulatory agency.

G. Dedication of Improvements to Aurora. Other than as set forth within this Service Plan, the Operating District shall dedicate or cause all of the public water and wastewater improvements, all public streets and streets dedicated by plat, all regional drainage facilities, and all public sidewalks as well as all rights-of-way and easements necessary for access to facilities to be conveyed to Aurora upon completion of construction and installation. Failure to comply with the dedication of improvements set forth in this section shall be deemed to be a material modification of this Service Plan.

An "Initial Acceptance" letter shall be issued by Aurora which specifies that the public improvements dedicated to Aurora shall be warranted for one calendar year from the date of such dedication. Should the public improvements conform to Aurora specifications and standards, Aurora shall issue a "Final Acceptance" form letter at the completion of the warranty period should the public improvements conform to Aurora specifications and standards. At Aurora's discretion, dedication may take place after the one-year warranty.

Failure of the Districts to comply with Aurora's applicable dedication requirements shall be deemed to be a material modification of this Service Plan.

H. Ownership/Operation of Facilities by Districts. Except for facilities and improvements described in this Section IV.H., the Districts shall not be authorized to own or operate facilities to be provided pursuant to this Service Plan, other than as necessary to permit the financing and construction thereof, except through approval by Aurora of an amendment to this Service Plan. The Operating District shall have authority to operate and maintain the improvements described in this Section IV.H. The park and recreation improvements, and all tract landscaping improvements and some trail systems will be retained by the Operating District for operations. The Operating District may contract with homeowner associations for operation of the facilities. Other improvements not to be dedicated or accepted by Aurora, but to be constructed and owned by the Operating District, include entry features, which the Operating District may provide, and trails located outside of Aurora rights-of-way. The timing for any such contracting will be determined based on the District's evaluation of the build-out and cost effectiveness of transferring said operation and maintenance responsibilities.

The District is expected to assume all responsibility for the operation and maintenance of the facilities and improvements identified in this Section, and will do so either by itself or by contract with homeowner associations. All public park and recreation facilities shall be open and available to all Aurora residents as public facilities. All public parks and trails shall be open to the general public free of charge. If the District elects to operate and maintain the facilities itself or through an HOA, the expenses associated with such activities may be paid from fees lawfully imposed by the District upon its residents or other legally available District revenues. For

example, a reasonable recreation user fee, to be determined in the future, may be imposed to help offset the District's cost of operating and maintaining the facility. Any recreation center fee, or similar fee imposed upon Non-District residents shall be determined in accordance with the following, or similar, calculation:

Average Assessed Valuation per Single Family Equivalent within the Districts as reported as of January 1 of the year in question times total Districts' mill levy for all improvements necessary and related to actual costs of the Districts' recreation facilities plus Monthly Recreation Fee x 12 months = Annual Fee for Non-District Residents.

Such fee shall not result in non-District residents paying a user fee that is greater than or otherwise disproportionate to, similar fees paid by residents of the Districts though the Districts shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with non-District residents to ensure that such costs are not absorbed by District residents. All such fees shall be based upon the Districts' determination that such fee constitutes a reasonable annual market fee for users of the Districts' recreation facilities. Approval of this Service Plan by Aurora constitutes Aurora's agreement that the District may perform these functions. Notwithstanding the foregoing, all public parks and trails shall be open and available to the general public and Aurora citizens free of charge. All other recreation facilities shall be open and available to the general public as public improvements, but shall be subject to the fee calculation not greater than described herein.

I. Acquisition of Land for Public Improvements and Easements. The Districts agree to acquire by easement or plat dedication, at its sole cost and expense, or cause the dedication to Aurora of all land required by Aurora for construction of public improvements being provided by the Districts. Exceptions must be approved by Aurora in writing. Failure to comply with this provision shall be deemed to be a material modification of this Service Plan.

J. Services of Districts. The Operating District will require operating funds to plan and cause the facilities contemplated herein to be constructed, operated, and maintained as permitted herein. Such costs are expected to include reimbursement of organizational costs, legal, engineering, accounting, bond issuance costs and compliance with state reporting and other administrative requirements. The first year's operating budget is estimated to be \$100,000. An overall financing plan showing the anticipated operating costs, phasing of bond issues, and related matters is attached as Exhibit I.

