

RESOLUTION #R-74-2005

**A RESOLUTION OF THE LOVELAND CITY COUNCIL
APPROVING THE SERVICE PLAN FOR THE
DEER MEADOWS METROPOLITAN DISTRICT**

WHEREAS, pursuant to Sections 32-1-204.5 and 207, C.R.S., as amended, the Service Plan for the Deer Meadows Metropolitan District (the "Service Plan") has been submitted to the City Council; and

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

WHEREAS, the boundaries of the proposed Deer Meadows Metropolitan District (the "District") 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 published in the Loveland Reporter-Herald on August 31, 2005, for a public hearing scheduled for September 6, 2005; and

WHEREAS, at its September 6, 2005 meeting, the City Council voted to postpone that public hearing and to conduct the hearing at its September 20, 2005 meeting; and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, the City Council held a full public hearing on the Service Plan for the District on September 20, 2005; 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:

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.

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 District;

b. the existing service in the area to be served by the District is inadequate for present and projected needs;

c. the District is capable of providing economical and sufficient service to the area within its proposed boundaries;

d. the area to be included within the District 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, including existing special districts, within a reasonable time and on a comparable basis;

f. the facility and service standards of the District are compatible with the facility and service standards of the City, within which the District is located;

g. the proposal is in substantial compliance with a master plan adopted by the City pursuant to Section 31-23-206, C.R.S.;

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

i. The creation and ongoing existence of the District is in the best interests of the area proposed to be served.

3. That the City Council hereby determines that the requirements of Sections 32-1-202(2), C.R.S., relating to the filing of the Service Plan for the District, and the requirements of Section 32-1-204.5 and 207, C.R.S., relating to the approval by the City Council have been fulfilled in a timely manner.

4. That the City Council does hereby approve the Service Plan for the District as submitted.

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.

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 District.

7. That this approval of the Service Plan is further conditioned upon Mariana Development Company, LLC or its successors and/or assigns (the "Owner") providing to the

Loveland City Attorney a mill levy disclosure statement for the District signed by the Owner and 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 Owner, in a form acceptable to the City Manager and City Attorney, requiring the Owner to provide the mill levy disclosure statement to all prospective purchasers of lots in the District prior to any purchaser entering into the contract to purchase a lot from the Owner or its successors or assigns.

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

9. 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 District or the achievability of the results.

10. That this Resolution shall go into effect as of the date and time of its approval by the Council.

Adopted this 20 day of September, 2005.



Gen. Prater
Mayor Prater

Donna Visconti
City Clerk

APPROVED AS TO FORM:

John R. Kline
City Attorney

EXHIBIT "A" TO
RESOLUTION #R-74-2005

SERVICE PLAN
FOR
DEER MEADOWS METROPOLITAN DISTRICT

City of Loveland, Colorado

Prepared for Mariana Development Company, LLC

By

Grimshaw & Haring, P.C.

Submitted
August 29, 2005

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I. INTRODUCTION

A. Overview.

This Service Plan ("Service Plan"), submitted in accordance with Part 2 of the Special District Act (§ 32-1-201, *et seq.*, C.R.S.), sets forth a proposal for the formation of Deer Meadows Metropolitan District (the "District") which is intended to serve that area which is coextensive with Deer Meadows P.U.D., a planned unit development of Mariana Butte Fourteenth Subdivision ("Deer Meadows" or the "Development"). Deer Meadows is the final subdivision in the Mariana Butte P.U.D. to be developed, and is located entirely within the boundaries of the City of Loveland, Colorado (the "City"). Deer Meadows will be developed by Mariana Development Company, LLC or its successors and/or assigns (the "Developer") pursuant to such land and special use submittals approved by the City.

The District will be formed to assist in the funding, integration and coordination of metropolitan district services and facilities within and without the boundaries of the District. Using funds provided by and through the District, it will construct, own and operate certain public services and facilities for Deer Meadows.

The District will authorize bonded and other indebtedness that will finance a portion of the infrastructure necessary to develop the property. (See the discussion below in Section VI, Financial Plan, concerning the District's limited debt issuance ability.)

B. Service Area, Configuration and Boundaries.

The boundaries of the District and the service area of the District includes all real property within the legal description attached hereto as **Exhibit A**, consisting of approximately fifty (50) acres located entirely within the Loveland city limits (the "Service Area"). A boundary map of the Service Area is also attached to **Exhibit A**. The District shall not include additional territory into nor exclude territory from the Service Area without obtaining the prior written consent of the City Council of the City of Loveland, Colorado ("City Council").

At build-out, it is anticipated that the District will contain approximately 77 single family units. Projections and phasing for the Service Area are more particularly set forth in **Exhibit B**, the Financial Plan attached to this Service Plan.

The District is currently completely undeveloped, and the current population of the District is zero. To date the land has been assessed at agricultural rates. At build-out of the 77 units within the Service Area (projected to be completed by 2010), the expected assessed valuation is estimated at \$6,742,120.

C. Potential Changes in Boundaries.

It is possible that additional property may be included within the District. This additional property may be under the ownership or control of persons or entities other than the Developer. As set forth above, areas outside of the Service Area shall not be included into the District without the prior written consent of City Council. Changes in boundaries shall be made only as permitted in this Service Plan and in compliance with the Special District Act.

D. Existing Services and Districts

There are currently no other entities in existence in the Development which have the ability to undertake the design, financing, construction, operation and maintenance of the improvements designated herein which are needed for the Development. 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.

E. General Financial Information and Assumptions

For purposes of this Service Plan, the assessed valuation of all taxable property within the boundaries of the District is assumed to be negligible.

The anticipated costs of improvements necessary to provide access to and appropriate services within the Service Area are estimated in **Exhibit C**. Costs are shown for each category of improvements. As referenced in **Exhibit B**, the improvements are currently anticipated to be constructed in 2006–2010. The District may obtain financing for the capital improvements needed for the development through the issuance of limited tax general obligation debt which may include bonds, notes, debentures, certificates, leases, loan agreements, or other contracts ("Debt"). Debt will be payable from revenues derived from ad valorem property taxes, and from other sources. The preliminary financial forecasts for the District are contained in the Financial Plan. The Financial Plan demonstrates one method which might be used by the District to finance the cost of infrastructure. At the time Debt is proposed to be issued, alternative financial plans may be employed and be utilized by the District as long as such alternative financial plans do not result in any material economic deviation or a change in the risk to property owners. However, pursuant to § 32-1-202(2)(b), C.R.S., the Board of Directors of the District shall notify City Council of any alteration or revision of the proposed schedule of Debt issuance set forth in the Financial Plan. The figures contained herein depicting costs of infrastructure and operations will not constitute legal limits on the financial powers of the District; provided, however, the District shall not be permitted to issue Debt which is not in compliance with the bond registration and issuance requirements of Colorado law.

F. Consultants

The assumptions contained within this Service Plan were derived from a variety of sources. Information regarding the present status of property within the District, as well as the current status and projected future level of services, was obtained from the Developer. Construction cost estimates were assembled by the Developer. Legal advice in the preparation of this Service Plan was provided by Grimshaw and Haring, P.C., which represents numerous special districts. Financial recommendations and advice in the preparation of the Service Plan were provided by Stifel, Nicolaus & Company, Inc., Hanifen Imhoff Division.

Consultant Contact Information:

Legal: Grimshaw and Haring, P.C.
1700 Lincoln Street, Suite 3800
Denver, CO 80203
(303) 839-3800
(303) 839-3838 Fax
Attn: Matthew R. Dalton, Esq.

Financial: Stifel, Nicolaus & Company, Inc., Hanifen Imhoff Division
1125 17th Street, Suite 1600
Denver, CO 80202
(303) 296-2300
(303) 291-5320 Fax
Attn: Les Willson

Construction Cost Estimates: Landmark Engineering
3521 W. Eisenhower Blvd.
Loveland, CO 80537
Attn: Rodney A. Harr, P.E.

