

RESOLUTION #R- 32-2008

**A RESOLUTION OF THE LOVELAND CITY COUNCIL APPROVING
THE CONSOLIDATED SERVICE PLAN FOR WATERFALL
METROPOLITAN DISTRICTS NOS. 1 AND 2**

WHEREAS, pursuant to Section 32-1-204.5, C.R.S., as amended, the Consolidated Service Plan for Waterfall Metropolitan Districts Nos. 1 and 2 (collectively the "Districts") has been submitted to the City Council (the "City Council") of the City of Loveland, Colorado (the "City"); and

WHEREAS, a copy of said Service Plan is attached hereto as Exhibit A and incorporated herein by reference (the "Service Plan"); and

WHEREAS, the boundaries of the proposed Districts are wholly contained within the boundaries of the City; and

WHEREAS, notice of the hearing before the City Council for its consideration of the Service Plan was duly published in the *Loveland Reporter-Herald* on February 27, 2008, as required by law, as evidenced by the "Affidavit of Publication," attached hereto as Exhibit B and incorporated herein by reference; and

WHEREAS, notice of the hearing before the City Council was also duly mailed by first class mail, on February 27, 2008, to interested persons, defined as follows: (1) the Colorado Division of Local Government; and (2) the governing body of any municipality or special district which has levied an ad valorem tax within the next preceding tax year, and which has boundaries within a radius of three (3) miles of the proposed Districts' boundaries, as evidenced by the Certificate of Service attached hereto as Exhibit C and incorporated herein by reference; and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, the City Council held a public hearing on the Service Plan for the proposed Districts on March 18, 2008, which hearing was continued and held on April 1, 2008; and

WHEREAS, the City Council has considered the Service Plan, and all other testimony and evidence presented at the hearing.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the hearing before the City Council was open to the public; that all interested parties were heard or had the opportunity to be heard; and that all relevant testimony and evidence submitted to the City Council was considered.

Section 2. That evidence satisfactory to the City Council for finding each of the following was presented at the hearing:

- a. there is sufficient existing and projected need for organized service in the area to be served by the proposed Districts;
- b. the existing service in the area to be served by the proposed Districts is inadequate for present and projected needs;
- c. the proposed Districts are capable of providing economical and sufficient service to the area within their proposed boundaries;
- d. the area to be included within the proposed Districts has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
- e. adequate service is not or will not be available to the area through the City or other existing municipal or quasi-municipal corporations within a reasonable time and on a comparable basis;
- f. the facility and service standards of the proposed Districts are compatible with the facility and service standards of the City;
- g. the proposal is in substantial compliance with any Master Plan adopted by the City pursuant to Section 31-23-206, C.R.S., as amended;
- h. the proposal is in compliance with any duly adopted City, County, regional and State long-range water quality management plans for the area; and
- i. the creation of the proposed Districts will be in the best interest of the area proposed to be served.

Section 3. That the City Council hereby determines that the requirements of Sections 32-1-202 (1), (2) and (3), C.R.S., relating to the filing of the Service Plan for the Districts, and the requirements of Sections 32-1-204 (1) and (1.5), C.R.S., relating to notice of the hearing by City Council, and the requirements of Section 32-1-204.5, C.R.S., relating to the approval by the City Council have been fulfilled in a timely manner.

Section 4. That the City Council hereby approves the Service Plan for the Districts as submitted.

Section 5. That a certified copy of this Resolution shall be filed in the records of the City and the Larimer County Clerk and Recorder, and submitted to the petitioners under the Service Plan for the purpose of filing in the District Court of Larimer County.

Section 6. That the City Council's findings in this Resolution and its approval of the Service Plan are conditioned upon the proponents of the Service Plan having reimbursed the City for all the charges and fees it has incurred with its bond counsel and public finance consultant relating to their review of the Service Plan and creation of the Districts.

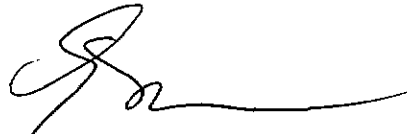
Section 7. That the City Council's approval of the Service Plan is further conditioned upon the owners of the real property contained within Waterfall Metropolitan Districts Nos. 1 and 2 (the "Owners") providing to the Loveland City Attorney a mill levy disclosure statement signed by the Owners in a form acceptable to the City Attorney, which statement shall be recorded with the Larimer County Clerk and Recorder, and further conditioned upon an agreement between the City and the Owners, in a form acceptable to the City Manager and City Attorney, requiring the Owners to provide the mill levy disclosure statement to all prospective purchasers of lots in Waterfall Metropolitan Districts Nos. 1 and 2 prior to any purchaser entering into the contract to purchase a lot from the Owners, or their successors and assigns.

Section 8. That nothing herein limits the City's powers with respect to the Districts, the properties within the Districts, or the improvements to be constructed by the Districts.

Section 9. That the City's findings are based solely upon the evidence in the Service Plan and such other evidence presented at the public hearing and the City has not conducted any independent investigation of the evidence. The City makes no guarantee as to the financial viability of the Districts or the achievability of the results as set forth in the Service Plan.


Section 10. That this Resolution shall be effective as of the date of its adoption.

ADOPTED this 1st day of April, 2008.



Eugene N. Pielin, Mayor

ATTEST:


City Clerk

APPROVED AS TO FORM:


Assistant City Attorney



CONSOLIDATED SERVICE PLAN
FOR
WATERFALL METROPOLITAN DISTRICTS NOS. 1 AND 2

Prepared by

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As submitted to the City of Loveland on March 10, 2008

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EXHIBIT B – Legal Description – District Boundary

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EXHIBIT D – Cost Estimates

EXHIBIT E – Financing Plan

EXHIBIT F – Statutory Contents of Service Plan

I. INTRODUCTION

A. General Overview

1. Scope of Service Plan. This consolidated service plan ("Service Plan") for Waterfall Metropolitan Districts Nos. 1 and 2, City of Loveland, Larimer County, Colorado, (the "Districts") constitutes a combined Service Plan for two special districts proposed for organization to serve the needs of a new development known as Boyd Lake Village, in the City of Loveland, Colorado (the "City") in Larimer County (the "County"). The Districts' boundaries will contain approximately 41.90 acres for commercial development. Construction is scheduled over the next 10 years with build-out expected to occur in 2017.

A map depicting the Districts' boundaries is attached hereto and incorporated herein as Exhibit A, and the legal description of the Districts' boundaries is attached hereto and incorporated herein as Exhibit B.

Considerable public infrastructure will be constructed to provide the required water, wastewater, streets and other improvements needed for the area. This Service Plan addresses the improvements which will be provided by the Districts and demonstrates how the three special districts proposed to serve the development will work in tandem to provide the necessary public improvements.

2. Multiple District Structure. This Service Plan is submitted in accordance with Part 2 of the Special District Act (specifically, § 32-1-202 and § 32-1-204.5, C.R.S.). It defines the powers and authorities of, as well as the limitations and restrictions on, the Districts. The use of a consolidated Service Plan for the Districts will help assure proper coordination of the powers and authorities of the independent Districts 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, general provisions of this Service Plan apply to all Districts. Where possible, however, specific reference is made to an individual District to help distinguish the powers and authorities of each District. The "Financing Plan" discussed in Section VII refers to a consolidated preliminary financial plan for the Districts which may be used for public improvements for the Districts. Waterfall Metropolitan District No. 1 is referred to herein as "District No. 1" and Waterfall Metropolitan District No. 2 is referred to herein as "District No. 2."

The Districts will be responsible for managing the construction and operation of facilities and improvements needed for the development until such time as any such facilities may be required to be conveyed to the City pursuant to Section I.A.7 and Section III of this Service Plan. The Districts also will be responsible for providing the funding and tax base needed to support the Financing Plan for capital improvements and for 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. 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 the City.