K. Limitation on Use of Funds. The Districts agree that no District revenues will be used to pay water transmission development fees, sewer interceptor development fees, storm drainage development fees, park development fees, E-470 impact fees, traffic impact fees or any other development fee imposed by Aurora.

L. Public Art. The Districts shall provide and install such exterior works of art as may be approved by Aurora, which works of art shall comply with Aurora standards. The aggregate cost of such works of art shall be not less than one percent (1%) of the total principal amount of all bonds issued by the Districts to finance the construction of aboveground facilities

and improvements. At the time at which the Districts designate such works of art as they deem appropriate, they shall submit plans, diagrams and/or descriptions of such works of art to the Aurora Parks and Open Space Department for administrative approval.

M. Regional Improvements. The proposed Districts shall be responsible for participating in sharing the costs of constructing, installing, and acquiring public regional infrastructure improvements that benefit the taxpayers and residents of the proposed Districts. Regional improvements creating benefit to taxpayers and residents of the proposed Districts are described in the Infrastructure Cost Estimate, attached hereto as Exhibit E. The improvements shall include, but not be limited to, water systems, sanitary sewer systems, storm drainage systems, roadway systems and public grading.

V. FINANCING PLAN

A. General Plan of Finance. Pursuant to the Master IGA contemplated herein, the Operating District shall be responsible for construction of the facilities described herein to the extent the Taxing District has the financial resources to provide funding to the Operating District for construction of such facilities. The total senior lien Debt Limit for the Districts will be \$57,650,000 inclusive of costs of issuance, organizational costs, inflation, and other similar costs. The total debt limit, including but not limited to the senior lien debt limit plus any developer advances, shall be \$59,850,000. For purposes of this Service Plan, debt shall be considered any outstanding bonds, notes, contracts or other financial obligations of the Districts payable in whole or in part from *ad valorem* taxes for the purposes of financing, acquiring, constructing or improving any of the Improvements contemplated herein. Increases in debt necessary to accomplish a refunding, re-issuance or restructuring of debt, and bonds payable solely from sources other than *ad valorem* property taxes, shall not count against the Debt Limit. Obligations of the Districts in the Master IGA discussed herein will not count against the Debt Limit. The Debt Limit shall not be increased unless approved by Aurora and as permitted by statute. Any change in Debt Limit shall be considered a material modification of the Service Plan, unless otherwise permitted herein. Substantial or otherwise material deviations from the bond amortization schedules provided herein will be considered a material modification of this Service Plan. To the extent the actual total senior lien debt issued does not include reserve funds in the aggregate amount shown in this financing plan, the Debt Limit shall be decreased by the unused reserve fund amount.

B. Approval of Debt Issuance. It is currently anticipated that the Taxing District will issue general obligation bonds and pay the proceeds to the Operating District under the Master IGA in amounts sufficient to permit the Operating District to construct needed facilities. The Taxing District anticipates it will issue senior lien debt in the amount of \$36,000,000 within the first five years of the formation of the Districts. The timing of issuance of bonds will be adjusted from time to time to meet development requirements. The Taxing District will be seeking initial voter approval for general obligation debt issuance, exclusive of contractual debt, in the approximate amount of \$71,271,236. Despite the amount of voted authorization, the above Service Plan Debt Limit serves as the ultimate cap for the debt the Districts may incur. TABOR requirements necessitate that voted debt be in such amounts to allow the Districts sufficient

flexibility to fund all public improvements contemplated herein. The general form of question or questions authorizing the issuance of debt and the levying of taxes proposed to be submitted by the Districts to their voters is attached hereto as Exhibit F, which may be modified upon advice of the District's legal counsel. For purposes of applicable state laws, Aurora requirements and this Service Plan, such revisions to the ballot questions shall not be considered a modification of this Service Plan and shall not require Aurora approval. Notwithstanding anything contained herein to the contrary, all outstanding bonds, notes or other obligations incurred by the Districts shall mature no later than forty (40) years from the date of organization of the Districts.

A written underwriting commitment from a lender or investment banking firm is attached as Exhibit G for all debt anticipated to be issued within five years of Districts' formation.