G. City's Laws and Regulations

Notwithstanding anything contained herein to the contrary, the District shall be subject to and comply with all applicable provisions of the City's Charter, Code, rules, regulations, standards and policies ("City Policy"). In addition, nothing in this Service Plan or in the City's resolution approving said Service Plan shall be deemed to obligate the City to accept for dedication any public improvements constructed by the District.

H. Dedication of Improvements

The District shall, in accordance with City Policy, dedicate, or cause to be dedicated on its behalf, all public improvements customarily dedicated to the City. These improvements include, but are not limited to, public water and wastewater improvements, storm drainage and detention improvements, all public streets and those streets dedicated by plat, all public sidewalks as well as all rights-of-way and easements necessary for access to public improvements. Operation and maintenance of those improvements dedicated to and accepted by the City shall rest with the City; provided that the District shall maintain all landscaping in the public right-of-way unless such obligation is expressly accepted by the City.

Improvements, which are to be dedicated to the City, shall be designed and constructed in accordance with applicable state and federal laws, regulations and standards, and with City Policy. In those instances where the District has constructed enhanced improvements that exceed City Policy, the City and the District shall agree as to the operation and maintenance thereof prior to the City's acceptance of any such improvements. In the event that the City determines that public improvements have been constructed 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 for a period of two (2) calendar years from the date of such dedication, or such other warranty period as may be required by City Policy.

Storm drainage and detention improvements shall be conveyed to the City for purposes of reporting on Municipal Separate Storm Sewer System (MS4) reports. The District shall retain such easements as are necessary to operate and maintain the storm drainage and detention improvements, including landscaping and related improvements.

Failure of the District 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 consent of City Council. In addition, nothing herein shall be deemed to obligate the City to accept any public improvements constructed by the District.

II. DESCRIPTION OF DEER MEADOWS DEVELOPMENT

A. General

The overall design theme of Deer Meadows is a residential community. At build-out, the Service Area will contain approximately 77 single family residential units. Deer Meadows is the final subdivision remaining in the Mariana Butte P.U.D. The Development is a golf course community and has several strong amenities, including open space, water features and good views.

B. Vicinity

The Development is located in the City of Loveland, Colorado. The District is located approximately seven (7) miles west of I-25, south of Eisenhower Boulevard, adjacent to the Mariana Butte Golf Course.

III. DESCRIPTION OF PROPOSED METROPOLITAN DISTRICT SERVICES

A. Need for Metropolitan District

The property contained within the boundaries of the District presently consists of undeveloped land. It is anticipated that such property will see development and construction activity in the near future pursuant to the development standards set forth in the Mariana Butte P.U.D.

B. General Service Authority

The District will have the power and authority to provide the services and construct or acquire the facilities listed below, all of which shall be constructed, operated and maintained in conformance with City Policy. The specific improvements identified by the District as capital construction items will depend on the financial wherewithal of the District, but any one or a number of the improvements described below may be constructed by the District, either within or without the District. It is intended, in any event, that the District will operate and maintain all facilities not dedicated to or owned by the City or other appropriate jurisdiction or governmental entity.

(1) Wastewater System.

The design, acquisition, installation, construction, operation and maintenance of sanitary sewers, 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 intent is that any sanitary sewer infrastructure installed or constructed by the District will be dedicated to the City for ownership and maintenance. The District shall not design, acquire, install, construct, operate or maintain any sewer treatment or disposal works or facilities.

(2) Storm Drainage.

The design, acquisition, installation, construction, operation and maintenance of storm sewers, flood and surface drainage improvements including but not limited to water quality ponds and other storm water facilities, culverts, dams, retaining walls, access ways, inlets, detention ponds and paving, roadside swales and curb and gutter, 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

intent is that any storm drainage infrastructure installed or constructed by the District will be dedicated to the City for ownership and maintenance. As set forth in Section IV.B.(2), the District shall retain such easements as are necessary to operate and maintain the storm drainage system, including landscaping and related improvements.

(3) Water.

The design, acquisition, installation, construction, operation and maintenance of a complete water and irrigation water system including but not limited to water rights, water supply, water quality, and distribution systems for domestic and other public or private purposes, together with all necessary and proper facilities, water rights, equipment and appurtenances incident thereto which may include, but shall not be limited to, distribution mains and laterals, land and easements, together with extensions of and improvements to said systems. The District shall not design, acquire, install, construct, operate or maintain any water well or water treatment facilities.

(4) Streets.

The design, acquisition, installation, construction, 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, streetscaping or landscaping, undergrounding of public utilities, snow removal equipment, or tunnels and other street improvements, together with all necessary, incidental and appurtenant facilities, signage, land and easements, and all necessary extensions of and improvements to said facilities. The District will dedicate all street and roadway improvements to the City for ownership and maintenance of such improvements in accordance with City Policy.

(5) Parks and Recreation.

The design, acquisition, installation, construction, operation and maintenance of public park and recreation facilities or programs including but not limited to grading, soil preparation, sprinkler systems, playgrounds, bike and hiking trails, pedestrian trails, pedestrian bridges, picnic areas, common area landscaping 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. The District shall own and maintain park and recreation facilities and open space improvements. Currently, it is not expected that such park and recreation facilities or open space will be dedicated to the City or that the City will assume any duties or obligations related thereto.

(6) Mosquito Control.

The design, acquisition, installation, construction, operation and maintenance of systems and methods for the elimination and control of mosquitoes within the boundaries of the District.

(7) Covenant Enforcement.

The Board of Directors of the District shall have the power to furnish covenant enforcement and design review services within the District if the District is named as the enforcement or design review entity in the declaration, rules and regulations, or any similar document containing the covenants to be enforced for Deer Meadows. The District 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 services are furnished.

(8) Legal Powers.

The powers of the District will be exercised by its Board 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.

(9) Condemnation.

Absent prior written consent of City Council, the District shall not exercise its statutory power of eminent domain with respect to property outside its boundaries, as those boundaries may be amended from time to time.

(10) Other.

In addition to the powers enumerated above, the Board of Directors of the District 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 approval of the City Council in accordance with § 32-1-207, C.R.S.; and

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

(c) To have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted to the District in this Service Plan.

IV. DESCRIPTION OF FACILITIES AND IMPROVEMENTS

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

The public facilities and improvements described in Section III hereof will be constructed in accordance with City Policy and this Service Plan. Detailed information for each type of improvement needed for the District is set forth in the following pages. It is important to note that modifications to the type, configuration, and location of public facilities and improvements may be necessary as development proceeds. Either the District or the Developer may construct the street and roadway improvements and main water and sewer improvements necessary to serve the Development.

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

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 District are necessary in the initial years of development. Such improvements may be required in part by development agreements affecting the Development, and in order to provide initial infrastructure to support property owners and residents as they purchase property within the District's boundaries. Funding for these initial improvements is expected to occur through advances made by the Developer or through credit enhanced financings. Estimated costs of the facilities are included as **Exhibit C** to this Service Plan.

B. General Design Standards

Improvements within the District, including without limitation, those specifically described in Section III hereof, will be designed and installed by the District in conformance with applicable City Policy and any other applicable regulations of other governmental entities. Designs and contract documents prepared for improvements must be reviewed and approved by the District and must be in accordance with the applicable standards and specifications as set forth herein.

(1) Wastewater System.

The wastewater facilities will be designed and installed to conform to City Policy and the current standards and recommendations of the Colorado Department of Health, rules and regulations adopted by the District or other affected entities, and sound engineering judgment. All major elements of the wastewater facilities required for proper operation may be designed and installed by the District. Operations and maintenance of all wastewater facilities will be provided by the District, until such facilities are dedicated to the City and accepted by the City in accordance with City Policy.