The use of multiple districts to construct, own, and operate the public facilities throughout the development, will create several benefits for the inhabitants of the community, the City and for other affected municipalities. In general, those benefits are: (a) coordinated administration of construction and operation of public improvements, and delivery of those improvements in a timely manner, and (b) assurance that improvements required by the City are constructed in a timely and cost effective manner by which to protect property owners, bondholders, and the City from the risk of development. Each of these concepts is addressed in greater detail in the following paragraphs.

3. Benefits of Multiple District Structure.

a. Coordinated Services. As presently planned, development of the Districts will proceed in phases, each of which will require the extension of public services and facilities. The multiple district structure will assure that the construction and operation of each phase of public facilities will be primarily administered by a single board of directors consistent with a long-term construction and operations program. Use of a multiple district structure for construction of improvements and for management of operations within the development will facilitate a well-planned financing effort through all phases of construction and will assist in assuring coordinated extension of services.

The multiple district structure also will help assure that facilities and services needed for future build-out of the development will be provided when they are needed, and not sooner. Appropriate development agreements between the Districts and the Developer will allow the postponement of financing for improvements which are not needed until well into the future, thereby helping property owners avoid the long term carrying costs associated with financing improvements too early. This, in turn, allows the full costs of public improvements to be allocated over the full build-out of the Districts and helps avoid disproportionate cost burdens being imposed on the early phases of development.

b. Uniform Mill Levy. Allocation of the responsibility for paying Debt, as hereinafter defined, for capital improvements will be managed through development of a unified financing plan for those improvements and through development of an integrated operating plan for long-term operations and maintenance. Use of multiple districts to manage these functions will help assure that no area within the development becomes obligated for more than its share of the costs of capital improvements and operations. Low-density areas will not bear a disproportionate burden of Debt and operating costs, nor will high valued areas bear disproportionate burdens. Intergovernmental agreements between the Districts will assure that mill levies remain reasonably uniform throughout the Districts.

c. Bond Interest Rates. The multiple district structure allows the Districts to coordinate the timing and issuance of Debt in such a way as to assure that improvements required by the City are constructed in conformance with the time and in the manner desired by the City. Consequently, the multiple district structure is less risky and will allow Debt to be issued to finance public improvements at lower rates than if a single special district is organized.

4. Configuration of Districts. In order to implement the multiple district structure, the boundaries of the Districts are carefully configured. District No. 1 will contain approximately 29.56 acres, and District No. 2 will contain approximately 12.34 acres. The "service area" (the area legally permitted to be served) for the Districts will consist of the entire area of the development community, including the property within the Districts' boundaries. The Districts will have power to impose taxes only within their respective legal boundaries, but will be permitted to provide public services to the entire community as well as to property or individuals outside of the development. The Districts will have power to levy taxes and other charges permitted by law.

At build-out, the development within the boundaries of District No. 1 is anticipated to contain approximately 282,500 square feet of commercial space, and the development within the boundaries of District No. 2 is anticipated to contain approximately 118,500 square feet of commercial space.

All boundary adjustments which add to, or subtract from, the total acreage of the Districts shall be considered a material modification of this Service Plan and shall require the prior written approval of the City Council. No additional approval from the City Council shall be required for boundary adjustments which do not increase or decrease the total acreage of the Districts. Such adjustment shall be effected pursuant to § 32-1-401 and § 32-1-501, *et seq.*, C.R.S.

5. Long-Term District Plan. After all Debt instruments have been issued by the Districts and adequate provision has been made for payment of all of the Districts' Debt, the electorate of the Districts will have the opportunity to consider either the consolidation of the Districts into a single entity, or the dissolution of one or both Districts in accordance with State law. The Districts will consider consolidation and/or dissolution at the time each District's Debt has been paid and adequate provision has been made for operation of all of the Districts' facilities. Additionally, the City may request, and the Districts shall undertake upon such request, initiation of consolidation proceedings in accordance with Title 32, Section 1, Part 6 of the Colorado Revised Statutes. Ultimately, control of these decisions will rest with the electorate in each District. At any time, the City may file an application with the Districts' Boards pursuant to § 32-1-701(3) C.R.S., or other applicable State law, and the Districts shall thereupon dissolve in a prompt and orderly manner. In such event, the authorized purposes and powers of the Districts shall automatically be curtailed and expressly limited to taking actions reasonably necessary to dissolve. The Boards of Directors of the Districts will be deemed to have agreed with the City to dissolve without election pursuant to § 32-1-704(3)(b) C.R.S., and the Districts shall thereupon dissolve.

6. City Policy. Notwithstanding anything contained herein to the contrary, the Districts shall be subject to and comply with all applicable provisions of the City's Charter, Code, ordinances, resolutions, rules, regulations, standards and policies ("City Policy").

7. Dedication of Improvements. The Districts shall, in accordance with City Policy, dedicate, or cause to be dedicated on their behalf, all public improvements customarily dedicated to the City. The Districts acknowledge, however, that the City shall not be required to accept dedication of any such public improvements except in accordance with City Policy. These improvements include, but are not limited to: public water and wastewater improvements, all public

streets and those streets dedicated by plat, storm sewer systems, including inlets and underground pipes within public rights-of-way, all public sidewalks as well as all rights-of-way and easements necessary for access to facilities. Improvements which are to be dedicated to the City shall be designed and constructed in accordance with State and Federal laws, regulations and standards, and in accordance with City Policy. It is anticipated that the Districts shall own and maintain or cause to be maintained all neighborhood parks, all recreational improvements, and any potable or non-potable irrigation systems. However, in accordance with City Policy, and upon agreement by the City and the Districts, the City may accept, but shall not be required to accept, dedication of neighborhood parks, recreational improvements, and potable and non-potable irrigation systems. Any parking lots, parking structures, and other off-street parking facilities shall not be dedicated to the City, but shall be owned, operated, and maintained by the Districts.

Operations and maintenance of those improvements dedicated to the City in accordance with City Policy shall rest with the City, however, the Districts shall maintain all landscaping in the public rights-of-way unless such obligation is expressly accepted by the City. In the event the Districts construct enhanced amenities which exceed City standards under City Policy, the City and the Districts shall agree as to the operation and maintenance of such enhanced amenities prior to the City's acceptance of any such improvements. All park and recreation and landscaping improvements, including waterways and associated landscaping not dedicated to and accepted by the City shall be owned, operated, and maintained by the Districts, either directly or by contract with another entity such as a property owners association.

Storm sewer systems, including inlets and underground pipes within public rights-of-way, shall be conveyed to the City for purposes of reporting on Municipal Separate Storm Sewer System (MS4) Reports. *The Districts shall retain such easements as are necessary to operate and maintain landscaping and related improvements associated with such storm drainage and detention areas. The Districts shall further retain such easements as are necessary to operate and maintain all detention ponds, their respective outlet works, water quality components, and outlet pipes from the detention ponds to the point of terminus.*

The Districts may, at their sole cost and expense, acquire all property required by the City for the construction of public improvements to be provided by the Districts pursuant to this Service Plan. The Districts may acquire any interests in property, leases and easements necessary to the functions or the operation of the Districts, except that the Districts shall not pay more than fair market value and reasonable settlement costs for any interest in real property and shall not pay for any interest in real property which must otherwise be dedicated for public use or the Districts' use in accordance with any governmental ordinance, regulation, or law and in accordance with City Policy. Accordingly, the Districts shall not purchase from the Developer any interest in real property that is customarily dedicated by developers to the City in accordance with City Policy.

In the event that the City determines that public improvements have been constructed in accordance with City Policy and will be accepted by the City in accordance with City Policy, an initial acceptance letter shall be issued by the City specifying that the public improvements dedicated to the City shall be warranted, by the District or the Developer, for a period of two calendar years from the date of such initial acceptance, or such other warranty period as may be required by City Policy. Should the public improvements conform to the City's specifications

and standards, the City shall issue a "Final Acceptance" form letter to the Districts at the completion of the applicable warranty period. At the City's discretion, dedication of public improvements may take place after the expiration of the applicable warranty period.