C. Identification of District Revenue. All senior lien bonds issued by the Districts shall have no more than a thirty (30) year maximum term and amortized in accordance with the Financing Plan and may be payable from any and all legally available revenues of the Districts, including general *ad valorem* taxes to be imposed upon all taxable property within the Taxing District; subject to the following limitations:

1. The maximum mill levy the Taxing District can impose for all purposes, including the payment of general obligation debt and for operations and maintenance shall be 45.29 mills (the "Mill Levy Cap"). The Mill Levy Cap may be eliminated for payment of senior lien general obligation debt at such time as the face amount of all outstanding senior lien general obligation bonds does not exceed fifty percent (50%) of the Taxing District's assessed valuation. The foregoing mill levy limit shall be subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes, or other similar changes occur. In any of these events, the Mill Levy Cap shall be automatically adjusted so that the tax liability of individual property owners neither increases nor decreases as a result of any such changes, thereby maintaining a constant level of tax receipts of the Taxing District and overall tax payments from property owners. If the mill levy is adjusted in accordance with this Paragraph C.1, the District will provide Aurora with written notice that such an adjustment has been made.

The total outstanding amount of general obligation debt must be less than fifty percent (50%) of the Taxing District's assessed valuation in order for the District to issue debt that is not subject to the Mill Levy Cap. The total outstanding debt must remain less than fifty percent (50%) of the Taxing District's assessed valuation after such issuance in order to not be subject to the Mill Levy Cap. Additionally, any debt exceeding fifty percent (50%) of the valuation for assessment of the taxable property in the Taxing District must be issued in compliance with Colorado law, and specifically, Section 32-1-1101(6), C.R.S.

2. In addition to revenues from the Taxing District mill levy, the Districts anticipate revenue from specific ownership taxes, developer advances and contributions, residential and commercial development fees, interest income and anticipated reimbursements from Aurora relative to off-site sanitary sewer lines, as further set forth and projected in the Financing Plan.

The Districts are anticipated to receive initial funding for both capital and ongoing administrative requirements from Developer advances. Such advances shall be made to the Districts subject to the Districts' obligation to reimburse the same, as shall be evidenced by short-term reimbursement agreements or other acceptable agreements. Such agreements shall be limited to a twenty year term and shall be subject to a maximum allowable interest rate of 12%.

Such advances shall count against the maximum allowable debt limit under this Service Plan. The Developer shall not be permitted to re-market or re-sell the Districts' obligation to reimburse such advances without the prior approval of both the Districts and Aurora. It is estimated that any and all advances that are made by the Developer shall be repaid by the Districts from general obligation bond proceeds or other legally available sources of revenue. Developer Advances shall be subordinate to the Districts general obligation bonds and refinancing of the same shall not require City approval. Any such refunding debt issued by the Districts above and beyond the Developer advances refunded shall count against the Debt Limit of the Districts. Any amount of outstanding principal and accrued interest on such Developer advances that remains unpaid after the final maturity date shall be deemed to be forever discharged and satisfied in full. The total developer advances are anticipated to be \$23,200,000. Developer contributions, which will not be repaid by the Districts, are anticipated to be \$16,350,000.

In addition to the District's mill levy, the Districts anticipate revenue from the following sources in the following amounts over time:

<u>Revenue</u>	<u>Years Collected</u>	<u>Total Amount</u>
Specific Ownership Taxes	2006 - 2040	\$10,740,300
Facility Fees	2004 - 2011	\$3,291,373
Interest Income	2004 - 2040	\$317,829
Developer Contribution	2005 - 2008	\$16,350,000

The District will also rely upon various other revenue sources authorized by law. These will include the power to assess fees, rates, tolls, penalties, or charges as provided in §32-1-1001(1), C.R.S., as amended from time to time. The Financing Plan assumes various sources of revenue, including *ad valorem* property taxes, specific ownership taxes and facilities fees, together with interest earnings on retained amounts.

D. Security for Debt. The Districts shall not pledge any revenue or property of Aurora as security for the indebtedness set forth in the Financing Plan of the proposed Districts.

E. Refinancing of District Debt. The Districts agree that any refinancing of outstanding bonds of the Districts which could shorten or extend the maturity of such bonds, or increase the total debt service thereon, shall be subject to the prior approval of the City Council of the City as evidenced by a resolution after a public hearing thereon. Notwithstanding the

foregoing, such prior approval need not be obtained where the refunding or restructuring of senior general obligation debt of the Districts is being undertaken for the purpose of preventing or averting a default or terminating a condition of default on the bonds.