(2) Storm Drainage.

The District will 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, installed, operated and maintained in accordance with applicable City Policy and sound engineering judgment. All major elements of the storm drainage system required for proper operation may be designed and installed by the District. The storm drainage system shall be conveyed to the City for purposes of reporting on Municipal Separate Storm Sewer System (MS4) reports. The District shall retain such easements as are necessary to operate and maintain the storm drainage system, including landscaping and related improvements.

(3) Water System.

(a) Overall Plan.

The water system will be comprised of a water distribution system consisting of buried water mains, fire hydrants, valves, meters, and related appurtenances located predominately within the District's boundaries. 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. All major elements of the water facilities will be designed and installed by the Deer Meadows Metropolitan District. Operations and maintenance of all water facilities is expected to be provided by the City.

(b) Design Criteria.

The proposed domestic potable water distribution system is expected to include pressurized water mains. Water system components will be installed in accordance with City Policy and any other applicable rules and regulations of other governmental entities having jurisdiction over the District. The proposed water system shall also be constructed in compliance with any rules, regulations or standards established by the State. The Drinking Water Design Criteria of the Colorado Department of Health will be followed where applicable. The water system will also be designed based on applicable City Policy related to fire protection requirements.

(4) Street System.

(a) General.

The District proposes to construct a collector street system to serve the Development. The existing and proposed elements of the street system will provide a network of local streets to serve the flow of traffic within the District. All facilities will be designed and installed in accordance with City Policy, applicable standards of any other governmental entities having jurisdiction over the District, and sound engineering judgment.

(b) Streets.

All street and roadway improvements will be designed and installed to conform to City Policy. In the event that interior streets are privately owned, the District shall retain responsibility for operation and maintenance of such streets it funds and/or constructs unless otherwise approved at the time of final platting by the City.

(c) Landscaping.

The District may install and, if it does, shall maintain landscaping along the internal streets and entry features at major entrances in accordance with City Policy. Additional features may be installed and maintained by the developers of the individual lots.

(5) Parks and Recreation.

Any park and recreational facilities and/or services that the District determines 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 City Policy or the standards of other governmental entities having jurisdiction. The District shall retain responsibility for operation and maintenance of facilities and improvements it funds and/or constructs unless otherwise approved at the time of final platting by the City. It is not expected that the City will assume any of these duties or obligations.

C. Estimated Cost of Facilities.

The estimated cost of the facilities to be constructed, installed and/or acquired by the District for purposes of serving the Development are set forth in **Exhibit C**. The current estimated costs are approximately \$2,700,000.00, and is based on the anticipated build-out of 77 residential units. The figures provided are in 2005 dollars and represent a preliminary estimate of the actual capital costs associated with the planned improvements and facilities. Actual costs, as well as the timing and sequence of construction, may vary from the stated amounts and phasings to reflect fluctuations in general price levels, the pace and scope of improvements within the District, and other contingencies.

V. PROPOSED AND EXISTING AGREEMENTS

The District will be permitted to exercise its statutory powers and respective authority as set forth herein to finance, construct, acquire, operate and maintain the public facilities and improvements either directly or by contract. Where appropriate, the District will contract with various public and/or private entities to undertake such functions. To the extent practicable, the District may enter into additional intergovernmental and other private agreements to better enure long-term provision of the improvements and services and effective management. Agreements may also be executed with other service providers. Such agreements are authorized pursuant to Colorado Constitution, Article XIV, Section 18(2)(a) and Sections 29-1-201, *et seq.*, C.R.S.

VI. FINANCIAL PLAN

The maximum voted interest rate on Debt will be 15%. However, the District shall not issue Debt with an interest rate in excess of 9% without the prior written consent of City Council. The proposed maximum underwriting discount will be 5%. It is estimated that any Debt, when issued, will mature not more than forty (40) years from date of issuance. The District shall not undertake the refinancing of any outstanding Debt, which refinancing shall lengthen the final maturity of such Debt, without the prior written approval of City Council. The estimated costs of the organization and initial operation of the District through December 31, 2005 including legal, engineering, administrative and financial services, are expected to be approximately \$50,000. Organizational costs may be reimbursed to the Developer by the District out of its initial revenue sources including Debt proceeds.

Exhibit C contains cost estimates for key proposed improvements and the projected capital costs of such improvements. Notwithstanding the cost estimate allocations set forth on **Exhibit C**, the District shall be permitted to reallocate costs between categories of improvements as it deems necessary in its discretion. The combined total estimated cost of improvements which the District may construct to serve the Service Area total approximately \$2,700,000.00, inclusive of contingencies. These amounts may be adjusted upwards as the needs of the Development evolve, however the District will only finance those costs that can be paid taking into account the Mill Levy Cap (defined below). All facilities described herein will be designed in such a way as to assure that the facility and service standards will be compatible with City Policy and of other governmental entities which may be affected thereby. 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, adherence to City Policy, and construction scheduling may require.

It is currently anticipated that the District will issue Debt in amounts sufficient to permit the District to construct a portion of the needed facilities. Debt will be supported by ad valorem mill levies and other available revenues of the District. The Financial Plan for the District shows construction beginning in 2006 and ending in build-out at 2010, which demonstrates how the proposed

services and facilities may be financed and operated by the District and identifies the proposed debt issuance schedule of the District.

The Financial Plan contemplates both traditional Debt financings and "developer advances" for that portion which cannot be funded initially from Debt proceeds. The latter will be reimbursed as the District is financially able to do so, subject to the 9% interest rate ceiling set forth in Section VI of this Service Plan.

All Debt issued by the District and operations and maintenance expenses may be payable from any and all legally available revenues of the District, including general ad valorem taxes to be imposed upon all taxable property within the District, which will not exceed sixty (60) mills except as otherwise allowed by this Service Plan (the "Mill Levy Cap").

The Mill Levy Cap imposed by the District shall consist of fifty (50) mills dedicated to payment of Debt and ten (10) mills dedicated to payment of operations and maintenance. 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 shall be automatically adjusted so that the overall tax liability of property owners neither increases nor decreases as a result of any such changes, thereby maintaining a constant level of tax receipts of the District and overall tax payments from property owners. Any Debt issued by the District must be issued in compliance with the requirements of Colorado law.

The Financial Plan demonstrates one method that might be used by the District to finance the cost of infrastructure, and references a mill levy of thirty-five (35) mills dedicated to payment of Debt and five (5) mills dedicated to payment of operations and maintenance. Due to the support expected to be received from the Developer, the Financial 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 Financial Plan.

In addition to revenues from the District's mill levy, the District anticipates revenue from specific ownership taxes, investment income, user fees, a system development fee in the amount of \$5,000 per residential unit, and other sources, as further set forth and projected in the Financial Plan.

A. Other Financial Information

The balance of the information contained in the Financial Plan is preliminary in nature. Upon approval of this Service Plan, the District will continue to develop and refine cost estimates contained herein and prepare for Debt issues. 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 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 Financial Plan assumes various sources of revenue, including ad valorem property taxes, specific ownership taxes, a system development fee in the amount of \$5,000, and user charges, together with investment income on retained amounts.

The Financial Plan does not project any significant accumulation of fund balances which might represent receipt of revenues in excess of expenditures under TABOR. To the extent annual District

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revenues exceed expenditures in this manner, the District will comply with the provisions of TABOR and either refund the excess or obtain voter approval to retain such amounts. Initial spending and revenue limits of the District, as well as mill levies, will be established by an election which satisfies TABOR requirements. In the discretion of the Board of Directors, the District 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 the District will remain under the control of its Board of Directors.