Failure of the Districts to comply with these dedication requirements shall be deemed to be a material departure from this Service Plan. Such dedication requirements shall not be amended without the prior written approval of the City Council.

8. Existing Services and Districts. There are currently no other entities in existence in the area of the proposed development which have the ability and/or desire to undertake the design, financing, construction, operation and maintenance of the improvements which are needed for the community. It is also the Developer's understanding that the City does not consider it feasible or practicable to provide the necessary services and facilities for the development, as further described herein. Consequently, use of the Districts is deemed necessary for the provision of public improvements in the development.

In order to minimize the proliferation of new governmental structures and personnel, the Districts intend to utilize existing entities, to the extent possible for operations and maintenance of public improvements. Consequently, while the Districts will finance capital improvements and coordinate the provision of services, they are expected to utilize existing entities and personnel as much as possible. Double taxation will be avoided by the Districts undertaking the necessary capital financing with Debt levies, and existing service providers furnishing day-to-day operations and maintenance with service charges and operating levies. As described above, public improvements, including sanitary sewer and water improvements (other than potable or non-potable irrigation systems), storm drainage, streets, and traffic safety and signalization, will be conveyed to the City by the Districts and subsequent operations and maintenance of these improvements shall rest with the City. Park and recreation improvements may be conveyed to the City or may be owned, operated and maintained by the Districts, as described in greater detail above. The timing for conveyance of the improvements will be developed by mutual agreement between the Districts and the appropriate party as generally described above and in Section V hereof.

9. Property Owner Associations. Certain services may be provided within the Districts by one or more property owner associations expected to be organized as Colorado non-profit organizations comprised of all property owners in the Districts. The associations may provide architectural control services, community organizations, community events and activities, community marketing, animal control, security, recreational amenity maintenance, common area maintenance, and other programs which may be beyond the scope or financial capacity of the Districts.

B. General Financial Information and Assumptions

The 2007 certified assessed valuation of all taxable property within the boundaries of the Districts was approximately \$377,000. At build-out, the total assessed valuation within the Districts is estimated to be approximately \$19,980,830.

The anticipated cost of improvements necessary to provide access to and appropriate services within the Districts are estimated in Exhibit D. Costs are shown for each category of improvements anticipated to be constructed. The Districts may obtain financing for the capital improvements needed for the development through the issuance of Debt instruments by the Districts. General obligation Debt will be payable from revenues derived from ad valorem property taxes and from other sources. At the time Debt instruments are proposed to be issued, alternative financing plans may be employed and be utilized by the Districts as long as such alternative financing plan does not result in any material economic deviation or a change in the risk to property owners.

The Financing Plan demonstrates that the cost of infrastructure described herein can be generated with reasonable mill levies. The figures contained herein depicting costs of infrastructure and operations shall not constitute legal limits on the financial powers of the Districts; provided, however, that the Districts shall not be permitted to issue Debt which is not in compliance with the bond registration and issuance requirements of Colorado law.

C. Contents of Service Plan

This Service Plan consists of a preliminary financial analysis and preliminary engineering plan showing how the facilities and services for the Districts can be provided and financed by the Districts. Numerous items are included in this Service Plan in order to satisfy the requirements of law for formation of special districts. Those items are listed in Exhibit F attached hereto. Each of the requirements of law is satisfied by this Service Plan.

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 Connell Resources, Inc. and Pinnacle Consulting Group, Inc., which have experience in the costing and construction of similar facilities. Legal advice in the preparation of this Service Plan was provided by Icenogle Norton, which represents numerous special districts. Preparation of the Financing Plan was provided by Stan Bernstein and Associates, Inc. The owner and Developer of the real property within District No. 1 is Boyd Lake Village, LLC, a real estate development company with experience in residential and commercial development in Northern Colorado. The owner of the property within District No. 2 is Boyd Lake Village East, LLC, an affiliate of the Developer. For purposes of this Service Plan, the term "Developer" shall mean Boyd Lake Village, LLC, its affiliates, and their respective successors and assigns.

D. Modification of Service Plan

This Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities under evolving circumstances without the need for numerous amendments. While the assumptions upon which this Service Plan are generally based are reflective of current zoning for the property within the Districts, the cost estimates and financing plan are sufficiently flexible to enable the Districts to provide necessary services and facilities without the need to amend this Service Plan as zoning changes. Modification of the general types of services and facilities, and changes in proposed configurations, locations, or dimensions of

various facilities and improvements shall be permitted to accommodate development needs consistent with then current zoning for the property and consistent with City Policy.

II. NEED FOR NEW DISTRICTS AND GENERAL POWERS

A. Need for Metropolitan Districts

The property within the boundaries of District No. 1 currently is undeveloped. The property within the boundaries of District 2 includes certain facilities associated with a water park known as Crystal Rapids. Crystal Rapids is no longer operational, and the Developer is in the process of demolishing all structures located on the site. No other entities exist which will finance the construction of the facilities needed for the Districts. The intergovernmental agreements referred to in Section V hereof will address and define the activities to be undertaken by various entities with regard to public improvements. In order to make the most efficient utilization of existing governmental entities, the Districts may enter into cost share agreements for the financing and construction of certain improvements and for operations and maintenance of certain improvements.

B. General Powers of Districts

Each District will have power and authority to provide the services and facilities described in this Section both within and outside its boundaries in accordance with State law. The powers and authorities of each District will be allocated and further refined in one or more intergovernmental agreements among the Districts, which may be voted upon and approved by their respective electorates. For purposes of the Special District Control Act, such intergovernmental agreements shall not constitute an amendment of this Service Plan; provided that such intergovernmental agreements are consistent with the terms of this Service Plan. The intergovernmental agreements will, however, constitute binding agreements among the Districts regarding implementation of the powers contained in this Service Plan. Any intergovernmental agreement not compliant with the terms of this Service Plan shall be deemed a material modification of this Service Plan, and shall require the prior written approval of the City Council.

The Districts shall have authority to provide the services and facilities listed below, all of which shall be in conformance with City Policy and/or the standards and specifications of other entities which may operate and maintain the completed improvements. In accordance with City Policy, the Districts will obtain City approval of civil engineering plans and a permit from the City for construction and installation of all improvements.

1. Sanitation and Storm Drainage. The design, acquisition, installation, construction, financing, operation, and maintenance of storm or sanitary sewers, or both, flood and surface drainage improvements including but not limited to, culverts, dams, retaining walls, access ways inlets, detention ponds and paving, roadside swales and curb and gutter, wastewater lift stations, force mains and wetwell storage 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. The Districts shall not design, acquire, install, construct, finance, operate or maintain any sewer treatment or disposal works or facilities.

2. Water. The design, acquisition, installation, construction, financing, operation, and maintenance of a complete potable water and non-potable irrigation water system, including but not limited to, water rights, water supply, transmission and distribution systems for domestic and other public or private purposes, together with all necessary and proper water rights, equipment and appurtenances incident thereto which may include, but shall not be limited to, transmission lines, distribution mains and laterals, storage facilities, land and easements, together with extensions of and improvements to said systems. The Districts shall not design, acquire, install, construct, finance, operate or maintain any water well or water treatment or storage works or facilities, other than as may be required in connection with any non-potable irrigation system designed, acquired, installed, constructed, financed, operated or maintained as described in Section III.B.4. of this Service Plan.

3. Streets. The design, acquisition, installation, construction, financing, operation, and maintenance of street and roadway improvements, including but not limited to curbs, gutters, culverts, storm sewers and other drainage facilities, detention ponds, retaining walls and appurtenances, as well as sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, undergrounding of public utilities, snow removal equipment, or tunnels and other street improvements, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities.

4. Traffic and Safety Controls. The design, acquisition, installation, construction, financing, operation, and maintenance of traffic and safety protection facilities and services through traffic and safety controls and devices on arterial streets and highways, as well as other facilities and improvements including but not limited to, 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.