F. Subordinate Bonds. The Districts do not currently contemplate the use of subordinate bonds; however, the Districts shall have the authority to issue such subordinate lien bonds as may be necessary to complete the improvements to be constructed by the Districts. As a condition precedent to issuance of all or any portion of subordinate bonds, the Districts shall be required to present an updated financial plan to the City for approval. Such updated financial plan shall meet all of the criteria set forth in Section V. Such bonds will be characterized as general obligation bonds and, therefore, be subject to the Districts' Debt Limit, but will be subordinate to all senior lien general obligation bonds then outstanding. The Developer of the property within the Districts shall initially purchase all subordinate lien bonds issued by the Districts. The principal and interest on such bonds shall be paid only if and to the extent revenues are available after the payment of senior Districts obligations and operating costs. Subordinate bonds may issue only under the following terms:

1. The final maturity shall not exceed twenty (20) years from the date of issuance;
2. The final maturity cannot be extended through refinancing, conversion, or any other method;
3. Any amount of outstanding principal and accrued interest or other obligation that remains unpaid after the final maturity date shall be deemed to be forever discharged and satisfied in full;
4. Developer held subordinate debt cannot be re-sold or remarketed without prior administrative approval from both Aurora and the Districts;

G. Quinquennial Review. Pursuant to Section 32-1-1101-5(a)(a), the Districts shall submit an application for a quinquennial finding of reasonable diligence in every fifth calendar year after the calendar year in which the Districts' ballot issue to incur indebtedness was approved by its electors. Upon such application, the City shall conduct an administrative review to ensure that the Districts' conduct is in conformance with the provisions of Section 122-35(b) of the Aurora City Code. At Aurora's sole discretion, the Districts shall pay an administrative fee for any review required by Aurora under this Section. In the event that Aurora determines that a public hearing is necessary on such application, such hearing shall be held in accordance with Section 32-1-1101.5(2)(a), and a determination for continuation of the authority of the boards of the District's to issue any remaining authorized debt shall be made at that time.

H. Description of Existing Conditions. There is currently no ongoing development of property within the Districts. The current assessed value of land within the Operating District is \$32,759. The history of property tax payment on all properties in the Districts is attached hereto as Exhibit L. The Districts consists of approximately 1,031 acres of low-density zoning.

I. Anticipated Development. The future development projections of the Districts are set forth in the Market Research Report attached hereto as Exhibit H. All development

projections are based upon reasonable and realistic assumptions as evidenced by an Opinion Letter from a market analyst acceptable to Aurora. These assumptions, in turn, are based upon the zoning and building densities approved by Aurora for all property within the Districts.

J. Financial Analysis. The proposed Financing Plan of the Districts is attached hereto as Exhibit I. Such Exhibit includes a complete forecasted statement of sources and uses of District revenue, extending through the discharge of all proposed indebtedness. Separate amortization schedules showing annual principal and interest payments are provided for each proposed debt issue. Insofar as different classes of debt are proposed, the total debt service for each class of debt is shown. Substantial or otherwise material deviations from the bond amortization schedules provided herein will be considered a material modification of this Service Plan.

A Sources and Uses statement is also provided for each proposed debt issue. The Financing Plan has been prepared in accordance with the standards established by the American Institute of Certified Public Accountants and certified by the preparer.

The Financing Plan demonstrates one method that may be used by the Districts to finance the cost of facilities. Any material economic deviation of the Financing Plan from the scope of this Service Plan shall be deemed a material modification hereof and shall be subject to the provisions of the Aurora City Code governing the approval of such modifications. At Aurora's sole discretion, the Districts shall pay an administrative fee for any review required to determine whether material modifications to the Service Plan are being proposed and whether the same are acceptable under the standards set forth for the approval of such modifications in the Aurora City Code.

The Financing 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 certain operations of the Operating District will qualify as "enterprises" under the TABOR Amendment. If any of its operations do not qualify as enterprises under TABOR, revenues from all sources, which exceed the permitted level of expenditures in a given year for those operations, will be refunded to taxpayers unless a vote approving the retention of such revenues is obtained. To the extent annual district revenues exceed expenditures in this manner, the Districts will comply with the provisions of TABOR and either refund the excess or obtain voter approval to retain such amounts. Initial spending and revenue limits of the Districts, as well as mill levies, will be established by elections, which satisfy TABOR requirements. In the discretion of the boards of directors, the Districts may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by any of the Districts will remain under the control of its board of directors.