B. Elections

In order to issue Debt, the District will seek the authorization of its electors to issue \$5,000,000 in Debt, the proceeds of which will provide the capital improvements and services contemplated by this Service Plan. While the District may be authorized to issue \$5,000,000 in Debt, the District shall not issue in excess of \$3,000,000 in Debt without the prior written approval of City Council and compliance with other statutory limits on the issuance of Debt. Should the District be unable to issue additional Debt under these restrictions, the traditional methods of financing infrastructure through developer advances will be required to meet the needs of the Development.

The District shall call an election on the questions of setting in place the proposed financial structure as required by TABOR. This election will be conducted as provided in the Uniform Election Code of 1992, the Municipal Election Code and TABOR.

The ballot shall deal with the following topics (in several questions, but not necessarily using the exact divisions shown here):

1. Approval of taxes;
2. Approval of a maximum operational mill levy;
3. Approval of bond and other indebtedness limits;
4. Approval of a property tax revenue limit;
5. Approval of a total revenue limit;
6. Approval of fiscal year spending limits; and
7. Elimination of term limits.

C. Additional Bond Limitations.

In addition to the limitations set forth in this Service Plan, all Debt issued by the District shall also be subject to the limitations of State law. In the event of a conflict between the limitations of this Service Plan and State law, the more restrictive provision shall control.

D. Operations.

The District will require operating funds to plan and cause the public improvements to be constructed. Additional costs to the capital costs indicated herein are expected to include: the operation and maintenance of improvements by the District from the time of their construction to the time of their acceptance by the City or others; operation and maintenance of improvements, if any,

which the City or others do not accept; and expenses related to operation of the District, such as reimbursement of legal, engineering, accounting and administrative services, preparation of budgets, audits, map filings, elections, informational filings, and the like. The first year's operating budget is estimated to be \$50,000. Future operational revenues would be raised by Developer advances, user fees, and an initial operating mill levy of up to ten (10) mills. The Developer will fund operating expenses to the extent necessary. As the District is able, it may reimburse the Developer in subsequent years. The proposed operating revenue derived from property taxes for the first budget year of the District is \$0. If necessary, however, the District may supplement these revenues with additional other revenue sources as allowed by law.

E. Enterprises.

In the discretion of the Board of Directors of the District, using the procedures and criteria provided by TABOR and State law, the District may set up enterprises to manage, fund, and operate such facilities, services, and programs as may qualify for enterprise status. To the extent allowed by law, any enterprise created by the District will remain under the control of the Board of Directors of the District. Additionally, the District will not utilize any entity to issue bonds on its behalf (including a non-profit corporation issuing bonds pursuant to IRS Revenue Ruling 63-20) without obtaining the prior written consent of City Council.

F. 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. Any such funds received by the District without the prior written consent of City Council shall be promptly remitted to the City.

VII. ANNUAL REPORT

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

- (1) Boundary changes made or proposed.
- (2) Intergovernmental Agreements with other governmental entities entered into or proposed.
- (3) Changes or proposed changes in the District's polices.
- (4) Changes or proposed changes in the District's operations.
- (5) Any changes in the financial status of the District including revenue projections, or operating costs.
- (6) A summary of any litigation which involves the District.
- (7) Proposed plans for the year immediately following the year summarized in the annual report.
- (8) Status of the District's public improvement construction schedule.
- (9) A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City.
- (10) Summary of the current assessed valuation in the District.

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

- (1) Total acreage of property within the District.
- (2) The District's current outstanding Debt (stated separately for each class of debt)

- (3) The District's current debt service mill levy (stated separately for each class of debt)
- (4) The District's tax revenue.
- (5) Other revenues of the District.
- (6) Public improvement expenditures of the District.
- (7) Other District expenditures.

VIII. DISCLOSURE

The District will take steps to ensure that the Developer of property within the District provides written notice regarding the existence of taxes, charges or assessments which may be imposed in connection with the District to all prospective purchasers of lots in the District prior to any purchaser entering into a contract to purchase a lot from the Developer or its successors or assigns.

IX. MODIFICATION OF THE SERVICE PLAN

Material modifications of this Service Plan, except as otherwise stated herein, shall be subject to approval by City Council in accordance with the provisions of Section 32-1-207, C.R.S.

X. CONCLUSIONS

It is submitted that this Service Plan for Deer Meadows Metropolitan District, as required by Section 32-1-203(2), C.R.S., has established that:

- (a) There is sufficient existing and projected need for organized service in the area to be served by the District;
- (b) The existing service in the area to be served by the District is inadequate for present and projected needs;
- (c) The District is capable of providing economical and sufficient service to the area within its boundaries;
- (d) The area included in the District does have, and 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, including existing special districts, within a reasonable time and on a comparable basis;
- (f) The facility and service standards of the District are compatible with the facility and service standards of the City, within which the District is located;
- (g) The proposal is in substantial compliance with a master plan adopted by the City pursuant to Section 31-23-206, C.R.S.;
- (h) The proposal is in compliance with any duly adopted City, county, regional, or state long-range water quality management plan for the area; and
- (i) The creation and ongoing existence of the District is in the best interests of the area proposed to be served.

Therefore, it is requested that the City Council of City of Loveland, Colorado, which has jurisdiction to approve this Service Plan by virtue of Section 32-1-204.5, *et seq.*, C.R.S., as amended, adopt a resolution which approves this Service Plan for the Deer Meadows Metropolitan District as submitted, a form of which is attached hereto as **Exhibit D**.

Respectfully submitted,

By:

Matthew R. Dalton
Marcus A. McAskin
GRIMSHAW & HARRING, P.C.
Counsel to the District

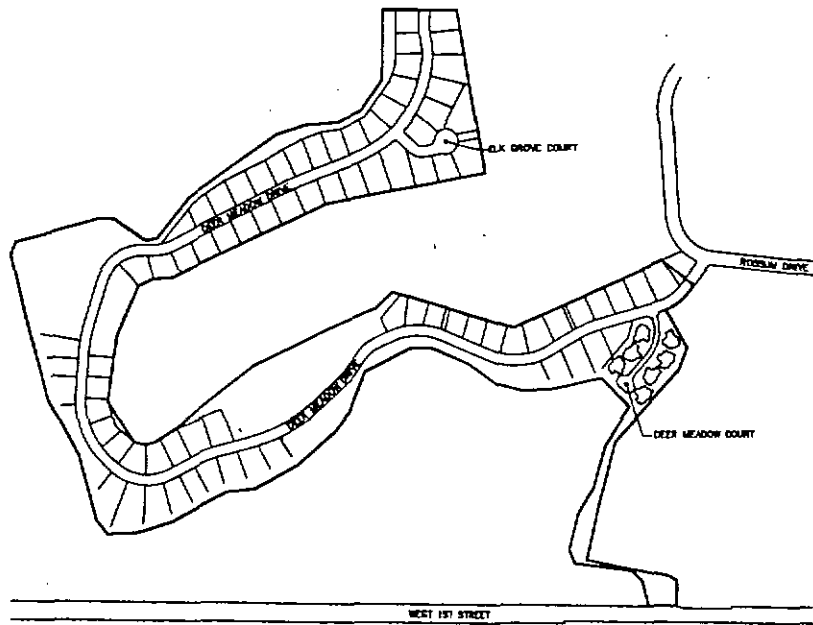
XI. LIST OF EXHIBITS

- Exhibit A: Legal Description and Boundary Map of the Service Area of the District
- Exhibit B: Financial Plan
- Exhibit C: Construction Costs
- Exhibit D: Form Resolution

Exhibit A
Legal Description and Boundary Map of the Service Area of the District

Legal description:

Mariana Butte 14th Subdivision, being a Subdivision of Tract A, Mariana Butte P.U.D. Fourth Subdivision being located in portions of Sections 17 & 18, Township 5 North, Range 69 West of the 6th P.M., City of Loveland, Larimer County, and excluding Tracts B, C, D, E, and F.