5. Parks and Recreation. The design, acquisition, installation, construction, financing, operation, and maintenance of public park and recreation facilities or programs including, but not limited to, grading, soil preparation, sprinkler systems, playfields, bike and hiking trails, pedestrian trails, pedestrian bridges, picnic areas, passive parks, common area landscaping including water features, and 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.

6. Transportation. The design, acquisition, installation, construction, financing, operation, and maintenance of public transportation system improvements, including transportation equipment, park and ride facilities, parking lots, parking structures, roofs, covers, and facilities, including structures for repair, operations and maintenance of such facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems. The Districts shall not design, acquire, install, construct, finance, operate or maintain any system to transport the public by bus, rail, or any other means of conveyance, or any combination thereof, without first entering into an intergovernmental agreement with the City, as required by § 32-1-1004(5), C.R.S.

7. Television Relay and Translator. The design, acquisition, construction, completion, installation, financing, and/or operation and maintenance of television relay and translator facilities, including but not limited to cable television and communication facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities.

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

9. Security. The Districts shall have the power to furnish security services for any area within the Districts' boundaries. Prior to furnishing any security services, the Districts shall provide written notification to, consult with, and obtain the prior written consent of the City's Chief of Police and any applicable master association or similar body having authority in its charter or declaration to furnish security services within the Districts' boundaries.

10. Covenant Enforcement. The Districts shall have the power to provide covenant enforcement and design review services within the Districts if the Districts and the governing body of a master association or similar body contract for such services, or if the declaration, rules and regulations, or any similar document containing the covenants to be enforced for the area within the Districts name the Districts as the enforcement or design review entity. The Districts shall have the power to provide covenant enforcement and design review services only if revenues used to provide such services are derived from the area in which the service is furnished.

11. 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.

12. Other. In addition to the powers enumerated above, the Boards of Directors of the Districts shall also have the following authority:

a. To amend this Service Plan as needed, subject to the appropriate statutory procedures, provided that any material modification of this Service Plan shall be made only with the prior written approval of the City Council in accordance with § 32-1-207, C.R.S. Each District shall have the right to amend this Service Plan independent of participation of the other Districts; provided, that a District shall not be permitted to amend those portions of this Service Plan which affect, impair, or impinge upon the rights or powers of another District without such other District's consent; 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 Districts, or if the development of the improvements and facilities would best be performed by another entity; and

c. Except as otherwise limited herein, 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 as necessary to further the exercise of the powers expressly authorized by this Service Plan.

13. Condemnation. Absent the prior written approval of the City Council, the Districts shall not exercise their statutory power of eminent domain and dominant eminent domain for the purpose of condemning any property outside of the Districts' boundaries, including any property owned by the City. Additional approval from the City Council shall not be required prior to the Districts' exercise of their statutory power of eminent domain and dominant eminent domain with respect to property within the Districts' boundaries; provided, however, that the Districts shall not exercise their statutory power of dominant eminent domain to condemn property owned by the City that is located within the Districts' boundaries, without the prior written consent of the City Council.

III. DESCRIPTION OF FACILITIES AND IMPROVEMENTS

The Districts will be permitted to exercise their statutory powers and their respective authority as set forth herein to finance, construct, acquire, operate and maintain the public facilities and improvements described in Section II of this Service Plan either directly or by contract. A depiction of the public improvements and facilities anticipated to be provided by the Districts is set forth in Exhibit C, attached hereto and incorporated herein by this reference. Where appropriate, the Districts will contract with various public and/or private entities to undertake such functions. The Districts also may petition existing governmental entities for inclusion of part or all of the property within the Districts into an existing service area. There are currently no other entities within the boundaries of the proposed Districts providing the following services, nor shall the services provided by the Districts duplicate or interfere with those services provided by the City. Improvements which are to be dedicated to the City shall be designed and constructed in accordance with City Policy and applicable State and Federal laws, regulations and standards.

Detailed information for each type of improvement needed for the Districts is set forth in the following pages. It is important to note that the preliminary layouts contained in this Section and in Exhibit C are conceptual in nature only, and that modifications to the type, configuration, and location of improvements will be necessary as development proceeds. All facilities will be designed in such a way as to assure that the facility and service standards will be compatible with those of the City, and of other municipalities and special districts which may be affected thereby. To the extent required by City Policy, the Districts will issue letters of credit or other surety required by City Policy to the City to provide security for public improvements to be constructed by the Districts.

The following sections contain general descriptions of the contemplated facilities and improvements which will be financed by the Districts.

A. General

Construction of all planned facilities and improvements will be scheduled to allow for proper sizing and phasing to keep pace with the need for service. All descriptions of the specific facilities and improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, requirements of the City, and construction design or scheduling may require. As depicted herein, the majority of capital improvements to be constructed by the Districts are necessary in the initial years of development.

B. General Design Standards

Improvements within the Districts, including without limitation, those specifically listed herein, will be designed and installed by the Districts in conformance with current standards adopted by the Districts and in accordance with City Policy. The intergovernmental agreements discussed in Section V hereof describe the procedures which will be followed to assure compliance with the requirements of this Service Plan.

1. Wastewater System. The sanitary sewer lines will be designed and installed to conform to the current standards and recommendations of the Colorado Department of Health, City Policy, and rules and regulations adopted by the Districts or other affected municipalities and sound engineering judgment.

All major elements of the sanitary sewer lines required for proper operation will be designed, and installed by the Districts. Operations and maintenance of all wastewater facilities will be provided by the Districts, until such facilities are dedicated to the City in accordance with the terms of this Service Plan and City Policy:

2. Storm Drainage.

a. Generally. The Districts plan to install the necessary storm drainage system to serve the development. The proposed elements of the storm drainage system will provide a network of culverts, roadside swales, pipes detention and water quality ponds, inlet and outlet structures, and curb and gutter designed and installed in accordance with City Policy and sound engineering judgment. The Districts will design and install all storm drainage improvements except for specific improvements within individual development parcels which will be designed and installed by individual developers and/or builders.

All major storm drainage facilities will be designed to conform to the standards and recommendations for drainage improvements pursuant to City Policy, the rules and regulations of the Districts and standards of other affected municipalities.

b. Culverts. Culverts will be installed under all roadways that intersect storm drainage channels. Culverts will be designed to pass flows as required by City Policy, and may include headwalls, wing walls, inlet and outlet structures, and riprap protection to enhance their hydraulic capacity and reduce bank or channel erosion.

An overall drainage plan will be developed that will identify the major facilities necessary to convey the storm runoff from the Districts. This plan will include all infrastructure required to convey the flows generated within the Districts. This plan must maintain the flexibility to modify the major drainage facilities as more detailed information is generated during the design of the individual phases. The overall drainage plan will include the utilization of storm sewers, drainage channels, streets, gutters, culverts and ponds.

3. Potable Water System.

a. Overall Plan. The water system will be comprised of a water distribution system consisting of buried water mains, fire hydrants, and related appurtenances located predominately within the Districts' boundaries. When design and construction are finalized, the system will serve each development tract from adjacent streets and roads. All major elements of the water facilities will be designed, and installed by the Districts in accordance with City Policy. Operations and maintenance of all water facilities will be provided by the Districts, until such facilities are dedicated to the City in accordance with the terms of this Service Plan and City Policy.

b. Design Criteria. The proposed domestic potable water distribution system is expected to include pressurized water mains. Water system components will be constructed and installed in accordance with City Policy and applicable standards of all entities with jurisdiction over the Districts. The water system will also be designed based on applicable fire protection requirements.