All compound interest, other than default of senior general obligation debt, shall count against the Debt Limit.

K. Risk Disclosure. The following statement discloses the various risks associated with implementation of the Service Plan as presented: The ability of the Districts to meet the

projections upon which the financial plan is premised is subject to various risks and uncertainties, including but not necessarily limited to, actual development that occurs within the Districts' boundaries and the sale of lots/construction of homes as might occur within the area and actual market valuation of property within the Districts' boundaries. Development in the Districts will be impacted by many factors including governmental policies regarding land development, the availability of utilities, construction costs, interest rates, competition from other developments and other political, legal and economic conditions.

VI. ANNUAL REPORT

The Districts shall be responsible for submitting an annual report to Aurora no later than March 1 of each year. The annual report shall include information as to the any of the following events that occurred during the preceding calendar year:

- A. Boundary changes made or proposed.
- B. Intergovernmental Agreements with other governmental entities entered into or proposed.
- C. Changes or proposed changes in the Districts' policies.
- D. Changes or proposed changes in the Districts' operations.
- E. Any changes in the financial status of the Districts including revenue projections, or operating costs.
- F. A summary of any litigation, which involves the Districts.
- G. Proposed plans for the year immediately following the year summarized in the annual report.
- H. Status of Districts' Public Improvement Construction Schedule.
- I. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by Aurora.
- J. Summary of current assessed valuation in the Districts.

In addition, the annual report shall include a one-page summary of the following information:

- A. Assessed value of taxable property within the Districts.
- B. Total acreage of property within the Districts.
- C. The Districts' indebtedness (stated separately for each class of debt).
- D. The Districts' debt service (stated separately for each class of debt).
- E. The Districts' tax revenue.
- F. Other revenues of the Districts.
- G. Public improvement expenditures.
- H. Other District expenditures.

Such information shall be presented in the following format: Projected; Year-End Actual; Variance. For purposes of this section, "projected" means as originally projected in the Districts' Financing Plan and exhibits, as the same may from time to time be amended. If the comparison between projected and year-end actual numbers is based upon a projection contained in an

amendment to the Service Plan, the amendment should be clearly identified and the date of Aurora's approval referenced.

VII. CONSERVATION TRUST FUND

The Districts shall claim no entitlement to funds from the Conservation Trust Fund. The Districts shall remit to Aurora any and all Conservation Trust Funds which they receive.

VIII. DISSOLUTION

In the event there is reason to believe that the purposes for which the Districts were created have been accomplished, a public hearing shall be conducted before the Aurora City Council to determine whether the Districts should be dissolved. Prior written notice of such hearing shall be provided to the Boards of Directors of the Districts. Upon an independent determination of the Aurora City Council that the purposes for which the Districts were created have been accomplished, the Districts agree to file a petition in the Arapahoe District Court for dissolution. In any event, such dissolution shall not occur until the Districts have provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations; provided, however, that the failure of the Districts to provide for the payment or discharge of all or any portion of its subordinate lien bonds shall not serve as a bar to dissolution.

IX. CONSOLIDATION

The Districts shall not file a request with the district court to consolidate with another Title 32 district without the prior written approval of Aurora.

X. MODIFICATION OF SERVICE PLAN

The Districts shall obtain the prior approval of Aurora before making any material modifications to this Service Plan as noted herein. Material modifications shall include modifications of a basic or essential nature including any additions to the types of services initially provided by the Districts, change in Debt Limit, change in revenue type, or change in maximum mill levy. The examples above are only examples and are not an exclusive list of all actions, which may be identified as a material modification. Aurora approval shall not be required for mechanical modifications to this Service Plan necessary for the execution of the Financing Plan for public improvements previously outlined herein.

XI. FAILURE TO COMPLY WITH SERVICE PLAN

In accordance with the authority contained within the Aurora City Code, and in the event that the Districts take any action which constitutes a material modification from the Service Plan without approval from Aurora, Aurora shall utilize all remedies available under Colorado law.

XII. RESOLUTION OF APPROVAL

The proposed Districts agree to incorporate the Aurora City Council's Resolution of Approval, including any conditions on such approval, into the Service Plan presented to the appropriate District Court. Such resolution shall be attached as Exhibit A.