KEY MAP

1"=800'

Exhibit B
Financial Plan

SOURCES AND USES OF FUNDS

Deer Meadows Metropolitan District
General Obligation Bonds, Series 2005

Dated Date 12/01/2005
Delivery Date 12/01/2005

Sources:

| | |
|----------------|--------------|
| Bond Proceeds: | |
| Par Amount | 2,500,000.00 |
| | <hr/> |
| | 2,500,000.00 |

Uses:

| | |
|---------------------------|------------------|
| Project Fund Deposits: | |
| Project Construction Fund | 2,034,000.00 |
| Other Fund Deposits: | |
| Capitalized Interest | 381,490.30 |
| Delivery Date Expenses: | |
| Cost of Issuance | 40,000.00 |
| Underwriter's Discount | <u>43,750.00</u> |
| | 83,750.00 |
| Other Uses of Funds: | |
| Additional Proceeds | 759.70 |
| | <hr/> |
| | 2,500,000.00 |

BOND DEBT SERVICE

Deer Meadows Metropolitan District
General Obligation Bonds, Series 2005

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|-----------|--------|--------------|--------------|------------------------|
| 12/01/2005 | | | | | |
| 06/01/2006 | | | 97,768.75 | 97,768.75 | |
| 12/01/2006 | | | 97,768.75 | 97,768.75 | 195,537.50 |
| 06/01/2007 | | | 97,768.75 | 97,768.75 | |
| 12/01/2007 | | | 97,768.75 | 97,768.75 | 195,537.50 |
| 06/01/2008 | | | 97,768.75 | 97,768.75 | |
| 12/01/2008 | | | 97,768.75 | 97,768.75 | 195,537.50 |
| 06/01/2009 | | | 97,768.75 | 97,768.75 | |
| 12/01/2009 | 25,000 | 7.250% | 97,768.75 | 122,768.75 | 220,537.50 |
| 06/01/2010 | | | 96,862.50 | 96,862.50 | |
| 12/01/2010 | 50,000 | 7.250% | 96,862.50 | 146,862.50 | 243,725.00 |
| 06/01/2011 | | | 95,050.00 | 95,050.00 | |
| 12/01/2011 | 80,000 | 7.250% | 95,050.00 | 175,050.00 | 270,100.00 |
| 06/01/2012 | | | 92,150.00 | 92,150.00 | |
| 12/01/2012 | 100,000 | 7.250% | 92,150.00 | 192,150.00 | 284,300.00 |
| 06/01/2013 | | | 88,525.00 | 88,525.00 | |
| 12/01/2013 | 105,000 | 7.250% | 88,525.00 | 193,525.00 | 282,050.00 |
| 06/01/2014 | | | 84,718.75 | 84,718.75 | |
| 12/01/2014 | 115,000 | 7.250% | 84,718.75 | 199,718.75 | 284,437.50 |
| 06/01/2015 | | | 80,550.00 | 80,550.00 | |
| 12/01/2015 | 120,000 | 7.250% | 80,550.00 | 200,550.00 | 281,100.00 |
| 06/01/2016 | | | 76,200.00 | 76,200.00 | |
| 12/01/2016 | 130,000 | 8.000% | 76,200.00 | 206,200.00 | 282,400.00 |
| 06/01/2017 | | | 71,000.00 | 71,000.00 | |
| 12/01/2017 | 140,000 | 8.000% | 71,000.00 | 211,000.00 | 282,000.00 |
| 06/01/2018 | | | 65,400.00 | 65,400.00 | |
| 12/01/2018 | 155,000 | 8.000% | 65,400.00 | 220,400.00 | 285,800.00 |
| 06/01/2019 | | | 59,200.00 | 59,200.00 | |
| 12/01/2019 | 165,000 | 8.000% | 59,200.00 | 224,200.00 | 283,400.00 |
| 06/01/2020 | | | 52,600.00 | 52,600.00 | |
| 12/01/2020 | 180,000 | 8.000% | 52,600.00 | 232,600.00 | 285,200.00 |
| 06/01/2021 | | | 45,400.00 | 45,400.00 | |
| 12/01/2021 | 195,000 | 8.000% | 45,400.00 | 240,400.00 | 285,800.00 |
| 06/01/2022 | | | 37,600.00 | 37,600.00 | |
| 12/01/2022 | 210,000 | 8.000% | 37,600.00 | 247,600.00 | 285,200.00 |
| 06/01/2023 | | | 29,200.00 | 29,200.00 | |
| 12/01/2023 | 225,000 | 8.000% | 29,200.00 | 254,200.00 | 283,400.00 |
| 06/01/2024 | | | 20,200.00 | 20,200.00 | |
| 12/01/2024 | 245,000 | 8.000% | 20,200.00 | 265,200.00 | 285,400.00 |
| 06/01/2025 | | | 10,400.00 | 10,400.00 | |
| 12/01/2025 | 260,000 | 8.000% | 10,400.00 | 270,400.00 | 280,800.00 |
| | 2,500,000 | | 2,792,262.50 | 5,292,262.50 | 5,292,262.50 |

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BOND PRICING

Deer Meadows Metropolitan District
General Obligation Bonds, Series 2005

| Bond Component | Maturity Date | Amount | Rate | Yield | Price |
|---------------------|---------------|-----------|--------|--------|---------|
| Term Bond Due 2015: | 12/01/2015 | 595,000 | 7.250% | 7.250% | 100.000 |
| Term Bond Due 2025: | 12/01/2025 | 1,905,000 | 8.000% | 8.000% | 100.000 |
| | | 2,500,000 | | | |

| | | |
|-------------------------|--------------|-------------|
| Dated Date | 12/01/2005 | |
| Delivery Date | 12/01/2005 | |
| First Coupon | 06/01/2006 | |
| Par Amount | 2,500,000.00 | |
| Original Issue Discount | | |
| Production | 2,500,000.00 | 100.000000% |
| Underwriter's Discount | -43,750.00 | -1.750000% |
| Purchase Price | 2,456,250.00 | 98.250000% |
| Accrued Interest | | |
| Net Proceeds | 2,456,250.00 | |

NET DEBT SERVICE

Deer Meadows Metropolitan District
General Obligation Bonds, Series 2005

| Period Ending | Total Debt Service | Capitalized Interest | Net Debt Service |
|------------------|-----------------------|-------------------------|---------------------|
| 12/01/2006 | 195,537.50 | 195,537.50 | |
| 12/01/2007 | 195,537.50 | 195,537.50 | |
| 12/01/2008 | 195,537.50 | | 195,537.50 |
| 12/01/2009 | 220,537.50 | | 220,537.50 |
| 12/01/2010 | 243,725.00 | | 243,725.00 |
| 12/01/2011 | 270,100.00 | | 270,100.00 |
| 12/01/2012 | 284,300.00 | | 284,300.00 |
| 12/01/2013 | 282,050.00 | | 282,050.00 |
| 12/01/2014 | 284,437.50 | | 284,437.50 |
| 12/01/2015 | 281,100.00 | | 281,100.00 |
| 12/01/2016 | 282,400.00 | | 282,400.00 |
| 12/01/2017 | 282,000.00 | | 282,000.00 |
| 12/01/2018 | 285,800.00 | | 285,800.00 |
| 12/01/2019 | 283,400.00 | | 283,400.00 |
| 12/01/2020 | 285,200.00 | | 285,200.00 |
| 12/01/2021 | 285,800.00 | | 285,800.00 |
| 12/01/2022 | 285,200.00 | | 285,200.00 |
| 12/01/2023 | 283,400.00 | | 283,400.00 |
| 12/01/2024 | 285,400.00 | | 285,400.00 |
| 12/01/2025 | 280,800.00 | | 280,800.00 |
| | 5,292,262.50 | 391,075.00 | 4,901,187.50 |