4. Non-Potable Irrigation Water System

a. District Authority. The Districts shall have the authority, but not the obligation, to provide the design, financing, acquisition, installation, operation, construction, and/or operation and maintenance of a non-potable raw water irrigation system, including but not limited to, water rights, water supply, treatment, storage, transmission and distribution systems for public or private purposes, together with all necessary and proper reservoirs, treatment works and facilities, wells, water rights, equipment and appurtenances incident thereto which may include, but shall not be limited to, transmission lines, distribution mains and laterals, storage facilities, land and easements, together with extensions of and improvements to such facilities and systems within and without the boundaries of the Districts.

b. Overall Plan. The Districts may, in the discretion of their respective Boards of Directors, choose to provide for a non-potable irrigation water system, which may ultimately serve both public and private property. At this time, the Districts have not developed a finance plan which contemplates the provision of a non-potable irrigation water system and the Districts shall not be obligated to provide such a system. If ultimately constructed, the non-potable irrigation water system will be constructed in accordance with City Policy and financed through the Districts to service the greenbelts, open spaces, landscaping and common areas within the Districts. In addition, the Districts may choose to construct and/or finance a non-potable irrigation water system designed to serve individual units within the development. If a non-potable irrigation water system is provided, the Districts shall have the

right to purchase any and all raw water necessary for proper operation of the system from the Developer, or any other entity or individual as the Districts deem appropriate.

5. Street System and Traffic Safety

a. General. The Districts propose to construct a street and roadway system to serve the development. The existing and proposed elements of the street system will provide a network of arterial collector or local streets to serve the flow of traffic within the Districts. All facilities, traffic controls, signals and signage will be designed and installed in accordance with City Policy and sound engineering judgment.

b. Streets. Public streets will be designed, located and installed to conform to the standards and recommendations of the Colorado Department of Transportation (where applicable), City Policy and the rules and regulations adopted by the Districts.

Traffic controls and signage may be provided along streets to enhance the flow of traffic within the project. Street lights may be installed by the Districts along collector and local roadways.

c. Landscaping. Landscaping may be installed by the Districts along the roadway rights-of-way and trail easements in accordance with City Policy. The Districts may also install and maintain landscaped highlights along the internal streets and entry features at major entrances. Additional features may be installed and maintained by the Developers of the individual parcels.

d. Signals and Signage. Signals and signage may be installed by the Districts as required by traffic studies, the Districts' rules and regulations, City Policy and the Colorado Department of Transportation. Additional signage may be installed as needed to accommodate development.

6. Park and Recreation

Any park and recreational facilities and/or services that the Districts determine to undertake will be constructed in accordance with plans and specifications approved by the City. All park and recreational facilities will be constructed in accordance with engineering and design requirements appropriate for the surrounding terrain, and shall be compatible with and comply with City Policy or the standards of other local public entities, as applicable.

C. Services of Districts. The Districts will require operating funds to plan and cause the facilities contemplated herein to be completed. 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 approximately \$66,000. An overall Financing Plan showing the anticipated operating costs for the first budget year and thereafter, phasing of bond issues, and related matters is attached as Exhibit E. Operating costs may increase depending upon the entity designated responsible for operations and maintenance of the facilities as set forth in

Section III. Notwithstanding the projections set forth in the financing plan such amounts are therefore subject to increase and may be paid from any legally available revenues including but not limited to fees or charges legally imposed by the Districts. Organizational costs and capital costs expended for public infrastructure prior to the date of organization, if any, will be reimbursed to the Developer by the Districts out of their initial revenue sources including bond issue proceeds. The Districts shall be permitted to borrow initial operating funds from private entities until such time as they are able to generate operating revenues from other legally available sources. The Districts may acquire completed improvements from the Developer with bond proceeds. Certain of those improvements will then be conveyed by the Districts to the City. Alternatively, the Developer may dedicate certain improvements directly to the City, with reimbursement to the Developer to come from the Districts.

D. Estimated Cost of Facilities

The estimated cost of the facilities to be constructed, installed and/or acquired by the Districts are shown in Exhibit D and include contingencies, supervision for the administrative oversight process including necessary approvals and construction management for onsite management of ongoing capital construction.

IV. DEVELOPMENT PROJECTIONS

The Developer is targeting several prominent employers as candidates to purchase individual parcels within the Districts' boundaries. In addition, the Developer is targeting several prominent retailers and businesses to locate within the development in property to be leased from the Developer. The absorption rates for Boyd Lake Village are incorporated into the Financing Plan attached hereto.

V. PROPOSED AND EXISTING AGREEMENTS

A. Intergovernmental Agreements

As noted in this Service Plan, one or more intergovernmental agreements may be entered between the Districts which shall facilitate ensuring that the improvements described within this Service Plan are constructed in the manner and at the time contemplated herein. The relationship between the Districts, including the means for approving, financing, constructing, and operating the public services and improvements needed to serve the development, will be established by means of these intergovernmental agreements. The intergovernmental agreements contemplated herein will establish procedures and standards for the approval of the design of facilities, transfer of funds between the Districts, and operation and maintenance of the facilities. These intergovernmental agreements will also provide for coordinated administration of management services for the Districts.

B. Other Agreements/Authority

To the extent practicable, the Districts may enter into additional intergovernmental and private agreements to better ensure long-term provision of the improvements and services and

effective management. Agreements may also be executed with property owner associations and other service providers. All such agreements are authorized pursuant to Colorado Constitution, Article XIV, Section 18 (2)(a) and § 29-1-201, et seq., C.R.S.

VI. OPERATION AND MAINTENANCE COSTS

Estimated costs for operation and maintenance functions are presented in the Financing Plan at Exhibit E.

VII. FINANCIAL PLAN

The Financing Plan demonstrates one method that might be used by the Districts to finance the cost of infrastructure. Due to the support expected to be received from the Developer, the Financing Plan demonstrates that the cost of infrastructure described herein can be provided with reasonable mill levies assuming reasonable increases in assessed valuation and assuming the rate of build-out estimated in the Financing Plan.

A. Debt Limitation. To enable the Districts to finance, construct, operate, and maintain the public improvements contemplated by this Service Plan, it is anticipated that the Districts will incur Debt. For purposes of this Service Plan, "Debt" shall be defined to mean principal on general obligation or revenue bonds, notes, contracts, agreements, certificates of indebtedness, interim certificates or receipts, or other documents or instruments evidencing loans or advances to the Districts. The maximum amount of Debt which may be incurred by the Districts shall be \$18,000,000 ("Debt Limit"); provided, however, that District No. 1 shall not incur Debt in excess of \$12,000,000 and District No. 2 shall not incur Debt in excess of \$6,000,000. Debt may be restructured to accomplish a refunding or reissuance, provided the principal amount of Debt does not exceed the Debt Limit set forth above. Refundings of existing Debt shall not count against the Debt Limit; so as to avoid the "double-counting" of any Debt. The Debt Limit shall not be increased unless first approved in writing by the City Council and as permitted by statute. Any change in Debt Limit shall be considered a material modification of the Service Plan.

B. Approval of Debt Issuance. It is currently anticipated that the Districts will issue Debt in amounts sufficient to permit the Districts to construct all or a portion of the needed facilities. The timing of issuance of Debt may be adjusted from time to time to meet development requirements. Despite the amount of voted Debt authorization by the Districts' electorate, the above Service Plan Debt Limit serves as the ultimate cap for the Debt the Districts shall incur. Prior to the issuance of any Debt in excess of \$100,000, the Districts must provide the City Attorney with an opinion prepared by nationally recognized bond counsel evidencing that the Districts have complied with all Service Plan requirements relating to such Debt. All Debt instruments entered into by the Districts shall provide that the Districts' obligations thereunder shall be discharged forty (40) years after the date such Debt is issued regardless of whether the obligations under such Debt instruments are paid in full.

C. Identification of District Revenue. All Debt issued by the Districts 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 Districts, subject to the following limitations:

1. The maximum mill levy the Districts may impose for the payment of Debt and operations and maintenance expenses shall be 45 mills ("the "Mill Levy Cap"). The Mill Levy Cap 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 collective tax liability of property owners within the Districts neither increases nor decreases as a result of any such changes, thereby maintaining a constant level of tax receipts of the Districts and overall tax payments from property owners. The Districts shall not impose or attempt to impose a mill levy on any of the property conveyed or dedicated to the City as provided in this Service Plan. Except as otherwise provided in this Section VII.C.1, the Mill Levy Cap shall not be increased unless first approved in writing by the City Council and as permitted by statute. Any such increase in the Mill Levy Cap shall be considered a material modification of the Service Plan.