XIII. DISCLOSURE

The petitioners and the Districts will use best efforts to assure that all developers of the property located within the Districts provide written notice in a form acceptable to Aurora to all purchasers of property in the Districts regarding the existence of, and the additional taxes, charges, or assessments that may be imposed by, the Districts. The form of disclosure shall be submitted to Aurora for administrative approval within ninety (90) days following the organization of the Districts and prior to the issuance of any debt by the Districts. Such disclosure shall include, but not necessarily be limited to the following matters:

- A. The authorized debt of the Districts, anticipated issuance schedule, and terms thereof;
- B. The facilities to be operated and maintained by the Districts;
- C. The maximum mill levy of the Districts and the procedure for any adjustment thereto;
- D. An estimate of the annual *ad valorem* property tax to be paid by a representative property within the Districts; and
- E. Any applicable District fees and a statement that such fees are separate from any applicable homeowners' association fees.

Upon approval of the disclosure by Aurora, the Districts shall record the disclosure in the real property records of the County of Arapahoe, State of Colorado.

XIV. INTERGOVERNMENTAL AGREEMENTS

The form of intergovernmental agreement required by Section, 122-31 of the Aurora Code, relating to limitations on the Districts' activities, is attached as Exhibit J.

XV. GENERAL MATTERS

A. Elections. Following approval of this Service Plan by Aurora, and after acceptance of the organizational petition and issuance of orders from the district court, elections on the questions of organizing the Districts and approving bonded indebtedness and various agreements described herein will be scheduled. All elections will be conducted as provided in the Court orders, the Uniform Election Code of 1992 (as substantially amended by House Bill 93-1255), and the TABOR Amendment, and are currently planned for May 7, 2002, but may be held on any legally permitted date.

B. Ballot Issues. The election questions are expected to include whether to organize the Operating District and the Taxing District, election of initial directors, and TABOR Amendment ballot issues and questions. Thus, the ballot may deal with the following topics (in several questions, but not necessarily using the exact divisions shown here):

1. Whether to organize the Districts,
2. Membership and terms of the initial board members,
3. Approval of new taxes,
4. Approval of maximum operational mill levies,
5. Approval of bond and other indebtedness limits,
6. Approval of an initial property tax revenue limit,
7. Approval of an initial total revenue limit,
8. Approval of an initial fiscal year spending limit, and
9. Approval of a four-year delay in voting on ballot issues.

Ballot issues may be consolidated as approved in Court orders. The petitioners intend to follow both the letter and the spirit of the Special District Act, the Uniform Election Code, and the TABOR Amendment during organization of the Districts. Future elections to comply with the TABOR Amendment are anticipated and may be held as determined by the elected Boards of Directors of the Districts.

XVI. CONCLUSION

It is submitted that this Service Plan for the Districts, as required by Section 32-1-203(2), C.R.S., and Chapter 122 of the Aurora City Code, has established that:

A. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts; and

B. The existing service in the area to be served by the Districts is inadequate for present and projected needs; and

C. The Districts are capable of providing economical and sufficient service to the area within their proposed boundaries, and

D. The area to be included in the Districts does have, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis; and

E. Adequate service is not, and will not be, available to the area through Aurora, or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis; and

F. The facility and service standards of the Districts are compatible with the facility and service standards of Aurora within which the Districts are to be located and each municipality which is an interested party under Section 32-1-204(1), C.R.S.; and

G. The proposal is in substantial compliance with a master plan adopted pursuant to Section 146-206 of the Aurora City Code.; and

H. The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area; and

I. The creation of the Districts is in the best interests of the area proposed to be served; and

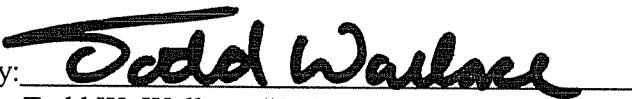
J. The development application required by Chapter 146 and 147 of the Aurora City Code for the area to be included in the Districts, has been filed with Aurora; and

K. The development proposed for the area to be included within the Districts will enhance the quality of the entire community.

Therefore, it is respectfully requested that the Aurora City Council, which has jurisdiction to approve this Service Plan by virtue of Section 32-1-201, C.R.S., et seq., as amended, and Chapter 122 of the Aurora City Code, adopt a resolution, which approves this Service Plan for the Districts as submitted.

Respectfully submitted,

WHITE AND ASSOCIATES
PROFESSIONAL CORPORATION

By: 

Todd W. Wallace, #031477

Counsel to Proponents of Districts