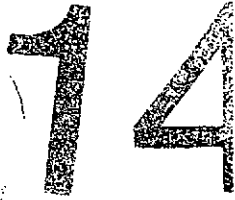
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**Deer Meadows
Metropolitan District,
City of Loveland, Colorado**

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------------------------|------------------|----------|------------------|----------------|------------------|------------------|------------------|------------------|------------------|
| Beginning Cash Available | 0 | 0 | 0 | 40,000 | 161,200 | 115,910 | 61,443 | 62,154 | 23,497 |
| Revenues: | | | | | | | | | |
| Bond Fund Property Taxes | 4,429,146 | 0 | 0 | 0 | 24,517 | 98,067 | 175,540 | 209,251 | 248,267 |
| O&M Property Taxes | 726,079 | 0 | 0 | 0 | 3,502 | 14,010 | 25,077 | 29,893 | 35,467 |
| 10.00% Specific Ownership Taxes | 515,522 | 0 | 0 | 0 | 2,802 | 11,208 | 20,062 | 23,914 | 28,373 |
| 5,000 Residential Development Fees | 385,000 | 0 | 40,000 | 120,000 | 120,000 | 55,000 | 50,000 | 0 | 0 |
| Non-Residential Development Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DS Bond Proceeds | 2,034,000 | 0 | 2,034,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.00% Capitalized Interest | 391,075 | 0 | 195,538 | 195,538 | 0 | 0 | 0 | 0 | 0 |
| Investment Income | 74,601 | 0 | 0 | 1,200 | 4,836 | 3,477 | 1,843 | 1,865 | 705 |
| Total Annual Income | 8,555,423 | 0 | 2,235,538 | 316,738 | 155,657 | 181,762 | 272,523 | 264,923 | 312,812 |
| Expenditures: | | | | | | | | | |
| DS Debt Service | 5,292,263 | 0 | 195,538 | 195,538 | 195,538 | 220,538 | 243,725 | 270,100 | 284,300 |
| Construction | 2,034,000 | 0 | 2,034,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1.50% Tax Collection Fees | 77,318 | 0 | 0 | 0 | 410 | 1,681 | 3,009 | 3,587 | 4,256 |
| Operating Expenses | 727,576 | 0 | 0 | 0 | 5,000 | 14,010 | 25,077 | 29,893 | 35,467 |
| Total Annual Expenses | 8,131,157 | 0 | 195,538 | 195,538 | 200,947 | 236,228 | 271,811 | 303,580 | 324,023 |
| Ending Cash Available | 424,266 | 0 | 40,000 | 161,200 | 115,910 | 61,443 | 62,154 | 23,497 | 12,286 |
| O&M Mill Levy | 0.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Debt Service Mill Levy | 0.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 |
| Total Mill Levy | 0.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 |
| Assessed Valuation | | | | | | | | | |
| Beginning | 2,965,607 | 0 | 0 | 0 | 700,480 | 2,801,920 | 5,015,437 | 5,978,597 | 7,093,341 |
| 2.00% Increase From Inflation | 6,742,120 | 0 | 0 | 700,480 | 2,101,440 | 2,101,440 | 963,160 | 875,600 | 0 |
| 0 Increase From Construction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cumulative | 9,707,727 | 0 | 0 | 700,480 | 2,801,920 | 5,015,437 | 5,978,597 | 7,093,341 | 7,093,341 |
| Absorption | | | | | | | | | |
| Number of Residential Taps (SFE) | 77 | 0 | 8 | 24 | 24 | 11 | 10 | 0 | 0 |
| Number of Non-Residential Taps (SFE) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7.96% Residential Value | 84,700,000 | 0 | 8,800,000 | 26,400,000 | 26,400,000 | 12,100,000 | 11,000,000 | 0 | 0 |
| 29.00% Non-Residential Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Market Value | 84,700,000 | 0 | 8,800,000 | 26,400,000 | 26,400,000 | 12,100,000 | 11,000,000 | 0 | 0 |
| Assessed Valuation | 6,742,120 | 0 | 700,480 | 2,101,440 | 2,101,440 | 963,160 | 875,600 | 0 | 0 |

**Deer Meadows
Metropolitan District,
City of Loveland, Colorado**

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Beginning Cash Available | 12,286 | 2,989 | 1,921 | 4,158 | 16,494 | 29,600 | 51,083 | 75,611 | 111,330 | 147,521 |
| Revenues: | | | | | | | | | | |
| Bond Fund Property Taxes | 248,267 | 258,198 | 258,198 | 268,526 | 268,526 | 279,267 | 279,267 | 290,437 | 290,437 | 302,055 |
| O&M Property Taxes | 35,467 | 36,885 | 36,885 | 38,361 | 38,361 | 39,895 | 39,895 | 41,491 | 41,491 | 43,151 |
| 10.00% Specific Ownership Taxes | 28,373 | 29,508 | 29,508 | 30,689 | 30,689 | 31,916 | 31,916 | 33,193 | 33,193 | 34,521 |
| 5.000 Residential Development Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-Residential Development Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bond Proceeds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capitalized Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.00% Investment Income | 369 | 90 | 58 | 125 | 495 | 888 | 1,532 | 2,268 | 3,340 | 4,426 |
| Total Annual Income | 312,476 | 324,681 | 324,649 | 337,700 | 338,070 | 351,966 | 352,610 | 367,389 | 368,461 | 384,152 |
| Expenditures: | | | | | | | | | | |
| DS Debt Service | 282,050 | 284,438 | 281,100 | 282,400 | 282,000 | 285,800 | 283,400 | 285,200 | 285,800 | 285,200 |
| Construction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1.50% Tax Collection Fees | 4,256 | 4,426 | 4,426 | 4,603 | 4,603 | 4,787 | 4,787 | 4,979 | 4,979 | 5,178 |
| Operating Expenses | 35,467 | 36,885 | 36,885 | 38,361 | 38,361 | 39,895 | 39,895 | 41,491 | 41,491 | 43,151 |
| Total Annual Expenses | 321,773 | 325,749 | 322,412 | 325,364 | 324,964 | 330,483 | 328,083 | 331,670 | 332,270 | 333,529 |
| Ending Cash Available | 2,989 | 1,921 | 4,158 | 16,494 | 29,600 | 51,083 | 75,611 | 111,330 | 147,521 | 198,144 |
| O&M Mill Levy | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Debt Service Mill Levy | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 |
| Total Mill Levy | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 |
| Assessed Valuation | | | | | | | | | | |
| Beginning | 7,093,341 | 7,377,074 | 7,377,074 | 7,672,157 | 7,672,157 | 7,979,044 | 7,979,044 | 8,298,205 | 8,298,205 | 8,630,134 |
| Increase From Inflation | 283,734 | 0 | 295,083 | 0 | 306,886 | 0 | 319,162 | 0 | 331,928 | 0 |
| Increase From Construction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cumulative | 7,377,074 | 7,377,074 | 7,672,157 | 7,672,157 | 7,979,044 | 7,979,044 | 8,298,205 | 8,298,205 | 8,630,134 | 8,630,134 |
| Absorption | | | | | | | | | | |
| Number of Residential Taps (SFE) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of Non-Residential Taps (SFE) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7.96% Residential Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 29.00% Non-Residential Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Market Value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assessed Valuation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