2. Any Debt issued by the Districts must be issued in compliance with the requirements of § 32-1-1101(6), C.R.S., and § 11-59-106, C.R.S., as amended. The Districts anticipate issuing Debt that is exempt from registration by virtue of being credit enhanced or issued exclusively to "accredited investors" as such term is defined under Sections 3(b) and (4)(2) of the Federal Securities Act of 1933. This will ensure that appropriate development risk associated with current and future development within Boyd Lake Village remains with the Developer until such time as the assessed valuation within the Districts is sufficient to support the Debt service requirements of the Districts with the imposition of the maximum allowable Mill Levy Cap. It is anticipated that the initial funding for both capital and ongoing administrative requirements of the Districts will be provided by the Developer in the form of advances in exchange for Debt instruments, which will provide for repayment to the Developer from Debt proceeds or other legally available sources of revenue.

In addition to revenues from the Districts' mill levy, the Districts may receive revenue from specific ownership taxes, Developer advances, interest income, oversizing and reimbursement agreements with the City, fees and charges levied by the Districts, and other legally permissible sources, which may include a one-time "System Development Fee" to be collected on the initial transfer of property within the Districts to persons or entities not affiliated with the Developer. The Districts shall not be authorized to impose or accept revenues derived from any fee on retail sales or any other fee, toll, tax, or charge, the amount of which is calculated in a manner similar to the calculation of a sales or use tax. The foregoing shall not be construed to limit the Districts' authority to charge a user fee for use of District facilities. The Districts shall have the authority to use all available revenues in any legally permissible manner consistent with the terms of this Service Plan.

In the event the Developer enters into an oversizing and/or reimbursement agreement with the City the following shall apply:

a. If the Districts purchase from the Developer improvements constructed pursuant to an oversizing and/or reimbursement agreement with the City, and the Developer has obtained reimbursement from the City at the time of the Districts' purchase, the purchase price of the improvements to be paid by the Districts shall be the costs of the improvements as certified by the Districts' engineer less the amount of the reimbursement received by the Developer; or

b. If the Districts purchase from the Developer improvements constructed pursuant to an oversizing and/or reimbursement agreement with the City, and the Developer has not yet obtained reimbursement from the City at the time of the Districts' purchase, the purchase price of the improvements to be paid by the Districts shall be the costs of the improvements as certified by the Districts' engineer less the amount of the future reimbursement to which the Developer is entitled; or, in the alternative, the Districts may pay the full costs of the improvements as certified by the Districts' engineer and the Developer shall immediately assign to the Districts any and all rights to reimbursement from the City for said improvements.

D. Security for Debt. The Districts shall not pledge any revenue or property or other assets of the City as security for the indebtedness set forth in the Districts' Financial Plan.

E. Filings with City and Quinquennial Review.

(i) The Districts shall file with the City the following information and documents, promptly after they become available in their final, executed form:

- (a) Audited financial statements of the Districts, to the extent audit financial statements are required by State law;
- (b) Annual Budgets of the Districts;
- (c) Intergovernmental Agreements;
- (d) Resolutions regarding issuance of Debt, including relevant financing documents, credit agreements and official statements;
- (e) Notice of all regular and special meetings of the Districts' Boards of Directors; and
- (f) If requested by the City, copies of minutes of all meetings of the Districts' Boards of Directors.

(ii) Pursuant to § 32-1-1101.5, C.R.S., and at the City's request, the Districts shall submit 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 general obligation indebtedness was approved by its electors. In the event that the City determines that a public hearing is necessary on such application, such hearing shall be held in accordance with § 32-1-1101.5(2)(a), C.R.S., and a determination for continuation of the authority of the Boards of the Districts to issue any remaining authorized general obligation Debt shall be made at that time. At the City's sole discretion, the Districts shall pay an administrative fee for any review required by the City under this Section.

F. Other Financial Information

The balance of the information contained in this Article VII is preliminary in nature. Upon approval of this Service Plan, the Districts will continue to develop and refine cost estimates contained herein and prepare for Debt issuance. All cost estimates will be inflated to then-current dollars at the time of Debt issuance and construction. All construction cost estimates assume construction to applicable local, State or Federal requirements.

In addition to ad valorem property taxes, and in order to offset the expenses of the anticipated construction as well as operations and maintenance, the Districts 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(j), C.R.S., as amended from time to time. It is anticipated that a system of user charges may also be established for any recreation improvements and other improvements not owned and operated by the City.

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. To the extent annual revenues of the Districts 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.

The estimated costs of the facilities and improvements to be constructed and installed by the Districts, including the costs of engineering services, legal services, administrative services, initial proposed indebtedness, and other major expenses related to the facilities and improvements to be constructed and installed, are set forth in Exhibit D of this Service Plan. The maximum net effective interest rate on Debt shall be twelve percent (12%). The proposed maximum underwriting discount shall be five percent (5%). The Districts' Debt, when issued, shall mature not more than forty (40) years from date of issuance. The estimated costs of the organization of the Districts, including legal, engineering, administrative and financial services, are expected to be approximately \$121,500. Organizational costs will be reimbursed to the Developer by the Districts out of their initial revenue sources including bond issue proceeds.

G. Enterprises. The Districts' Boards of Directors may not set up enterprises to manage, fund and operate such facilities, services and programs as may qualify for enterprise status using the procedures and criteria provided by Article X, Section 20, Colorado State Constitution without the prior written consent of the City Council. To the extent provided by law, any enterprise created by the Districts will remain under the control of the Boards of Directors of the Districts. Additionally, the Districts and the Boards may not establish 63-20 Corporations without the prior written consent of the City Council.

H. Conservation Trust Fund. The District shall claim no entitlement to funds from the Conservation Trust Fund, the Great Outdoor Colorado Fund or any other grant moneys for which the City may be eligible, without the prior written consent of the City Council.

I. Elections; Other Requirements

All elections will be conducted as provided by the Uniform Election Code of 1992 (as amended) and the TABOR Amendment. The election questions may include TABOR Amendment ballot questions. Thus, the ballot may deal with the following topics (in several questions, but not necessarily using the exact divisions shown here):

1. Approval of new taxes,
2. Approval of maximum operational mill levies,
3. Approval of Debt limits,
4. Approval of property tax revenue limitations, and
5. Approval of total revenue limits.

Ballot issues may be consolidated as approved in Court orders. The City should be assured that the Districts intend to follow both the letter and the spirit of the Special District Act, the Uniform Election Code of 1992, and the TABOR Amendment and any City requirements. 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.

VIII. ANNUAL REPORT

A. General.

The Districts shall be responsible for submitting an annual report to the City not later than March 1 of each calendar year that the Districts are in existence.

B. Reporting of Significant Events.

The annual report required by this Section VIII shall include information as to any of the following events that occurred during the preceding calendar year:

- (1) Boundary changes made or proposed.
- (2) Intergovernmental Agreements entered into or proposed to be entered into.
- (3) Changes or proposed changes in the Districts' policies.
- (4) Changes or proposed changes in the Districts' operations.
- (5) Any changes in the financial status of the Districts including revenue projections, or operating costs.
- (6) A summary of any litigation involving the Districts.

- (7) Proposed plans for the year immediately following the year summarized in the annual report.
- (8) Status of the Districts' public improvement construction schedule.
- (9) A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City.

C. Summary of Financial Information.

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

- (1) Assessed value of taxable property within the Districts' boundaries.
- (2) Total acreage of property within the Districts' boundaries.
- (3) The Districts' Debt (stated separately for each class of Debt).
- (4) The Districts' Debt service (stated separately for each class of Debt).
- (5) The Districts' tax revenue.
- (6) Other revenues of the Districts.
- (7) The Districts' public improvements expenditures.
- (8) Other District expenditures.

IX. CONCLUSIONS

It is submitted that this Consolidated Service Plan for Waterfall Metropolitan Districts Nos. 1 and 2, as required by § 32-1-203(2), C.R.S., has established that:

1. There is sufficient existing and projected need for organized service in the area to be served by the proposed Districts;
2. The existing service in the area to be served by the Districts is inadequate for present and projected needs;
3. The proposed Districts are capable of providing economical and sufficient service to the area within their boundaries;
4. The area included in the proposed Districts will have the financial ability to discharge the proposed indebtedness on a reasonable basis;
5. Adequate service is not, and will not be, available to the area through the City, or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;
6. The facility and service standards of the proposed Districts are compatible with the facility and service standards of the City within which the proposed Districts are to be located;
7. The proposal is in substantial compliance with a master plan adopted by the City pursuant to § 31-23-206, 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 proposed Districts is in the best interests of the area proposed to be served.

Therefore, it is requested that the Loveland City Council, which has jurisdiction to approve this Service Plan by virtue of § 32-1-204.5, et seq., C.R.S., as amended, adopt a resolution which approves this "Consolidated Service Plan for Waterfall Metropolitan Districts Nos. 1 and 2" as submitted.

Respectfully submitted,

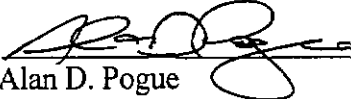
By: 
Alan D. Pogue
ICENOGLÉ ♦ NORTON
SMITH ♦ BLIESZNER ♦ GILIDA ♦ POGUE
A Professional Corporation
Counsel to Proponents of the Districts

EXHIBIT A

**Consolidated Service Plan for
Waterfall Metropolitan Districts Nos. 1 and 2**

EXHIBIT B

Affidavit of Publication

AFFIDAVIT OF PUBLICATION

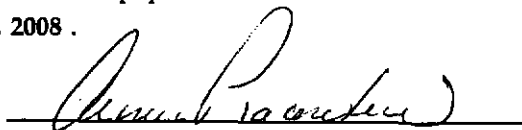
REPORTER-HERALD

State of Colorado
County of Larimer

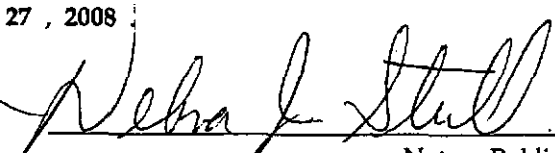
I, the undersigned agent, do solemnly swear that the DAILY REPORTER-HERALD is a daily newspaper published in the City of Loveland, County of Larimer, State of Colorado, and which has general circulation therein and in parts of Larimer and Weld Counties; that said newspaper has been continuously and uninterruptedly published for a period of more than six months next prior to the first publication of the annexed legal notice of advertisement, that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879, or any amendments thereof, and that said newspaper is a daily newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado; that a copy of each number of said newspaper, in which said notice of advertisement was published, was transmitted by mail or carrier to each of the subscribers of said newspaper, according to the accustomed mode of business in this office.

That the annexed legal notice or advertisement was published in the regular and entire edition of said daily newspaper once; and that one publication of said notice was in the issue of said newspaper dated

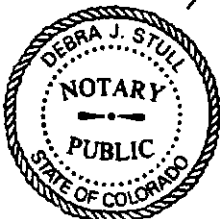
February 27, 2008.


Agent

Subscribed and sworn to before me this day of
February 27, 2008


Notary Public

FEE \$ 67.20



MY COMMISSION EXPIRES
OCTOBER 30, 2011
201 E. 5TH ST.
LOVELAND,
COLORADO 80537

STATE OF COLORADO,
CITY OF LOVELAND
NOTICE OF PUBLIC
HEARING
IN RE THE ORGAN-
IZATION OF WATERFALL
METROPOLITAN DIS-
TRICTS NOS. 1-3, CITY OF
LOVELAND, STATE OF
COLORADO

PUBLIC NOTICE IS
HEREBY GIVEN that there
has been filed with the City
of Loveland, Colorado, a
Consolidated Service Plan
and related documents for
proposed special districts to
be known as Waterfall
Metropolitan Districts Nos. 1
- 3 (the "Districts"). A map
of the Districts and the
Consolidated Service Plan
are on file in the office of the
City Clerk, 500 East Third
Street, Suite 230, Loveland,
Colorado, and are available
for public inspection. The
Districts are generally lo-
cated at the intersection of
Boyd Lake Avenue and US
Highway 34. They consist of
approximately 41.90 acres
for primarily commercial
development. The Districts
will provide for the financ-
ing, construction, acquisition
and installation of streets,
traffic and safety signals,
sewer, water, and parks and
recreation facilities within
the boundaries of the Dis-
tricts. A mill levy cap of 45
mills is proposed for the Dis-
tricts, subject to certain
adjustment and release
provisions.

NOTICE IS HEREBY FUR-
THER GIVEN that the
Loveland City Council,
Larimer County, State of
Colorado, will hold a public
hearing at or about 6:30 p.m.
on March 18, 2008 in the City
Council Chambers, 500 East
Third Street, Loveland, Colo-
rado, for the purpose of
considering the Consolidated
Service Plan and to form a
basis for adopting a
Resolution approving, dis-
approving or conditionally
approving the Consolidated
Service Plan for Waterfall
Metropolitan Districts Nos. 1
- 3. All protests and ob-
jections must be submitted in
writing to the City Council
for the City of Loveland at or
prior to the public hearing or
any continuance or
postponement thereof in or-
der to be considered.

NOTICE IS FURTHER
GIVEN that pursuant to Sec-
tion 32-1-203(3.5), C.R.S., as
amended, the owner of real
property within the Districts
may file a petition with the
City Council for the City of
Loveland stating reasons
why said property should not
be included in the Districts
and requesting that such real
property be excluded from
the Districts. Such petition
may be filed no later than ten
(10) days prior to the public
hearing on the service plan,
but the City of Loveland shall
not be limited in its action
with respect to exclusion of
territory based upon such re-
quest. Any request for exclu-
sion shall be acted upon be-
fore final action of the City
Council for the City of
Loveland under Section
32-1-205, C.R.S. All protests
and objections to the pro-
posed Districts shall be
deemed to be waived unless
presented at the time and in
the manner specified by the
City of Loveland.

BY ORDER OF CITY COUN-
CIL FOR THE CITY OF
LOVELAND, STATE OF
COLORADO
Publish:
Loveland Daily
Reporter-Herald
February 27, 2008

EXHIBIT C

Certificate of Service

STATE OF COLORADO, CITY OF LOVELAND

CERTIFICATION OF MAILING NOTICE OF HEARING AND PUBLICATION

IN RE THE ORGANIZATION OF THE WATERFALL METROPOLITAN DISTRICTS NOS. 1 & 2, CITY OF LOVELAND, STATE OF COLORADO

IT IS HEREBY CERTIFIED by the undersigned, as follows:

1. That the City Council of Loveland, Larimer County, Colorado, did set a public hearing for Tuesday, the 18th day of March, 2008, at 6:30 p.m., at 500 East Third Street, Loveland, Colorado 80537, considering the Consolidated Service Plan and related documents for the proposed special districts to be known as the Waterfall Metropolitan Districts Nos. 1 & 2 (the "Districts").
2. That, as a part of said action, directions were given that copies of the Notice of Public Hearing be mailed, by first class mail, not more than thirty days nor less than twenty days prior to said hearing, to interested persons, defined as follows: (1) the owners of record of all property within the proposed Title 32 Districts as such owners of record are listed in the Larimer County Assessor's records; (2) the Division of Local Government; and (3) the governing body of any municipality or special district which has levied an ad valorem tax within the next preceding tax year, and which has boundaries within a radius of three (3) miles of the proposed districts' boundaries.
3. That in compliance with said directions, a copy of the Notice, attached as Exhibit A, was deposited in the United States first class mail on February 27, 2008, to owners of record of all property within the proposed Title 32 Districts; the Division of Local Government; and the governing body of any municipalities and special district which has levied an ad valorem tax within the next preceding tax year and which has boundaries within a three (3) mile radius of the proposed Districts' boundaries, as per the listings attached as Exhibit B.
4. That, as a part of said action, directions were given that the Notice of Public Hearing be published one time in a newspaper of general circulation within the proposed Districts.
5. That in compliance with said directions, a copy of the Notice, attached as Exhibit A, was published on February 27, 2008 in *The Daily Reporter-Herald*, attached as Exhibit C.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of February, 2008.

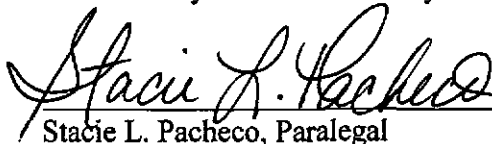

Stacie L. Pacheco, Paralegal

EXHIBIT A

NOTICE OF PUBLIC HEARING

STATE OF COLORADO, CITY OF LOVELAND

NOTICE OF PUBLIC HEARING

IN RE THE ORGANIZATION OF WATERFALL METROPOLITAN DISTRICTS NOS. 1 – 3, CITY OF LOVELAND, STATE OF COLORADO

PUBLIC NOTICE IS HEREBY GIVEN that there has been filed with the City of Loveland, Colorado, a Consolidated Service Plan and related documents for proposed special districts to be known as Waterfall Metropolitan Districts Nos. 1 – 3 (the “Districts”). A map of the Districts and the Consolidated Service Plan are on file in the office of the City Clerk, 500 East Third Street, Suite 230, Loveland, Colorado, and are available for public inspection. The Districts are generally located at the intersection of Boyd Lake Avenue and US Highway 34. They consist of approximately 41.90 acres for primarily commercial development. The Districts will provide for the financing, construction, acquisition and installation of streets, traffic and safety signals, sewer, water, and parks and recreation facilities within the boundaries of the Districts. A mill levy cap of 45 mills is proposed for the Districts, subject to certain adjustment and release provisions.

NOTICE IS HEREBY FURTHER GIVEN that the Loveland City Council, Larimer County, State of Colorado, will hold a public hearing at or about 6:30 p.m. on March 18, 2008 in the City Council Chambers, 500 East Third Street, Loveland, Colorado, for the purpose of considering the Consolidated Service Plan and to form a basis for adopting a Resolution approving, disapproving or conditionally approving the Consolidated Service Plan for Waterfall Metropolitan Districts Nos. 1 – 3. All protests and objections must be submitted in writing to the City Council for the City of Loveland at or prior to the public hearing or any continuance or postponement thereof in order to be considered.

NOTICE IS FURTHER GIVEN that pursuant to Section 32-1-203(3.5), C.R.S., as amended, the owner of real property within the Districts may file a petition with the City Council for the City of Loveland stating reasons why said property should not be included in the Districts and requesting that such real property be excluded from the Districts. Such petition may be filed no later than ten (10) days prior to the public hearing on the service plan, but the City of Loveland shall not be limited in its action with respect to exclusion of territory based upon such request. Any request for exclusion shall be acted upon before final action of the City Council for the City of Loveland under Section 32-1-205, C.R.S. All protests and objections to the proposed Districts shall be deemed to be waived unless presented at the time and in the manner specified by the City of Loveland.

**BY ORDER OF CITY COUNCIL FOR THE CITY
OF LOVELAND, STATE OF COLORADO**

EXHIBIT B

Property Owners within the Boundaries of the District(s)
Division of Local Government
Taxing Entities within a 3-mile radius of the Boundaries of the District(s)

Property Owners within the Boundaries of the District(s)

Boyd Lake Village, LLC
2314 East 13th Street
Loveland, CO 80537

Division of Local Government:

Division of Local Government
Department of Local Affairs
1313 Sherman Street, Room 521
Denver, CO 80203

Taxing Entities within a 3-mile radius of the Boundaries of the District(s)

Larimer County
P.O. Box 1190
Fort Collins, CO 80522

Larimer County Pest Control
P.O. Box 1190
C/O Larimer County
Fort Collins, CO 80522

Loveland Rural Fire Protection District
C/O Gregory A. White, Esq.
1423 West 29th Street
Loveland, CO 80538

Northern Colorado Water Conservancy District
Mr. Eric Wilkinson
220 Water Avenue
Berthoud, CO 80513-9245

Thompson R2-J School District
535 North Douglas
Loveland, CO 80537

Thompson Valley Health Services District
C/O DeGood, Ball, Easley, Et Al
P.O. Box 657
Loveland, CO 80539-0657

City of Loveland
500 East Third Street
Loveland, CO 80537

Loveland General Improvement District No. 1
500 East Third Street
Loveland, CO 80537

Centerra Metropolitan Districts Nos. 1 - 4
C/O Alan D. Pogue
Icenogle, Norton, Smith, Blieszner,
Gilida & Pogue PC
821 Seventeenth Street, Suite 600
Denver, CO 80202

Little Thompson Water District
835 East Highway 56
Drawer G
Berthoud, CO 80531

US 34/Crossroads Corridor Renewal Plan
City of Loveland-Long Range Plng.
500 East Third Street
Loveland, CO 80537

South Fort Collins Sanitation District
5150 Snead Drive
Fort Collins, CO 80525-3764

Loveland Downtown Development Authority
500 East Third Street
Loveland, CO 80537

BLK 41 – Finleys Add URP
City of Loveland
500 East Third Street
Loveland, CO 80537

Fort Collins – Loveland Water District
5150 Snead Drive
Fort Collins, CO 80525-3764

VDW Metropolitan Districts Nos. 2 & 3
C/O Alan D. Pogue
Icenogle, Norton, Smith, Blieszner,
Gilida & Pogue PC
821 Seventeenth Street, Suite 600
Denver, CO 80202

Loveland Urban Renewal Authority
C/O Matt Robenalt
Loveland Long Range Planning Division
500 East Third Street
Loveland, CO 80537

The Lakes at Centerra Metropolitan
Districts Nos. 1 – 3
C/O Alan D. Pogue
Icenogle, Norton, Smith, Blieszner,
Gilida & Pogue PC
821 Seventeenth Street, Suite 600
Denver, CO 80202

EXHIBIT C

AFFIDAVIT OF PUBLICATION

AFFIDAVIT OF PUBLICATION


REPORTER-HERALD

State of Colorado
County of Larimer

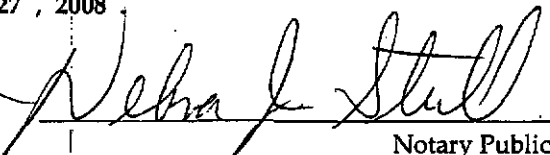
I, the undersigned agent, do solemnly swear that the DAILY REPORTER-HERALD is a daily newspaper published in the City of Loveland, County of Larimer, State of Colorado, and which has general circulation therein and in parts of Larimer and Weld Counties; that said newspaper has been continuously and uninterruptedly published for a period of more than six months next prior to the first publication of the annexed legal notice of advertisement, that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879, or any amendments thereof, and that said newspaper is a daily newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado; that a copy of each number of said newspaper, in which said notice of advertisement was published, was transmitted by mail or carrier to each of the subscribers of said newspaper, according to the accustomed mode of business in this office.

That the annexed legal notice or advertisement was published in the regular and entire edition of said daily newspaper once; and that one publication of said notice was in the issue of said newspaper dated

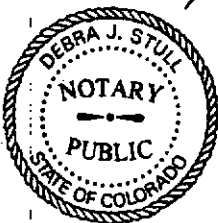
February 27, 2008.


Agent

Subscribed and sworn to before me this day of
February 27, 2008


Notary Public

FEE \$ 67.20



MY COMMISSION EXPIRES
OCTOBER 30, 2011
201 E. 5TH ST.
LOVELAND,
COLORADO 80537

STATE OF COLORADO,
CITY OF LOVELAND
NOTICE OF PUBLIC
HEARING
IN RE THE ORGAN-
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METROPOLITAN DIS-
TRICTS NOS. 1-3, CITY OF
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