**Deer Meadows
Metropolitan District,
City of Loveland, Colorado**

| | 2023 | 2024 | 2025 | 2026 | 2027 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Beginning Cash Available | 198,144 | 252,065 | 318,901 | 392,321 | 408,058 |
| Revenues: | | | | | |
| Bond Fund Property Taxes | 302,055 | 314,137 | 314,137 | 0 | 0 |
| O&M Property Taxes | 43,151 | 44,877 | 44,877 | 46,672 | 46,672 |
| Specific Ownership Taxes | 34,521 | 35,901 | 35,901 | 4,667 | 4,667 |
| Residential Development Fees | 0 | 0 | 0 | 0 | 0 |
| Non-Residential Development Fees | 0 | 0 | 0 | 0 | 0 |
| Bond Proceeds | 0 | 0 | 0 | 0 | 0 |
| Capitalized Interest | 0 | 0 | 0 | 0 | 0 |
| Investment Income | 5,944 | 7,563 | 9,567 | 11,770 | 12,242 |
| Total Annual Income | 385,670 | 402,477 | 404,482 | 63,109 | 63,581 |
| Expenditures: | | | | | |
| DS Debt Service | 283,400 | 285,400 | 280,800 | 0 | 0 |
| Construction | 0 | 0 | 0 | 0 | 0 |
| Tax Collection Fees | 5,178 | 5,385 | 5,385 | 700 | 700 |
| Operating Expenses | 43,151 | 44,877 | 44,877 | 46,672 | 46,672 |
| Total Annual Expenses | 331,729 | 335,662 | 331,062 | 47,372 | 47,372 |
| Ending Cash Available | 252,085 | 318,901 | 392,321 | 408,058 | 424,266 |
| O&M Mill Levy | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Debt Service Mill Levy | 35.00 | 35.00 | 35.00 | 0.00 | 0.00 |
| Total Mill Levy | 40.00 | 40.00 | 40.00 | 5.00 | 5.00 |
| Assessed Valuation | | | | | |
| Beginning | 8,630,134 | 8,975,339 | 8,975,339 | 9,334,352 | 9,334,352 |
| Increase From Inflation | 345,205 | 0 | 359,014 | 0 | 373,374 |
| Increase From Construction | 0 | 0 | 0 | 0 | 0 |
| Cumulative | 8,975,339 | 8,975,339 | 9,334,352 | 9,334,352 | 9,707,727 |
| Absorption | | | | | |
| Number of Residential Taps (SFE) | 0 | 0 | 0 | 0 | 0 |
| Number of Non-Residential Taps (SFE) | 0 | 0 | 0 | 0 | 0 |
| Residential Value | 0 | 0 | 0 | 0 | 0 |
| Non-Residential Value | 0 | 0 | 0 | 0 | 0 |
| Total Market Value | 0 | 0 | 0 | 0 | 0 |
| Assessed Valuation | 0 | 0 | 0 | 0 | 0 |

Deer Meadows
Metropolitan District,
City of Loveland, Colorado

| Year | Single Family | | Commercial Taps | | Residential | | Square Feet | Non-Residential Value By Year (\$000) | Cumulative Value (\$000) |
|-------|---------------|--------|-----------------|---------|-----------------------|-----------------------|-------------|---------------------------------------|--------------------------|
| | Total | Office | Other | # Units | Average Value (\$000) | Value By Year (\$000) | | | |
| 2004 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2005 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2006 | 8 | 0 | 0 | 0 | 8 | 8,800,000 | 0 | 8,800,000 | 8,800,000 |
| 2007 | 24 | 0 | 0 | 0 | 24 | 26,400,000 | 0 | 26,400,000 | 35,200,000 |
| 2008 | 24 | 0 | 0 | 0 | 24 | 26,400,000 | 0 | 26,400,000 | 61,600,000 |
| 2009 | 11 | 0 | 0 | 0 | 11 | 12,100,000 | 0 | 12,100,000 | 73,700,000 |
| 2010 | 10 | 0 | 0 | 0 | 10 | 11,000,000 | 0 | 11,000,000 | 84,700,000 |
| 2011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2013 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| Total | 77 | 0 | 0 | 0 | 77 | 84,700,000 | 0 | 84,700,000 | 84,700,000 |

| Year | Single Family | | Commercial Taps | | Residential | | Square Feet | Non-Residential Value By Year (\$000) | Cumulative Value (\$000) |
|-------|---------------|--------|-----------------|---------|-----------------------|-----------------------|-------------|---------------------------------------|--------------------------|
| | Total | Office | Other | # Units | Average Value (\$000) | Value By Year (\$000) | | | |
| 2004 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2005 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2006 | 8,800,000 | 0 | 0 | 0 | 8,800,000 | 8,800,000 | 0 | 8,800,000 | 8,800,000 |
| 2007 | 26,400,000 | 0 | 0 | 0 | 26,400,000 | 26,400,000 | 0 | 26,400,000 | 35,200,000 |
| 2008 | 26,400,000 | 0 | 0 | 0 | 26,400,000 | 26,400,000 | 0 | 26,400,000 | 61,600,000 |
| 2009 | 12,100,000 | 0 | 0 | 0 | 12,100,000 | 12,100,000 | 0 | 12,100,000 | 73,700,000 |
| 2010 | 11,000,000 | 0 | 0 | 0 | 11,000,000 | 11,000,000 | 0 | 11,000,000 | 84,700,000 |
| 2011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2013 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,700,000 |
| Total | 84,700,000 | 0 | 0 | 0 | 84,700,000 | 84,700,000 | 0 | 84,700,000 | 84,700,000 |

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**Deer Meadows
Metropolitan District,
City of Loveland, Colorado**

| | Projected Market Value | | | Projected Assessed Value (Excluding Inflation) | | | |
|--------------|---------------------------------|-------------------------------|---------------------------|--|---------------------------------|------------------------------|---------------------------|
| | Residential Value By Year (000) | Non-Resid Value By Year (000) | Total Value By Year (000) | Residential Assessed By Yr (000) | Commercial Assessed By Yr (000) | Total Assessed By Year (000) | Cumulative Assessed (000) |
| 2003 | | | 0 | | | 0 | 0 |
| 2004 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2005 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2006 | 8,800,000 | 0 | 8,800,000 | 700,480 | 0 | 700,480 | 700,480 |
| 2007 | 26,400,000 | 0 | 26,400,000 | 2,101,440 | 0 | 2,101,440 | 2,801,920 |
| 2008 | 26,400,000 | 0 | 26,400,000 | 2,101,440 | 0 | 2,101,440 | 4,903,360 |
| 2009 | 12,100,000 | 0 | 12,100,000 | 963,160 | 0 | 963,160 | 5,866,520 |
| 2010 | 11,000,000 | 0 | 11,000,000 | 875,600 | 0 | 875,600 | 6,742,120 |
| 2011 | 0 | 0 | 0 | 0 | 0 | 0 | 6,742,120 |
| 2012 | 0 | 0 | 0 | 0 | 0 | 0 | 6,742,120 |
| 2013 | 0 | 0 | 0 | 0 | 0 | 0 | 6,742,120 |
| 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 6,742,120 |
| 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 6,742,120 |
| 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 6,742,120 |
| 2017 | 0 | 0 | 0 | 0 | 0 | 0 | 6,742,120 |
| 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 6,742,120 |
| Total | 84,700,000 | 0 | 84,700,000 | 6,742,120 | 0 | 6,742,120 | 6,742,120 |

Deer Meadows
Metropolitan District,
City of Loveland, Colorado

| Year | Bonds Issued | Available for Construction | Issue 1 Debt Service | Issue 2 Debt Service | Issue 3 Debt Service | Issue 4 Debt Service | Total Debt Service |
|--------------|------------------|----------------------------|----------------------|----------------------|----------------------|----------------------|--------------------|
| 2002 | | | | | | | 0 |
| 2003 | | | | | | | 0 |
| 2004 | | | | | | | 0 |
| 2005 | 2,500,000 | 2,034,000 | | | | | 0 |
| 2006 | | | 195,538 | | | | 195,538 |
| 2007 | | | 195,538 | | | | 195,538 |
| 2008 | | | 195,538 | | | | 195,538 |
| 2009 | | | 220,538 | | | | 220,538 |
| 2010 | | | 243,725 | | | | 243,725 |
| 2011 | | | 270,100 | | | | 270,100 |
| 2012 | | | 284,300 | | | | 284,300 |
| 2013 | | | 282,050 | | | | 282,050 |
| 2014 | | | 284,438 | | | | 284,438 |
| 2015 | | | 281,100 | | | | 281,100 |
| 2016 | | | 282,400 | | | | 282,400 |
| 2017 | | | 282,000 | | | | 282,000 |
| 2018 | | | 285,800 | | | | 285,800 |
| 2019 | | | 283,400 | | | | 283,400 |
| 2020 | | | 285,200 | | | | 285,200 |
| 2021 | | | 285,800 | | | | 285,800 |
| 2022 | | | 285,200 | | | | 285,200 |
| 2023 | | | 283,400 | | | | 283,400 |
| 2024 | | | 285,400 | | | | 285,400 |
| 2025 | | | 280,800 | | | | 280,800 |
| 2026 | | | | | | | 0 |
| 2027 | | | | | | | 0 |
| 2028 | | | | | | | 0 |
| 2029 | | | | | | | 0 |
| 2030 | | | | | | | 0 |
| 2031 | | | | | | | 0 |
| 2032 | | | | | | | 0 |
| 2033 | | | | | | | 0 |
| Total | 2,500,000 | 2,034,000 | 5,292,263 | 0 | 0 | 0 | 5,292,263 |

Exhibit C
Construction Costs

**EXHIBIT C
CONCEPTUAL OPINION OF COST - CONSTRUCTION COST ESTIMATE**

| | | | | | |
|---|---------------------|---------|---------------------|--|---|
| Project: DEER MEADOWS METROPOLITAN DISTRICT | | | | | Prepared on August 17, 2005 |
| IMPROVEMENTS | | | | | |
| Storm Sewer | Item Cost | | | | Deer Meadows Metropolitan District |
| 30" RCP | \$86,154.00 | | | | \$86,154.00 |
| 30" FES | \$1,200.00 | | | | \$1,200.00 |
| Manholes | \$12,200.00 | | | | \$12,200.00 |
| Rip Rap | \$3,050.00 | | | | \$3,050.00 |
| SUBTOTAL - Storm Sewer | \$102,604.00 | | | | \$102,604.00 |
| Span Bridge and Related Landscape, Detention, and Open Space Improv. | Item Cost | | | | Deer Meadows Metropolitan District |
| 120' Free Span Bridge | \$450,000.00 | | | | \$450,000.00 |
| Related landscape/other improvements | \$174,000.00 | | | | \$174,000.00 |
| SUBTOTAL - Span Bridge | \$624,000.00 | | | | \$624,000.00 |
| Drainage Control/Spillway | Item Cost | | | | Deer Meadows Metropolitan District |
| Stormwater/Spillway George Rist Ditch | \$480,000.00 | | | | \$480,000.00 |
| Easement Acquisition / Berming | \$180,000.00 | | | | \$180,000.00 |
| SUBTOTAL - Drainage Control/Spillway | \$660,000.00 | | | | \$660,000.00 |
| Water and Sanitary Sewer | Est. Units | | Unit Cost | | Item Cost |
| 8" PVC Sewer Line | 6,211 LF | \$34.28 | \$212,890.00 | | \$212,890.00 |
| 8" CL 50 DIP Water Line | 6,365 LF | \$29.82 | \$189,785.00 | | \$189,785.00 |
| SUBTOTAL - Water and Sanitary Sewer | | | \$402,675.00 | | \$402,675.00 |

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EXHIBIT C
CONCEPTUAL OPINION OF COST - CONSTRUCTION COST ESTIMATE

| Landscaping, Detention and Open Space Improvements | Item Cost | | Deer Meadows Metropolitan District |
|--|---------------------|--|------------------------------------|
| Tree Removal | \$30,000.00 | | \$30,000.00 |
| Tree Replacement | \$75,000.00 | | \$75,000.00 |
| Irrigation | \$56,000.00 | | \$56,000.00 |
| Wetlands Mitigation | \$89,000.00 | | \$89,000.00 |
| Retaining Wall | \$180,000.00 | | \$180,000.00 |
| Rip Rap | \$3,000.00 | | \$3,000.00 |
| Erosion Control | \$23,700.00 | | \$23,700.00 |
| <i>SUBTOTAL - Landscape and O.S. Improv.</i> | <i>\$456,700.00</i> | | <i>\$456,700.00</i> |
| <i>SUBTOTAL - all District Improvements</i> | | | <i>\$2,245,979.00</i> |
| <i>ENGINEERING & ADMINISTRATION (10%)</i> | | | <i>\$224,597.90</i> |
| <i>CONTINGENCY (10%)</i> | | | <i>\$224,597.90</i> |
| TOTAL COST FOR IMPROVEMENTS: | | | \$2,695,174.80 |
| <p>Note: This Conceptual Opinion of Cost - Construction Cost Estimate projects total costs of approximately \$2.7 million for District Improvements. The Financial Plan (Sources and Uses of Funds) projects bond proceeds in the amount of \$2.5 million. Ultimately, the District shall only finance those costs that can be paid taking into account the Mill Levy Cap contained within the Service Plan. Any costs contained herein not paid by the District will be assumed by the Developer of Deer Meadows. In addition to the improvements detailed above, the Developer currently anticipates funding approximately \$3.8 million in additional and other on-site and off-site infrastructure improvements related to Deer Meadows.</p> | | | |

Exhibit D
Form Resolution

RESOLUTION # _____

**A RESOLUTION OF THE LOVELAND CITY COUNCIL
APPROVING THE SERVICE PLAN FOR THE
DEER MEADOWS METROPOLITAN DISTRICT**

WHEREAS, pursuant to Sections 32-1-204.5 and 207, C.R.S., as amended, the Service Plan for the Deer Meadows Metropolitan District (the "Service Plan") has been submitted to the City Council; and

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

WHEREAS, the boundaries of the proposed Deer Meadows Metropolitan District (the "District") 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 published in the Loveland Reporter-Herald on August 31, 2005, for a public hearing scheduled for September 6, 2005; 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 District on September 6, 2005; 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:

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.

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 District;
- b. the existing service in the area to be served by the District is inadequate for present and projected needs;
- c. the District is capable of providing economical and sufficient service to the area within its proposed boundaries;
- d. the area to be included within the District 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, including existing special districts, within a reasonable time and on a comparable basis;

f. the facility and service standards of the District are compatible with the facility and service standards of the City, within which the District is located;

g. the proposal is in substantial compliance with a master plan adopted by the City pursuant to Section 31-23-206, C.R.S.;

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

i. The creation and ongoing existence of the District is in the best interests of the area proposed to be served.

3. That the City Council hereby determines that the requirements of Sections 32-1-202(2), C.R.S., relating to the filing of the Service Plan for the District, and the requirements of Section 32-1-204.5 and 207, C.R.S., relating to the approval by the City Council have been fulfilled in a timely manner.

4. That the City Council does hereby approve the Service Plan for the District as submitted.

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.

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 District.

7. That this approval of the Service Plan is further conditioned upon Mariana Development Company, LLC or its successors and/or assigns (the "Owner") providing to the Loveland City Attorney a mill levy disclosure statement for the District signed by the Owner and 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 Owner, in a form acceptable to the City Manager and City Attorney, requiring the Owner to provide the mill levy disclosure statement to all prospective purchasers of lots in the District prior to any purchaser entering into the contract to purchase a lot from the Owner or its successors or assigns.

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

9. 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 District or the achievability of the results.

10. That this Resolution shall go into effect as of the date and time of its approval by the Council.

Adopted this _____ day of _____, 2005.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney