

COPY

CONSOLIDATED SERVICE PLAN
FOR
SERENITY RIDGE METROPOLITAN DISTRICT NOS. 1 and 2

CITY OF AURORA, COLORADO

Prepared

by

White and Associates Professional Corporation

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Exhibit A	City Council Resolution of Approval
Exhibit AA	IGA between the Operating District and the Taxing District
Exhibit B	Legal Description
Exhibit C	Aurora Vicinity Map
Exhibit D	Boundary Map
Exhibit E	Proof of Ownership
Exhibit F	Facilities Plans
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Exhibit L	Intergovernmental Agreement between the District and Aurora

SERVICE PLAN

I. DEFINITIONS

In this service plan, the following terms have the following respective meanings unless the context hereof clearly requires otherwise:

Alternative Financing Plan: for purposes of this definition, an Alternative Financing Plan may be one that includes, but is not limited to, any of the following:

- (a) a revision of more than four years in the issue date of any Non-Developer Debt;
- (b) an amortization schedule for Non-Developer Debt whereby the weighted average life is longer than 75% of the final maturity;
- (c) any scheduled Debt payment which would cause the *ad valorem* property tax levy to exceed the Mill Levy Cap if such cap were in effect, whether or not such Cap is actually in effect; and
- (d) an amortization schedule for any Debt that cannot reasonably be expected to be fully amortized by its final maturity date.

For the purposes of subparagraph (c) above, the District shall refer to the most recent Financing Plan approved by Aurora, which Plan may be modified to reflect previously issued District Debt.

Aurora: the City of Aurora, Colorado.

Aurora City Code: the City Code of the City of Aurora, Colorado.

Contractual Obligations: any contract, agreement, or other financial obligation, whether of a multiple fiscal year or annually appropriated nature, between the Districts themselves, pursuant to the intergovernmental agreement between the Districts attached hereto as Exhibit "AA."

Debt: any bonds, notes, contracts or other financial obligations, whether of a multiple fiscal year or annually appropriated nature, incurred by the District and payable in whole or in part from *ad valorem* property taxes for the purposes of financing, acquiring, constructing, operating and maintaining or improving any of the improvements contemplated in this Service Plan. All Debt shall be classified as either Developer Debt or Non-Developer Debt. (For the purposes of this definition, when *ad valorem* property taxes are used to pay Contractual Obligations, such payment shall be considered *ad valorem* property taxes.)

Debt Limit: the total cumulative Debt, including, without limitation, both Developer Debt and Non-Developer Debt, that the Districts may incur under this Service Plan. The Debt Limit shall be inclusive of costs of issuance, organizational costs, inflation, and other similar costs. (Contractual Obligations payable from sources other than *ad valorem* property taxes shall not count against the Debt Limit.)

Developer: Neumann Homes & Kornfeld Koslosky Properties, LLP as developer of the Project.

Developer Contribution: the portion of the funds used to pay for the facilities and improvements contemplated in this Service Plan that shall not be eligible for repayment or reimbursement by the Districts.

Developer Debt: any Debt that, upon its issuance, is more than 50% owned by the Developer/Landowner or a related person. For purposes of this definition, a person is a related person to the Developer/Landowner if (i) the relationship between such person and the Developer/Landowner would result in a disallowance of losses under Section 267 or 707(b) of the Internal Revenue Code, or (ii) such person and the Developer/Landowner are members of the same controlled group of corporations as defined in Section 1563(a) of the Internal Revenue Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein.

District: the Serenity Ridge Metropolitan District No. 1.

Districts: the Serenity Ridge Metropolitan Districts Nos. 1 and 2.

Financing Plan: the Financing Plan of the Districts contained in Section VII of this Service Plan and Exhibit "H" thereto.

Framework Development Plan: the Serenity Ridge Framework Development Plan.

Landowner: any owner of real property within the boundaries of the District other than the Developer.

Mill Levy Cap: the maximum mill levy the Districts can impose for all purposes, including, without limitation, the payment of Debt and operation and maintenance expenses.

Non-Developer Debt: any Debt not considered to be Developer Debt.

Operating District: Serenity Ridge Metropolitan District No. 1.

Project: the development commonly referred to as Serenity Ridge.

Revenue Obligations: any bonds, notes, contracts or other financial obligations, whether of a multiple fiscal year or annually appropriated nature, incurred by the Districts and payable

solely from sources other than *ad valorem* property taxes for the purposes of financing, acquiring, constructing or improving any of the Improvements contemplated in this Service Plan.

Service Plan: the service plan for the Serenity Ridge Metropolitan District Nos. 1 and 2.

Substantial Quinquennial Compliance: for purposes of this definition, the Districts shall be deemed in Substantial Quinquennial Compliance if the Districts demonstrate that, as of the date of its application for quinquennial review:

- (a) the Districts have expended at least 75% of the money projected in the Financing Plan on infrastructure improvements; and
- (b) the total cost of the Improvements remaining to be financed and constructed by the Districts and the amount of advances outstanding to be paid by the Districts generally correspond with the amount of remaining Voted Authorization available to the District for such purposes.

Taxing District: Serenity Ridge Metropolitan District No. 2.

Voted Authorization: the maximum amount of general obligation debt that the Districts have been or will be authorized to issue by their voters. (For purposes of this definition, general obligation debt shall not include Contractual Obligations.

II. INTRODUCTION.

This Service Plan is for two (2) Title 32 metropolitan districts proposed to be organized to serve the needs of the Project. The primary purpose of the District is to provide public improvements to be dedicated to Aurora or, with Aurora's consent, to be retained by the Districts for the use and benefit of the Districts' inhabitants and taxpayers.

The Districts are generally located at Arapahoe Road on the north, Powhaton Road on the east, and Smoky Hill Road on the south and west, and contain approximately 225 acres. This plan has been prepared by White and Associates Professional Corporation, 1805 Shea Center Drive, Suite 100, Highlands Ranch, Colorado 80129, telephone (303) 858-1800.

III. PURPOSE OF THE DISTRICTS.

A. Purpose and Intent.

The Districts are independent units of local government, separate and distinct from Aurora, and, except as may otherwise be provided for by state or local law or this Service Plan, its activities are subject to review by Aurora only insofar as they may deviate from the requirements of this Service Plan. It is intended that the Districts will provide certain essential public facilities and improvements for the use and benefit of all anticipated inhabitants and

taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these facilities and improvements.

It is not the intent of the Districts to provide ongoing services other than as specifically set forth in this Service Plan and approved by Aurora. Should the Districts cease to provide these services for any reason, it is the intent of the Districts to dissolve upon payment of all debt and other financial obligations incurred. The Districts acknowledge the need to cooperate with Aurora in order to serve and promote the health, safety, prosperity, security, and general welfare of its inhabitants and taxpayers. As evidence of such cooperation and need to coordinate facilities with Aurora, the Districts have obtained a resolution approving the Service Plan from the Aurora City Council, which resolution is attached hereto as Exhibit "A." Should the purposes of the Districts change from what is stated in this Service Plan, it shall be considered to be a material modification of this Service Plan.

B. Need for the Districts.

There are currently no other governmental entities located in the immediate vicinity of the Districts that have the ability or desire to undertake the design, financing, and construction of the public improvements needed for the Project. It is the petitioners' understanding that Aurora does not consider it feasible or practicable for it to provide the necessary services and facilities for the Project described in this Service Plan. Formation of the District is necessary in order that the public improvements required for the Project be provided in the most economic manner possible.

C. General Powers.

The Districts will have the power and authority to provide the services and facilities generally described in this Service Plan.

1. Powers Regarding Services.

The Operating Districts shall have authority to construct, operate and maintain the services and facilities described below. The Taxing District will provide the funding to the Operating District necessary for activities to be undertaken by the Operating District. Funding will be provided by the issuance of bonds by the Taxing District. The following activities shall be permitted:

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

b. Streets. The design, acquisition, installation, construction, operation and maintenance of street and roadway improvements, including but not limited to

curbs, and entry monumentation, as well as sidewalks, bridges, underpasses, emergency access streets, parking facilities, paving, lighting, sleeving, grading, landscaping, snow removal equipment, and other street improvements, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities.

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

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

e. Sanitary Sewer. The design, acquisition, installation and construction of sanitary sewers, lift stations and force mains, 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.

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

2. Miscellaneous Powers.

The Districts shall have the following miscellaneous powers with respect to activities to be conducted pursuant to this Service Plan:

a. Legal Powers. The powers of the Districts will be exercised by their Boards of Directors to the extent necessary to provide the services contemplated in this

Service Plan. The foregoing improvements and services, along with all other activities permitted by law, will be undertaken in accordance with, and pursuant to, the procedures and conditions contained in the Special District Act, other applicable statutes and this Service Plan, as any or all of the same may be amended from time to time.

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

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

ii. With the written consent of the Operating District, to forego, reschedule, or restructure the payment and construction of certain improvements and facilities in order to better accommodate the pace of growth, resource availability and potential inclusions of property within the other Districts, or if the development of the improvements and facilities would best be performed by another entity; and

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

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

3. Relationship with the Framework Development Plan.

The terms, requirements and provisions of the Framework Development Plan or any other relevant planning document approved by Aurora, shall take precedence over all conflicting terms and provisions, if any, of this Service Plan. If there is any density discrepancy greater than five percent between the number of residential units or the total site/floor area of commercial or industrial buildings permitted by the Framework Development Plan and those described in this Service Plan and/or any of the exhibits attached hereto, then the Service Plan and/or exhibits shall be amended, subject to Aurora's approval, to reflect the actual number of residential units or total site/floor area of commercial or industrial buildings to be constructed. Aurora shall determine whether or not such density discrepancy will result in a material economic deviation from the scope of this Service Plan and the Financing Plan contained therein. Any such deviation

shall be deemed a material modification hereof and shall be subject to the provisions of the Aurora City Code governing the approval of such modifications. At Aurora's sole discretion, the Districts shall pay an administrative fee for any review required to determine whether such density discrepancy will result in a material modification to the Service Plan whether the same is acceptable under the standards set forth for the approval of such modifications in the Aurora City Code.

Approval of this Service Plan by Aurora does not imply approval of the development of a specific area within the Districts, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto, unless the same has been approved by Aurora through a separate development review process.

D. Multiple District Structure.

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

The nature of the functions and services to be provided by each District shall be clarified in an intergovernmental agreement between the Districts attached hereto as Exhibit "AA." Such intergovernmental agreement may be amended from time to time as deemed necessary by legal counsel to the Districts to most fully realize the intent of the relationship of the Districts as described herein and more specifically set forth in the intergovernmental agreement or as otherwise required by law. For purposes of applicable state laws and Aurora requirements, the Master IGA shall not constitute an amendment of this Service Plan, but shall constitute an integral element of the plan for the Districts and shall be considered a binding agreement between the Districts regarding implementation of the powers contained in this consolidated Service Plan. The termination of, or any material amendment to the Master IGA, shall be deemed a material modification to the Service Plan, and subject to Aurora's prior approval. However, if the Operating District dissolves simultaneously with the termination of the Master IGA as is contemplated upon completion of construction of the improvements set forth herein and financing therefore, then no material modification will have been deemed to occur. A description of any additional intergovernmental agreements between the Districts shall be included in the annual report to be provided by the Districts to Aurora, as described in Section VIII of this Service Plan. All such agreements will be designed to help assure the orderly development of essential services and facilities in accordance with the requirements of this Service Plan.

IV. BOUNDARIES.

A. General.

The service area of the Districts is generally described as the area within the Districts. Legal descriptions of the boundaries of the Districts' are attached hereto as Exhibit "B." An Aurora vicinity map that generally reflects the Districts' location within the current boundaries of Aurora is attached hereto as Exhibit "C." A detailed map showing the boundary lines of the Districts is attached hereto as Exhibit "D."

The Developer hereby assures that it holds title to real property within the District. Proof of ownership of such property and consents from the other Landowners are attached hereto as Exhibit "E." The District will include approximately 225.3 acres. The petitioners assure that the Districts are located within the current boundaries of Aurora.

B. Changes in Boundaries.

The District shall obtain the prior approval of the Aurora City Council, following a public hearing thereon, for the inclusion or exclusion of any property in or from its boundaries.

Notwithstanding the foregoing, all changes in the boundaries between the Districts may be approved administratively on the condition that all property originally in one of the Districts remains in one of the Districts. Otherwise, the inclusion or exclusion of any property in or from the boundaries of either District shall be subject to the prior approval of the Aurora City Council following a public hearing thereon.

V. DESCRIPTION OF PROPOSED FACILITIES AND IMPROVEMENTS.

A. Type of Improvements.

The following section describes the facilities and improvements expected to be provided by the District both within and without its boundaries. This description is preliminary only and will be subject to modification and revision as engineering plans, financial factors, and construction scheduling and costs may require. The improvements shall be subject to the limitations on the powers of the District set forth in this Service Plan. Improvements not specifically described herein shall be permitted as long as they are necessary and appurtenant to the facilities and improvements contemplated in this Service Plan and are within the District's financial ability to provide such improvements.

The Facilities Plan, attached hereto as Exhibit "F," identifies each facility and improvement to be designed, financed, and constructed by the District. The Facilities Plan also includes diagrams showing the general layout of the proposed facilities and improvements, the anticipated timetable for the construction of such facilities and improvements, and an explanation of the methods, basis, and/or assumptions used to prepare the Facilities Plan.

The combined total estimated cost of the facilities and improvements that the District shall be permitted to construct is approximately \$20,000,000, inclusive of contingencies, engineering, and construction management appropriate for the level of specificity of the Facilities Plan, and exclusive of organizational costs. A schedule of the estimated costs (in current dollars) of each proposed facility or improvement is attached hereto as Exhibit "G." The rates used for inflation in this schedule are consistent with industry standards. In preparing such estimates, the District has assumed that the construction of such facilities and improvements shall be in accord with all applicable federal, state, and local standards and specifications. The cost of District facilities and improvements shown in the schedule is the entire cost of such facilities and improvements, unless specifically noted otherwise. If any such cost is to be paid from a source other than the District, it shall be noted in the schedule so that the total cost of District facilities and improvements is reported. Any material change in the type or cost of, or the construction timetable for, such facilities and improvements from that which is stated in Exhibits "F" and "G" shall be considered to be a material modification of this Service Plan.

1. Water System. The water system will consist of a water distribution system consisting of buried water mains, fire hydrants, and related appurtenances located predominately, but not exclusively, within the Districts' boundaries. The final configuration of the internal water system is currently being designed. When design and construction are finalized, the system will serve each development tract from adjacent streets and roads. The Districts shall dedicate to Aurora all water facilities traditionally owned and operated by the City for operations and maintenance. The mains will provide for normal and peak water demands of the project as well as the delivery of fire protection water.

2. Street Improvements. Street improvements will consist of curbs, gutters, culverts, drainage ditches, sidewalks, box culverts, tunnels, paving, lighting, landscaping and other road, street and drainage facility improvements which the project will require, as well as necessary traffic and safety protection devices and controls. All public streets and streets dedicated by plat within the Districts will be maintained by Aurora. This will include all roadway infrastructure as it is completed and accepted by Aurora. Snow removal and other roadway maintenance on roads within the Districts that are dedicated to and accepted by Aurora will be Aurora's responsibility.

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

3. Park and Recreation Improvements; Landscaping. The park improvements expected to be constructed and maintained within the Districts include neighborhood parks, common area landscaping, an irrigation system, monumentation and trail improvements. Landscaping improvements may consist of irrigated turf, hardscape, walkways, shrubs, mulch beds, and various amenity features. All public parks shall be open and available to the general

public and Aurora citizens free of charge. Recreation improvements are proposed to be distributed throughout the development which will service the entire property. Permitted use and fees by members of the general public of the recreation facilities is described in Section V. D. below.

Trails are proposed to provide linkage between the major development parcels and other major roadways or other features within the property or immediately adjacent thereto. The trail system is anticipated to include a combination of concrete walkways, gravel trails, necessary signage and identification markers and other ancillary trail hardscape such as benches and tables. All trails shall be open and available to the general public and Aurora citizens free of charge. The major streets are anticipated to have landscaping along curbing/sidewalk areas and along any medians. This landscaping may consist of required fencing, identification markers, landscape buffers, shrub and flower beds, mulch beds, irrigated and non-irrigated turf and native grasses, subdivision identification markers, trees, and other landscape features commonly associated with streetscape design.

4. Sanitary Sewer Collection System. The sanitary sewer collection system is expected to include buried sewer mains, manholes and related appurtenances. The Districts shall dedicate to Aurora all public wastewater facilities traditionally owned, operated and maintained by Aurora. Aurora will charge system users for its services in accordance with Aurora policies. It is expected that offsite facilities will include the participation in the construction of some offsite sanitary sewer systems. The exact configuration of the sanitary sewer collection system is currently being designed.

B. Aurora Construction Standards.

The District shall ensure that all of the proposed facilities and improvements identified in this Service Plan will be designed and constructed solely in accordance with the standards and specifications set forth by Aurora. The District will obtain prior approval of its civil engineering plans and all necessary permits for the construction and installation of such facilities and improvements from Aurora.

C. Dedication of Improvements to Aurora.

Other than set forth in this Service Plan, the District shall dedicate or cause all of the public water improvements, storm and sanitary sewers, all public streets, all regional drainage facilities, and all public sidewalks and trails as well as all rights-of-way and easements necessary for access to the facilities and improvements conveyed to Aurora upon completion of construction and acceptance by Aurora.

An initial acceptance letter shall be issued by Aurora specifying that the public improvements dedicated to Aurora shall be warranted for a period of one calendar year from the date of such dedication. Should the public improvements conform to Aurora specifications and standards, Aurora shall issue a "Final Acceptance" form letter to the District at the completion of

the warranty period. At Aurora's discretion, dedication may take place after expiration of the one-year warranty period.

D. Dedication to Other Entities or Ownership by the District.

Except for the facilities and improvements described in this Section, the District shall not be authorized to own or operate any facilities and improvements to be provided pursuant to this Service Plan, other than as necessary to permit the financing and construction thereof. The District shall be permitted to own, operate, and maintain the following facilities and improvements not otherwise dedicated to or accepted by Aurora: parks, tract landscaping improvements, detention ponds and trail systems. Approval of this Service Plan by Aurora constitutes Aurora's agreement that the District may perform these functions.

The Districts may contract with a homeowners' association for the operation and maintenance of these facilities. The timing for any such contracting will be determined based on the Districts' evaluation of the build-out and cost effectiveness of transferring said operation and maintenance responsibilities.

The District is expected to assume all responsibility for the operation and maintenance of the facilities and improvements identified in this Section, and will do so either by itself or by contract with a homeowners' association. All recreation facilities operated and maintained by the District, or by a homeowners' association contracting with the District, shall be open and available to all non-District Aurora residents as public facilities. Whether the District elects to operate and maintain the facilities itself or through a homeowners' association, the expenses associated with such activities may be paid from reasonable fees lawfully imposed by the District upon its residents or other legally available District revenues.

Such fee shall not result in Non-District Residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees paid by residents of the District. However, the District shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with Non-District Residents to ensure that such costs are not the responsibility of District residents. All such fees shall be based upon the District's determination that such fee does not exceed a reasonable annual market fee for users of such facilities. Notwithstanding the foregoing, all parks and trails shall be open to the general public and non-District Aurora residents free of charge.

E. Acquisition of Land for Public Improvements.

The District, at its sole cost and expense, shall acquire all property required by Aurora for the construction of public improvements to be provided by the District pursuant to this Service Plan; provided, however, that, in accordance with Section 32-1-1001(1)(f), C.R.S., the District shall not pay for any interest in real property that must otherwise be dedicated for public use or the District's use in accordance with any governmental ordinance, regulation, or law. All exceptions to this general requirement must be approved by Aurora in writing. Any failure of the District to comply with the requirements of this Section shall be deemed to be a material modification of this Service Plan.

F. Services of the District.

The District will require operating funds to plan and cause the public improvements contemplated herein to be constructed, operated, and maintained as permitted herein. Such costs are expected to include reimbursement of organizational, legal, engineering, accounting, and bond issuance costs, and compliance with state reporting and other administrative requirements. The first year's operating budget is estimated to be \$50,000.

With respect to any improvements acquired by the District from the Developer, the District shall ask the Developer to utilize one of the following three procedures to verify the costs of the improvements, which procedure shall be selected at the Developer's sole discretion:

1. Prior to awarding a construction contract for any improvements, the Developer shall obtain a minimum of three (3) written bids for the improvements. The Developer shall provide the District with copies of all bids received for the improvements prior to awarding the contract. In the event the Developer determines that the lowest responsible bidder is not the lowest bidder on a contract, the Developer shall provide documentation acceptable to the District for the Developer's choice of contractor prior to awarding the contract;

2. Prior to requesting that the District acquire any improvements, the Developer shall obtain a certification of an independent engineer that the costs for the design, construction, and completion of the improvements are reasonable and comparable for similar projects as constructed in the Denver Metropolitan Area; or

3. The improvements shall be publicly bid in accordance with all statutory requirements for public improvements, including Section 32-1-1001(1)(d), C.R.S., and all rules and regulations appurtenant thereto.

G. Limitation on Use of Funds.

The District agrees that no District revenues will be used to pay water transmission development fees, sewer interceptor development fees, storm drainage development fees, water or sewer system connection fees, park development fees, E-470 impact fees, traffic impact fees, or any other development or impact fee imposed by Aurora, with the exception of such irrigation water system connection fees that are deemed necessary for the irrigation of those public lands which are to be owned, operated, and maintained by the District.

H. Public Art.

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

art for installation, it shall submit plans, diagrams and/or descriptions of such art to the Aurora Library and Recreation Department for administrative approval.

VI. REGIONAL IMPROVEMENTS

In lieu of a regional improvement financial contribution, the District agrees to construct, install, acquire and dedicate to Aurora the public regional infrastructure improvements that benefit the taxpayers and residents of the proposed Districts. Such improvements are more particularly described in the Facilities Plan attached hereto as Exhibit "F." Failure to comply with this Section shall be deemed to be a material modification of the Service Plan.

VII. FINANCING PLAN

A. General Plan of Finance.

The District shall be responsible for the construction of the facilities and improvements described herein to the extent the District has the financial resources to provide funding for such construction. It is currently anticipated that the Districts will issue Debt in amounts sufficient to permit the District to construct needed facilities. It is also currently anticipated that the Developer will make contributions to the District to provide funding for the construction of the facilities described herein.

The timing of issuance of bonds of the Districts, as depicted in the Financing Plan, attached hereto as Exhibit "H.", will be adjusted from time to time to meet development requirements. The Districts will be seeking Voted Authorization in the amount of \$27,500,000. Notwithstanding the amount of Voted Authorization, the Debt Limit set forth in Section VII(B) of this Service Plan serves as the ultimate cap for the Debt the Districts may incur. State Constitutional requirements necessitate that the Voted Authorization be in such amounts to allow the District sufficient flexibility to fund all public improvements contemplated herein; provided, however, that in no event shall the total of the new money portion of the Voted Authorization exceed more than 125% of the total cost of improvements plus voted authorization identified in Exhibit I for operational and administrative requirements of the District. The general form of question or questions authorizing the Voted Authorization and the levying of taxes proposed to be submitted by the District to its voters is attached hereto as Exhibit "I.", which may be modified upon advice of the Districts' legal counsel. For purposes of applicable state laws, Aurora requirements and this Service Plan, non-material revisions to the ballot questions shall not require Aurora approval.

B. Debt Limit.

The Debt Limit shall be \$18,200,000. Increases in Non-Developer Debt necessary to accomplish a refunding, re-issuance or restructuring of Non-Developer Debt, and Revenue Obligations, shall not count against the Debt Limit. All compound interest, other than on defaulted Non-Developer Debt, shall count against the Debt Limit. Issuance of Non-Developer Debt necessary to accomplish a refunding, re-issuance or restructuring of Developer Debt shall

not count against the Debt Limit except to the extent that such issuance exceeds the principal amount of such Developer Debt. All compound interest, other than on defaulted Non-Developer Debt, shall count against the Debt Limit. To the extent the actual total Non-Developer Debt issued does not include reserve funds in the aggregate amount shown in the Financing Plan, the Debt Limit shall be decreased by the unused reserve fund amount.

The Debt Limit shall not be increased unless approved by Aurora and as permitted by statute. Any increase in the Debt Limit shall be considered a material modification of the Service Plan, unless otherwise permitted herein. The Districts may request a Revenue Obligation limit authorization either in the initial Service Plan approval process, or subsequently as a material modification to the Service Plan.

Notwithstanding anything contained herein to the contrary, all Debt incurred by the Districts shall mature no later than forty (40) years from the date of organization of the District. The District will not incur any Debt or levy any taxes until the Framework Development Plan or other relevant planning document for property within the Districts have been approved by Aurora. As soon as possible after the District has incurred any Debt, the District shall impose property taxes in a manner consistent with that shown in the Financing Plan.

A written non-binding underwriting engagement letter from a lender or investment banking firm is attached as Exhibit "J." for all Non-Developer Debt anticipated to be issued within five years of the District's formation.

C. Developer Debt.

The District is anticipated to receive initial funding for both capital and ongoing administrative requirements from Developer Debt. Such Developer Debt shall be subject to the District's obligation to reimburse the same, as shall be evidenced by reimbursement agreements between the District and the Developer. Such Developer Debt shall be limited to a twenty (20) year term and shall be subject to a maximum allowable interest rate of 300 basis points above the twenty (20) year 'AAA' Municipal Market Data rate in effect at the time such Developer Debt is incurred.

Developer Debt shall count against the Debt Limit. It is estimated that any and all Developer Debt shall be repaid by the Districts from Non-Developer Debt proceeds or other legally available sources of revenue. Developer Debt shall be subordinate to the District's Non-Developer Debt. Refinancing of Developer Debt shall not require approval by Aurora, except to the extent that such Developer Debt is subject to the provisions of Section VII(I) of this Service Plan. Developer Debt that refunds other Developer Debt shall not lengthen the maturity beyond the twenty (20) year term as required in this section. Additionally, Developer Debt that refunds other Developer Debt shall not bear interest at a rate which exceeds the interest rate of the Developer Debt being refunded. Any such refunding debt issued by the Districts above and beyond the principal amount of Developer Debt refunded shall count against the Debt Limit of the Districts. Any amount of outstanding principal and accrued interest on such Developer Debt

that remains unpaid after the final maturity date shall be deemed to be forever discharged and satisfied in full. The total Developer Debt is anticipated to be \$12,701,064.

D. Non-Developer Debt.

The District anticipates it will issue Non-Developer Debt in the amount of \$17,300,000 within the first five years of the formation of the District. All Non-Developer Debt issued by the District shall have no more than a thirty (30) year maximum term, and may be payable from any and all legally available revenues of the District, including general *ad valorem* property taxes to be imposed upon all taxable property within the District; subject to the limitations described herein. Substantial or otherwise material deviations from the bond amortization schedules provided in the Financing Plan may constitute an Alternative Financing Plan and require approval as described in Section VII(M) of this Service Plan.

E. Developer Contributions.

Developer Contributions are anticipated to be \$5,665,099. The developer contribution stated herein is based upon current projections of net construction dollars available to the Taxing District from the bond issues and third party reimbursements set forth in the Financing Plan. To the extent that such aggregate sources of the District generate actual net construction dollars or reimbursements in an amount varying from that set forth in the Financing Plan, the Developer contribution shall be adjusted upward or downward, accordingly, such that the construction requirements of the District, as identified herein, are fully met. The adjustment stated in this Section shall not constitute a material modification of the Service Plan, but the amount thereof shall be reported pursuant to the Annual Report required under to Section VIII.

F. Mill Levy Cap.

The Mill Levy Cap for the District shall be 45.29 mills. The Mill Levy Cap may be eliminated for payment of Non-Developer Debt at such time as the face amount of all outstanding Non-Developer Debt does not exceed fifty percent (50%) of the assessed valuation of all property within the District. The foregoing 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 on or after May 1, 2003. In any of these events, the Mill Levy Cap shall be automatically adjusted so that the tax liability of individual property owners neither increases nor decreases as a result of any such changes, thereby maintaining a constant level of tax receipts of the District and overall tax payments from property owners. If the Mill Levy Cap is adjusted in accordance with this section, the District will provide Aurora with written notice that such an adjustment has been made pursuant to the annual report required in Section VIII of this Service Plan. The District will also revise the disclosure required by section XV to reflect any change to the Mill Levy Cap, and shall re-record such disclosure.

In order for the Taxing District to issue Non-Developer Debt that is not subject to the Mill Levy Cap, the total outstanding amount of Non-Developer Debt, upon the issuance of such

debt, must be less than fifty percent (50%) of the Taxing District's assessed valuation. Additionally, any general obligation debt exceeding fifty percent (50%) of the valuation for assessment of the taxable property in the Taxing District must be issued in compliance with Colorado law, and specifically, Section 32-1-1101(6), C.R.S.

Once the Mill Levy Cap is removed pursuant to the above requirements so that the Taxing District is entitled to pledge to its payment an unlimited *ad valorem* property tax mill levy, the Taxing District may provide that such debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the debt to assessed ratio.

G. Identification of District Revenue.

In addition to revenues from *ad valorem* property taxes, the Districts anticipate revenue from the following sources in the following amounts over time:

<u>Revenue</u>	<u>Years Collected</u>	<u>Total Amount</u>
Specific Ownership Taxes	2004-2037	\$3,435,458
Facility Fees	2004-2008	\$897,532
Interest Income	2004-2037	\$162,732
Developer Contribution	2005-2006	\$5,665,099

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 Section 32-1-1001(1), C.R.S., as amended from time to time. All financing sources shown in the Financing Plan to support the payment of Debt or Revenue Obligations are explicitly pledged to the payment of such Debt or Revenue Obligations.

H. Security for Debt.

The Districts shall not pledge any revenue or property of Aurora as security for the indebtedness set forth in this Service Plan. Approval of this Service Plan shall not be construed as a guarantee by Aurora of payment of any Districts' obligation; nor shall anything in the Service Plan be construed so as to create any responsibility or liability on the part of Aurora in event of default by the Districts in the payment of any such obligation

I. Refinancing of District Bonds.

The Districts agree that any refinancing of outstanding bonds of the Districts that could shorten or extend the maturity of such bonds, or increase the total debt service thereon, shall be subject to the prior approval of the Aurora City Council as evidenced by a resolution after a public hearing thereon. Notwithstanding the foregoing, such prior approval need not be obtained where the refunding or restructuring of Non-Developer Debt is being undertaken for the purpose of preventing or averting a default or terminating a condition of default on such Non-Developer Debt.

J. Quinquennial Review.

In accordance with the procedures set forth in Section 32-1-1101.5(1.5), C.R.S., the District shall submit an application for a quinquennial finding of reasonable diligence in every fifth calendar year after the calendar year in which the electors of the District first approve a ballot issue to incur general obligation indebtedness, notwithstanding any subsequent elections. Upon such application, Aurora shall determine whether:

- (1) an administrative review to ensure that the District's conduct is in conformance with the provisions of Sections 122-35(b) and (c) of the Aurora City Code is necessary, or
- (2) alternatively, determine whether the Districts are in Substantial Quinquennial Compliance with their Financing Plan, in which case an administrative review will not be conducted by Aurora.

In the event Aurora determines an administrative review is necessary under this Section, the Districts shall pay an administrative fee for any review required by Aurora. In the event that Aurora determines that a public hearing is necessary on such application, such hearing shall be held in accordance with Section 32-1-1101.5(2)(a), C.R.S., and a determination for continuation of the authority of the boards of the Districts to incur any remaining authorized Debt shall be made at that time.

K. Description of Existing and Projected Conditions.

There is currently no ongoing development of property within the Districts. The current assessed value of land within the Districts is \$3,600. The District consists of approximately 225.3 acres of Low Density E-470 zoning.

An estimate of the projected assessed valuation of property within the Districts is set forth in the Financing Plan attached hereto as Exhibit "H." At build-out, the residential population of the Districts is estimated to be 1,095 persons.

The Operating District shall consist of .1 acres. There will be no residential component within the boundaries of the Operating District, and therefore there is no projected population. It is anticipated that the Taxing District will consist of 225 acres.

L. Anticipated Development.

The future development projections of the Districts are set forth in the Market Research Report attached hereto as Exhibit "K." All development projections are based upon reasonable and realistic assumptions as evidenced by an Opinion Letter from a market analyst acceptable to Aurora. These assumptions, in turn, are based upon the zoning and building densities approved by Aurora for all property within the Districts.

M. Financial Analysis.

The Financing Plan has been prepared in accordance with the standards established by the American Institute of Certified Public Accountants and certified by the preparer.

The Financing Plan includes a complete forecasted statement of sources and uses of District revenue, extending through the discharge of all proposed indebtedness. Separate amortization schedules showing annual principal and interest payments are provided for each proposed issue of Non-Developer Debt. Insofar as different classes of debt are proposed, the total debt service for each class of Non-Developer Debt is shown. A Sources and Uses statement is also provided for each proposed issue of Non-Developer Debt.

The Financing Plan demonstrates one method that may be used by the Districts to finance the cost of facilities. An Alternative Financing Plan may be employed and utilized by the Districts. Each Alternative Financing Plan shall be submitted to Aurora in advance for administrative review regarding overall consistency of such Plan with this Service Plan.

Aurora shall determine whether or not an Alternative Financing Plan constitutes a material economic deviation from the scope of this Service Plan and the Financing Plan contained therein. Any material economic deviation of the Alternative Financing Plan from the scope of this Service Plan and the Financing Plan contained therein shall be deemed a material modification hereof and shall be subject to the provisions of the Aurora City Code governing the approval of such modifications. At Aurora's sole discretion, the Districts shall pay an administrative fee for any review required to determine whether material modifications to the Service Plan are being proposed and whether the same are acceptable under the standards set forth for the approval of such modifications in the Aurora City Code.

N. Risk Disclosure.

The ability of the Districts to meet the projections upon which the Financial Plan is premised is subject to various risks and uncertainties, including, but not necessarily limited to, actual development that occurs within the Districts' boundaries, the sale of lots and the construction of residential units or commercial or industrial buildings as might occur within the area, and the actual market valuation of property within the Districts' boundaries. Development in the District will be impacted by many factors, including governmental policies regarding land development, the availability of utilities, construction costs, interest rates, competition from other developments and other political, legal and economic conditions.

VIII. ANNUAL REPORT.

A. General.

The Districts shall be responsible for submitting an annual report to Aurora no later than March 1 of each year that the Districts are in existence.

B. Reporting of Significant Events.

The annual report 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 with other governmental entities entered into or proposed.
3. Changes or proposed changes in the District's policies.
4. Changes or proposed changes in the District's operations.
5. 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 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 Aurora.
10. Summary of current assessed valuation in the District.

C. Summary of Financial Information.

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

1. Assessed value of taxable property within the District.
2. Total acreage of property within the District.

3. District indebtedness (stated separately for each class of Debt).
4. District debt service (stated separately for each class of Debt).
5. District tax revenue.
6. Other revenues of the District.
7. Public improvement expenditures.
8. Other District expenditures.

Such information shall be presented in the following format: (Projected; Year-End Actual; Variance). For purposes of this section, "projected" means as originally projected in the Financial Plan and exhibits, as the same may from time to time be amended. If the comparison between projected and year-end actual numbers is based upon a projection contained in an amendment to the Service Plan, the amendment should be clearly identified and the date of Aurora's approval referenced.

IX. CONSERVATION TRUST FUND.

The Districts shall not claim any entitlement to moneys from the State Conservation Trust Fund. The District shall remit to Aurora all moneys it may receive from this Fund.

X. DISSOLUTION.

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

XI. CONSOLIDATION.

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

XII. MODIFICATION OF SERVICE PLAN.

The Districts shall obtain the prior approval of Aurora before making any material modifications to this service plan as noted herein. Material modifications shall include all modifications of a basic or essential nature, including any additions to the type of services initially provided by the District, any changes in the Debt Limit, revenue type, or Mill Levy Cap of the Districts, or any changes to the boundaries of the District not described in this Service Plan. The modifications listed in this section are provided as examples only and are not intended in any way to comprise an exclusive list of all actions which may be deemed to be a material modification of this Service Plan. Aurora approval shall not be required for modifications of a technical or mechanical nature necessary for the execution of the original Service Plan.

XIII. FAILURE TO COMPLY WITH SERVICE PLAN.

In accordance with the authority contained in the Aurora City Code, should the Districts take any action that constitutes a material modification from the Service Plan without Aurora's prior approval, Aurora shall be entitled to all remedies available under state and local law to enjoin the actions of the Districts.

XIV. RESOLUTION OF APPROVAL.

The Districts agree to incorporate the resolution approving the Service Plan adopted by the Aurora City Council, including any conditions imposed on such approval, into the petition presented to the District Court.

XV. DISCLOSURE.

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

- A. The authorized Debt of the Districts, anticipated issuance schedule, and terms thereof, including maximum term and maximum interest rate, if applicable;
- B. A list and description of the facilities to be operated and maintained by the Districts;
- C. The Mill Levy Cap of the Districts and the procedure for any adjustment thereto;

- D. A general description of the infrastructure to be paid for by the Districts and the expected cost of such infrastructure;
- E. An estimate of the annual *ad valorem* property tax to be paid by a representative property within the Districts;
- F. Any District fees applicable to property owners and a statement that such fees are separate from any applicable homeowners' association fees; and
- G. A statement that the most recent Service Plan and Financial Plan are available from the Districts.

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

XVI. INTERGOVERNMENTAL AGREEMENT.

The form of intergovernmental agreement required by the Aurora City Code, relating to the limitations imposed on the Districts' activities, is attached hereto as Exhibit "L."

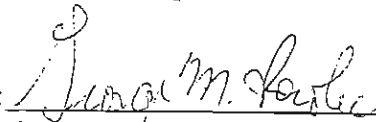
XVII. CONCLUSION.

It is submitted that this Service Plan for the District, as required by Section 32-1-203(2), C.R.S. and Section 122-35 of the Aurora City Code, establishes that:

- A. There is sufficient existing and projected need for organized service in the area to be serviced 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 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, and will not be, available to the area through Aurora, or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;
- F. The facility and service standards of the District are compatible with the facility and service standards of Aurora;

- G. The proposal is in substantial compliance with the comprehensive plan adopted pursuant to Section 146-206 of the Aurora City Code;
- H. The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area;
- I. The creation of the District is in the best interests of the area proposed to be served;
- J. The development application required by Chapter 146 of the Aurora City Code for the area to be included in the District has been filed with Aurora; and
- K. The development proposed for the area to be included within the District will enhance the quality of the entire community.

WHITE AND ASSOCIATES
Professional Corporation

By: 
George M. Rowley
Counsel to Proponents of Districts

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Exhibit A
City Council Resolution of Approval

COPY

7017:0002
EFFECTIVE DATE: 08-18-03

RESOLUTION NO. R2003 - 62

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO, CONDITIONALLY APPROVING THE CONSOLIDATED SERVICE PLAN FOR SERENITY RIDGE METROPOLITAN DISTRICT NOS. 1 AND 2 AND AUTHORIZING THE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY AND THE DISTRICTS

WHEREAS, pursuant to Sections 32-1-204 and 207, C.R.S., as amended, and Section 122-30 of the City Code, the Consolidated Service Plan (the "Service Plan") for Serenity ridge Metropolitan District Nos. 1 and 2 (the "Districts") has been submitted to the City Council (the "Council") of the City of Aurora, Colorado (the "City"); and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, and Chapter 122 of the City Code, the City Council held a public hearing on the Service Plan for the Districts on August 18, 2003; and

WHEREAS, notice of the hearing before the City Council was duly published in the Denver Post, a newspaper of general circulation within the City, on July 29, 2003 as required by law, and forwarded to the petitioners, others entitled to postcard or letter notice, the Division of Local Government, and the governing body of each municipality and special district that has levied an ad valorem tax within the next preceding tax year and that has boundaries within a radius of three miles of the Districts; and

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

WHEREAS, the City Council finds that the Service Plan was not submitted in time for the City's financial consultant to conduct an adequate review of the District's financing plan; and

WHEREAS, the City Council further finds that the Service Plan should be approved conditionally, subject to a review of the District's financing plan by the City's financial consultant and the approval of said plan by the City's Director of Finance, all as permitted by Section 32-1-203(1), C.R.S., as amended, and Section 122-35(a) of the City Code; and

WHEREAS, the City Council further finds that it is in the best interests of the citizens of the City to enter into an Intergovernmental Agreement with the Districts at the time of their formation for the purpose of assigning the relative rights and responsibilities between the City and the Districts with respect to certain functions, operations, and obligations of the Districts; and

WHEREAS, Section 10-12 of the City Charter requires a resolution to authorize the execution of intergovernmental agreements.

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

Certified to be a full, true & correct copy of the original in my custody on 9-15-03

Debra Johnson
City Clerk/Records Manager



Section 1. The City Council hereby determines that all of the requirements of Title 32, Article 1, Part 2, C.R.S., as amended, and Chapter 122 of the City Code relating to the filing of a Service Plan for Serenity ridge Metropolitan District Nos. 1 and 2 have been fulfilled and that notice of the hearing was given in the time and manner required by law.

Section 2. The City Council further determines that all pertinent facts, matters and issues were submitted at the public hearing; that all interested parties were heard or had the opportunity to be heard and that, except as provided in Section 3 of this Resolution, evidence satisfactory to the City Council of each of the following was presented:

- 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 not adequate for present and projected needs;
- c. 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;
- d. The proposed Districts are capable of providing economical and sufficient services to the area they intend upon serving;
- e. 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;
- 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 the comprehensive master plan adopted by the City;
- h. The proposal is in compliance with any duly adopted long-range water quality management plans for the area;
- i. The creation of the proposed Districts will be in the best interests of the area to be served;
- j. The development application required by Chapter 146 or 147 of the City Code for the area to be included in the proposed Districts has been filed with the City; and
- k. The development proposed for the area to be included within the proposed Districts will enhance the quality of the entire community.

Section 3. The City Council further determines that the Service Plan was not submitted in time for the City's financial consultant to conduct an adequate review of the Districts' financing plan. Accordingly, the City Council hereby directs that the financing plan be

submitted to the City's financial consultant. Said consultant shall advise the City as to whether the financing plan is mathematically correct in all material respects.

Section 4. The City Council hereby approves the Consolidated Service Plan for Serenity ridge Metropolitan District Nos. 1 and 2 as submitted, subject to review of the Districts' financing plan by the City's financial consultant as provided by Section 3 of this Resolution. If, upon the advice of the City's financial consultant, the Director of Finance finds the financing plan to be acceptable in accordance with the requirements of Section 122-31(c)(11) of the City Code, then the condition set forth in this Section 4 shall be satisfied and the Service Plan deemed unconditionally approved. Written notice of the Director's findings shall be delivered forthwith to both the City Council and the proponents of the Districts.

Section 4. The Mayor and the City Clerk are hereby authorized to execute, on behalf of the City, the Intergovernmental Agreement between the City of Aurora, Colorado, and Serenity ridge Metropolitan District Nos. 1 and 2 (the "IGA") in substantially the form presented at this meeting, with such technical additions, deletions, and variations as the City Attorney may deem necessary or appropriate and not inconsistent with this Resolution.

Section 5. The performance of the IGA by the City shall be contingent upon the formation of and the issuance of debt by the proposed Districts for the purpose of securing sufficient funds for their obligations under the IGA.


Section 6. The proposed Districts shall not be authorized to incur any indebtedness until such time as the Districts have approved and executed the IGA.

Section 7. This Resolution shall be filed in the records of the City and a certified copy thereof submitted to the petitioners for the purpose of filing in the District Court of Arapahoe County.

Section 8. All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

Section 9. Any reconsideration of this Resolution is hereby waived.

RESOLVED AND PASSED this 18th day of August, 2003.


PAUL E. TAUER, Mayor

ATTEST:


DEBRA JOHNSON, City Clerk

APPROVED AS TO FORM 

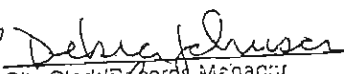

Certified to be a full, true & correct copy of the original in my custody on 9-15-03

City Clerk/Records Manager 

Exhibit AA
IGA between the Operating District and the Taxing District

DISTRICT FACILITIES CONSTRUCTION
AND SERVICE AGREEMENT

DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT entered into
and dated as of _____, 200__, by and between Serenity Ridge Metropolitan District
No. 1 and Serenity Ridge Metropolitan District No. 2.

(Cover Sheet Only)

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DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT

This DISTRICT FACILITIES CONSTRUCTION AND SERVICE AGREEMENT (the "Agreement") is made and entered into and dated as of _____, 2003, by and between SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 ("the Operating District") and SERENITY RIDGE METROPOLITAN DISTRICT NO. 2, ("the Taxing District"), individually and/or collectively referred to as "the District" or "the Districts," as the context indicates. Said Districts are quasi-municipal corporations and political subdivisions of the State of Colorado.

RECITALS

WHEREAS, the formation of the Districts was approved by the City of Aurora as multiple districts whose purposes are to provide essential public improvements and services as contemplated herein; and

WHEREAS, the purposes for which the Districts were formed are specifically set forth in their Service Plan (defined below), which was prepared for the Districts pursuant to Sections 32-1-201, C.R.S. et seq., and with respect to which all required governmental approvals have been obtained therefor; and

WHEREAS, the Service Plan may be amended from time to time as permitted herein and any and all such amendments shall become part of the Service Plan as such term is used herein; and

WHEREAS, under the Service Plan, the Districts are required to work together and coordinate their efforts with respect to all activities contemplated in the Service Plan including but not limited to the management and administration of the Districts, the provision of essential services by the Districts and the financing, construction, operation and maintenance of public improvements; and

WHEREAS, the Service Plan discloses and establishes the necessity for and desirability of an intergovernmental agreement or intergovernmental agreements between the Districts concerning the manner in which the Districts shall implement their Service Plan; and

WHEREAS, pursuant to the Colorado Constitution Article XIV, Section 18(2)(a), and Section 29-1-203, C.R.S., the Districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each, and any such contract may provide, inter alia, for the sharing of costs, the imposition of taxes, and the incurring of debt; and

WHEREAS, at an election of the qualified electors of the Taxing District duly called and held in accordance with law and pursuant to due notice, a majority of eligible electors who voted at such election voted in favor of the Taxing District incurring indebtedness in an amount sufficient to lawfully authorize the Taxing District to enter into an agreement containing terms as set forth herein with the Operating District; and

WHEREAS, the Service Plan describes certain "Facilities" to be financed in accordance with a general plan of finance described therein or in accordance with plans of finance permitted therein, from the proceeds of indebtedness to be issued by the Taxing District and/or from other funds held or obtained by the Taxing District and to be made available for the purposes of fulfilling the Taxing District's commitments hereunder; and

WHEREAS, the Districts agree that the Facilities are needed by the Districts and that the Facilities will benefit the residents and property owners in the Districts in terms of cost, quality, level of service, and management and operation of such Facilities; and

WHEREAS, the Districts have agreed, and the Service Plan provides, that the Operating District will own (subject to discretionary transfer to other governmental entities or authorities), operate, maintain, and construct the Facilities benefiting the Districts, and that the Taxing District will pay all costs related to the construction, operation, and maintenance of such Facilities by the Operating District as set forth in and in accordance with the terms of this Agreement; such payments may include, but not be limited to, payments to the Operating District for debt service requirements of revenue bonds issued by the Operating District for such capital costs; and

WHEREAS, the Service Plan describes the amount of money estimated to be necessary to fund the financing, construction and/or acquisition of the Facilities, and describes the anticipated timing of financing and construction of the facilities, which amounts and timing may be amended as contemplated by the Service Plan, as permitted under governing law, and/or pursuant to the terms of this Agreement; and

WHEREAS, the Service Plan describes the amount of money estimated to be necessary to fund the operation, maintenance management and administrative services to be provided to the Taxing District by the Operating District, which amounts and timing may be amended as contemplated by the Service Plan, as permitted under governing law, and/or pursuant to the terms of this Agreement; and

WHEREAS, the Districts desire to provide in this Agreement for the implementation of principles and objectives set forth in the Service Plan regarding the financing, construction, operation and maintenance of the Facilities, and regarding administration of the affairs of the Districts including the collection, management and expenditure of funds of the Districts; and

WHEREAS, the Districts understand that it may be necessary for additional agreements to be executed between them regarding matters addressed herein, but desire at this time to establish by this Agreement the general framework for implementation of the provisions of the Service Plan; and

WHEREAS, all amendments to this Agreement made pursuant hereto and not in specific conflict with specific limits of the ballot questions that authorized the debt represented by this Agreement shall be deemed part of this Agreement and fully authorized by such ballot questions.

COVENANTS

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants and stipulations herein, the Districts agree as follows:

ARTICLE I

GENERAL PROVISIONS

1.1 Interpretation. In this Agreement, unless the context expressly indicates otherwise, the words defined below shall have the meanings set forth below:

a. The term "herein," "hereunder," "hereby," "hereto," "hereof" and any similar term, refer to this Agreement as a whole and not to any particular article, section, or subdivision hereof; the term "heretofore" means before the date of execution of the Agreement; and the term "hereafter" means after the date of execution of this Agreement.

b. All definitions, terms, and words shall include both the singular and the plural, and all capitalized words or terms shall have the definitions set forth in Section 2.1 hereof.

c. Words of the masculine gender include correlative words of the feminine and neuter genders, and words importing the singular number include the plural number and vice versa.

d. The captions or headings of this Agreement are for convenience, only and in no way define, limit, or describe the scope or intent of any provision, article, or section of this Agreement.

e. All schedules, exhibits, and addenda referred to herein are incorporated herein by this reference.

1.2 Effective Date and Term. This Agreement shall be upon execution hereof by the Districts and shall represent the valid, binding and legally enforceable obligation of the Districts until such time as each of the terms and conditions hereof has been performed in their entirety, or until this Agreement is terminated by mutual written agreement of the Districts as permitted herein or as otherwise might be provided herein.

1.3 Purpose and Scope of Agreement. This Agreement shall be governed and interpreted, in general, by the following provisions in this Section 1.3. It is agreed by the Districts that the statements of intention set forth in this Section 1.3 are essential to the proper interpretation of this Agreement and are intended to clarify the general intent of specific provisions contained herein. The following statements are illustrative of the Districts' intentions and while they are to be used to construe and govern this Agreement, they are not intended to constitute an all-inclusive statement of the intentions of the Districts. Reference shall also be made to the Service Plan for purposes of construing this Agreement and the intent of the Districts

manifested by the Districts' course of conduct or other extrinsic evidence. The Districts agree that any District shall be entitled to any remedy, order, judgment or action which is or may be necessary in order to make operative the intentions of the Districts as expressed herein:

a. The Service Plan states that the Operating District will be responsible for managing the financing, construction, operation and maintenance of the Facilities for the benefit of the Districts. The Service Plan describes the nature of the relationship between the Districts and contemplates that this Agreement would be executed by the Districts to effectuate that relationship.

b. The Service Plan further states that the Operating District will have little or no assessed valuation within its boundaries from which general obligation bonds could be paid, and consequently contemplates that the Taxing District will issue bonds appropriately secured or credit-enhanced by third parties. Alternatively, the Service Plan allows for or does not prevent the Operating District from issuing secured or credit-enhanced revenue bonds for capital costs, the debt service requirements of which are expressly intended to be paid from payments made by the Taxing District hereunder and which may be refunded or repaid from the proceeds of general obligation indebtedness issued by the Taxing District when adequate assessed valuation exists within the Taxing District. The Service Plan contemplates that virtually all assessed valuation of property to be developed within the Districts' service areas will be located within the boundaries of the Taxing District and that the Taxing District will issue general obligation bonds or revenue bonds at various points in time described in the Service Plan, and will use the proceeds thereof to pay its obligations contained in this Agreement to the Operating District. Proceeds from bonds will be used to construct the Facilities for the Taxing District consistent with the "Operating and Taxing Districts" philosophy described in the Service Plan. The Taxing District will issue general obligation bonds to capture the tax value of increases in the tax base within the Taxing District caused, to a significant degree, by the availability of Services and Facilities from the Operating District. The transfer of bond proceeds from the Taxing District to the Operating District is intended to result in an equitable allocation of the costs of all the Facilities to all properties within the Taxing District which are benefited by those Facilities.

c. The Service Plan contemplates that the essential terms of this Agreement between the Operating District and the Taxing District concerning the costs of acquiring, constructing, or otherwise providing, and the costs of operating and maintaining, certain water, street, traffic safety, television relay and translation, transportation, park and recreation and sanitation facilities and improvements, all as further set forth herein would be voted upon by the electorate of the Taxing District at the organizational election of the Taxing District. The Districts recognize that numerous amendments and adjustments to this Agreement may be necessary over time; subject, however, to the requirement that any increase in the monetary amount of the obligations of the Taxing District to make payments to the Operating District, or any increase in the maximum annual tax increase or the total repayment cost of the debt evidenced by this Agreement beyond the amount set forth in ballot questions presented to the electorate of the Taxing District may require additional voter authorization. The Districts agree that unless the Districts receive the advice of legal counsel to the contrary, no further

authorization of the electorate will be required to authorize other substantive changes to this Agreement.

d. The Taxing District acknowledges that, as might be necessary, the Operating District may negotiate for and obtain certain security or credit enhancement for the Operating or Taxing District's bonds from Persons which as of the date hereof own property within the Taxing District and Operating District, and that if such security or credit enhancement is provided, substantial damage will result to such Persons in the event this Agreement is breached by the Taxing District or the Operating District in any material manner. Consequently, the Districts agree that neither the Operating District nor the Taxing District shall be entitled to terminate this Agreement except pursuant to the express provisions of Article VIII below, and that this Agreement is intended to be strictly enforced to the maximum extent permitted by law. Nothing in this paragraph shall be construed as granting any rights to third parties.

e. The purpose of this Agreement is to set forth the rights and obligations of the Taxing District to fully fund, and of the Operating District to construct, own, or transfer, and to operate and maintain, public facilities and services of benefit to the District. This Agreement shall in all circumstances be interpreted consistent with the Service Plan and the intentions expressed therein regarding the role of each District in implementing the Service Plan. The Districts acknowledge that performance of this Agreement for the full term hereof is key to full implementation of the Service Plan by the Districts and that any material departure herefrom by either District, or any attempt by either District to terminate this Agreement or materially alter its terms except in accordance herewith, by judicial action or otherwise, is acknowledged to be and shall constitute a "material departure" from the Service Plan which, in addition to all other remedies set forth herein, the aggrieved District shall be entitled to seek to enjoin in accordance with Section 32-1-207, C.R.S., as amended from time to time. Notwithstanding the foregoing agreements regarding "material departures" from the Service Plan, the agreements and acknowledgements of the Parties relative thereto are expressed solely for the benefit of the Parties to aid in their efforts to enforce this Agreement and shall not constitute or be admissible as admissions by any Party in efforts which may be taken by any other Person to enjoin activities by any District under state law.

f. It is agreed by the Districts that the Operating District is not, and shall not be considered or deemed in the future, a service company, nor a regulated public utility as defined in Section 40-1-103(1)(a), C.R.S., as amended from time to time, nor as such terms are defined in any constitutional provision, statute, or law of the State of Colorado, nor as defined in any rule or regulation of any entity or Person asserting jurisdiction in matters relating to this Agreement or the subject matter hereof. The Districts further agree that in the event the Operating District is ever determined by a third party to be a public utility as defined in Section 40-1-103(1)(a), C.R.S., then the Operating District is intended to be exempt from any regulation by the Public Utilities Commission or any other special commission, pursuant to the Colorado Constitution, Article XXV, and Article V Section 35, and Sections, 32-1-1001(j)(k) and 32-1-1006, C.R.S., and other applicable statutes.

g. It is not the intention of the Operating District to offer or provide service by this Agreement to members of the general public outside of the Taxing District's service area;

rather, it is the Operating District's intention to offer and provide certain services to the Operating District and the Taxing District in accordance with the Service Plan.

h. It is the intention of the Districts to enter into this Agreement to further their interests and to comply with the Service Plan as quasi-municipal corporations conducting business in the State of Colorado.

i. It is not the intention of the Districts, and the Districts expressly disavow any claim or attempt, to dedicate any of their property to a public use outside of the Districts, or to make any offer to provide service to the public outside of the service area of the Districts, or to make any representation that any District is capable of providing service to the public at large through this Agreement. The Operating District does not desire to offer, and shall not be construed as offering, to furnish service to the public or any individual resident or property owner outside the service area of the Operating District or the Taxing District through this Agreement. Nothing herein shall prevent the Operating District from providing service to property owners outside the Operating District's service area through a separate contract.

j. This Agreement shall be construed as a private intergovernmental agreement between the Districts. It is expressly agreed by the Districts that no Person other than the Taxing District shall obtain hereby any enforceable rights to service from the Operating District, and to this end it is expressly declared by the Districts that no Person shall be construed as a third party beneficiary of any kind of this Agreement except as expressly stated herein.

k. Users in the Taxing District shall receive Service from and/or use of the Facilities owned by the Operating District only upon payment of Development Fees, User Fees, and other Charges and/or taxes to or for the benefit of the Operating District or its designee, and subject to the terms and conditions contained herein. No portion of the Facilities or capacity therein shall be dedicated for the private use or benefit of any Person or Customer. Furthermore, Users within the Taxing District shall have no legally enforceable right to demand the Facilities or Service from the Operating District. The Taxing District shall have all such rights and remedies as are available under this Agreement. All Service and Facilities contemplated herein shall be provided to the Taxing District only in accordance with the express agreements and limitations contained herein.

l. The Operating District shall be considered and deemed a contract carrier and not a common carrier.

m. The Districts agree that no effort shall be undertaken by any District to request supervision, control, or regulation of this Agreement, of any District, or of the property of any District, by the Public Utilities Commission of the State of Colorado, or any other regulatory authority or any other entity claiming jurisdiction of the subject matter hereof. The Taxing District shall assist the Operating District in defending against any claim of such jurisdiction.

n. In the event that the Operating District defaults in payments of its own Bonds, if any, and if as a result thereof or as a result of any action arising subsequent thereto, the

maximum term for repayment of the Operating District's Bonds is increased in any manner from the maximum term set forth when such Bonds were issued, the obligations of the Taxing District hereunder shall nevertheless continue in full force and effect subject to termination of such obligations as they relate to said Bonds at the date and time at which the Taxing District's obligations hereunder would have terminated had the Operating District not defaulted on its Bonds or taken such other course of action which has the affect to increasing the maximum term of the Taxing District's obligations under this Agreement. The intention of the foregoing is that this provision shall be applied only in the event that Bonds issued by the Operating District are restructured in any manner other than for a normal refunding, or a refunding in the ordinary course of business.

ARTICLE II

DEFINITIONS

2.1 Definitions. As used herein, unless the context expressly indicates otherwise, the words defined below and capitalized throughout the text of this Agreement shall have the respective meanings set forth below:

a. "Accounts" shall mean and refer to Construction Account and Service Account collectively.

b. "Capital Costs" shall mean those costs derived from the financing model as set forth in the Service Plan, as may be amended from time to time, which are to be incurred by the Operating District for the purpose of planning, designing, constructing and acquiring, including the costs and fees of issuance of Bonds, a portion or all of the Facilities including, but not limited to:

1. All costs of materials attributable to the actual construction or acquisition of the Facilities, including all costs incurred to acquire the Facilities from third Persons and all related components and materials used therein, all costs incurred for the acquisition of water rights, all costs of organization of the Districts, and all other costs or fees due or paid under cost recovery or other agreements with third Persons, together with all costs incurred to obtain financing for the Facilities. For those items for which any construction contract provides that payment is to be made on a per unit basis, the construction cost shall be that amount actually paid pursuant to the construction contract so providing, which sum should reflect the cost of the actual quantities used;

2. All labor costs incurred in the actual construction or acquisition of the Facilities;

3. All costs attributable to the construction or acquisition of the Facilities or any part or component thereof incurred as a result of change orders approved in accordance with any construction contract;

4. All costs incurred for design, planning, engineering, construction, management, landscape architecture and engineering, soil testing and inspection, and line and systems testing and inspection attributable to the Facilities;

5. Site and right-of-way acquisition costs, including legal fees;

6. All legal and accounting costs incurred in connection with the financing, construction or acquisition of the Facilities;

7. All costs for construction administration, financial, inspection and other professional fees together with any site, right-of-way, permit, or easement acquisition costs;

8. Any other costs, expenses or expenditures associated with the furtherance of the construction of the Facilities; and

9. Any funds retained or payments accrued and owing by the Operating District for construction completed but not yet paid during that Budget Year.

c. "Agreement" shall mean this Agreement and any amendment hereto made in accordance herewith.

d. "Annual Payment Option" shall mean the option which may be elected by the Taxing District pursuant to Section 3.2 hereof to make payments for Capital Costs as specifically permitted herein, except as such amounts are modified and adjusted pursuant to the terms hereof.

e. "Board" or "Boards" shall mean the lawfully organized Boards of Directors of the Districts.

f. "Bonds" shall be defined in specific sections of this Agreement and may have different meanings depending upon the specific context in which the term is used.

g. "Budget Elements" shall mean the specific elements of the Operating District's budget documents setting forth the anticipated capital costs of provision of the Facilities proposed to be constructed during the Budget Year, and shall also mean the specific elements of Service to be provided by the Operating District during the Budget Year.

h. "Budget Year" shall mean the year (immediately following the Planning Year) during which Capital Costs and Service Costs are to be incurred.

i. "Charges" shall mean all rates, fees, tolls, charges or penalties imposed by the Districts with the exception of Development Fees, ad valorem property taxes, or User Fees.

j. "Commencement Date" shall mean the first business day of that month in which operation of any portion of the Facilities begins.

k. "Construction" shall include, but not be limited to, design engineering, construction, expansion, acquisition, maintenance, repair, and replacement of the Facilities, and all appurtenances thereto necessary or convenient to the completion, use, and operation of the Facilities.

l. "Construction Account" shall mean the account created by the Operating District on its financial records for the purpose of holding funds to be expended for the Construction of the Facilities and for other purposes contemplated in this Agreement.

m. "Construction Schedule" shall mean the schedule showing the anticipated Facilities planned for Construction during the Budget Year.

n. "Development Fees" shall mean the fees imposed and collected by the Operating District or Taxing District, including pre-paid fees, for the right of residents and property owners in the Taxing District to connect to or gain access to the Facilities provided pursuant to this Agreement.

o. "Districts" shall mean the Operating District and the Taxing District collectively, including any duly authorized representative, officer, director, employee, agent, engineer or attorney of any District, if applicable.

p. "Emergency Repair" shall mean any repair or replacement of the Facilities which in the opinion of the Operating District, require immediate action in order to avoid damage to the Facilities, unscheduled interruption of service, or danger to District's residents or property owners.

q. "Estimated Capital Costs" shall mean the estimated costs for constructing or acquiring Facilities for the Budget Year, derived in accordance with Section IV and as set forth in the Service Plan, subject to such modification as is contemplated by the Service Plan.

r. "Estimated Service Costs" shall mean the estimated costs for operation and maintenance of the Facilities, and administration of the Districts for the Budget Year derived in accordance with Section 5.7 hereof.

s. "Event of Default" shall mean one of the events or the existence of one of the conditions set forth in Article VIII hereof.

t. "Facilities" shall mean the facilities and improvements generally described in the Service Plan.

u. "Final Budget" shall generally mean the final budget established by the Operating District pursuant to the provisions of Article IV regarding Construction of the

Facilities and pursuant to the provisions of Article V regarding Service. The term shall derive its specific meaning from the context in which it is used.

v. "Major Repairs or Replacement" shall mean any single repair or replacement of any portion of the Facilities which requires an estimated total expenditure in excess of Twenty-Five Thousand Dollars (\$25,000).

w. "Maximum Annual Payment" shall mean (i) the highest payment that the Operating District may require the Taxing District to pay in any one year for the combination of Capital Costs and Service Costs under this Agreement, (not to exceed the revenue that can be produced from the Maximum Mill Levy), together with other funds of the Taxing District legally available therefor, or (ii) fifty percent of the valuation for assessment of the taxable property in the Taxing District, whichever is greater.

x. "Maximum Mill Levy" shall mean the highest mill levy that the Operating District may require the Taxing District to impose for payment of the combination of Capital Costs and Service Costs under this agreement not to exceed the highest mill levy permitted under the Service Plan, as amended, but in no event in excess of fifty (50) mills, as set forth in § 32-1-1101(6)(b) C.R.S. If another exemption for this Agreement is available under § 32-1-1101(6) C.R.S., or if an adjustment is otherwise allowed by law, the Maximum Mill Levy shall be subject to automatic adjustment.

y. "Operating District" shall mean Serenity Ridge Metropolitan District No. 1.

z. "Operations and Maintenance," and/or "Operations" or "Maintenance" shall mean, whether such terms are used together or separately, the provision by the Operating District of such services as are necessary to assure the orderly and proper function of all the Facilities in order to provide Service as contemplated herein, and shall also include all general, administrative, accounting, legal, and other similar services required by the Operating District to maintain the proper organization and existence of the Operating District and the Taxing District, as well as the proper functioning of all the Facilities, the issuance of bonds, and all other costs set forth by the Operating District and portions of its budget in any year which are not specifically designated as Capital Costs or Debt Service Costs.

aa. "Parks and Recreation" shall mean the "Park and Recreation" facilities described in the Service Plan.

bb. "Party" or "the Parties" shall mean the Districts.

cc. "Person" shall mean any individual, corporation, joint venture, estate, trust, partnership, association, or other legal entity, including governmental entities, other than the Districts.

dd. "Planning Year" shall mean the year immediately preceding the corresponding Budget Year.

ee. "Plans" shall mean the plans, documents, drawings, and other specifications prepared by or for the Operating District for the Construction, installation, acquisition of, or connection to any Facilities, including any addendum thereto, and any change order, revision, and/or modification thereof.

ff. "Preliminary Budget Documents" shall mean those documents prepared by the Operating District for submission to the Taxing District during the Planning Year which may include a schedule for deposits into the Construction Fund Account and Service Account and may include a proposed Construction Schedule for the Budget Year.

gg. "Sanitation" shall mean the "Sanitation" improvements described in the Service Plan.

hh. "Service" shall mean the provision by the Operating District of operations, maintenance and administrative services to the Taxing District, and the provision by the Operating District of water, sewer and such other services for which the Operating District shall be entitled to a User Fee.

ii. "Service Costs" shall mean costs derived from the financing model as set forth in the Service Plan, as may be amended from time to time, for all operation, maintenance, and administrative costs incurred by the Operating District in the performance of the duties and services required by this Agreement.

jj. "Service Fund" shall be that account owned and established by the Operating District into which the Taxing District shall deposit the full amount of the Estimated Service Costs and Service Costs for the Facilities and Services.

kk. "Service Plan" shall mean the Service Plan for Serenity Ridge Metropolitan District Nos. 1 and 2 as approved by the _____, dated _____, 2003, as the same may be amended from time to time either by the Districts informally as non-material modifications under state law, or by official action of the City of Aurora. Any reference herein to Service Plan shall include any and all amendments, formal or otherwise to the Service Plan provided that the records of the Districts indicate or imply approval by the Districts of such amendments

ll. "Streets" shall mean the "Street" improvements described in the Service Plan.

mm. "Taxing District" shall mean Serenity Ridge Metropolitan District No. 2.

nn. "Television Relay and Translator" shall mean the "Television Relay and Translator" facilities described in the Service Plan.

oo. "Traffic and Safety Controls" shall mean the "Traffic and Safety Controls" described in the Service Plan as modified as contemplated in the Service Plan

pp. "Transportation Systems" shall mean the "Transportation" facilities described in the Service Plan.

qq. "Users" shall mean the residents, property owners, or Persons served by or receiving Service from the Operating District.

rr. "User Fees" shall mean the periodic fees, if any, imposed and collected by the Operating District from residents and property owners in the Taxing District for the monthly or other periodic Service provided by the Operating District.

ss. "Water Distribution System" shall mean the "Water" facilities described in the Service Plan.

ARTICLE III

FINANCING OF THE FACILITIES AND OPERATIONS, MAINTENANCE AND ADMINISTRATIVE SERVICES GENERAL TERMS

3.1 No Additional Electoral Approval Required. The authorization for issuance of debt, fiscal year spending, revenue collections and other constitutional matters requiring voter approval for purposes of this Agreement, as well as the construction of the Facilities, and the provision of operation, maintenance and administrative services pursuant to the terms hereof, were approved at elections held for the Districts in accordance with law and pursuant to due notice. The performance of the terms of this Agreement requires no further electoral approval. To the extent that further voter authorization is required to give effect to any provision of this Agreement, the Taxing District agrees to use best efforts to obtain voter approval for such additional authorization and, if necessary, cooperate in obtaining approval of an amendment to the Service Plan at the request of the Operating District. If any claim is filed in a court of competent jurisdiction by a person with standing to do so, seeking to have this Agreement or any of its obligations declared void or unenforceable, or in any manner otherwise affecting this Agreement which could have a material adverse effect on any bonds issued by the Districts, or any District, or on the ability of the Operating District to conduct the activities contemplated herein, the Taxing District shall take all necessary action and use best efforts to immediately provide funds to the Operating District to enable it to perform all executory obligations hereunder. The Districts shall also vigorously oppose such claims and the Taxing District shall cooperate in taking all such other curative action requested by the Operating District.

3.2 Payments for Capital and Service Costs. The Districts acknowledge and agree that the maximum amount of Capital Costs and Service Costs, which could become due under this Agreement are not permitted to materially exceed the projections set forth in the Service Plan as such projections may be amended from time to time whether or not such amended projections are contained in formal amendments to the Service Plan. In the event the Operating District determines that inflation, contingencies or other unforeseen matters require an increase in the maximum amount of Capital Costs or Service Costs necessary for the Districts, and

additional authorization is necessary to implement the terms of this Agreement to meet such requirements, the Taxing District agrees to use best efforts to obtain additional authorization, and if necessary, to obtain approval of an amendment to the Service Plan. If, despite best efforts to do so, the Taxing District is not able to obtain such additional authorization and/or any necessary amendment to the Service Plan, the Operating District may, in its sole discretion, make downward adjustments of Capital Costs and Service Costs as necessary to equal the aggregate amount of authorization at that time. In the event such downward adjustments are made to Capital Costs and Service Costs by the Operating District, the Operating District shall notify the Taxing District of the revised amounts within thirty (30) days thereafter. Capital Costs and Service Costs due under this Agreement shall be paid by the Taxing District upon the execution of this Agreement in payments to the Construction Account and Service Account, respectively, unless the following options are exercised:

a. Annual Payment Option for Capital Costs. At the option of the Taxing District, the Taxing District may pay the portion of Capital Costs due hereunder in payments to the Construction Account made annually in amounts determined in accordance with Article IV hereof, payable without interest except in cases of an Event of Default. The Taxing District will have the option each year in conjunction with the preparation of budgets under Article IV hereof to either pay in full the then remaining balance of the maximum amount of Capital Costs, in an amount not to exceed the Capital Costs due under this Agreement or to elect the Annual Payment Option and pay the Estimated Capital Costs for the next succeeding year as determined hereunder, subject to the provisions of Section 3.2.c. and Section 3.9 hereof. Election by the Taxing District of the Annual Payment Option shall be made by delivery of a notice to the Operating District at the time budget review and approval is conducted pursuant to Article IV hereof and shall be deemed to have occurred in the absence of such notice upon adoption of a budget for the Budget Year in question by the Taxing District. The amount of payment due for the Annual Payment Option shall not be less than the greater of the amounts set forth in the Service Plan for capital construction costs or in the Final Budget of any given year, except as such amounts are adjusted and modified as permitted or required herein or in the Service Plan, but in no event in excess of the Maximum Annual Payment. The Districts recognize that the amounts set forth in the Service Plan are expressed in dollars which, in accordance with the Service Plan, may be adjusted for numerous factors subject to the overall limitation of the amount of debt of the Taxing District as set forth in the Service Plan.

b. Annual Payment Option for Service Costs. At the option of the Taxing District, the Taxing District may pay the portion of the maximum amount of Service Costs hereunder in payments to Service Account made annually in amounts determined in accordance with Article V hereof, payable without interest except in cases of an Event of Default. The Taxing District will have the option each year in conjunction with preparation of budgets in accordance with Section 5.7.c hereof to either pay in full the then remaining balance of the maximum amount of Service Costs, in an amount not to exceed the Service Costs due hereunder or to elect the Annual Payment Option and pay Estimated Service Costs as derived in accordance with Section 5.7.c. hereof for the next succeeding year. Election by the Taxing District of the Annual Payment Option shall be made by delivery of a notice to the Operating District at the time budget review and approval is conducted pursuant to Section 5.7.c hereof and shall be deemed to have occurred in the absence of such notice upon adoption of a budget for the Budget

Year in question by the Taxing District. The amount of payment due under the Annual Payment Option shall be not less than the greater of the amount set forth in the Service Plan for Service Costs or in the Final Budget of any given year, except as such amounts are adjusted and modified as permitted herein or in the Service Plan, but in no event in excess of the Maximum Annual Payment. The Districts recognize that the amounts set forth in the Service Plan are expressed in dollars which, in accordance with the Service Plan, may be adjusted for numerous factors subject to the overall limitation of the amount of debt of the Taxing District as set forth in the Service Plan.

c. Bond Payments. The Districts agree that at the points in time identified in the District's financial model contained in the Service Plan for issuance of general obligation bonds by the Taxing District, as such financial model may be amended from time to time by the Districts with or without a formal Service Plan amendment, the Taxing District shall use its best efforts to issue general obligation bonds as contemplated therein, and if bonds are issued, it shall pay the proceeds thereof to the Operating District in full or partial satisfaction of the Taxing District's obligation to pay Capital Costs. All payments received by the Operating District in the form of bond proceeds transferred from the Taxing District shall be applied to reduce the then remaining balance of the maximum amount of Capital Costs due under this Agreement to the Operating District. If the Taxing District has issued bonds and transferred the proceeds to the Operating District in full or partial fulfillment of its obligation to pay Capital Costs, the Taxing District's obligation to pay Service Costs and Capital Costs due under this Agreement from year to year shall be limited to the net revenue available to the Taxing District after all payments due on an annual basis are made on its bonds so that in no event shall the Taxing District be required to make a payment hereunder in any year which would cause it to be unable to make full and timely payments of principal of and interest on such bonds as the same become due and payable in each such year. The Taxing District shall also receive a credit against future Estimated Capital Costs if the net proceeds transferred to the Operating District exceed the Estimated Capital Costs for the year of issuance.

3.3 Accounts.

a. Upon the execution of this Agreement, the total Capital Costs and Service Costs due under this Agreement, or the Maximum Annual Payment for the year of execution hereof shall be paid by the Taxing District to the Accounts, subject to the provisions of Section 3.2 (c) hereof. The total cumulative deposits into the Accounts by the Taxing District over the life of this Agreement to cover Capital Costs and Service Costs shall not exceed the maximum amount of Capital Costs and Service Costs due hereunder, except as the same may be revised from time to time pursuant to or as permitted herein. The Districts specifically agree that in any given Budget Year, the payments required hereby (whether for that portion of the maximum amount of Capital Costs or Service Costs due hereunder, or the minimum payment required under the Annual Payment Option for the Estimated Capital Costs or Estimated Service Costs for the Budget Year) may be more or less than the amounts required under the Final Budget as a result of adjustments to such amounts as permitted or required under Articles IV and VI hereof or elsewhere in this Agreement.

b. The Operating District may borrow funds or issue revenue bonds secured by the obligation of the Taxing District to faithfully perform its obligations under this

Agreement. Accordingly, and pursuant to the authorization approved by the electors of the Taxing District at an election duly called and held in accordance with law and pursuant to Sections 3.6 and 3.7 hereof, the Taxing District hereby pledges its full faith and credit subject to the Maximum Mill Levy, as limited hereby, to the punctual performance of the obligations, financial or otherwise, imposed upon the Taxing District by this Agreement, and accordingly, the Taxing District agrees that this Agreement constitutes a contractual general obligation indebtedness of the Taxing District, subordinate to any bonds issued by the Taxing District and as limited hereby, lawfully approved by its electorate and lawfully and properly entered into by its Board. Notwithstanding anything else to the contrary in this agreement, the Service Costs and Capital Costs required to be paid under this Agreement shall be considered contractual debt of the Taxing District and shall not be considered to be the issuance of general obligation bonds pursuant to § 11-59-103(9) C.R.S. or under the limitations of the Service Plan unless specifically required to be so considered under the terms of the Service Plan.

3.4 Disbursements of Funds. The Operating District shall have the sole authority to withdraw monies from the Accounts and shall account to the Taxing District upon request for the funds withdrawn and payments made from the Accounts. Funds deposited by the Taxing District into the Accounts, together with interest earned thereon, shall be used only to pay Capital Costs and Service Costs incurred by the Operating District pursuant to this Agreement. By its execution hereof, the Districts covenant, promise and agree not to undertake any act or commit any omission with respect to the Accounts, the moneys therein, or the Facilities, which would adversely affect the tax-exempt status of the interest paid on any tax-exempt bonds issued by the Districts for the purpose of funding the Accounts or constructing or acquiring the Facilities.

3.5 Total Capital Costs Carry-Forward. Except as set forth herein or unless specifically agreed otherwise by the Districts, the portion of the Estimated Capital Costs set forth in the Final Budget which exceeds the limits described in Section 4.4.b. hereof in any Budget Year and which cannot be paid by the Taxing District in such Budget Year because of such limits shall automatically "carry forward" to the next Budget Year and shall become due as part of the next year's Estimated Capital Costs under such year's Final Budget. Such carry forwards shall continue to occur, and carry forward amounts shall continue to accrue, from year to year until all previous and current Estimated Capital Costs are paid in full to the Operating District and shall be paid by the Taxing District in accordance with the payment procedures set forth herein.

3.6 Pledge of Security for Payment. The financial obligations of the Taxing District assumed hereunder shall be contractual general obligation debt as limited hereby, of the Taxing District and shall be payable from ad valorem property taxes generated as a result of the certification by the Taxing District of a mill levy not to exceed the Maximum Mill Levy, except as such obligations may actually be paid from any and all other revenues lawfully permitted to be used for such purpose. The full faith and credit of the Taxing District, subject to the Maximum Mill Levy and as limited hereby, is pledged to the punctual payment of all amounts to be paid hereunder. The amounts to be paid hereunder shall, to the extent necessary, be paid out of the general revenues of the Taxing District or out of any funds legally available for that purpose, including bonds issued by the Taxing District. For the purpose of reimbursing such general revenues, and for the purpose of providing the necessary funds to pay the amounts to be paid

hereunder as the same become due, the Board of the Taxing District shall annually determine, fix and certify a rate of levy for ad valorem property taxes to the board of county commissioners of the county in which the Districts are located, which, when levied on all of the taxable property in the Taxing District, shall raise direct ad valorem property tax revenues which, when added to other funds of the Taxing District legally available therefor, will be sufficient to pay promptly and fully the amounts to be paid hereunder, as well as all other general obligation indebtedness of the Taxing District, as the same becomes due, subject to the Maximum Annual Payment. The Taxing District further covenants to maintain a schedule of rates, fees, tolls and charges with respect to the provision of public services by the Operating District which shall be sufficient, together with the proceeds of general ad valorem property taxes, if any, to pay the amounts to be paid hereunder, along with all other general obligation indebtedness of the Taxing District.

3.7 Effectuation of Pledge of Security, Current Appropriation. The sums herein required to pay the amounts due hereunder are hereby appropriated for that purpose, and said amounts for each year shall be included in the annual budget and the appropriation resolution or measures to be adopted or passed by the Board of the Taxing District in each year while any of the obligations herein authorized are outstanding and unpaid. No provisions of any constitution, statute, resolution or other order or measure enacted after the execution of this Agreement shall in any manner be construed as limiting or impairing the obligation of the Taxing District to levy ad valorem property taxes in a manner other than as set forth herein, or as limiting or impairing the obligation of the Taxing District to levy, administer, enforce and collect the ad valorem property taxes as provided herein for the payment of the obligations hereunder.

It shall be the duty of the Taxing District annually at the time and in the manner provided by law for the levying of the Taxing District's taxes, if such action shall be necessary to effectuate the provisions of this Agreement, to ratify and carry out the provisions hereof with reference to the levy and collection of the ad valorem property taxes herein specified, and to require the officers of the Taxing District to cause the appropriate officials of the county in which the Districts are located, to levy, extend and collect said taxes in the manner provided by law for the purpose of providing funds for the payment of the amounts to be paid hereunder promptly as the same, respectively, become due. Said tax, when collected, shall be applied only to the payment of the amounts to be paid hereunder and to other general obligation indebtedness of the Taxing District, as herein specified.

The Districts recognize that at the time of preparation of this Agreement it was anticipated that changes or modifications to this Agreement might be made necessary as a result of requirements or regulations of the State Securities Commission or other regulatory authorities. This Agreement may be modified, and shall be deemed to be modified, as necessary to obtain authorization or consent from such Persons for this Agreement to be executed and continue in legal force and effect. This statement of permitted modification and amendment shall be deemed to supersede any contrary provision contained herein or in the Service Plan, if any, but shall not be deemed to limit the rights or powers of the Districts to modify or amend this Agreement as otherwise permitted herein or in the Service Plan.

3.8 Limited Defenses; Specific Performance. It is understood and agreed by the Taxing District that its obligations hereunder are absolute, irrevocable, and unconditional except

as specifically stated herein, and so long as any obligation of the Taxing District hereunder remains unfulfilled, the Taxing District agrees that notwithstanding any fact, circumstance, dispute, or any other matter, it will not assert any rights of setoff, counterclaim, estoppel, or other defenses to its payment obligations, or take or fail to take any action which would delay a payment to the Operating District or impair the Operating District's ability to receive payments due hereunder. The Taxing District acknowledges that the Operating District may issue bonds or notes in order to enable the Operating District to fulfill its obligations hereunder and in so doing, the Operating District will rely upon performance of the Taxing District of its payment obligations hereunder to produce revenue for the Operating District sufficient to enable the Operating District to pay its Bonds.

Furthermore, the Taxing District acknowledges that the Operating District may obtain financial commitments and security for its Bonds from third parties who shall be entitled to rely on the payment obligations of the Taxing District contained hereunder with respect to obligations that the Operating District makes in connection with such security. Accordingly, it is acknowledged by the Districts that the purpose of this Section 3.8 is to ensure that the Operating District receives all payments due herein in a timely manner in order to enable the Operating District to pay debt service on its Bonds for the benefit of bondholders and such third parties. Notwithstanding that the bondholders are not in any manner third party beneficiaries of this Agreement and do not have any rights in or rights to enforce, or consent to amendments of, this Agreement, the Taxing District acknowledges and agrees that unless payments are made to the Operating District during the pendency of any litigation which may arise hereunder in connection with alleged defenses other than those specifically set forth in this Section 3.8, all payments shall be made by the Taxing District for the purpose of enabling the Operating District to make payments on its Bonds until such claims have been adjudicated. Notwithstanding that this Agreement specifically prohibits and limits defenses and claims of the Taxing District, in the event the Taxing District believes that it has valid defenses, setoffs, counterclaims, or other claims other than specifically permitted by this Section 3.8, it shall, nevertheless, make all payments to the Operating District as described herein and then may attempt or seek to recover such payments by actions at law or in equity for damages or specific performance, respectively.

In addition, and without limiting the generality of the foregoing, the obligations of the Taxing District to transfer funds to the Operating District for each payment described herein shall survive any Court determination of the invalidity of this Agreement as a result of a failure, or alleged failure, of any of the directors of the Districts to properly disclose, pursuant to Colorado law, any potential conflicts of interest related hereto in any way, provided that such disclosure is made on the record of Districts' meetings as set forth in their official minutes.

3.9 The Taxing District's General Obligation Bonds. The Taxing District acknowledges that the Service Plan permits the Taxing District to issue general obligation bonds or other instruments of debt solely for purposes of performing the Service Plan requirements. The Taxing District further acknowledges and agrees that the Service Plan contemplates that general obligation bonds or other evidences of debt will be issued by the Taxing District solely for purposes of paying Capital Costs to the Operating District in general compliance with the Service Plan. Accordingly, unless the Service Plan is amended as permitted therein not in contravention hereof, the Taxing District agrees to and shall pay all proceeds of its bonds, except

Exhibit H
Financing Plan

Exhibit I-4
BASE PRICE POSITIONING OF COMPETITIVE PROJECTS: ATTACHED
 Aurora, CO
 October, 2002

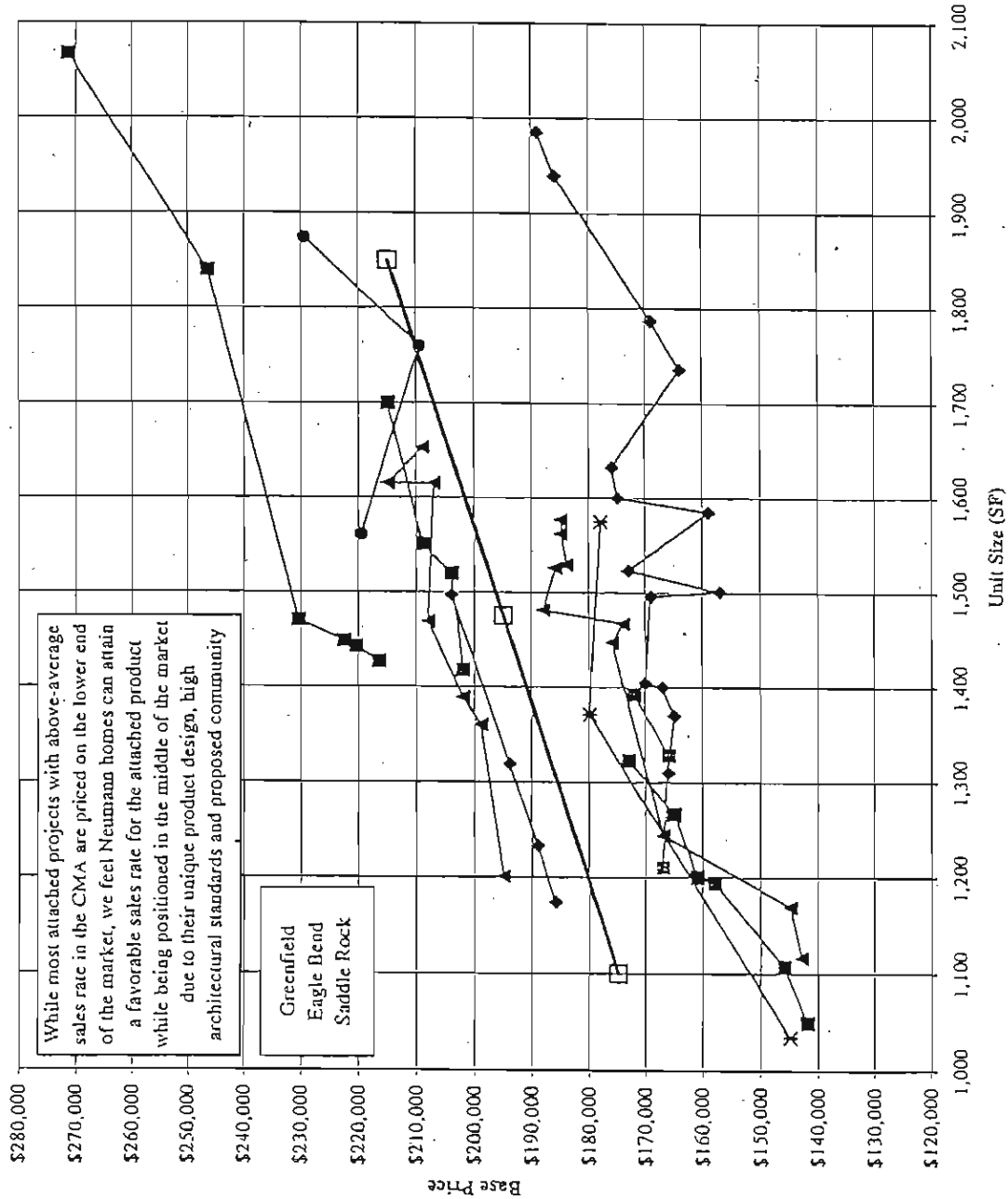


Exhibit I-5
BASE PRICE POSITIONING OF COMPETITIVE PROJECTS: UNDER 6,000 SF LOTS
 Aurora, CO
 October, 2002

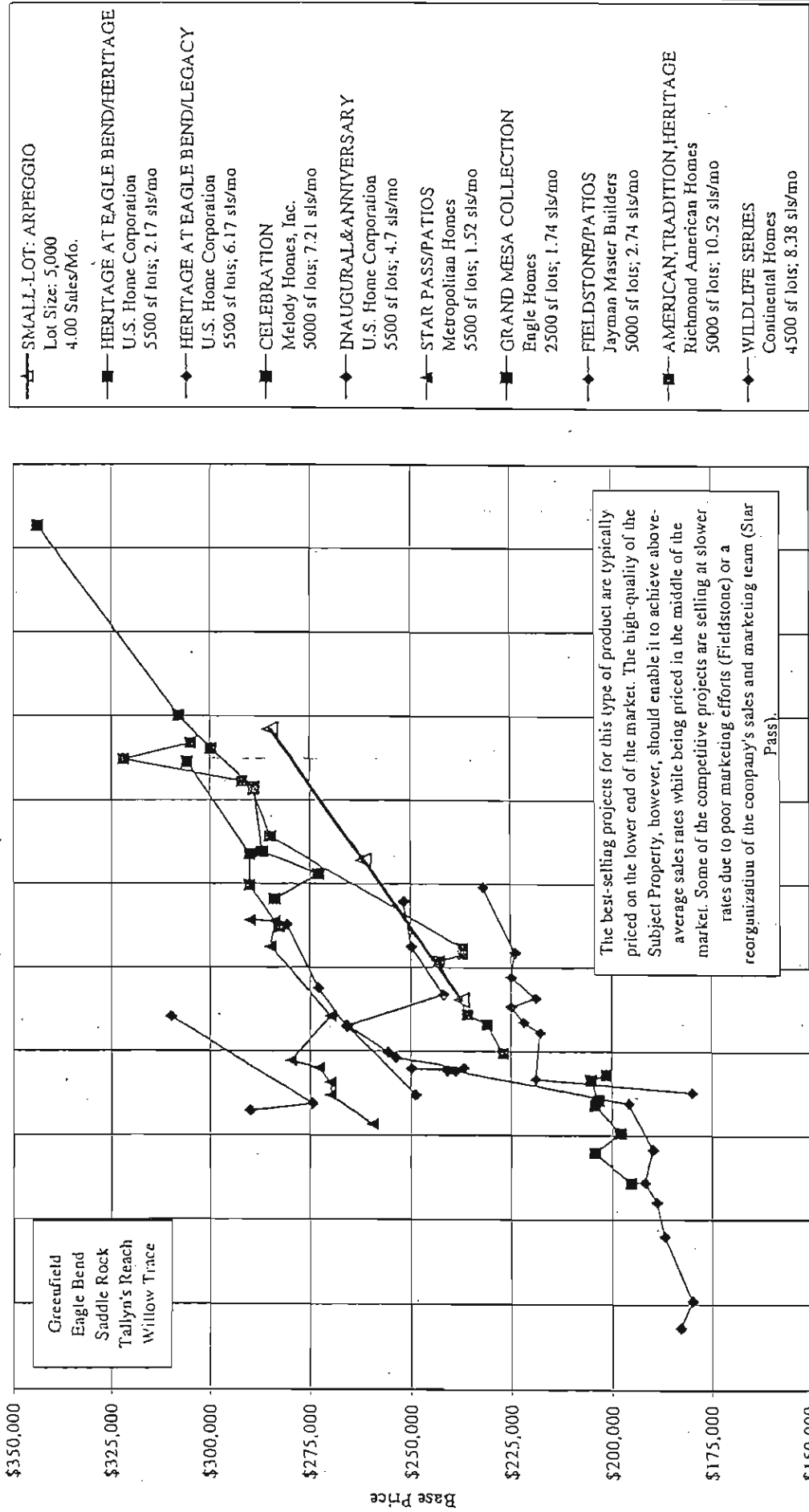
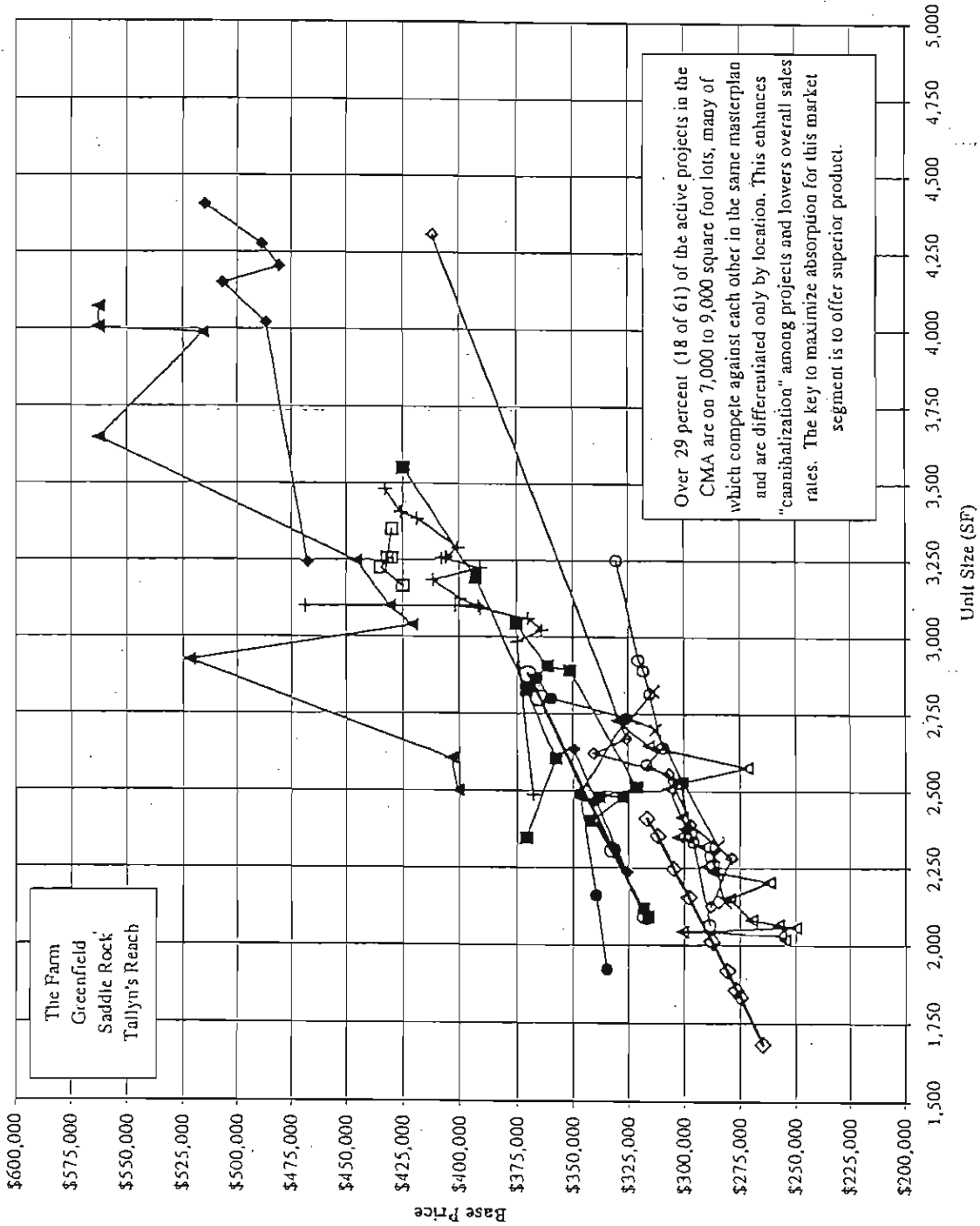


Exhibit I-6
 BASE PRICE POSITIONING OF COMPETITIVE PROJECTS: 7,000-8,999 SF LOTS
 Aurora, CO
 October, 2002



- ◆ TRADITIONAL SFD: PRESTIGE
Lot Size: 7,400
3.00 Sales/Mo.
- TRADITIONAL SFD: MAESTRO
Lot Size: 8,400 SF
2.00 Sales/Mo.
- HILJ CREST/SHEFFIELD
Sheffield Homes
8000 sf lots; 1.33 sls/mo
- ✕ HOMESTEAD/CARRIAGE
Safford Homes (Beazer Homes)
8000 sf lots; 2.71 sls/mo
- HOMESTEAD/REGENCY
Safford Homes (Beazer Homes)
8400 sf lots; 3.02 sls/mo
- PRAIRIE COLLECTION
Safford Homes (Beazer Homes)
8124 sf lots; 1.29 sls/mo
- ◇ SUMMERFIELD/HERITAGE
Richmond American Homes
7000 sf lots; 2.87 sls/mo
- △ SUMMERFIELD/INFINITY
Richmond American Homes
7000 sf lots; 5.01 sls/mo
- WILLOWS/CLASSIC
Nicbody Homes, Inc.
8000 sf lots; 3.21 sls/mo
- GREENFIELD/MONOGRAM
Village Homes
7137 sf lots; 1.66 sls/mo
- FAIRWAY SIX
Infinity Homes
7500 sf lots; 1.62 sls/mo
- LAUREATE
U.S. Hoare Corporation
8000 sf lots; 2.11 sls/mo
- PANORAMA POINTE/PEBBLE BEACH
D.R. Horton Homes
7604 sf lots; 0.62 sls/mo
- THE ALCOVE/TESORO
Tesoro Homes
7000 sf lots; 0.17 sls/mo

SUMMARY OF COMPETITIVE PROJECTS ATTACHED
 South Aurora Submarket, Aurora, CO
 October, 2002

Project Name/Builder Community/ Area Lot Size	Planned Tot Sold	Open Date Site/No.	Type	Floors Per	Unit Size Sq. Ft.	Base Price	Lot/acre/	Net Base Price	Price/ Sq. Ft.	10% Down Payment If	Loan Amount	Mortgage Payment	HOA	Base Tax Rate/Yr	Misc Fees	Total Monthly Payment	Mo. Price/ Sq. Ft.
1 CHERRY CREEK POINT Desert Development NO	75	9/17/99	3/2.5	2/1	1,261	\$719,500	\$1,000	\$2,115,500	\$1,400	\$21,830	\$196,650	\$1,479	\$75	\$278	50	\$1,482	\$0.95
	73	2/06	3/2.5	2/1	1,260	\$209,500	\$1,000	\$208,500	\$1,118	\$70,850	\$187,650	\$1,731	\$75	\$717	50	\$1,417	\$0.81
							\$779,500	\$1,000	\$778,500	\$1,222	\$72,850	\$205,650	\$1,733	\$75	\$238	50	\$1,546
2 GREENFIELD CLUB Village Homes GREENFIELD	66	3/10/01	2/1.5	2/1	1,476	\$716,500	\$5,000	\$2,111,500	\$1,48	\$21,130	\$190,350	\$1,141	\$700	\$270	50	\$1,567	\$1.10
	20	1/13	2/1.5	2/1	1,447	\$270,500	\$5,000	\$215,500	\$1,49	\$21,530	\$193,950	\$1,163	\$200	\$274	50	\$1,587	\$1.10
						\$772,500	\$5,000	\$771,500	\$1,50	\$71,750	\$195,750	\$1,174	\$200	\$272	50	\$1,600	\$1.11
3 HERITAGE AT EAGLE BEND/TRADITIONS U.S. Home Corporation EAGLE BEND	246	3/1/99	1/1.5	Duplex/2	1,111	\$201,950	\$5,000	\$196,950	\$139	\$19,695	\$177,255	\$1,063	\$215	\$205	50	\$1,483	\$1.03
	151	3/62	1/1.5	Duplex/2	1,270	\$203,950	\$5,000	\$198,950	\$131	\$19,895	\$179,055	\$1,074	\$215	\$207	50	\$1,496	\$0.98
						\$708,950	\$5,000	\$703,950	\$131	\$20,395	\$183,555	\$1,101	\$215	\$212	50	\$1,578	\$0.99
4 HERITAGE AT EAGLE BEND/VILLAGE U.S. Home Corporation EAGLE BEND	280	3/1/99	1/1.5	1/2	1,174	\$185,950	\$5,000	\$180,950	\$154	\$18,095	\$162,855	\$976	\$218	\$188	50	\$1,383	\$1.18
	173	2/93	1/1.5	1/2	1,233	\$188,950	\$5,000	\$183,950	\$149	\$18,395	\$165,555	\$993	\$218	\$197	50	\$1,402	\$1.14
						\$193,950	\$5,000	\$188,950	\$143	\$18,895	\$170,055	\$1,020	\$218	\$197	50	\$1,434	\$1.09
5 HIDEVIEW EAGLE BEND Lennar Homes EAGLE BEND	334	3/1/00	2/1	1/2	1,201	\$194,950	\$5,000	\$189,950	\$158	\$19,995	\$170,955	\$1,025	\$155	\$198	50	\$1,378	\$1.15
	24	4/35	2/1.5	2/1	1,360	\$198,950	\$5,000	\$193,950	\$143	\$19,395	\$174,555	\$1,047	\$155	\$202	50	\$1,404	\$1.03
						\$701,950	\$5,000	\$696,950	\$142	\$19,695	\$172,255	\$1,063	\$155	\$205	50	\$1,423	\$1.02
6 HOMESTEAD Horizon Builders SADDLE ROCK	104	10/15/01	2/1	Flw/1	1,049	\$141,950	\$1,000	\$140,950	\$134	\$14,095	\$126,855	\$761	\$50	\$147	50	\$957	\$0.89
	47	4/46	2/1	Flw/1	1,107	\$145,950	\$1,000	\$144,950	\$131	\$14,495	\$130,455	\$787	\$50	\$151	50	\$987	\$0.89
						\$157,950	\$1,000	\$156,950	\$131	\$15,695	\$141,255	\$817	\$50	\$163	50	\$1,060	\$0.89
7 STANFORD HILL/QUANTUM KB Home SADDLE ROCK RIDGE	740	2/1/00	3/1	2/1	1,310	\$165,995	\$7,500	\$163,495	\$175	\$16,330	\$147,146	\$882	\$74	\$170	50	\$1,127	\$0.86
	237	7/65	3/1	2/1	1,400	\$166,995	\$7,500	\$164,495	\$117	\$16,430	\$148,046	\$888	\$74	\$171	50	\$1,133	\$0.81
						\$169,995	\$7,500	\$167,495	\$119	\$16,730	\$150,746	\$904	\$74	\$174	50	\$1,152	\$0.82

ACTIVE PROJECT COMPARABLES

Exhibit A
SUMMARY OF COMPETITIVE PROJECTS ATTACHED
 South Aurora Submarket, Aurora, CO
 October, 2002

Project Name/Builder County/Zip Acre Lot Size	Phased Countdown/	Open Date Start/End	Unit		Type	Floor Plan	Sq. Ft.	Base Price	Incentives	Net Base Price	Price/ Sq. Ft.	10% Down Payment / Amount	Loan Amount	Mortgage Payment	100% Pmt.	Base Tax Rate /	Mello Roos	Total Monthly Payment	Mo. Price/ Sq. Ft.																																																																											
			Start	End																																																																																										
8 MIDON SIA DOWCONDOS Metropolitan Homes SADDLE ROCK	96	4/17/01	2/2	Flw/1	2/2	Flw/1	1,116	\$142,900	\$1,500	\$141,400	\$122	\$14,140	\$127,260	\$283	\$160	\$147	\$0	\$1,070	\$0.96																																																																											
	54	3/28	2/2	Flw/1	2/2	Flw/1	1,169	\$144,900	\$1,500	\$143,400	\$123	\$14,340	\$129,060	\$274	\$160	\$149	\$0	\$1,083	\$0.93																																																																											
			2/2	Flw/1	2/2	Flw/1	1,244	\$166,900	\$1,500	\$165,400	\$133	\$16,540	\$148,860	\$391	\$160	\$172	\$0	\$1,215	\$0.98																																																																											
			2/2	Flw/1	2/2	Flw/1	1,447	\$175,900	\$1,500	\$174,400	\$121	\$17,440	\$156,960	\$391	\$160	\$182	\$0	\$1,283	\$0.89																																																																											
			2/2	Flw/1	2/2	Flw/1	1,462	\$173,900	\$1,500	\$172,400	\$118	\$17,240	\$155,160	\$330	\$160	\$180	\$0	\$1,270	\$0.87																																																																											
			2/2	Flw/1	2/2	Flw/1	1,481	\$187,900	\$1,500	\$186,400	\$126	\$18,640	\$167,760	\$391	\$160	\$194	\$0	\$1,360	\$0.92																																																																											
			2/2	Flw/2	2/2	Flw/2	1,576	\$185,900	\$1,500	\$184,400	\$121	\$18,440	\$165,960	\$395	\$160	\$192	\$0	\$1,347	\$0.88																																																																											
			2/2	Flw/1	2/2	Flw/1	1,579	\$183,900	\$1,500	\$182,400	\$119	\$18,240	\$164,160	\$394	\$160	\$190	\$0	\$1,334	\$0.87																																																																											
			2/2	Flw/1	2/2	Flw/1	1,562	\$184,900	\$1,500	\$183,400	\$117	\$18,340	\$165,060	\$390	\$160	\$191	\$0	\$1,341	\$0.88																																																																											
			2/2	Flw/1	2/2	Flw/1	1,377	\$184,900	\$1,500	\$183,400	\$116	\$18,340	\$165,060	\$390	\$160	\$191	\$0	\$1,341	\$0.83																																																																											
9 MIDON SHADOWWINDS Metropolitan Homes SADDLE ROCK	71	4/17/01	2/2	1/2	2/2	1/2	1,296	\$234,900	\$1,500	\$233,400	\$180	\$23,340	\$210,060	\$1,239	\$175	\$243	\$0	\$1,678	\$1.29																																																																											
	13	0/79	2/2.3	2/2	2/2	2/2	1,310	\$234,900	\$1,500	\$233,400	\$155	\$23,340	\$210,060	\$1,239	\$175	\$243	\$0	\$1,678	\$1.11																																																																											
10 PRAIRIE RIDGE Trimark Homes SADDLE ROCK	173	1/25/02	2/2	Flw/2	2/2	Flw/2	1,014	\$144,950	\$1,500	\$143,450	\$139	\$14,345	\$129,105	\$274	\$0	\$149	\$0	\$973	\$0.89																																																																											
	39	4/96	2/2.3	Flw/2	2/2	Flw/2	1,371	\$179,950	\$1,500	\$178,450	\$130	\$17,845	\$160,605	\$363	\$0	\$186	\$0	\$1,149	\$0.84																																																																											
11 SILDOW CREEKVILLAS Greene Company, The SADDLE ROCK	72	12/1/01	1/2	1/2	2/2	1/2	1,466	\$212,990	\$15,000	\$197,990	\$135	\$19,799	\$178,191	\$1,068	\$230	\$206	\$0	\$1,325	\$1.04																																																																											
	5	0/56	2/2	1/2	2/2	1/2	1,641	\$219,990	\$15,000	\$204,990	\$125	\$20,499	\$184,491	\$1,106	\$230	\$214	\$0	\$1,370	\$0.96																																																																											
12 WILLOW TRACE Trimark Homes WILLOW TRACE	100	2/15/01	2/2	2/2	2/2	2/2	1,782	\$272,990	\$15,000	\$257,990	\$147	\$25,799	\$232,191	\$1,221	\$230	\$221	\$0	\$1,611	\$0.91																																																																											
	20	3/08	2/2.3	2/2	2/2	2/2	1,900	\$241,990	\$15,000	\$226,990	\$119	\$22,699	\$204,291	\$1,221	\$230	\$226	\$0	\$1,711	\$0.90																																																																											
<table border="0" style="width:100%"> <tr> <td colspan="19">Cumulative Market Area Totals/Averages</td> </tr> <tr> <td colspan="19">Total Overall</td> </tr> <tr> <td colspan="19">Units Sold</td> </tr> <tr> <td colspan="19">Su Rate</td> </tr> </table>																			Cumulative Market Area Totals/Averages																			Total Overall																			Units Sold																			Su Rate																		
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Units Sold																																																																																														
Su Rate																																																																																														

1/ Mortgage payment schedule assumes 10% down payment on a 6% 30-year fixed loan.
 2/ Base tax rate assumes 1.25%

EXHIBIT A
SUMMARY OF COMPETITIVE PROJECTS: SMALL-LOT DETACHED
 South Aurora Submarket, Aurora, CO
 October, 2002

Project Name/Builder Community/ Min. Lot Size	Planned To Sold	Open Date Subst.	Type	Floor Plan	Unit Sq. Ft.	Base Price	Incentive	Net Base Price	Price/ Sq. Ft.	10% Down Payment / Amount	Loan Amount	Mortgage Payment	HOA	Base Tax Rate 2/ Roof	Melo Roof	Total Monthly Payment	Mo. Price/ Sq. Ft.	
ACTIVE PROJECT COMPARABLES																		
1 GREENFIELD GARDEN PATIOS																		
Village Homes GREENFIELD 5,000	45 12	4/1/01 0.71	2/2	1/2	1,486 1,664	\$155,000 \$289,000	\$10,000 \$10,000	\$245,000 \$279,000	\$165 \$156	\$24,500 \$29,900	\$220,500 \$259,100	\$1,371 \$1,398	\$200 \$200	\$255 \$270	\$0 \$0	\$1,777 \$1,867	\$1.20 \$1.17	
2 HERITAGE AT EAGLE BEND/HERITAGE																		
U.S. Home Corporation EAGLE BEND 5,500	722 91	3/1/99 2.17	2/2 2/2	1/2 1/2	2,121 2,248	\$282,950 \$289,950	\$5,000 \$5,000	\$277,950 \$284,950	\$131 \$122	\$27,295 \$28,495	\$250,655 \$256,455	\$1,500 \$1,518	\$140 \$140	\$280 \$291	\$0 \$0	\$1,929 \$1,974	\$0.91 \$0.88	
3 HERITAGE AT EAGLE BEND/LEGACY																		
U.S. Home Corporation EAGLE BEND 5,500	611 232	3/1/99 6.12	1/1.5 1/1.5	1/2 1/2	1,620 1,822	\$248,950 \$265,950	\$5,000 \$5,000	\$243,950 \$260,950	\$151 \$143	\$24,395 \$26,095	\$219,555 \$234,855	\$1,316 \$1,408	\$140 \$140	\$254 \$272	\$0 \$0	\$1,710 \$1,820	\$1.06 \$1.00	
4 CELEBRATION																		
Atchley Homes, Inc. SADDLE ROCK RIDGE 5,000	119 60	12/2/01 2.21	3/2 2/2.5	1/2 1/2	1,338 1,419	\$195,450 \$204,450	\$1,500 \$1,500	\$193,950 \$202,950	\$147 \$140	\$19,395 \$20,295	\$174,555 \$182,655	\$1,047 \$1,095	\$19 \$19	\$202 \$211	\$0 \$0	\$1,268 \$1,306	\$0.93 \$0.91	
5 INAUGURAL ANNIVERSARY																		
U.S. Home Corporation SADDLE ROCK RIDGE 5,500	319 207	2/1/99 4.2	2/1 2/1	1/2 1/2	930 1,200	\$182,950 \$186,950	\$2,500 \$2,500	\$180,450 \$184,450	\$194 \$154	\$18,045 \$18,445	\$162,405 \$166,005	\$924 \$995	\$20 \$20	\$188 \$192	\$0 \$0	\$1,182 \$1,163	\$1.27 \$1.15	
6 STAR PASSPATIOS																		
Mcroy William Homes SADDLE ROCK 5,500	132 23	4/17/01 1.57	2/2 2/2	1/2 1/2	1,532 1,618	\$239,900 \$289,900	\$5,000 \$5,000	\$234,900 \$284,900	\$166 \$160	\$23,490 \$28,490	\$211,410 \$256,410	\$1,429 \$1,446	\$155 \$155	\$276 \$276	\$0 \$0	\$1,796 \$1,860	\$1.17 \$1.12	

Exhibit 1
SUMMARY OF COMPETITIVE PROJECTS: SMALL-LOT DETACHED
 South Aurora Submarket, Aurora, CO
 October, 2007

Project Name/Builder Community/ Min. Lot Size	Planned Tot Sold	Open Date Sub/Mo.	Type	Floor Plan	Unit Size Sq. Ft.	Base Price	Incentives	Net Base Price	Price/ Sq. Ft.	10% Down Payment V.	Loan Amount	Mortgage Payment	110A	Basic Tax Rate 7/	Mello Roos	Total Monthly Payment	Alo. Price/ Sq. Ft.
7 TURNBERRY Lorain Homes	65	9/2/09	2/2	1/2	1,264	\$301,990	\$4,000	\$301,990	\$171	\$30,199	\$771,791	\$1,650	\$133	\$315	\$0	\$3,077	\$1.18
						\$315,990	\$4,000	\$311,990	\$164	\$31,199	\$780,791	\$1,683	\$0	\$2,141	\$1.17		
						\$331,990	\$4,000	\$327,990	\$181	\$32,799	\$795,191	\$1,730	\$0	\$2,244	\$1.10		
SADDLE ROCK S-ZBH	22	0.63	2/2	2,043	\$331,990	\$4,000	\$331,990	\$159	\$33,199	\$794,791	\$1,791	\$133	\$346	\$0	\$2,370	\$1.09	
					\$343,990	\$4,000	\$339,990	\$166	\$33,999	\$809,191	\$1,839	\$0	\$2,473	\$1.07			
8 GRAND ARESA COLLECTION Engle Homes	11	6/2/01	3/2	2,203	\$383,950	\$10,000	\$373,950	\$174	\$37,395	\$746,555	\$1,478	\$59	\$285	\$0	\$1,822	\$0.81	
					\$377,950	\$10,000	\$367,950	\$167	\$36,795	\$740,555	\$1,449	\$0	\$1,751	\$0.77			
					\$386,950	\$10,000	\$376,950	\$171	\$37,695	\$749,555	\$1,494	\$0	\$1,824	\$0.79			
TALLYN'S REACH T-100	4	1.74	4/2.5	2,345	\$388,950	\$10,000	\$378,950	\$161	\$37,895	\$756,555	\$1,505	\$59	\$288	\$0	\$1,854	\$0.73	
					\$398,950	\$10,000	\$388,950	\$166	\$38,895	\$766,555	\$1,565	\$0	\$1,927	\$0.72			
					\$407,950	\$10,000	\$397,950	\$169	\$39,795	\$776,555	\$1,608	\$0	\$2,000	\$0.71			
9 FIELDSTONE/RAPIDS Jayman Master Builders TALLYN'S REACH S-100	67	2/13/01	3/2	1,572	\$289,900	\$0	\$289,900	\$184	\$28,990	\$560,910	\$1,264	\$129	\$302	\$0	\$1,995	\$1.27	
					\$274,900	\$0	\$274,900	\$175	\$27,490	\$545,910	\$1,219	\$0	\$1,896	\$1.19			
					\$309,900	\$0	\$309,900	\$197	\$30,990	\$578,910	\$1,372	\$0	\$2,174	\$1.15			
10 AMERICAN TRADITION/HERITAGE Richmond American Homes WILLOW TRACE S-100	130	11/5/00	4/2.5	2,743	\$277,000	\$10,000	\$267,000	\$174	\$27,700	\$533,000	\$1,171	\$15	\$226	\$0	\$1,412	\$0.81	
					\$281,000	\$10,000	\$271,000	\$176	\$27,100	\$537,000	\$1,191	\$0	\$1,438	\$0.79			
					\$285,000	\$10,000	\$275,000	\$178	\$27,500	\$541,000	\$1,211	\$0	\$1,464	\$0.79			
11 WILDLIFE SERIES Continental Homes WILLOW TRACE 4-100	219	7/15/00	4/2.5	2,677	\$179,990	\$10,000	\$169,990	\$104	\$16,999	\$332,991	\$917	\$10	\$177	\$0	\$1,104	\$0.68	
					\$218,990	\$10,000	\$208,990	\$123	\$20,899	\$418,991	\$1,128	\$0	\$1,355	\$0.81			
					\$217,990	\$10,000	\$207,990	\$115	\$20,799	\$417,991	\$1,122	\$0	\$1,349	\$0.75			
WILLOW TRACE 4-100	214	8.31	4/2.5	2,804	\$221,990	\$10,000	\$211,990	\$116	\$21,199	\$420,791	\$1,144	\$10	\$221	\$0	\$1,375	\$0.75	
					\$224,990	\$10,000	\$214,990	\$114	\$21,499	\$423,791	\$1,160	\$0	\$1,394	\$0.74			
					\$218,990	\$10,000	\$208,990	\$110	\$20,899	\$418,991	\$1,128	\$0	\$1,355	\$0.71			
WILLOW TRACE 4-100	214	8.31	4/2.5	2,804	\$224,990	\$10,000	\$214,990	\$109	\$21,499	\$423,791	\$1,144	\$10	\$221	\$0	\$1,375	\$0.75	
					\$227,990	\$10,000	\$217,990	\$112	\$21,799	\$426,791	\$1,168	\$0	\$1,398	\$0.74			
					\$221,990	\$10,000	\$211,990	\$110	\$21,199	\$420,791	\$1,144	\$0	\$1,375	\$0.75			
Competitive Market Area Totals/Average	2,177	4.33	Overall	1,903	\$355,039	\$5,935	\$349,104	\$134	\$34,910	\$704,194	\$1,344	\$70	\$259	\$0	\$1,673	\$0.90	
					\$355,039	\$5,935	\$349,104	\$134	\$34,910	\$704,194	\$1,344	\$70	\$259	\$0.90			
					\$355,039	\$5,935	\$349,104	\$134	\$34,910	\$704,194	\$1,344	\$70	\$259	\$0.90			

1/ Mortgage payment schedule assumes 10% down payment on a 6% 30-year fixed loan.
 2/ Base tax rate assumes 1.25%

Exhibit L
SUMMARY OF COMPETITIVE PROJECTS: TRADITIONAL DETACHED
 South Aurora Submarket, Aurora, CO
 October, 2002

Project Name/Builder Community/ Min. Lot Size	Planned Tot Sold	Open Date Site/No.	Type	Unit		Base Price	Incentives	Net Base Price	Price/ Sq. Ft.	10% Down Payment //	Loan Amount	Mortgage Payment	HOA	Basic Tax Rate %	Mello Roos	Monthly Payment	Total Price/ Sq. Ft.
				Floors Plan	Size Sq. Ft.												
1 HILLCREST Golden Design Group FARM AT ARAPAHOE COUNTY 8,200	15	6/1/00	47.5	2/3	3,100	\$457,980	\$7,500	\$450,480	\$145	\$45,049	\$405,441	\$2,431	\$34	\$469	\$0	\$2,934	\$0.95
	14	0/52	47.5	2/3	3,300	\$461,990	\$7,500	\$454,490	\$138	\$45,449	\$409,041	\$2,452	\$34	\$473	\$0	\$2,960	\$0.90
			47.5	2/3	3,350	\$471,990	\$7,500	\$464,490	\$139	\$46,449	\$418,041	\$2,506	\$34	\$484	\$0	\$3,074	\$0.90
			47.5	2/3	4,050	\$478,990	\$7,500	\$471,490	\$116	\$47,149	\$424,341	\$2,544	\$34	\$491	\$0	\$3,069	\$0.76
			1/1/00	47.5	2/3	3,300	\$383,500	\$20,000	\$363,500	\$158	\$36,350	\$327,150	\$1,961	\$34	\$379	\$0	\$2,374
2 HILLCREST/ASHCROFT Ashcroft Homes FARM AT ARAPAHOE COUNTY 8,159	25	0/78	47.5	2/3	2,332	\$384,500	\$20,000	\$364,500	\$156	\$36,450	\$328,050	\$1,967	\$34	\$380	\$0	\$2,381	\$1.02
			47.5	2/3	2,694	\$391,000	\$20,000	\$371,000	\$138	\$37,100	\$333,900	\$2,013	\$34	\$389	\$0	\$2,415	\$0.90
			47.5	2/3	2,842	\$405,500	\$20,000	\$385,500	\$136	\$38,550	\$346,950	\$2,080	\$34	\$402	\$0	\$2,516	\$0.89
			47.5	2/3	2,842	\$403,000	\$20,000	\$383,000	\$135	\$38,300	\$344,700	\$2,067	\$34	\$399	\$0	\$2,500	\$0.88
			47.5	2/3	2,909	\$410,000	\$20,000	\$390,000	\$134	\$39,000	\$351,000	\$2,104	\$34	\$406	\$0	\$2,545	\$0.87
3 HILLCREST/CLC Colorado Land Company FARM AT ARAPAHOE COUNTY 8,076	32	2/1/00	47.5	2/3	3,067	\$491,000	\$7,000	\$491,000	\$160	\$49,100	\$441,900	\$2,649	\$54	\$511	\$0	\$3,215	\$1.05
	8	0/76	47.5	2/3	3,202	\$491,000	\$7,000	\$489,000	\$153	\$48,900	\$440,100	\$2,639	\$54	\$509	\$0	\$3,202	\$1.00
			47.5	2/3	3,386	\$506,500	\$7,000	\$504,500	\$149	\$50,450	\$454,050	\$2,722	\$54	\$526	\$0	\$3,302	\$0.98
			47.5	2/3	3,652	\$508,000	\$7,000	\$506,000	\$139	\$50,600	\$455,400	\$2,730	\$54	\$527	\$0	\$3,311	\$0.91
			6/1/02	47.5	2/3	1,923	\$334,950	\$10,000	\$324,950	\$169	\$32,495	\$292,455	\$1,753	\$63	\$338	\$0	\$2,155
4 HILLCREST/SHEPHERD Shepherd Homes FARM (THE) 8,000	4	1/33	47.5	2/3	2,162	\$339,950	\$10,000	\$329,950	\$153	\$32,995	\$296,955	\$1,780	\$63	\$344	\$0	\$2,187	\$1.01
			47.5	2/3	2,490	\$346,950	\$10,000	\$336,950	\$133	\$33,695	\$303,255	\$1,818	\$63	\$351	\$0	\$2,232	\$0.90
			47.5	2/3	2,737	\$375,950	\$10,000	\$365,950	\$133	\$36,595	\$329,355	\$1,705	\$63	\$329	\$0	\$2,097	\$0.77
			47.5	2/3	2,800	\$359,950	\$10,000	\$349,950	\$125	\$34,995	\$314,955	\$1,888	\$63	\$365	\$0	\$2,316	\$0.83
			47.5	2/3	2,867	\$365,950	\$10,000	\$355,950	\$124	\$35,595	\$320,355	\$1,971	\$63	\$371	\$0	\$2,354	\$0.82
5 BALLANTRAE Empire Homes FARM AT ARAPAHOE COUNTY 8,000	79	7/1/01	47.5	2/3	2,649	\$374,950	\$25,000	\$349,950	\$132	\$34,995	\$314,955	\$1,888	\$34	\$365	\$0	\$2,287	\$0.86
	4	0/29	47.5	2/3	2,259	\$390,950	\$25,000	\$365,950	\$133	\$36,595	\$329,355	\$1,975	\$34	\$381	\$0	\$2,390	\$0.87
			47.5	2/3	2,795	\$395,950	\$25,000	\$370,950	\$133	\$37,095	\$333,855	\$2,002	\$34	\$386	\$0	\$2,472	\$0.87
			47.5	2/4	2,930	\$414,950	\$25,000	\$389,950	\$133	\$38,995	\$350,955	\$2,104	\$34	\$406	\$0	\$2,544	\$0.87
			47.5	2/3	2,978	\$420,950	\$25,000	\$395,950	\$133	\$39,595	\$356,355	\$2,137	\$34	\$412	\$0	\$2,583	\$0.87
6 HONESTEAD/CARRIAGE Searford Homes (Greaser Homes) FARM AT ARAPAHOE COUNTY 8,000	117	3/1/99	47.5	2/3	2,140	\$281,900	\$2,000	\$279,900	\$131	\$27,990	\$251,910	\$1,510	\$34	\$392	\$0	\$1,836	\$0.86
	113	2/71	47.5	2/3	2,286	\$286,900	\$2,000	\$284,900	\$125	\$28,490	\$256,410	\$1,537	\$34	\$397	\$0	\$1,868	\$0.82
			47.5	2/3	2,372	\$284,900	\$2,000	\$282,900	\$122	\$28,290	\$254,610	\$1,527	\$34	\$395	\$0	\$1,855	\$0.80
			47.5	2/3	2,698	\$312,900	\$2,000	\$310,900	\$115	\$31,090	\$279,810	\$1,678	\$34	\$324	\$0	\$2,035	\$0.75
			47.5	2/3	2,735	\$323,900	\$2,000	\$321,900	\$118	\$32,190	\$289,710	\$1,737	\$34	\$335	\$0	\$2,106	\$0.77
		47.5	2/3	2,824	\$313,900	\$2,000	\$311,900	\$110	\$31,190	\$280,710	\$1,683	\$34	\$325	\$0	\$2,042	\$0.72	

ACTIVE PROJECT COMPARABLES

Exhibit P
SUMMARY OF COMPETITIVE PROJECTS TRADITIONAL DETACHED
 South Aurora Submarket, Aurora, CO
 October, 2002

Project Name/Builder Community/ Mfn. Lot Size	Planned Tot Sold	Open Date Str.Mo.	Type	Unit		Basic Price	Incentives	Net Base Price	Price/ Sq. Ft.	10% Down Payment/	Loan Amount	Mortgage Payment	HOA	Base Tax Rate 2/	Mchlo Roos	Total Monthly Payment	No. Priced/ Sq. Ft.
				Floors Pkg	Size Sq. Ft.												
7 HOMESTEAD REGENCY Soyford Homes (Beazer Homes) FARM AT ARAPAHOE COUNTY B.400	168	3/11/99	2/2	2,486	2,486	\$367,900	\$3,000	\$364,900	\$147	\$36,490	\$328,410	\$1,969	\$34	\$380	\$0	\$2,383	\$0.96
	126	3.02	4/0.5	2,985	2,985	\$374,900	\$3,000	\$371,900	\$125	\$37,190	\$334,710	\$2,007	\$34	\$387	\$0	\$2,428	\$0.81
			4/4	3,072	3,072	\$365,900	\$3,000	\$362,900	\$119	\$36,690	\$324,810	\$1,947	\$34	\$376	\$0	\$2,337	\$0.78
			4/4	3,060	3,060	\$369,900	\$3,000	\$366,900	\$120	\$36,690	\$330,210	\$1,980	\$34	\$382	\$0	\$2,396	\$0.78
			4/0.5	3,092	3,092	\$390,900	\$3,000	\$387,900	\$125	\$38,790	\$349,110	\$2,091	\$34	\$404	\$0	\$2,531	\$0.82
			4/0.5	3,100	3,100	\$401,900	\$3,000	\$398,900	\$129	\$39,890	\$359,010	\$2,152	\$34	\$416	\$0	\$2,602	\$0.84
			4/0.5	3,100	3,100	\$468,790	\$3,000	\$465,790	\$150	\$46,579	\$419,211	\$2,513	\$34	\$485	\$0	\$3,033	\$0.98
			4/0.5	3,101	3,101	\$391,900	\$3,000	\$388,900	\$125	\$38,890	\$350,010	\$2,098	\$34	\$405	\$0	\$2,538	\$0.82
			4/0.5	3,125	3,125	\$399,900	\$3,000	\$396,900	\$122	\$39,690	\$357,210	\$2,142	\$34	\$413	\$0	\$2,589	\$0.84
			4/0.5	3,185	3,185	\$411,900	\$3,000	\$408,900	\$128	\$40,890	\$368,010	\$2,206	\$34	\$426	\$0	\$2,666	\$0.84
8 PRAIRIE COLLECTION Soyford Homes (Beazer Homes) FARM AT ARAPAHOE COUNTY B.124	80	2/1/02	4/0.5	3,165	3,165	\$424,900	\$12,000	\$412,900	\$130	\$41,290	\$371,610	\$2,228	\$36	\$430	\$0	\$2,694	\$0.85
	9	1.29	4/0.5	3,225	3,225	\$434,900	\$12,000	\$422,900	\$131	\$42,290	\$380,610	\$2,282	\$36	\$441	\$0	\$2,758	\$0.86
			4/4	3,256	3,256	\$429,900	\$12,000	\$417,900	\$128	\$41,790	\$376,110	\$2,255	\$36	\$435	\$0	\$2,726	\$0.84
			4/4	3,256	3,256	\$431,900	\$12,000	\$419,900	\$129	\$41,990	\$377,910	\$2,266	\$36	\$437	\$0	\$2,739	\$0.84
			4/0.5	3,350	3,350	\$479,900	\$12,000	\$467,900	\$125	\$46,790	\$421,110	\$2,355	\$36	\$455	\$0	\$2,776	\$0.81
			4/0.5	3,225	3,225	\$288,000	\$15,000	\$273,000	\$128	\$27,300	\$245,700	\$1,473	\$34	\$284	\$0	\$1,791	\$0.84
			4/0.5	3,282	3,282	\$279,000	\$15,000	\$264,000	\$116	\$26,400	\$232,600	\$1,425	\$34	\$275	\$0	\$1,734	\$0.76
			4/0.5	3,291	3,291	\$297,000	\$15,000	\$282,000	\$118	\$28,200	\$253,800	\$1,522	\$34	\$294	\$0	\$1,849	\$0.77
			4/0.5	3,250	3,250	\$305,000	\$15,000	\$290,000	\$115	\$29,000	\$261,000	\$1,565	\$34	\$302	\$0	\$1,901	\$0.75
			4/0.5	3,255	3,255	\$307,000	\$15,000	\$292,000	\$114	\$29,200	\$262,800	\$1,576	\$34	\$304	\$0	\$1,914	\$0.75
9 SUMMERFIELD/HERITAGE Richmond American Homes FARM AT ARAPAHOE COUNTY 7.000	250	6/18/99	4/0.5	2,621	2,621	\$341,000	\$15,000	\$326,000	\$124	\$32,600	\$293,400	\$1,759	\$34	\$340	\$0	\$2,133	\$0.81
	110	2.87	4/0.5	2,669	2,669	\$326,000	\$15,000	\$311,000	\$117	\$31,100	\$279,900	\$1,678	\$34	\$324	\$0	\$2,036	\$0.76
			9/4	4,308	4,308	\$412,000	\$15,000	\$397,000	\$92	\$39,700	\$357,300	\$2,142	\$34	\$414	\$0	\$2,590	\$0.60
			4/0.5	2,018	2,018	\$355,000	\$15,000	\$340,000	\$119	\$34,000	\$216,000	\$1,295	\$34	\$250	\$0	\$1,579	\$0.78
			4/0.5	2,031	2,031	\$257,000	\$15,000	\$242,000	\$119	\$24,200	\$217,800	\$1,306	\$34	\$252	\$0	\$1,592	\$0.78
			4/0	2,045	2,045	\$301,000	\$15,000	\$286,000	\$140	\$28,600	\$257,400	\$1,543	\$34	\$298	\$0	\$1,875	\$0.92
			4/0.5	2,057	2,057	\$250,000	\$15,000	\$235,000	\$114	\$23,500	\$211,500	\$1,268	\$34	\$245	\$0	\$1,547	\$0.75
			4/0.5	2,066	2,066	\$238,000	\$15,000	\$223,000	\$118	\$22,300	\$218,700	\$1,311	\$34	\$253	\$0	\$1,598	\$0.77
			4/0.5	2,082	2,082	\$270,000	\$15,000	\$255,000	\$122	\$25,500	\$229,500	\$1,376	\$34	\$266	\$0	\$1,676	\$0.80
			3/3	2,151	2,151	\$280,000	\$15,000	\$265,000	\$122	\$26,500	\$238,500	\$1,430	\$34	\$276	\$0	\$1,740	\$0.81
10 SUMMERFIELD/INFINITY Richmond American Homes FARM AT ARAPAHOE COUNTY 7.000	250	6/18/99	4/0.5	2,203	2,203	\$262,000	\$15,000	\$247,000	\$112	\$24,700	\$222,300	\$1,333	\$34	\$257	\$0	\$1,624	\$0.74
	192	5.01	4/0.5	2,237	2,237	\$287,000	\$15,000	\$272,000	\$122	\$27,200	\$244,800	\$1,468	\$34	\$283	\$0	\$1,785	\$0.80
			4/0	2,255	2,255	\$290,000	\$15,000	\$275,000	\$122	\$27,500	\$242,500	\$1,484	\$34	\$286	\$0	\$1,804	\$0.80
			4/0	2,318	2,318	\$291,000	\$15,000	\$276,000	\$119	\$27,600	\$248,400	\$1,489	\$34	\$288	\$0	\$1,811	\$0.78
			4/0.5	2,350	2,350	\$305,000	\$15,000	\$290,000	\$120	\$29,000	\$259,000	\$1,534	\$34	\$300	\$0	\$1,898	\$0.80
			4/0	2,377	2,377	\$300,000	\$15,000	\$285,000	\$120	\$28,500	\$256,500	\$1,538	\$34	\$297	\$0	\$1,869	\$0.79
			4/0	2,415	2,415	\$301,000	\$15,000	\$286,000	\$118	\$28,600	\$257,400	\$1,543	\$34	\$298	\$0	\$1,875	\$0.78
			4/0	2,507	2,507	\$307,000	\$15,000	\$292,000	\$116	\$29,200	\$262,800	\$1,576	\$34	\$304	\$0	\$1,914	\$0.76
			4/0	2,537	2,537	\$301,000	\$15,000	\$286,000	\$113	\$28,600	\$257,400	\$1,543	\$34	\$298	\$0	\$1,875	\$0.74
			4/0	2,575	2,575	\$322,000	\$15,000	\$307,000	\$100	\$30,700	\$271,300	\$1,387	\$34	\$268	\$0	\$1,688	\$0.66
		5/3	2,645	2,645	\$316,000	\$15,000	\$301,000	\$114	\$30,100	\$270,900	\$1,624	\$34	\$314	\$0	\$1,972	\$0.75	
		4/0.5	2,728	2,728	\$330,000	\$15,000	\$315,000	\$115	\$31,500	\$283,500	\$1,700	\$34	\$328	\$0	\$2,062	\$0.76	

Exhibit L
 SUMMARY OF COMPETITIVE PROJECTS: TRADITIONAL DETACHED
 South Aurora Submarket, Aurora, CO
 October, 2002

Project Name/Builder Community/ Min. Lot Size	Planned Tot. Sold	Open Date Site No.	Unit			Type	Floors Perig	Size Sq. Ft.	Base Price	Incentives	Net Basic Price	Price/ Sq. Ft.	Down Payment %	Loan Amount	Mortgage Payment	HOA	Base Tax Rate %	Mello Reos	Total Monthly Payment	No. Price/ Sq. Ft.
			Price	Price	Price															
11 WILLOWS CLASSIC Atleedy Homes, Inc. FARM AT ARAPAJOE COUNTY 8,000	173	6/20/01	2/2.5	1/2	2,067	\$288,450	\$10,000	\$278,450	\$135	\$278,450	\$135	\$278,450	\$135	\$150,605	\$1,503	\$34	\$290	\$0	\$1,827	\$0.88
	48	3-21	3/2.5	2/2	2,335	\$295,950	\$10,000	\$285,950	\$122	\$285,950	\$122	\$285,950	\$122	\$257,355	\$1,543	\$34	\$298	\$0	\$1,875	\$0.80
			3/2.5	2/2	2,360	\$296,950	\$10,000	\$286,950	\$122	\$286,950	\$122	\$286,950	\$122	\$258,255	\$1,548	\$34	\$299	\$0	\$1,881	\$0.80
			3/2.5	2/2	2,522	\$301,450	\$10,000	\$291,450	\$115	\$291,450	\$115	\$291,450	\$115	\$262,305	\$1,573	\$34	\$304	\$0	\$1,910	\$0.76
			3/2.5	1/2	2,583	\$316,950	\$10,000	\$306,950	\$119	\$306,950	\$119	\$306,950	\$119	\$276,255	\$1,656	\$34	\$320	\$0	\$2,010	\$0.78
			3/2.5	2/2	2,640	\$309,450	\$10,000	\$299,450	\$113	\$299,450	\$113	\$299,450	\$113	\$269,945	\$1,616	\$34	\$312	\$0	\$1,962	\$0.74
			3/2.5	2/2	2,815	\$315,450	\$10,000	\$305,450	\$109	\$305,450	\$109	\$305,450	\$109	\$274,905	\$1,648	\$34	\$318	\$0	\$2,060	\$0.71
			3/2.5	2/2	2,891	\$318,450	\$10,000	\$308,450	\$107	\$308,450	\$107	\$308,450	\$107	\$277,605	\$1,664	\$34	\$321	\$0	\$2,020	\$0.70
		3/2.5	2/2	2,927	\$320,450	\$10,000	\$310,450	\$106	\$310,450	\$106	\$310,450	\$106	\$279,405	\$1,675	\$34	\$323	\$0	\$2,033	\$0.69	
		3/2.5	2/2	3,251	\$330,450	\$10,000	\$320,450	\$99	\$320,450	\$99	\$320,450	\$99	\$288,405	\$1,779	\$34	\$334	\$0	\$2,097	\$0.65	
13 GREENFIELD/MONOCRAM Village Homes GREENFIELD 7,137	151	3/10/95	2/2	1/2	2,091	\$316,500	\$7,000	\$309,500	\$148	\$309,500	\$148	\$309,500	\$148	\$278,550	\$1,670	\$50	\$322	\$0	\$2,042	\$0.98
	149	1-66	2/2	1/2	2,117	\$318,500	\$7,000	\$311,500	\$147	\$311,500	\$147	\$311,500	\$147	\$280,350	\$1,681	\$50	\$324	\$0	\$2,055	\$0.97
			3/2.5	2/2	2,402	\$341,500	\$7,000	\$334,500	\$139	\$334,500	\$139	\$334,500	\$139	\$301,050	\$1,705	\$50	\$348	\$0	\$2,203	\$0.92
			3/2.5	2/2	2,480	\$327,500	\$7,000	\$320,500	\$129	\$320,500	\$129	\$320,500	\$129	\$288,450	\$1,779	\$50	\$334	\$0	\$2,112	\$0.85
			3/2.5	2/2	2,480	\$338,500	\$7,000	\$331,500	\$134	\$331,500	\$134	\$331,500	\$134	\$298,330	\$1,789	\$50	\$345	\$0	\$2,184	\$0.88
			4/2.5	2/2	2,511	\$321,500	\$7,000	\$314,500	\$125	\$314,500	\$125	\$314,500	\$125	\$283,050	\$1,697	\$50	\$328	\$0	\$2,075	\$0.81
			4/2.5	2/2	2,890	\$351,500	\$7,000	\$344,500	\$119	\$344,500	\$119	\$344,500	\$119	\$310,050	\$1,859	\$50	\$359	\$0	\$2,268	\$0.78
			4/2.5	2/2	2,904	\$361,500	\$7,000	\$354,500	\$122	\$354,500	\$122	\$354,500	\$122	\$319,050	\$1,913	\$50	\$369	\$0	\$2,332	\$0.80
		4/2.5	2/2	3,042	\$375,500	\$7,000	\$368,500	\$121	\$368,500	\$121	\$368,500	\$121	\$336,850	\$1,988	\$50	\$384	\$0	\$2,422	\$0.80	
14 LAUREATE U.S. Home Corporation SADDLE ROCK 8,000	149	12/7/96	3/0	2/2	3,244	\$467,950	\$5,000	\$462,950	\$143	\$462,950	\$143	\$462,950	\$143	\$416,295	\$2,498	\$49	\$482	\$0	\$3,029	\$1.04
	145	2-11	4/2.5	2/2	4,081	\$486,950	\$5,000	\$481,950	\$120	\$481,950	\$120	\$481,950	\$120	\$433,755	\$2,601	\$49	\$502	\$0	\$3,152	\$0.78
			5/2.5	2/2	4,150	\$506,950	\$5,000	\$501,950	\$121	\$501,950	\$121	\$501,950	\$121	\$451,755	\$2,708	\$49	\$523	\$0	\$3,280	\$0.79
			4/2.5	2/2	4,205	\$480,950	\$5,000	\$475,950	\$113	\$475,950	\$113	\$475,950	\$113	\$428,355	\$2,568	\$49	\$496	\$0	\$3,113	\$0.74
			4/2.5	2/2	4,276	\$488,950	\$5,000	\$483,950	\$113	\$483,950	\$113	\$483,950	\$113	\$445,555	\$2,611	\$49	\$504	\$0	\$3,164	\$0.74
			4/2.5	2/2	4,405	\$514,950	\$5,000	\$509,950	\$116	\$509,950	\$116	\$509,950	\$116	\$458,955	\$2,752	\$49	\$531	\$0	\$3,332	\$0.76
			3/2.5	2/2	2,300	\$400,900	\$5,000	\$395,900	\$158	\$395,900	\$158	\$395,900	\$158	\$356,310	\$2,136	\$45	\$512	\$0	\$2,594	\$1.04
			3/2.5	1/2	2,605	\$403,900	\$5,000	\$398,900	\$153	\$398,900	\$153	\$398,900	\$153	\$359,010	\$2,152	\$45	\$516	\$0	\$2,613	\$1.00
15 PANORAMA POINTE/PERBLE BEACH D.R. Horton Homes SADDLE ROCK 7,604	102	10/20/00	3/2.5	2/2	2,973	\$521,900	\$5,000	\$516,900	\$177	\$516,900	\$177	\$516,900	\$177	\$465,210	\$2,789	\$45	\$538	\$0	\$3,371	\$1.15
	4	0-62	4/2.5	2/2	3,038	\$420,900	\$5,000	\$415,900	\$137	\$415,900	\$137	\$415,900	\$137	\$374,590	\$2,298	\$45	\$433	\$0	\$2,722	\$0.90
			4/2.5	2/2	3,100	\$430,900	\$5,000	\$425,900	\$137	\$425,900	\$137	\$425,900	\$137	\$383,310	\$2,298	\$45	\$444	\$0	\$2,787	\$0.90
			4/2.5	2/2	3,247	\$445,900	\$5,000	\$440,900	\$136	\$440,900	\$136	\$440,900	\$136	\$396,810	\$2,379	\$45	\$459	\$0	\$2,883	\$0.89
			4/2.5	2/2	3,647	\$562,900	\$5,000	\$557,900	\$153	\$557,900	\$153	\$557,900	\$153	\$502,110	\$3,010	\$45	\$581	\$0	\$3,637	\$1.00
			4/4	2/2	3,988	\$515,900	\$5,000	\$510,900	\$128	\$510,900	\$128	\$510,900	\$128	\$459,810	\$2,757	\$45	\$532	\$0	\$3,334	\$0.84
			4/4	2/2	4,004	\$561,900	\$5,000	\$556,900	\$139	\$556,900	\$139	\$556,900	\$139	\$502,110	\$3,010	\$45	\$581	\$0	\$3,637	\$0.91
			5/2.5	2/2	4,072	\$562,900	\$5,000	\$557,900	\$139	\$557,900	\$139	\$557,900	\$139	\$502,110	\$3,010	\$45	\$581	\$0	\$3,637	\$0.91
16 TUNDERLINE Infinity Homes SADDLE ROCK 8,000	32	7/1/00	3/2.5	2/2	3,130	\$469,900	\$2,500	\$467,400	\$149	\$467,400	\$149	\$467,400	\$149	\$420,660	\$2,522	\$60	\$487	\$0	\$3,069	\$0.92
	17	0-65	3/2.5	2/2	3,193	\$449,900	\$2,500	\$447,400	\$140	\$447,400	\$140	\$447,400	\$140	\$402,660	\$2,414	\$60	\$466	\$0	\$2,940	\$0.92
			4/2.5	2/2	3,315	\$454,900	\$2,500	\$452,400	\$136	\$452,400	\$136	\$452,400	\$136	\$411,660	\$2,441	\$60	\$471	\$0	\$2,972	\$0.90
			4/2.5	2/2	3,423	\$459,900	\$2,500	\$457,400	\$134	\$457,400	\$134	\$457,400	\$134	\$411,660	\$2,468	\$60	\$476	\$0	\$3,005	\$0.88
			4/2.5	1/2	3,539	\$469,900	\$2,500	\$467,400	\$132	\$467,400	\$132	\$467,400	\$132	\$421,646	\$2,528	\$60	\$488	\$0	\$3,069	\$0.87
			4/2.5	2/2	3,530	\$470,995	\$2,500	\$468,495	\$132	\$468,495	\$132	\$468,495	\$132	\$421,646	\$2,528	\$60	\$488	\$0	\$3,076	\$0.87
			4/2.5	2/2	3,706	\$474,900	\$2,500	\$472,400	\$127	\$472,400	\$127	\$472,400	\$127	\$422,160	\$2,549	\$60	\$492	\$0	\$3,101	\$0.84

Exhibit 13
SUMMARY OF COMPETITIVE PROJECTS: TRADITIONAL DETACHED
 South Aurora Submarket, Aurora, CO
 October, 2003

Project Name/Builder Community/ Min. Lot Size	Planned Tot Sold	Open Date Str/Mo.	Type	Unit		Base Price	Incidental	Net Base Price	Price/ Sq. Ft.	10% Down Payment 1/	Loan Amount	Mortgage Payment	HOA	Base Tax Rate 2/	Misc Fees	Total Monthly Payment	Mo. Price/ Sq. Ft.
				Floor Plan	Size Sq. Ft.												
17 GOLDEN DESIGN GROUP <i>Golden Design Group</i> TALLYN'S REACH 9,000	30	7/15/02	4/2.5	2/2	3,688	\$497,990	\$10,000	\$487,990	\$133	\$48,799	\$439,191	\$2,633	\$46	\$508	\$0	\$3,187	\$0.87
	0	0	4/2.5	2/2	3,793	\$479,990	\$10,000	\$469,990	\$124	\$46,999	\$423,991	\$2,536	\$46	\$490	\$0	\$3,072	\$0.81
			3/2.5	2/2	3,900	\$514,990	\$10,000	\$504,990	\$129	\$50,499	\$454,491	\$2,725	\$46	\$526	\$0	\$3,297	\$0.85
			4/2.5	2/2	4,629	\$564,990	\$10,000	\$554,990	\$120	\$55,499	\$499,491	\$2,995	\$46	\$578	\$0	\$3,619	\$0.78
18 THE ALCOVE/TESSORO <i>Tessoro Homes</i> TALLYN'S REACH 7,000	29	7/2/02	3/2.5	2/2	2,235	\$325,900	\$10,000	\$315,900	\$141	\$31,590	\$284,310	\$1,705	\$58	\$329	\$0	\$2,092	\$0.94
	4	0/17	3/2.5	2/2	2,468	\$339,900	\$10,000	\$329,900	\$134	\$32,990	\$296,910	\$1,780	\$58	\$344	\$0	\$2,182	\$0.88
			3/2.5	2/2	2,635	\$349,900	\$10,000	\$339,900	\$129	\$33,990	\$305,910	\$1,834	\$58	\$354	\$0	\$2,246	\$0.85
					1,949	\$388,533	\$10,037	\$378,506	\$139	\$37,851	\$340,655	\$2,042	\$44	\$394	\$0	\$2,478	\$0.84
Competitive Market Area Totals/Averages																	
	1,758	1.56															
	Total	Overall															
	Units Plod	Str. Rate															

1/ Mortgage payment schedule assumes 10% down payment on a 6% 30-year fixed loan.
 2/ Base tax rate assumes 1.25%

Exhibit I-10: Location of Competitive Projects

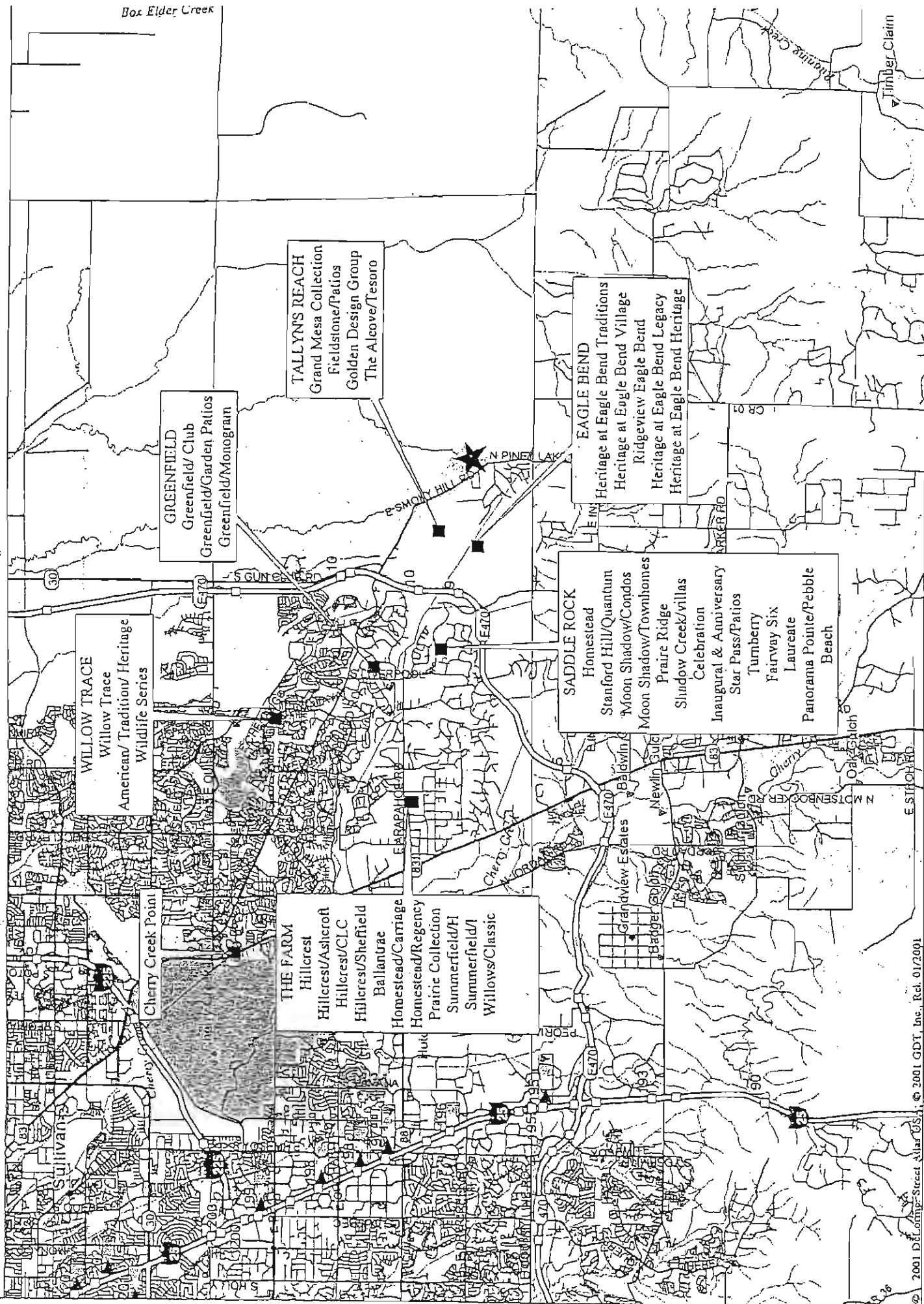


Exhibit I-11
FEATURES COMPARISON
 Competitive Market Area, Arapahoe County, CO
 October, 2002

PROJECT	SR/SHADOW CRK VILLAS	CHERRY CREEK POINT	GREENFIELD CLUB	RIDGEVIEW EAGLE BEND	TALLYN'S REACH GRAND MESA	WILLOW TRACE AMER TRAD	HERITAGE @ EAGLE BEND	SR/STANB'L QUANTUM
BUILDER	GENESEE CO.	DESERT DEV	VILLAGE HOMES	LENNAR HOMES	ENGLE HOMES	RICH AMERICAN	US HOME	KB HOME
PRODUCT TYPE	TOWNHOUSE	TOWNHOUSE	TOWNHOUSE	TOWNHOUSE	SP DETACHED	SP DETACHED	SP DETACHED	DUPLEX
H.O.A.	3730	375	3200	3133	339	311	3140	374
SALES RATE	0.56	2.06	1.12	4.33	1.74	10.32	2.17	1.65
AMENITIES								
POOLS	NO	NO	YES	YES	NO	NO	NO	NO
SPAS	NO	NO	YES	NO	NO	NO	NO	NO
TENNIS	NO	NO	NO	NO	NO	NO	NO	NO
GATED	NO	NO	NO	NO	NO	NO	YES	NO
KITCHEN								
APPLIANCES	WHIRLPOOL	GE	MAYTAG	GE	WHIRLPOOL	GE	GE	WHIRLPOOL
MICROWAVE	OPTIONAL	OPTIONAL	STANDARD	STANDARD	OPTIONAL	OPTIONAL	STANDARD	OPTIONAL
COUNTERTOPS	LAMINATE	LAMINATE	LAMINATE	LAMINATE	LAMINATE	LAMINATE	LAMINATE	LAMINATE
CABINETS	OAK	WOOD	OAK	OAK	OAK	OAK	OAK	OAK
SINKS	PORCELAIN	PORCELAIN	STAINLESS STEEL	STAINLESS STEEL	PORCELAIN	PORCELAIN	PORCELAIN	PORCELAIN
FLOORING	VINYL	VINYL	VINYL	VINYL	WOOD	VINYL	VINYL	VINYL
MASTER BED								
WI CLOSET	YES		YES	YES	YES	YES	YES	YES
MIRRORED DOORS	NO		NO	NO	OPTIONAL	NO	NO	NO
FIREPLACE	NO		NO	NO	OPT TWO PLANS	NO	NO	NO
RETREAT	NO	NO	NO	NO	OPT TWO PLANS	OPT ONE PLAN	NO	NO
MASTER BATH								
COUNTERTOPS	LAMINATE		LAMINATE	LAMINATE	LAMINATE		LAMINATE	LAMINATE
DOUBLE SINKS	YES	YES	YES	YES	YES	YES	YES	OPTIONAL
SHOWER	YES	YES	YES	YES	YES	YES	YES	YES
BATHTUBS	YES	YES	YES	YES	YES	YES	YES	YES
OTHER								
GARAGE	2 CAR	2 CAR	2 CAR	2 CAR	23 CAR	2 CAR	2 CAR	2 CAR
DOOR OPENER	NO		YES	YES	NO	YES	YES	NO
POWER	VINYL	VINYL	WOOD	CERAMIC TILE	WOOD	VINYL	VINYL	VINYL
AIR CONDITIONING	OPTIONAL	OPTIONAL	OPTIONAL	OPTIONAL	OPTIONAL	OPTIONAL	OPTIONAL	OPTIONAL
FIREPLACE	OPTIONAL	STANDARD	STANDARD	STANDARD	STANDARD	1 OPT/4 STAND	OPTIONAL	OPTIONAL
SECURITY	NO	NO	NO	NO	NO	NO	NO	NO

PROJECT	GREENFIELD MONOGRAM	SADDLE ROCK FAIRWAY SLX	FARM/WILLOWS CLASSIC	FARM/HILLCREST SHEEPFIELD	TALLYN'S RCH/ALCOVE/TESORO	FARM/HOMESTEAD REGENCY	SADDLE ROCK/LAUREATE	SR/PANORAMA PT PEBBLE BEACH
BUILDER	VILLAGE HOMES	INFINITY HOMES	MELODY HOMES	SHEEPFIELD HMS	TESORO HOMES	SANFORD HMS (BEAZER HMS)	US HOME	DR HORTON
PRODUCT TYPE	SP DETACHED	SP DETACHED	SP DETACHED	SP DETACHED	SP DETACHED	SP DETACHED	SP DETACHED	SP DETACHED
H.O.A.	150	160	134	163	331	334	149	143
SALES RATE	1.66	1.62	3.21	1.33	2.07	3.02	2.11	1.79
AMENITIES								
POOLS	YES	NO	YES	NO	YES	YES	NO	NO
SPAS	NO	NO	YES	NO	NO	NO	NO	NO
TENNIS	YES	NO	NO	NO	YES	NO	YES	NO
GATED	NO	NO	NO	NO	NO	NO	NO	NO
KITCHEN								
APPLIANCES	JENN-AIR	WHIRLPOOL	GE	JENN-AIR	GE	GE	GE	WHIRLPOOL
MICROWAVE	STANDARD	STANDARD	OPTIONAL	STANDARD	OPTIONAL	STANDARD	STANDARD	STANDARD
COUNTERTOPS	LAMINATE	CERAMIC TILE	LAMINATE	LAMINATE	CERAMIC	LAMINATE	CERAMIC TILE	LAMINATE
CABINETS	WOOD	WOOD	OAK	OAK	OAK	WOOD	WOOD	WOOD
SINKS		STAINLESS STEEL	PORCELAIN	PORCELAIN	STAINLESS STEEL	PORCELAIN	PORCELAIN	WOOD
FLOORING	VINYL	WOOD	VINYL	VINYL	WOOD	VINYL	CERAMIC TILE	WOOD
MASTER BED								
WI CLOSET		YES	YES	YES	YES	YES	YES	YES
MIRRORED DOORS		NO	NO	NO	NO	NO	NO	NO
FIREPLACE		OPTIONAL	OPTIONAL	OPTIONAL	OPT ONE PLAN	YES	YES	2 STAND/9 NO
RETREAT	NO	OPTIONAL	OPT TWD PLANS	OPT ONE PLAN	OPT ONE PLAN	1 STAND/10 NO	YES	3 OPT/3 NO
MASTER BATH								
COUNTERTOPS		CERAMIC TILE	LAMINATE	LAMINATE	CERAMIC TILE	CERAMIC TILE		
DOUBLE SINKS	YES	YES	YES	YES	YES	YES	YES	YES
SHOWER	YES	YES	YES	YES	YES	YES	YES	YES
BATHTUBS	YES	YES	YES	YES	YES	YES	YES	YES
OTHER								
GARAGE	23 CAR	3 CAR	2 CAR	23 CAR	2 CAR	3 CAR	3 CAR	3 CAR
DOOR OPENER		NO	NO	NO	YES	NO	NO	YES
POWER	WOOD	CERAMIC TILE	WOOD	WOOD	WOOD	WOOD	CERAMIC TILE	WOOD
AIR CONDITIONING	OPTIONAL	OPTIONAL	OPTIONAL	OPTIONAL	OPTIONAL	OPTIONAL	OPTIONAL	OPTIONAL
FIREPLACE	STANDARD	STANDARD	STANDARD	STANDARD	STANDARD	STANDARD	STANDARD	STANDARD
SECURITY		NO	NO	YES	NO	NO	NO	YES

MARKET ELASTICITY: PRICE VS. ABSORPTION
 South Aurora Submarket, Aurora, CO
 October, 2002

Attached Product (67 Floorplans)									
\$/SF	Capture	Median Sis/Mo./Floorplan	Absolute Change In Absorption	% Change	Average Sis./Mo./Floorplan	Absolute Change	% Change In Absorption	Absolute Change	% Change In Absorption
\$90.00 - \$99.00	6.0%	0.74	-	-	0.74	-	-	-	-
\$100.00 - \$109.00	6.0%	0.44	-0.31	-41.2%	0.53	-0.22	-29.1%	-0.22	-29.1%
\$110.00 - \$119.00	11.9%	0.41	-0.03	-5.7%	0.55	0.02	4.5%	0.02	4.5%
\$120.00 - \$129.00	25.4%	0.39	-0.02	-4.9%	0.59	0.04	6.8%	0.04	6.8%
\$130.00 - \$139.00	25.4%	0.71	0.32	82.1%	0.68	0.09	16.0%	0.09	16.0%
\$140.00 - \$149.00	11.9%	0.60	-0.12	-16.2%	0.65	-0.03	-4.9%	-0.03	-4.9%
\$150.00 - \$159.00	10.4%	0.28	-0.32	-52.9%	0.32	-0.33	-50.7%	-0.33	-50.7%
\$160.00 - \$190.00	3.0%	0.46	0.18	64.3%	0.46	0.14	44.4%	0.14	44.4%

Detached Product (400 Floorplans)									
\$/SF	Capture	Median Sis/Mo./Floorplan	Absolute Change In Absorption	% Change	Average Sis./Mo./Floorplan	Absolute Change	% Change In Absorption	Absolute Change	% Change In Absorption
\$80.00 - \$89.00	1.0%	0.04	-	-	0.05	-	-	-	-
\$90.00 - \$99.00	3.0%	0.12	0.08	228.6%	0.33	0.29	601.8%	0.29	601.8%
\$100.00 - \$109.00	5.8%	0.33	0.22	187.0%	0.51	0.17	52.3%	0.17	52.3%
\$110.00 - \$119.00	18.5%	0.25	-0.08	-24.2%	0.38	-0.13	-25.3%	-0.13	-25.3%
\$120.00 - \$129.00	30.0%	0.17	-0.09	-34.0%	0.29	-0.09	-23.5%	-0.09	-23.5%
\$130.00 - \$139.00	17.5%	0.16	-0.01	-3.0%	0.26	-0.03	-9.0%	-0.03	-9.0%
\$140.00 - \$149.00	13.8%	0.13	-0.03	-18.8%	0.27	0.01	3.9%	0.01	3.9%
\$150.00 - \$159.00	4.0%	0.07	-0.06	-46.2%	0.23	-0.04	-15.1%	-0.04	-15.1%
\$160.00 - \$169.00	4.5%	0.08	0.00	7.1%	0.19	-0.05	-19.7%	-0.05	-19.7%
\$170.00 - \$199.00	2.0%	0.25	0.18	233.3%	0.31	0.12	66.2%	0.12	66.2%

Exhibit II-1: Regional Location of the Subject Property

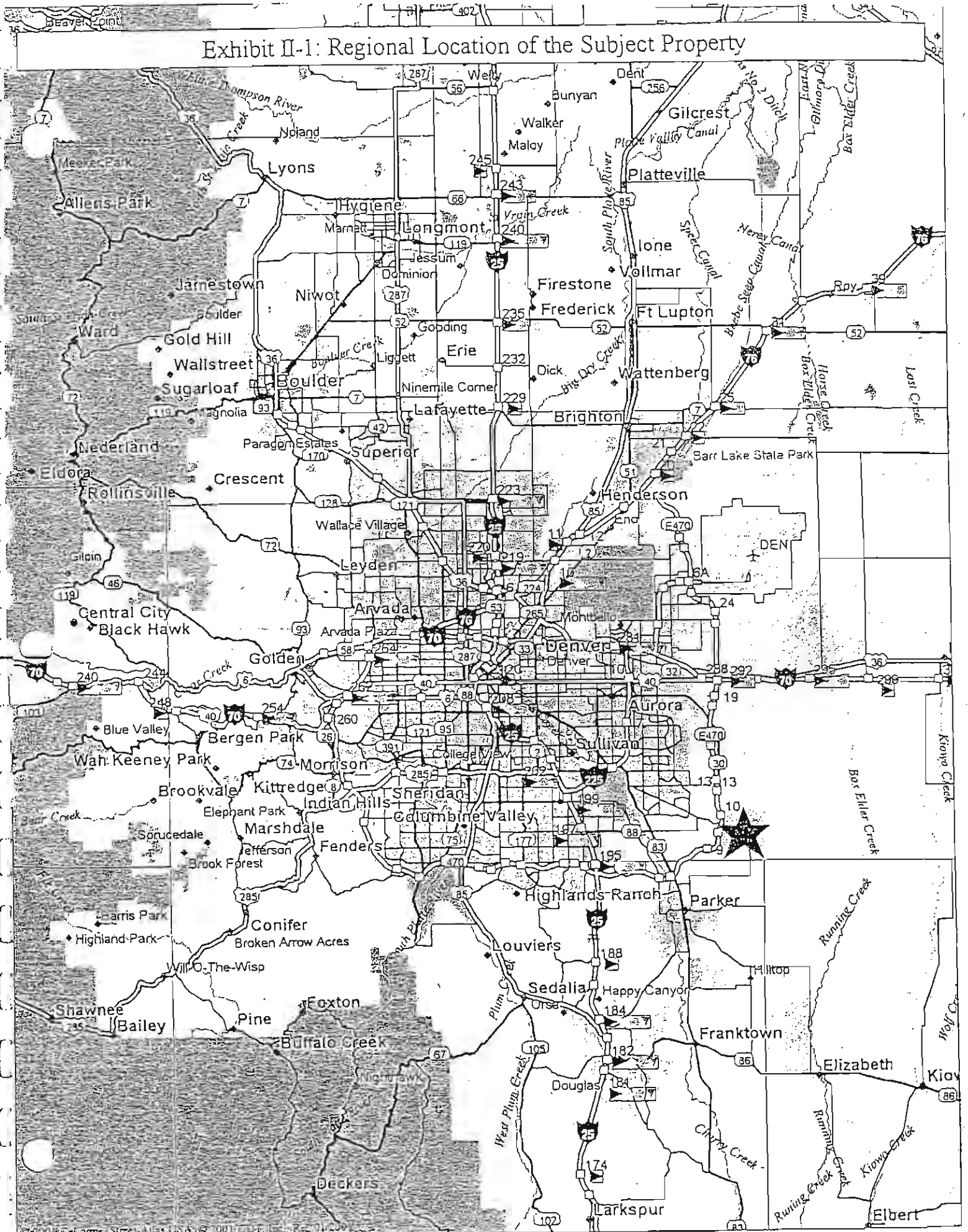
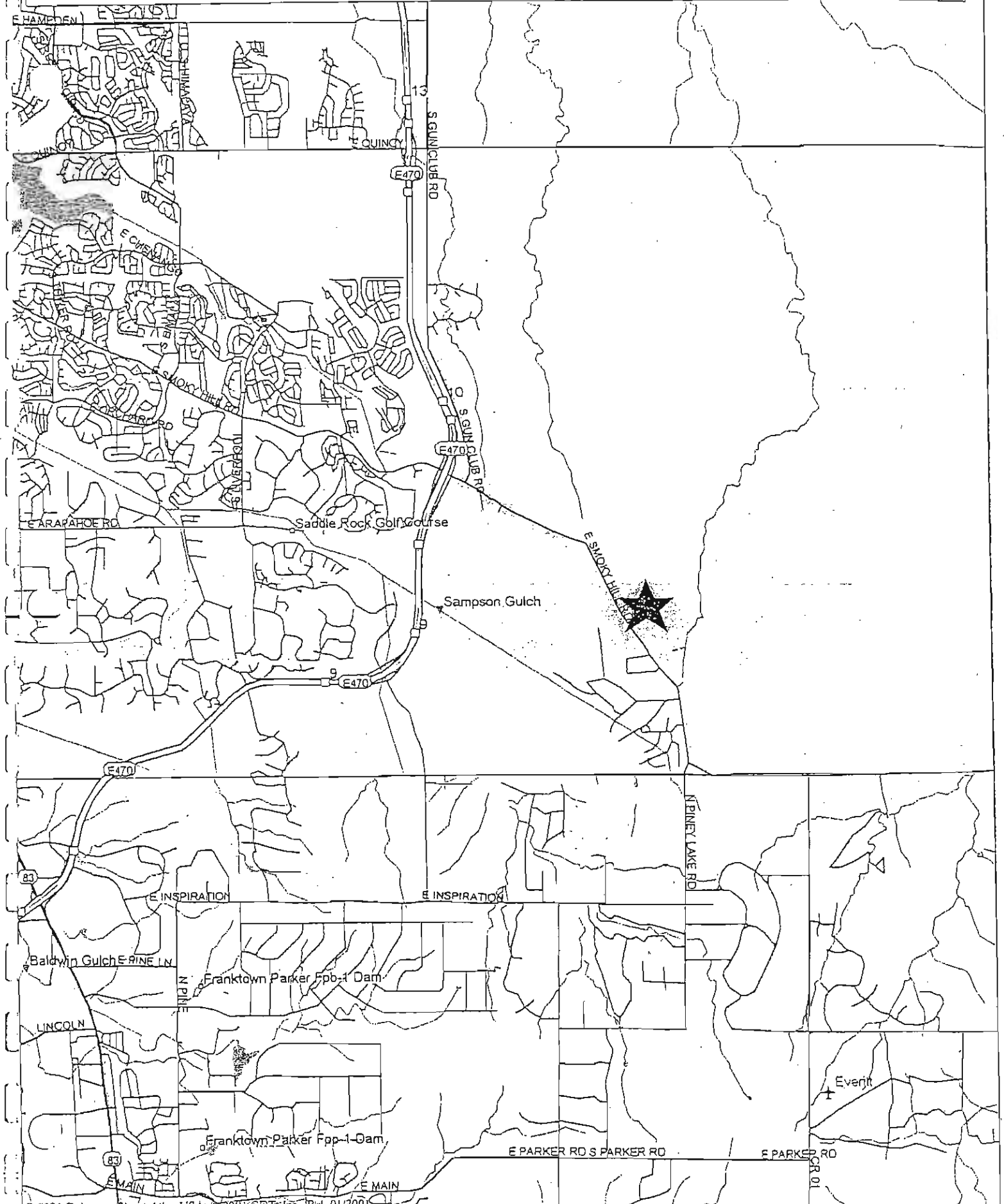


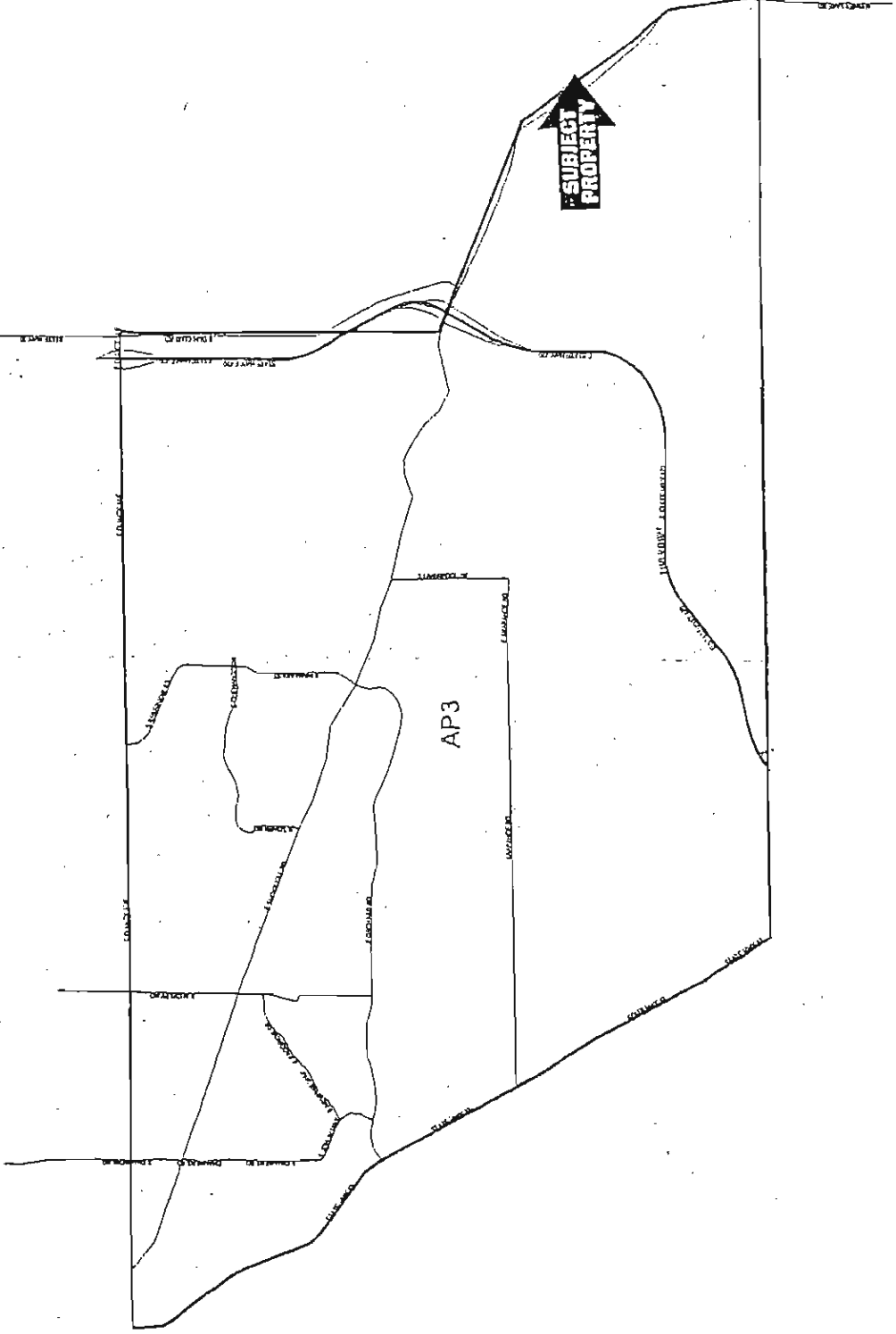
Exhibit II-2: Location of the Subject Property



Denver, CO

AP3: A. Dahoe, CO

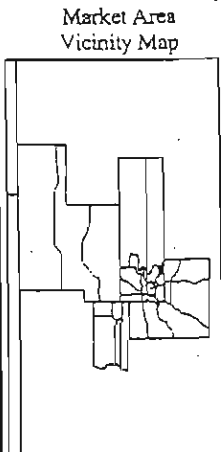
Exhibit C-3
DEFINITION OF COMPETITIVE MARKET AREA (CMA)



meyersgroup
GIS Division - Irvine, CA



AP3 - South Aurora



January 16, 2001

**Serenity Ridge Metropolitan District
Forecasted Statement of Sources
and Uses of Cash**

**For the Years Ending
December 31, 2003 through 2037**



To the Petitioners of the Proposed
Serenity Ridge Metropolitan District
Aurora, Colorado

We have compiled the accompanying forecasted statements of sources and uses of cash of the Serenity Ridge Metropolitan District (Schedule 1), the related projected debt service schedules (Schedules 2 to 4) and the analysis of absorption, development fees, market and assessed values (Schedule 5) for the years ending December 31, 2003 through 2037, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

J. W. Simmons & Associates, P.C.

August 1, 2003

Serenity Ridge Metropolitan District

Summary of Significant Assumptions and Accounting Policies December 31, 2003 through 2037

The foregoing forecast presents, to the best of the Petitioner's knowledge and belief, the expected cash receipts and disbursements for the forecast period. Accordingly, the forecast reflects its judgement as of August 1, 2003. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The purpose of this forecast is to show the amount of funds available for the future construction of infrastructure within the proposed District by the issuance of general obligation bonds and the anticipated funds available for repayment of the bonds.

Note 1: Ad Valorem Taxes

The primary source of revenue for the District will be the collection of ad valorem taxes. The primary source of revenue for the District will be the collection of ad valorem taxes. Residential property is forecasted to be assessed at 9.15% of market values. Market values for 439 residential homes and town homes are estimated to range from \$227,750 to \$423,500 as of 2003. Commercial property is forecasted to be assessed at 29% of market values. Market values for 320,100 square feet of finished commercial property is estimated at \$120 per square foot. Market values are forecasted to inflate at 2% per year. All property is assumed to inflate at 2% biennially thereafter. Schedule 5 details the forecasted absorption, market values and related assessed values.

Property is assumed to be assessed annually as of January 1st. Property included in this forecast is assumed to be assessed on the January 1st subsequent to completion. The forecast recognizes the related property taxes as revenue in the subsequent year.

The County Treasurer currently charges a 1.5% fee for the collection of property taxes. These charges are reflected in the accompanying forecast as tax collection fees.

The forecast assumes that Specific Ownership Taxes collected on motor vehicle registrations will be 10% of property taxes collected.

The mill levy imposed by the District is proposed to equal 45.289 mills. Up to 5.000 mills is anticipated to be available for operating expenses of the District and are reflected in the District's General Fund. The balance of the mill levy has been allocated to the Debt Service Fund.

Note 2: Interest Income

Interest income is assumed to be earned at 3.0% per annum. Interest income is based on the year's beginning cash balance and an estimate of the timing of the receipt of revenues and the outflow of disbursements during the course of the year.

Serenity Ridge Metropolitan District

Summary of Significant Assumptions and Accounting Policies
December 31, 2003 through 2037

Note 3: Bond Assumptions

The District proposes the issuance of general obligation bonds totaling \$17,265,000 in 2007. The Series 2007 bonds will have a maturity of 30 years from the date of issuance and a coupon rate of 5.5%. It is estimated that \$495,300 of the proceeds will be available for issuance costs. The balance of the proceeds will be available to retire developer owned subordinate debt and bond anticipation notes owned by the developer. Schedule 2 reflects the proposed repayment schedule of these bonds. The Bonds are anticipated to be secured by a limited mill levy not to exceed 45.289 mills. The following table reflects the proposed sources and uses of funds for the issue.

	<u>Series 2007</u>
Sources:	
Bond Proceeds	<u>\$17,265,000</u>
Uses:	
Issuance costs	495,300
Repay developer advances	974,700
Retire BAN's	<u>15,795,000</u>
	<u>\$17,265,000</u>

As mentioned above, the District anticipates the issuance of a bond anticipation note in the amount \$12,701,064. The anticipation notes are expected to be held by the primary developers of the District until March 1, 2007 at which time they will be refunded by the Series 2007 bonds described above. The anticipation notes are forecasted to carry a coupon rate of 7% per annum. Schedule 3 reflects the proposed repayment schedule of these bonds.

Note 4: Construction Costs

Construction costs are forecasted to total \$20,557,735 and are forecasted to be paid from 2004 through 2006. It is anticipated that \$1,384,563 of these costs will benefit others and are subject to reimbursement from the City of Aurora or other districts. The forecast reflects this amount as a reimbursement to the Capital Projects Fund in 2004 through 2007.

Note 5: Operating Expenses

Operating expenses are legal, accounting, audit and insurance costs. These costs are estimated to start in 2003 at \$10,000 and increase to \$50,000 in 2004. Operating expenses inflate at 2% per year.

Note 6: Developer Operating Fund Advances

The developer is expected to advance funds to the District from 2003 through 2007 to cover shortages in available revenues for operating expenses in the amount of \$167,593. Commencing in 2008, it is forecasted that the District will commence repayment of the advances without interest.

Serenity Ridge Metropolitan District

Summary of Significant Assumptions and Accounting Policies
December 31, 2003 through 2037

Note 7: Developer Advances - Capital

It is anticipated that the developer will need to advance \$857,009 in 2005 to pay for capital improvements not funded by the bond anticipation notes and the anticipated reimbursements from others, described above. It is anticipated that the developer advances will be repaid from the Series 2007 bonds along with interest at the rate of 7.5%. Unpaid interest on developer advances accrues interest. Schedule 4 reflects the anticipated advances and principal and interest repayments.

Note 8: Developer Contribution

The forecast reflects that \$5,665,099 of the construction costs anticipated to occur in 2005 and 2006 will need to be funded from developer contributions.

Serenity Ridge Metropolitan Districts
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2003 through 2017

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Totals	0	0	0	(0)	1	0	0	(0)	44,917	127,525	128,958
General Fund											
Beginning cash available	0	0	0	(0)	0	0	0	(0)	44,917	127,525	128,958
Revenues											
Property taxes	1,974,831	0	125	14,955	27,250	101,910	116,736	127,304	127,304	51,940	51,940
Specific ownership taxes	197,483	0	13	1,496	2,725	10,191	11,674	12,730	12,730	5,194	5,194
Developer advances	167,593	10,000	49,868	50,367	35,003	22,357					
Expenditures											
County treasurer fees	2,339,907	10,000	50,004	51,454	52,332	112,101	128,409	140,034	140,034	57,134	57,134
Repay developer advances	59,245	0	4	449	818	3,057	3,502	3,819	3,819	1,558	1,558
Operating expenses	167,593	10,000	50,000	51,005	51,515	52,030	52,551	53,076	53,607	54,143	54,684
Ending cash available	2,249,723	10,000	50,004	51,454	52,333	112,102	128,410	95,117	57,426	55,701	56,242
Mill Levy	90,184	0	(0)	1	0	0	(0)	44,917	127,525	128,958	129,850
Beginning cash available	0	0	0	0	0	0	0	0	0	0	0
Revenues											
Developer owned BAN's	12,701,064	12,701,064									
Bond proceeds	17,265,000	0			17,265,000						
Rainbursements	1,384,563	928,000	228,250	228,313	0						
Developer advances	857,009	0	857,009	0	0						
Developer contribution	5,665,099	0	1,676,753	3,986,346							
Interest income	0	0									
Expenditures											
Issuance costs	37,872,735	0	13,629,064	2,782,012	4,216,659	17,265,000	0	0	0	0	0
Retire developer owned BAN's	545,300	0	50,000	0	495,300						
Retire developer advances	15,795,000	0			15,795,000						
District improvements	974,700				974,700						
Ending cash available	20,557,735	11,997,749	4,343,327	4,216,859	0	0	0	0	0	0	0
Beginning cash available	0	0	1,581,315	0	0	0	0	0	0	0	0
Revenues											
Developer owned BAN's	12,701,064	12,701,064									
Bond proceeds	17,265,000	0			17,265,000						
Rainbursements	1,384,563	928,000	228,250	228,313	0						
Developer advances	857,009	0	857,009	0	0						
Developer contribution	5,665,099	0	1,676,753	3,986,346							
Interest income	0	0									
Expenditures											
Issuance costs	37,872,735	0	13,629,064	2,782,012	4,216,659	17,265,000	0	0	0	0	0
Retire developer owned BAN's	545,300	0	50,000	0	495,300						
Retire developer advances	15,795,000	0			15,795,000						
District improvements	974,700				974,700						
Ending cash available	0	0	1,581,315	0	0	0	0	0	0	0	0

Serenity Ridge Metropolitan Districts
 Forecasted Sources and Uses of Cash
 For the Years Ended December 31, 2003 through 2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Beginning cash available	0	0	179,474	329,130	797,588	493,229	532,382	812,445	488,055	383,053	346,680
Revenues											
Property taxes	32,370,749	0	1,007	1,007	120,505	219,577	821,172	940,633	1,025,790	1,124,216	1,124,218
Specific ownership taxes	3,237,975	0	101	101	12,051	21,958	82,117	94,083	102,579	112,422	112,422
Development fees	897,532	0	175,729	143,699	325,920	162,294	89,890	0	0	0	0
Interest income	162,732		2,652	4,884	11,787	7,289	7,888	9,051	7,213	5,365	5,123
	36,677,987	0	179,489	149,871	470,263	411,118	1,001,046	1,043,747	1,135,582	1,133,735	1,241,483
Expenditures											
Debt service - GD Debt Series 2007	36,129,656	0	15	15	1,808	712,181	949,575	949,575	1,244,575	1,243,350	1,241,300
County treasurer fees	485,698	0	15	15	1,808	3,294	12,318	14,109	15,387	15,387	16,883
	36,615,352	0	15	15	1,808	715,475	961,893	963,684	1,259,962	1,258,737	1,258,183
Ending cash available	62,635	0	179,474	329,130	797,588	493,229	532,382	612,445	488,055	383,053	327,855
Mill Levy		0.000	40.289	40.289	40.289	40.289	40.289	40.289	40.289	40.289	43.289
Total Mill Levy		0.000	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289
Assessed valuation (000's)											
Beginning	24,859	25	25	25	25	2,991	5,450	20,382	23,347	25,461	25,461
New construction	8,052			0	2,968	1	14,823	2,965	1,647	0	0
Inflation (1.0% per annum)							109	467			509
Ending	32,911	25	25	25	2,991	5,450	20,382	23,347	25,461	25,461	25,970

Debt Service Fund

Severely Ridge Metropolitan Districts
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2003 through 2037

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund												
Beginning cash available	129,850	131,306	132,210	133,990	134,606	136,110	137,039	138,567	139,509	141,062	142,012	143,595
Revenues												
Property taxes	52,879	52,979	54,038	54,038	55,119	55,119	56,222	56,222	57,346	57,346	58,493	58,493
Specific ownership taxes	5,298	5,298	5,404	5,404	5,512	5,512	5,622	5,622	5,735	5,735	5,848	5,848
Developer advances												
Expenditures	58,277	58,277	59,442	59,442	60,631	60,631	61,844	61,844	63,081	63,081	64,342	64,342
County treasurer fees	1,589	1,589	1,621	1,621	1,654	1,654	1,687	1,687	1,720	1,720	1,755	1,755
Repay developer advances	56,231	55,783	56,341	56,905	57,474	58,048	58,629	59,215	59,807	60,405	61,010	61,620
Operating expenses	56,820	57,373	57,962	58,526	59,127	59,702	60,316	60,902	61,528	62,126	62,764	63,374
Ending cash available	131,306	132,210	133,990	134,606	136,110	137,039	138,567	139,509	141,062	142,012	143,595	144,563
Mill levy	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Capital Projects Fund												
Beginning cash available	0	0	0	0	0	0	0	0	0	0	0	0
Revenues												
Developer owned BAN's												
Bond proceeds												
Reimbursements												
Developer advances												
Developer contribution												
Interest income												
Expenditures												
Issuance costs	0	0	0	0	0	0	0	0	0	0	0	0
Retire developer owned BAN's	0	0	0	0	0	0	0	0	0	0	0	0
Retire developer advances	0	0	0	0	0	0	0	0	0	0	0	0
District improvements	0	0	0	0	0	0	0	0	0	0	0	0
Ending cash available	0	0	0	0	0	0	0	0	0	0	0	0

Serenity Ridge Metropolitan Districts
 Forecasted Sources and Uses of Cash
 For the Years Ended December 31, 2003 through 2037

	2014	2015	2018	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning cash available	327,855	332,489	270,493	232,681	196,611	182,750	188,428	179,920	189,047	227,908	262,811	326,616
	Debt Service Fund											
Revenues												
Property taxes	1,146,700	1,086,066	1,107,788	1,107,788	1,129,943	1,129,943	1,152,542	1,152,542	1,175,593	1,175,593	1,199,105	1,199,105
Specific ownership taxes	114,670	108,807	110,779	110,779	112,994	112,994	115,254	115,254	117,559	117,559	119,910	119,910
Development fees												
Interest income	4,914	3,997	3,439	2,906	2,701	2,489	2,659	2,794	3,368	3,884	4,827	5,770
	1,266,284	1,198,670	1,222,005	1,221,472	1,245,638	1,245,427	1,270,455	1,270,590	1,298,520	1,297,036	1,323,842	1,324,768
Expenditures												
Debt service - GO Debt Series 2007	1,244,450	1,244,375	1,243,200	1,240,925	1,242,550	1,242,800	1,241,875	1,244,175	1,240,025	1,244,500	1,242,050	1,242,950
County treasurer fees	17,201	18,291	18,817	18,617	18,949	18,949	17,288	17,288	17,634	17,634	17,987	17,987
	1,261,651	1,280,666	1,258,917	1,257,542	1,258,499	1,259,749	1,256,963	1,261,463	1,257,659	1,282,134	1,260,037	1,260,937
Ending cash available	332,489	270,493	232,681	196,611	182,750	188,428	179,920	189,047	227,908	282,811	326,616	390,465
Mill Levy	43,289	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
Total Mill Levy	45,289	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Assessed valuation (000's)												
Beginning	25,970	26,489	26,489	27,019	27,019	27,580	27,580	27,580	28,111	28,111	28,673	28,673
New construction	0	0										
Inflation (1.0% per annum)	519		530		540		551		562		573	
Ending	26,489	26,489	27,019	27,019	27,580	27,580	28,111	28,111	28,673	28,673	29,246	29,246

Serenity Ridge Metropolitan Districts
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2003 through 2037

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Beginning cash available	144,563	146,186	147,147	148,776	149,771	151,426	152,434	154,116	155,138	156,847	157,882	159,618
Revenues						General Fund						
Property taxes	59,653	59,653	60,856	60,856	62,073	62,073	63,315	63,315	64,581	64,581	65,873	0
Specific ownership taxes	5,986	5,986	6,086	6,086	6,207	6,207	6,331	6,331	6,458	6,458	6,587	0
Developer advances												
Expenditures												
County treasurer fees	65,629	65,629	66,942	66,942	68,280	68,280	69,646	69,646	71,039	71,039	72,480	0
Repay developer advances	1,790	1,790	1,628	1,826	1,662	1,662	1,899	1,899	1,937	1,937	1,937	0
Operating expenses	62,236	62,858	63,487	64,122	64,763	65,410	66,065	66,725	67,392	68,066	68,747	69,435
Ending cash available	84,028	84,648	85,312	85,947	86,625	87,273	87,964	88,625	89,330	90,004	90,723	91,435
Mill levy	146,186	147,147	148,776	149,771	151,426	152,434	154,116	155,138	156,847	157,882	159,618	90,184
Beginning cash available	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Revenues						Capital Projects Fund						
Developer owned BAN's	0	0	0	0	0	0	0	0	0	0	0	0
Bond proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0
Developer advances	0	0	0	0	0	0	0	0	0	0	0	0
Developer contribution	0	0	0	0	0	0	0	0	0	0	0	0
Interest income	0	0	0	0	0	0	0	0	0	0	0	0
Expenditures												
Issuance costs	0	0	0	0	0	0	0	0	0	0	0	0
Retire developer owned BAN's	0	0	0	0	0	0	0	0	0	0	0	0
Retire developer advances	0	0	0	0	0	0	0	0	0	0	0	0
District improvements	0	0	0	0	0	0	0	0	0	0	0	0
Ending cash available	0	0	0	0	0	0	0	0	0	0	0	0

Serenity Ridge Metropolitan District
 Forecasted Sources and Uses of Cash
 For the Years Ended December 31, 2003 through 2037

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Beginning cash available	390,465	402,723	574,265	493,253	413,391	355,331	298,456	264,146	226,530	213,033	197,609	62,635
Revenues												
Property taxes	1,223,087	1,223,087	1,064,991	1,064,981	1,086,280	1,086,280	1,108,006	1,108,006	1,130,166	1,130,166	1,130,166	888,088
Specific ownership taxes	122,309	122,309	106,498	106,498	108,628	108,628	110,801	110,801	113,017	113,017	113,017	98,809
Developmental fees												
Interest income	7,134	8,487	7,289	6,109	5,251	4,411	3,904	3,348	3,148	2,920	2,920	928
Expenditures												
Debt service - GO Debt Series 2007	1,352,529	1,353,883	1,178,768	1,177,588	1,200,159	1,199,319	1,222,710	1,222,154	1,246,331	1,246,103	1,087,822	0
County treasurer fees	1,241,925	1,243,875	1,243,825	1,241,475	1,241,925	1,239,900	1,240,400	1,243,150	1,242,875	1,244,575	1,207,975	0
	18,346	18,346	15,975	15,975	16,294	18,294	18,620	18,620	18,952	16,952	14,821	0
	1,260,271	1,282,321	1,259,800	1,257,450	1,258,219	1,256,194	1,257,020	1,259,770	1,259,827	1,261,527	1,222,796	0
Ending cash available	482,723	574,285	493,253	413,391	355,331	298,456	264,146	226,530	213,033	197,609	62,635	62,635
Mill levy	41,000	41,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	30,000	0,000
Total Mill Levy	43,000	43,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	32,000	0,000
Assessed valuation (000's)												
Beginning	29,246	29,831	29,831	30,428	30,428	31,037	31,037	31,657	31,657	32,290	32,290	32,936
New construction												
Inflation (1.0% per annum)	585		597	0	608	0	621	0	633	0	646	0
Ending	29,831	29,831	30,428	30,428	31,037	31,037	31,657	31,657	32,290	32,290	32,936	32,936

Debt Service Fund

Serinity Ridge Metropolitan Districts
Schedule of General Obligation Debt - Series 2007
For the Years Ended December 31, 2007 to 2036

Year	Principal	Coupon	Interest	Annual Total	Balance
2007	712,181		712,181	712,181	17,265,000
2008	474,788		474,788	474,788	17,265,000
2009	474,788		474,788	474,788	17,265,000
2010	295,000	5.50%	474,788	949,575	17,265,000
2011	310,000	5.50%	466,675	1,243,350	18,970,000
2012	325,000	5.50%	458,150	1,241,300	18,860,000
2013	345,000	5.50%	449,213	1,243,425	16,335,000
2014	365,000	5.50%	439,725	1,244,450	15,990,000
2015	385,000	5.50%	429,688	1,244,375	15,625,000
2016	405,000	5.50%	419,100	1,244,375	15,240,000
2017	425,000	5.50%	407,963	1,240,925	14,835,000
2018	450,000	5.50%	396,275	1,242,550	14,410,000
2019	475,000	5.50%	383,900	1,242,800	13,960,000
2020	500,000	5.50%	370,838	1,241,675	13,485,000
2021	530,000	5.50%	357,088	1,244,175	12,985,000
2022	555,000	5.50%	342,513	1,240,225	12,455,000
2023	590,000	5.50%	327,250	1,244,500	11,900,000
2024	820,000	5.50%	311,025	1,242,050	11,310,000
2025	655,000	5.50%	293,975	1,242,950	10,690,000
2026	890,000	5.50%	275,963	1,241,925	10,035,000
2027	730,000	5.50%	256,988	1,243,975	9,345,000
2028	770,000	5.50%	238,913	1,243,825	8,615,000
2029	810,000	5.50%	215,738	1,241,475	7,845,000
2030	855,000	5.50%	193,463	1,241,925	7,035,000
2031	900,000	5.50%	169,950	1,239,900	6,180,000
2032	950,000	5.50%	145,200	1,240,400	5,280,000
2033	1,005,000	5.50%	119,075	1,243,150	4,330,000
2034	1,060,000	5.50%	91,438	1,242,875	3,325,000
2035	1,120,000	5.50%	62,288	1,244,575	2,265,000
2036	1,145,000	5.50%	31,488	1,207,975	1,145,000
2036			31,488		0
Total	17,265,000		18,864,656	36,129,656	

Issuance costs
 Repay developer owned BAN's
 Repay developer advances

495,300
 15,795,000
 974,700
17,265,000

Sources
 Bond Proceeds

Serenity Ridge Metropolitan Districts
Analysis of Developer Owned Bond Anticipation Note

<u>Date</u>	<u>Issue</u>	<u>7.00% Interest</u>	<u>Paid</u>	<u>Total Bond Value</u>
01/01/2004	12,701,064			12,701,064
03/01/2004		148,179		12,849,243
09/01/2004		449,724		13,298,967
03/01/2005		465,464		13,764,430
09/01/2005		481,755		14,246,185
03/01/2006		498,616		14,744,802
09/01/2006		516,068		15,260,870
03/01/2007		534,130	15,795,000	0
	<u>12,701,064</u>	<u>3,093,936</u>	<u>15,795,000</u>	

The Bond Anticipation Note is expected to be repaid from a portion of Series 2007 Bonds

**Serenity Ridge Metropolitan Districts
Analysis of Developer Advances and Repayments**

<u>Year</u>	<u>Advance</u>	<u>7.50% Interest</u>	<u>Principal</u>	<u>Repayments Interest</u>	<u>Total</u>	<u>Cumulative Principal</u>	<u>Interest</u>
12/01/2003						0	0
12/31/2004	0	0			0	0	0
06/01/2005	857,009	0			0	857,009	0
12/31/2005		37,509				857,009	37,509
06/01/2006	0	27,938			0	857,009	65,447
12/31/2006		40,373				857,009	105,820
03/01/2007		11,870	857,009	117,691	974,700	(0)	0
12/31/2007	0	0				(0)	0
	<u>857,009</u>	<u>117,691</u>	<u>857,009</u>	<u>117,691</u>	<u>974,700</u>		

Source of funds for repayment of developer advances

Portion of Series 2007 Bonds	<u>974,700</u>
	<u>974,700</u>

Serinity Ridge Metropolitan Districts
Forecasted Schedules of Absorption, Market Values and Assessed Values
For the Years Ended December 31, 2003 through 2013

Schedule of Absorption

Property description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Single Family Equivalent												
100.00%		40	48	48	48	41						225
Single Family		30	36	36	33							135
100.00%				12	12	10						34
Single Family 1/2 acre												34
Multi Family		45										45
Commercial (square feet)				320,100								320,100

Schedule of Absorption for Development Fees

Property description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Absorption Residential (SFE's)	0	104	84	96	93	51	0	0	0	0	0	0
Development fees residential	1,077	175,729	143,699	165,870	162,294	89,890	0	0	0	0	0	737,482
Development fees commercial	0	0	0	160,050	0	0	0	0	0	0	0	160,050
Totals	0	175,729	143,699	325,920	162,294	89,890	0	0	0	0	0	897,532
Actual amounts paid per agreement		175,729	143,699	325,920	162,294	89,890						897,532

Schedule of Market Values

Market Value	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Single Family	294,280	12,008,824	14,696,108	14,890,020	15,288,831	13,321,265	0	0	0	0	0	70,302,857
Single Family	375,158	9,949,774	12,178,523	12,422,093	11,614,657	0	0	0	0	0	0	47,567,105
Single Family 1/2 acre	423,500	0	0	5,293,059	5,500,920	4,875,782	0	0	0	0	0	15,669,761
Multi Family	227,750	10,453,725	0	0	0	0	0	0	0	0	0	10,453,725
Commercial (square feet)	120	0	0	40,783,122	0	0	0	0	0	0	0	40,783,122
Totals	0	32,410,123	28,874,631	79,568,304	32,405,408	17,897,047	0	0	0	0	0	183,255,512

Schedule of Assessed Valuation

Assessment to Market Ratio	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Residential	9.15%	2,985,528	2,458,029	3,001,674	2,965,095	1,646,730	0	0	0	0	0	13,038,054
Commercial	28%	0	0	11,821,305	0	0	0	0	0	0	0	11,821,305
Totals		2,985,528	2,459,029	14,822,979	2,965,095	1,646,730	0	0	0	0	0	24,859,359
Cumulative		2,985,528	5,424,555	20,247,534	23,212,629	24,859,359	24,859,359	24,859,359	24,859,359	24,859,359	24,859,359	248,593,559
Collection Yr		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015

Exhibit I
District Election Questions

NO. 01

OFFICIAL BALLOT FOR SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 , CITY OF AURORA,
COUNTY OF ARAPAHOE, STATE OF COLORADO

November 4, 2003

Date of Election

/s/ K. Sean Allen

Facsimile of Signature of the Designated Election Official of the District

WARNING

Any person who, by use of force or other means, unduly influences an eligible elector to vote in any particular manner or to refrain from voting, or who falsely makes, alters, forges, or counterfeits any mail ballot before or after it has been cast, or who destroys, defaces, mutilates, or tampers with a ballot is subject, upon conviction, to imprisonment, or to a fine, or both.

1-7.5-107(3)(b), C.R.S.

This may not be your only ballot. Other elections may be held by other political subdivision by mail or by polling place. Refer to the ballot instructions for complete information on voting. Review your ballot. Be sure you have voted on every office and issue.

To vote, place crossmark (X) at the right of the name of each candidate and ballot issue and ballot question.

1-5-407(2), C.R.S.

BALLOT QUESTION A:

FOR THE DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 1

(VOTE FOR TWO DIRECTORS TO ACT UNTIL THEY OR THEIR SUCCESSORS ARE ELECTED AND QUALIFIED AT THE NEXT REGULAR SPECIAL DISTRICT ELECTION IN 2004, IF SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 IS ORGANIZED. PLACE A (X) OPPOSITE TWO OF THE NAMES BELOW).

BALLOT QUESTION B:

FOR THE DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 1

(VOTE FOR THREE DIRECTORS TO ACT UNTIL THEY OR THEIR SUCCESSORS ARE ELECTED AND QUALIFIED AT THE NEXT REGULAR SPECIAL DISTRICT ELECTION IN 2006, IF SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 IS ORGANIZED. PLACE A (X) OPPOSITE THREE OF THE NAMES BELOW).

BALLOT ISSUE C:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$100,000 ANNUALLY (SUCH TAX INCREASE TO BE COLLECTED IN SUCH AMOUNT NOTWITHSTANDING ANY PROPERTY TAX CUT SPECIFIED BY ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED), OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S OPERATIONS, MAINTENANCE, AND OTHER EXPENSES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNTS AS MAY BE NECESSARY, TO BE USED FOR THE PURPOSE OF PAYING THE DISTRICT'S OPERATIONS, MAINTENANCE, AND OTHER EXPENSES; AND SHALL THE PROCEEDS OF SUCH TAXES AND INVESTMENTS INCOME THEREON CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT IN 2003 AND IN EACH YEAR THEREAFTER WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR SECTION 29-1-301, COLORADO REVISED STATUTES?

YES: _____
NO: _____

BALLOT ISSUE D:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO ENTER INTO ONE OR MORE INTERGOVERNMENTAL AGREEMENTS WITH ANY POLITICAL SUBDIVISION OF THE STATE FOR THE PURPOSE OF JOINTLY FINANCING THE COSTS OF ANY PUBLIC IMPROVEMENT, FACILITIES, SYSTEMS, PROGRAMS, OR PROJECTS WHICH THE DISTRICT MAY LAWFULLY PROVIDE, OR FOR THE PURPOSE OF PROVIDING FOR THE OPERATIONS AND MAINTENANCE OF THE DISTRICT AND ITS FACILITIES AND PROPERTIES, WHICH AGREEMENT MAY CONSTITUTE A DEBT OR INDEBTEDNESS AND A MULTIPLE-FISCAL YEAR OBLIGATION OF THE DISTRICT TO THE EXTENT PROVIDED THEREIN AND OTHERWISE AUTHORIZED BY LAW, AND IN CONNECTION THEREWITH SHALL THE DISTRICT BE AUTHORIZED TO MAKE COVENANTS REGARDING THE ESTABLISHMENT AND USE OF AD VALOREM TAXES, RATES, FEES, TOLLS, PENALTIES, AND OTHER CHARGES OR REVENUES OF THE DISTRICT, AND COVENANTS, REPRESENTATIONS, AND WARRANTIES AS TO OTHER MATTERS ARISING UNDER THE AGREEMENTS, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS OF THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE E:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO ISSUE, CREATE, EXECUTE, AND DELIVER MORTGAGES, LIENS, AND OTHER ENCUMBRANCES ON DISTRICT REAL AND PERSONAL PROPERTY, WHETHER NOW OWNED OR HEREAFTER ACQUIRED, AND INCLUDING WATER AND WATER RIGHTS, SUCH ENCUMBRANCES TO BE IN THE TOTAL PRINCIPAL AMOUNT OF NOT MORE THAN \$500,000, PLUS INTEREST THEREON AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS TO BE NECESSARY OR APPROPRIATE IN CONNECTION WITH THE ISSUANCE OF BONDS, NOTES, CONTRACTS, OR OTHER FINANCIAL OBLIGATIONS OF THE DISTRICT; SUCH ENCUMBRANCES TO BE CREATED FOR THE PURPOSE OF PROVIDING ADDITIONAL SECURITY FOR DISTRICT FINANCIAL OBLIGATIONS, AND TO BE

CREATED AT ONE TIME OR FROM TIME TO TIME; SUCH MORTGAGES, LIENS, OR OTHER ENCUMBRANCES TO ENTITLE THE OWNER OR BENEFICIARY THEREOF TO FORECLOSE UPON AND TAKE TITLE TO AND POSSESSION OF THE DISTRICT PROPERTY SO ENCUMBERED, AND IN CONNECTION THEREWITH SHALL THE DISTRICT BE AUTHORIZED TO MAKE SUCH COVENANTS REGARDING THE USE OF THE ENCUMBERED PROPERTY AND OTHER MATTERS ARISING UNDER THE ENCUMBRANCES, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS OF THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE F:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO COLLECT, RETAIN, AND SPEND THE AMOUNT OF ALL TAXES, TAP FEES, SYSTEM DEVELOPMENT FEES, RENTAL INCOME, SERVICE CHARGES, INSPECTION CHARGES, ADMINISTRATIVE CHARGES, GRANTS OR ANY OTHER FEE, RATE, TOLL, PENALTY, OR CHARGE AUTHORIZED BY LAW TO BE IMPOSED OR COLLECTED BY THE DISTRICT AND ANY OTHER REVENUES, INCOME, OR PAYMENTS RECEIVED BY THE DISTRICT (INCLUDING, WITHOUT LIMITATION, REVENUES RECEIVED BY THE DISTRICT FROM THE STATE, ANY POLITICAL SUBDIVISION OF THE STATE, OR ANY OTHER GOVERNMENTAL ENTITY, DURING FISCAL YEAR 2003 AND EACH YEAR THEREAFTER FOR AS LONG AS THE DISTRICT CONTINUES IN EXISTENCE WITHOUT LIMITATION BY THE REVENUE AND SPENDING LIMITS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AS THEY CURRENTLY EXIST OR AS THEY MAY BE AMENDED IN THE FUTURE?

YES: _____
NO: _____

BALLOT QUESTION G:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 BE ORGANIZED AS A SPECIAL DISTRICT PURSUANT TO ARTICLE 1 OF TITLE 32, C.R.S., AND, PURSUANT TO ITS SERVICE PLAN?

YES: _____
NO: _____

BALLOT QUESTION H:

SHALL MEMBERS OF THE BOARD OF DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO SERVE WITHOUT LIMITATION ON THEIR TERMS OF OFFICE PURSUANT TO THE RIGHT GRANTED TO THE VOTERS OF THE DISTRICT IN ARTICLE XVIII, SECTION 11 OF THE COLORADO CONSTITUTION TO LENGTHEN, SHORTEN, OR ELIMINATE THE LIMITATIONS ON THE TERMS OF OFFICE IMPOSED BY SUCH SECTION?

YES: _____
NO: _____

Serenity Ridge MD\ELEC\MLC1106041503
0701.0009

NO. 01

OFFICIAL BALLOT FOR SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 , CITY OF AURORA,
COUNTY OF ARAPAHOE, STATE OF COLORADO

November 4, 2003

Date of Election

/s/ K. Sean Allen

Facsimile of Signature of the Designated Election Official of the District

WARNING

Any person who, by use of force or other means, unduly influences an eligible elector to vote in any particular manner or to refrain from voting, or who falsely makes, alters, forges, or counterfeits any mail ballot before or after it has been cast, or who destroys, defaces, mutilates, or tampers with a ballot is subject, upon conviction, to imprisonment, or to a fine, or both.

1-7.5-107(3)(b), C.R.S.

This may not be your only ballot. Other elections may be held by other political subdivision by mail or by polling place. Refer to the ballot instructions for complete information on voting. Review your ballot. Be sure you have voted on every office and issue.

To vote, place crossmark (X) at the right of the name of each candidate and ballot issue and ballot question.

1-5-407(2), C.R.S.

BALLOT QUESTION A:

FOR THE DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

(VOTE FOR TWO DIRECTORS TO ACT UNTIL THEY OR THEIR SUCCESSORS ARE ELECTED AND QUALIFIED AT THE NEXT REGULAR SPECIAL DISTRICT ELECTION IN 2004, IF SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 IS ORGANIZED. PLACE A (X) OPPOSITE TWO OF THE NAMES BELOW).

BALLOT QUESTION B:

FOR THE DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

(VOTE FOR THREE DIRECTORS TO ACT UNTIL THEY OR THEIR SUCCESSORS ARE ELECTED AND QUALIFIED AT THE NEXT REGULAR SPECIAL DISTRICT ELECTION IN 2006, IF SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 IS ORGANIZED. PLACE A (X) OPPOSITE THREE OF THE NAMES BELOW).

BALLOT ISSUE C:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$6,700,000, WITH A REPAYMENT COST OF NOT MORE THAN \$54,940,000 AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$7,906,000, ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, INCLUDING CONTRACTS; ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, STREET IMPROVEMENTS INCLUDING CURBS, GUTTERS, CULVERTS, OTHER DRAINAGE FACILITIES, SIDEWALKS, BRIDGES, PARKING FACILITIES, PAVING, LIGHTING, POWER LINE RELOCATION, GRADING, LANDSCAPING, AND OTHER STREET IMPROVEMENTS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
 NO: _____

BALLOT ISSUE D:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$1,000,000, WITH A REPAYMENT COST OF NOT MORE THAN \$8,200,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$1,180,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A SYSTEM OF TRAFFIC AND SAFETY CONTROLS AND DEVICES ON STREETS AND HIGHWAYS AND AT RAILROAD CROSSINGS, INCLUDING TRAFFIC SIGNALS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____

NO: _____

BALLOT ISSUE E:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$2,200,000 WITH A REPAYMENT COST OF NOT MORE THAN \$18,040,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$2,596,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE

PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A COMPLETE POTABLE AND NON-POTABLE WATER SUPPLY, STORAGE, TRANSMISSION, AND DISTRIBUTION SYSTEM, INCLUDING TRANSMISSION LINES, DISTRIBUTION MAINS AND LATERALS, IRRIGATION FACILITIES, AND STORAGE FACILITIES, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE F:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$2,500,000, WITH A REPAYMENT COST OF NOT MORE THAN \$20,500,000 AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$2,950,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A COMPLETE LOCAL SANITARY SEWAGE COLLECTION AND TRANSMISSION SYSTEM, INCLUDING COLLECTION MAINS AND LATERALS, TRANSMISSION LINES, TREATMENT FACILITIES, STORM SEWER, FLOOD, AND SURFACE DRAINAGE FACILITIES AND SYSTEMS, AND DETENTION AND RETENTION PONDS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH

TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE G:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$14,600,000, WITH A REPAYMENT COST OF NOT MORE THAN \$119,720,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$17,228,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, PARKS AND RECREATIONAL FACILITIES, IMPROVEMENTS, AND PROGRAMS, INCLUDING PARKS, BIKE PATHS AND PEDESTRIAN WAYS, OPEN SPACE, LANDSCAPING, CULTURAL ACTIVITIES, COMMUNITY RECREATION CENTERS, WATER BODIES, IRRIGATION FACILITIES AND OTHER ACTIVE AND PASSIVE RECREATION FACILITIES AND PROGRAMS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY,

AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE H:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$500,000, WITH A REPAYMENT COST OF NOT MORE THAN \$4,100,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$590,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF OPERATING AND MAINTAINING OR OTHERWISE PROVIDING THE DISTRICT'S SYSTEMS, OPERATIONS, ADMINISTRATION, FACILITIES, AND IMPROVEMENTS FOR THE PURPOSE OF CARRYING OUT THE OBJECTS AND PURPOSES FOR WHICH THE DISTRICT WAS ORGANIZED, TOGETHER WITH ALL NECESSARY INCIDENTAL AND APPURTENANT PROPERTIES, FACILITIES, EQUIPMENT, PERSONNEL, CONTRACTORS, CONSULTANTS, AND COSTS AND ALL LAND EASEMENTS, AND APPURTENANCES NECESSARY OR APPROPRIATE IN CONNECTION THEREWITH, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE I:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$27,000,000, WITH A REPAYMENT COST OF NOT MORE THAN \$221,400,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$31,860,000 ANNUALLY AFTER TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, ISSUED FOR THE PURPOSE OF REFUNDING, PAYING, OR DEFEASING, IN WHOLE OR IN PART, BONDS, NOTES OR OTHER FINANCIAL OBLIGATIONS OF THE DISTRICT; SUCH DEBT TO BEAR INTEREST AT A RATE TO BE DETERMINED BY THE DISTRICT, WHICH INTEREST RATE MAY BE HIGHER THAN THE INTEREST RATE BORNE BY THE OBLIGATIONS BEING REFUNDED; SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT TO BE ISSUED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE J:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$100,000 ANNUALLY AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$100,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S OPERATIONS, MAINTENANCE, AND OTHER EXPENSES: SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNTS AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED FOR THE PURPOSE OF PAYING THE DISTRICT'S OPERATIONS, MAINTENANCE, AND OTHER EXPENSES; AND

SHALL THE PROCEEDS OF SUCH TAXES AND INVESTMENTS INCOME THEREON CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT IN 2003 AND IN EACH YEAR THEREAFTER WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR SECTION 29-1-301, COLORADO REVISED STATUTES?

YES: _____
NO: _____

BALLOT ISSUE K:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$27,500,000 WITH A REPAYMENT COST OF NOT TO EXCEED \$225,500,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$32,450,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PROVIDE FOR THE PAYMENT OF SUCH DISTRICT DEBT: SUCH DEBT TO CONSIST OF A CONTRACT WITH ONE OR MORE OTHER POLITICAL SUBDIVISIONS OF THE STATE, WHICH CONTRACT WILL CONSTITUTE A MULTIPLE FISCAL YEAR FINANCIAL OBLIGATION AND WHICH WILL OBLIGATE THE DISTRICT TO PAY THE COSTS OF ACQUIRING, CONSTRUCTING, OR OTHERWISE PROVIDING, AND THE COSTS OF OPERATING AND MAINTAINING, CERTAIN WATER, STREET, TRAFFIC SAFETY, TELEVISION RELAY AND TRANSLATION, TRANSPORTATION, PARK AND RECREATION, MOSQUITO AND PEST CONTROL AND SANITATION FACILITIES AND IMPROVEMENTS, ALL AS MAY BE PROVIDED IN SUCH CONTRACT; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED WITHOUT LIMITATION OF RATE AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, OR TO BE IMPOSED WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE FINANCIAL OBLIGATIONS INCURRED PURSUANT TO THE CONTRACT; AND SHALL ANY PROCEEDS OF SUCH CONTRACT AND THE PROCEEDS OF SUCH TAXES, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY EXPENDITURE, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER STATUTORY OR CONSTITUTIONAL EXPENDITURE OR REVENUE-RAISING LIMITATION?

YES: _____
NO: _____

BALLOT ISSUE L:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$27,500,000 WITH A REPAYMENT COST OF NOT TO EXCEED \$225,500,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$32,450,000 ANNUALLY, AFTER TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PROVIDE FOR THE PAYMENT OF SUCH DISTRICT DEBT: SUCH DEBT TO CONSIST OF A REIMBURSEMENT AGREEMENT WITH ONE OR MORE PRIVATE ENTITIES, WHICH CONTRACT WILL CONSTITUTE A MULTIPLE FISCAL YEAR FINANCIAL OBLIGATION AND WHICH WILL OBLIGATE THE DISTRICT TO PAY THE COSTS OF REIMBURSEMENT TO SUCH ENTITY OR ENTITIES FOR ADVANCES MADE TO THE DISTRICT FOR THE PURPOSES OF ACQUIRING, CONSTRUCTING, OR OTHERWISE PROVIDING, AND THE COSTS OF OPERATING AND MAINTAINING, CERTAIN WATER, STREET, TRAFFIC SAFETY, PARK AND RECREATION, AND SANITATION FACILITIES AND IMPROVEMENTS, ALL AS MAY BE PROVIDED IN SUCH CONTRACT; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED WITHOUT LIMITATION OF RATE AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL

INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, OR TO BE IMPOSED WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATION IS CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE FINANCIAL OBLIGATIONS INCURRED PURSUANT TO THE CONTRACT; AND SHALL ANY PROCEEDS OF SUCH CONTRACT AND THE PROCEEDS OF SUCH TAXES, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY EXPENDITURE, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER STATUTORY OR CONSTITUTIONAL EXPENDITURE OR REVENUE-RAISING LIMITATION?

YES: _____
NO: _____

BALLOT ISSUE M:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 BE AUTHORIZED TO ISSUE, CREATE, EXECUTE, AND DELIVER MORTGAGES, LIENS, AND OTHER ENCUMBRANCES ON DISTRICT REAL AND PERSONAL PROPERTY, WHETHER NOW OWNED OR HEREAFTER ACQUIRED, AND INCLUDING WATER AND WATER RIGHTS, SUCH ENCUMBRANCES TO BE IN THE TOTAL PRINCIPAL AMOUNT OF NOT MORE THAN \$500,000, PLUS INTEREST THEREON AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS TO BE NECESSARY OR APPROPRIATE IN CONNECTION WITH THE ISSUANCE OF BONDS, NOTES, CONTRACTS, OR OTHER FINANCIAL OBLIGATIONS OF THE DISTRICT; SUCH ENCUMBRANCES TO BE CREATED FOR THE PURPOSE OF PROVIDING ADDITIONAL SECURITY FOR DISTRICT FINANCIAL OBLIGATIONS, AND TO BE CREATED AT ONE TIME OR FROM TIME TO TIME; SUCH MORTGAGES, LIENS, OR OTHER ENCUMBRANCES TO ENTITLE THE OWNER OR BENEFICIARY THEREOF TO FORECLOSE UPON AND TAKE TITLE TO AND POSSESSION OF THE DISTRICT PROPERTY SO ENCUMBERED, AND IN CONNECTION THEREWITH SHALL THE DISTRICT BE AUTHORIZED TO MAKE SUCH COVENANTS REGARDING THE USE OF THE ENCUMBERED PROPERTY AND OTHER MATTERS ARISING UNDER THE ENCUMBRANCES, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS OF THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE N:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 BE AUTHORIZED TO COLLECT, RETAIN, AND SPEND THE AMOUNT OF ALL TAXES, TAP FEES, SYSTEM DEVELOPMENT FEES, RENTAL INCOME, SERVICE CHARGES, INSPECTION CHARGES, ADMINISTRATIVE CHARGES, GRANTS OR ANY OTHER FEE, RATE, TOLL, PENALTY, OR CHARGE AUTHORIZED BY LAW TO BE IMPOSED OR COLLECTED BY THE DISTRICT AND ANY OTHER REVENUES, INCOME, OR PAYMENTS RECEIVED BY THE DISTRICT (INCLUDING, WITHOUT LIMITATION, REVENUES RECEIVED BY THE DISTRICT FROM THE STATE, ANY POLITICAL SUBDIVISION OF THE STATE, OR ANY OTHER GOVERNMENTAL ENTITY, DURING FISCAL YEAR 2003 AND EACH YEAR THEREAFTER FOR AS LONG AS THE DISTRICT CONTINUES IN EXISTENCE WITHOUT LIMITATION BY THE REVENUE AND SPENDING LIMITS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AS THEY CURRENTLY EXIST OR AS THEY MAY BE AMENDED IN THE FUTURE?

YES: _____
NO: _____

BALLOT QUESTION O:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 BE AUTHORIZED TO EXERCISE THE POWER TO ESTABLISH, MAINTAIN, AND OPERATE A SYSTEM TO TRANSPORT THE PUBLIC BY BUS, RAIL, OR ANY OTHER MEANS OF CONVEYANCE, OR ANY COMBINATION THEREOF, AND MAY THE DISTRICT CONTRACT TO UNDERTAKE SUCH ACTIVITIES?

YES: _____
NO: _____

BALLOT QUESTION P:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 BE ORGANIZED AS A SPECIAL DISTRICT PURSUANT TO ARTICLE 1 OF TITLE 32, C.R.S., AND, PURSUANT TO ITS SERVICE PLAN?

YES: _____
NO: _____

BALLOT QUESTION Q:

SHALL MEMBERS OF THE BOARD OF DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 BE AUTHORIZED TO SERVE WITHOUT LIMITATION ON THEIR TERMS OF OFFICE PURSUANT TO THE RIGHT GRANTED TO THE VOTERS OF THE DISTRICT IN ARTICLE XVIII, SECTION 11 OF THE COLORADO CONSTITUTION TO LENGTHEN, SHORTEN, OR ELIMINATE THE LIMITATIONS ON THE TERMS OF OFFICE IMPOSED BY SUCH SECTION?

YES: _____
NO: _____

Exhibit J
Underwriter Commitment Letter

Banc of America Securities



Public Finance
Real Estate Secured Finance
FL0-432-02-01
750 South Orlando Ave.
Suite 200
Winter Park, FL 32789

Direct Dial: 407.646.6130
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April 17, 2003

George M. Rowley, Esq.
White and Associates, P.C.
1805 Shea Center Drive, Suite 100
Highlands Ranch, CO 80129

Dear George:

As part of the Service Plan approval process, you have asked about the relationship between the investment bankers and the Serenity Ridge Metropolitan District. We are engaged by the landowners within the District as described by the attached letter of intent. Banc of America Securities intends to serve as underwriters to the District for the voter authorized debt as described in the Service Plan. With regard to developer advances or issuance of subordinate debt as described in the Service Plan, our role would be placement agent to the District, before such time as the District could offer debt via a limited public offering.

Banc of America Securities will evaluate the project and the terms of the voter authorized debt at the time of the limited public offering and will only offer it to investors for whom this type of investment would be appropriate, in our determination. This letter does not constitute a commitment to underwrite or purchase such voter authorized debt.

Sincerely,

Robert C. Burch
Managing Director

RCB:jb

Exhibit K
Market Research Report and Opinion Letter

Real Estate Information
and Consulting Services

meyersgroup

PRICING AND ABSORPTION
RECOMMENDATIONS FOR 404 RESIDENTIAL
UNITS REFERRED TO AS
GRASSLANDS
LOCATED IN THE CITY OF AURORA,
ARAPAHOE COUNTY, COLORADO

Prepared for:
NEUMANN HOMES
October 23, 2002

777 South Pacific Coast Highway, Suite 100
Solana Beach, California 92075

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capitalized interest, costs of issuance and reserve funds, to the Operating District immediately upon receipt thereof by the Taxing District or shall provide the Operating District with the right to requisition such funds as may be required pursuant to any indenture or other document entered in connection with the issuance of general obligation bonds, which amounts, when received by the Operating District, shall be allocated to the payment of Capital Costs and/or Service Costs as directed by the Taxing District. The Taxing District shall not be entitled to retain for its own use any of such proceeds except capitalized interest, reserve funds, and to reimburse its general funds for the reasonable costs of issuance of such Bonds or other indebtedness until all obligations hereunder have been performed. If the Taxing District has issued general obligation bonds and transferred the proceeds to the Operating District in partial fulfillment of its obligation to pay Capital Costs, the Taxing District's obligation to pay Service Costs and Capital Costs due under this Agreement shall be limited to the net revenue available to the Taxing District after all payments due on an annual basis are made on its bonds so that in no event shall the Taxing District be required to make a payment hereunder in any year which would cause it to be unable to make full and timely payments of principal and interest on such bonds as the same become due and payable in each such year. The Taxing District shall also receive a credit against future Estimated Capital costs if the net proceeds transferred to the Operating District exceed the Estimated Capital Costs for the year of issuance.

ARTICLE IV

FINANCING OF THE FACILITIES; ANNUAL CONSTRUCTION BUDGET; CONSTRUCTION OF THE FACILITIES

4.1 Preliminary Budget Process. During each year, the Operating District, in consultation with the Taxing District, shall prepare and submit to the Taxing District, upon request, a set of the Preliminary Budget Documents for the forthcoming Budget Year. If requested, the Operating District shall deliver the Preliminary Budget Documents to the Taxing District on or before September 15 of each Planning Year. The Preliminary Budget Documents shall set forth the Estimated Capital Costs for the Budget Year in accordance with generally accepted accounting principles. Those portions of the Facilities that are included in the Preliminary Budget Documents for planned construction shall be determined by the Operating District in consideration of the place and location of development in the Districts and after consultation with the Taxing District. The Estimated Capital Costs for each Budget Element shall include the Operating District's current best estimates of the cost of constructing those Budget Elements contemplated in the proposed budget, including, all costs incurred in the furtherance of the Construction of the Facilities.

4.2 Budget Review and Approval. On or before October 15 of the Planning Year, the Taxing District shall review the Preliminary Budget Documents and either: (a) approve the Preliminary Budget Documents (in which case the Preliminary Budget Documents shall become the Final Budget for the Budget Year), or (b) propose in writing to the Operating District additions to and/or deletions from the Preliminary Budget Documents. Subject to the obligation of the Taxing District to pay Capital Costs or the Estimated Capital Costs to the Operating

District, the Taxing District may, as set forth in Section 4.3 below, propose additions to and/or deletions of items from those portions of the Preliminary Budget Documents which directly obligate the Taxing District to appropriate and expend funds during the Budget Year.

4.3 Budget Revision. The Districts shall discuss, and attempt to reach an agreement with respect to the Preliminary Budget Documents. In the event that no agreement can be reached between the Operating District and the Taxing District with regard to any proposed additions and/or deletions to the Preliminary Budget Documents, then the Preliminary Budget Documents with any amendments made by the Operating District shall be the Final Budget, and budgeting, appropriation, and payment of the amounts by the Taxing District required for hereunder shall be determined by reference to this Agreement; and except as set forth below in Sections 4.4 and 4.6, the Taxing District's obligation to deposit funds to the Construction Account shall equal the maximum amount of Capital Costs which could become due hereunder or, if the Taxing District elects to pay the Estimated Capital Costs annually, the minimum payment required for the Budget Year in question, subject to the Maximum Annual Payment.

4.4 Automatic Budget Revision.

a. If the Taxing District (a) fails to approve the Preliminary Budget Documents, or (b) fails to provide written proposals for additions and/or deletions to the Preliminary Budget Documents in a timely fashion, or (c) proposes written proposals for additions and/or deletions to the Preliminary Budget Documents in a timely fashion, but no resolution is adopted by the Board of the Taxing District concerning said proposals in a timely fashion, then the Preliminary Budget Documents for the Estimated Capital Costs shall be the Final Budget only insofar as the amounts budgeted therein for Budget Elements do not exceed the amounts allocated for the Budget Year in the Service Plan, as amended from time to time, or the Maximum Annual Payment. By way of example, should the Facilities be proposed for the Budget Year and no proposal is submitted or resolution of the Board of the Taxing District is approved in a timely fashion, then the Facilities in question shall be deemed approved and budgeted if and to the extent that money adequate to complete said Facilities is or has been allocated on the schedule and as set forth within the Service Plan, as amended, for any and all Facilities for the year in question.

b. Notwithstanding anything set forth above to the contrary in this Article IV, in the event that the Taxing District elects to pay the Estimated Capital Costs on an annual basis, the Taxing District shall only be required to fund the Maximum Annual Payment. If the Taxing District has issued bonds and transferred the proceeds to the Operating District in partial fulfillment of its obligation to pay Capital Costs, the Taxing District's obligation to pay Service Costs and Capital Costs due under this Agreement shall be limited to the net revenue available to the Taxing District after all payments due on an annual basis are made on its bonds so that in no event shall the Taxing District be required to make a payment hereunder in any year which would cause it to be unable to make full and timely payments of principle and interest on such bonds as the same become due and payable in each such year. The Taxing District shall also receive a credit against future Estimated Capital costs if the net proceeds transferred to the Operating District exceed the Estimated Capital Costs for the year of issuance. Any debt issued

by the Taxing District for any purpose other than in satisfaction of its obligations under this Agreement shall be subordinate to its obligations under this Agreement.

c. It is anticipated that the funds for Capital Costs will be provided through the issuance of general obligation bonds by the Taxing District in amounts sufficient to enable the Taxing District to pay the Capital Costs or, at the Taxing District's option the Estimated Capital Costs set forth in the Final Budget for each Budget Year, as the same may be adjusted as set forth in Section 3.5 above and Section 4.6 below; provided, however, that the Taxing District shall retain the discretion and authority to provide for and raise said funds in any manner lawfully available to the Taxing District including but not limited to: (i) the issuance of bonds (whether general obligation bonds or revenue bonds), debentures, notes, certificates, anticipation notes, and such other general or special obligations of the Taxing District (including lines of credit) as the Taxing District shall in its sole discretion determine to issue or incur; (ii) the utilization of the Taxing District's power to raise funds in respect of the property and facilities located within its boundaries, as, for example, through the imposition of fees, charges, and general ad valorem property taxes; and/or (iii) the creation and maintenance of debt reserve and contingency funds. The Taxing District shall not be deemed to have surrendered or delegated any powers with respect to the determination of the manner in which the financial obligations imposed by this Agreement are to be satisfied and otherwise discharged.

4.5 Appropriation of and Provision for Capital Fund. Following the preparation of Final Budget for the Budget Year pursuant to Sections 4.1 through 4.4 above, and if the Taxing District issues Bonds as contemplated in Sections 3.2.c and 3.9 hereof, the Taxing District shall budget, appropriate and transfer funds to Construction Account for the Budget Year as required under Final Budget and under Sections 3.2.c. and 3.9 to meet the full amount of Final Budget and its Sections 3.2.c and 3.9 obligations during the forthcoming Budget Year.

4.6 Adjustment of Annual Payment. If the Taxing District has selected to make the Annual Payment Option of the Estimated Capital Costs, the Districts may, as set forth in Sections 4.2, 4.3 and 4.4 above, agree to increase or reduce the deposit by the Taxing District into Construction Account. The Taxing District may also elect to increase the Annual Payment Option in any year. To the extent any Annual Payment Option is reduced or increased pursuant to this Agreement, or in the event Bond proceeds have been transferred to the Operating District pursuant to Sections 3.2.c. and 3.9 hereof, the remaining amount of Capital Costs due under this Agreement shall be adjusted proportionate to such reduction or increase in an annual payment. Unless otherwise agreed by the Districts after due authorization, in no event shall any reduction or increase result in a reduction or increase in the obligation on the part of the Taxing District to pay the maximum amount of Capital Costs to the Operating District which could become due hereunder. In no event shall the Taxing District be required to fund an increase in excess of the Maximum Annual Payment.

4.7 Deposit and Funding of Capital Costs. If the Taxing District has elected to pay the Estimated Capital Costs for the Budget Year, upon determination of Final Budget and no later than March 1 of the applicable Budget Year, the Taxing District shall make a deposit into Construction Account to be used exclusively by the Operating District for funding the construction of the Facilities in an amount equal to the Estimated Capital Costs for the said

Budget Year, subject to limitations as set forth herein. The Operating District shall account for the funds withdrawn from Construction Account. If, and in the event, cost estimates as budgeted shall not be sufficient to cover Capital Costs incurred for the portions of the Facilities included in Final Budget, and in the event construction contract change orders and similar such causes shall increase the costs incurred for the Facilities Construction, the Operating District shall call for such supplemental deposits to be placed into Construction Account by the Taxing District as may be necessary to cover such increased costs, subject to the limitations of the Maximum Annual Payment. The Taxing District shall make supplemental deposits into Construction Account within thirty (30) days of such a call by the Operating District; provided that in no event shall any such call result in a reduction or increase in the obligation on the part of the Taxing District to pay to the Operating District the maximum amount of Capital Costs which could become due hereunder as defined in Section 2.1 hereof.

Any interest earned on funds in Construction Account shall be first applied toward payment of Construction costs. Any excess of the Estimated Capital Costs deposited by the Taxing District (and earned interest not expended for Construction as provided herein) shall be returned to the Taxing District within 180 days following final payment of all costs relating to the completion of all of the Facilities set forth in the Service Plan.

4.8 Construction Account Ownership and Fiscal Year Spending. All funds deposited by the Taxing District into Construction Account shall at all times remain the funds of the Taxing District until disbursed from Construction Account but upon deposit shall be deemed to be part of the fiscal year spending of the Taxing District pursuant to Colorado Constitution Article X, Section 20. Funds expended from Construction Account shall not be part of the fiscal year spending of the Operating District, which is acting as owner and manager, and which is receiving no funds from the Taxing District other than to provide Services, Facilities, and programs for the Taxing District.

All funds deposited by the Operating District into Construction Account under this Agreement shall at all times remain the funds of the Operating District until disbursed from Construction Account and shall be deemed to be part of the fiscal year spending of the Operating District pursuant to Article X, Section 20 of the Colorado Constitution, but the Operating District's funds expended from Construction Account shall not be part of the fiscal year spending of the Taxing District, which is receiving no funds from the Operating District.

4.9 Limitation of Authorization. The Districts recognize that certain obligations imposed upon the Districts by this Article IV constitute "debt" (as defined in the Constitution of the State of Colorado). At a duly called and noticed election the electorate of the Taxing District authorized the incurring of indebtedness by the Taxing District in an amount sufficient to fund the various obligations imposed by this Agreement, and also approved entry into this Agreement by each District. In no event shall any commitment, covenant, promise, or other obligation under this Agreement require the issuance or incurring of indebtedness by the Districts in excess of their respective voted indebtedness authorization.

4.10 Operating District to Construct and Acquire Improvements. The Operating District will, on behalf of the Taxing District, contract for and supervise the construction and

acquisition of the Facilities described in the Service Plan and the applicable Final Budget for each Budget Year in such manner as the Operating District shall reasonably determine to be in the best interests of the Districts. Pursuant to this Agreement, the Operating District shall schedule, phase, and configure the Facilities to accurately and adequately provide for the needs of District's residents and property owners as reflected in development plans for the community, as the same may be revised officially from time to time and as development demands require. All construction shall be subject to good faith efforts of the Operating District to obtain all necessary governmental approvals. The Operating District shall exercise its best efforts to comply with Colorado and other applicable rules, laws, regulations and orders in its contractual undertakings concerning construction and acquisition of the Facilities.

4.11 Final Plans and Specifications.

a. Prior to the construction and/or acquisition of any specific portion of the Facilities, the Operating District shall prepare and submit Plans to the Taxing District for specific Facilities. If no objection to the Plans is received within fifteen (15) days from the date of submittal, the Taxing District shall be deemed to have approved such Plans. If, within fifteen (15) days from the date of submittal of such Plans, the Taxing District provides written notice to the Operating District of objections to such Plans, the Operating District and the Taxing District shall meet to resolve and arrive at any agreement with regard to those objections. Objections to and revision to such Plans, as submitted by the Operating District, may only be made by the Taxing District if the objection alleges one or more of the following violations of standards:

1. Such Plans are not in substantial compliance with generally accepted architectural and/or engineering standards.
2. Such Plans are not in substantial compliance with any approved final plat as approved by entities with legal jurisdiction over such final plats or other regulatory agency having approval authority over a final plat of property within the Taxing District or the Operating District.
3. Such Plans are not in substantial compliance with design standards applicable to the Districts or any other regulatory agency having jurisdiction over the matters concerned in such Plans.

If any agreement is not reached between the Operating District and the Taxing District within fifteen (15) days from the date of notice of objection as provided herein, the matter shall be submitted to an appropriate professional as may be agreed upon by the Districts, who shall, at the expense of the Taxing District, review such Plans for compliance with regard to the standards set forth in subparagraphs 1, 2, and 3 immediately above, and whose decision regarding compliance, or regarding adjustments to accomplish compliance, shall be final. In the event such engineer finds that the objections are invalid then the Operating District may commence Construction. In the event adjustments are needed to overcome valid objections, the Operating District may make such adjustments and thereafter commence Construction. In the event that the Operating District disagrees with the suggested adjustments, then the Operating District may either (a) elect not to build that portion of the Facilities at that time, or (b) the Operating District

may prepare alternate Plans and resubmit them to the Taxing District for approval as provided in this Section 4.11 hereof, or (c) review such Plans with the engineer to work out alternatives acceptable to the Operating District and the engineer utilizing, sound engineering practice, and then revise such Plans to satisfy all valid objections. In the event that the engineer approves alternatives, the Operating District may make the changes to such Final Plans and proceed to construct the Facilities pursuant to this Agreement.

4.12 Construction Contracts. The Operating District shall cause Construction of the Facilities to be commenced on a timely basis subject to receipt of all necessary governmental approvals and the terms of this Agreement. The Operating District shall make available to the Taxing District copies of any and all construction contracts and related documents concerning the Facilities. The Operating District shall diligently and continuously prosecute to completion the Construction of the Facilities. Approval of any change orders for which funds are or may be made available pursuant hereto shall be in the sole discretion of the Operating District after informational consultation with the Taxing District. The Taxing District shall have the right upon written request to review in advance all proposed change orders that will result in an increase in the total amount, taken in the aggregate, of the amount budgeted, appropriated and paid by the Taxing District into the Accounts for the Budget Year in question. Nothing in this or any other paragraph, Article or Section of this Agreement shall be construed to mean that any change order, or change orders, shall effect an expansion of any District's total financing obligation under this Agreement except as specifically permitted herein or in the Service Plan. The Taxing District shall not direct any Construction activities.

4.13 Completion of Construction. Prior to the final acceptance of any portion of the Facilities by the Operating District and prior to the issuance of a final certificate of payment under the terms of any construction contract, the Operating District shall take into account opinions expressed by the Taxing District, if any, and shall approve final payment and issue a final certificate of payment if the Operating District believes in good faith and pursuant to generally accepted standards of engineering and construction review, that construction has been accomplished in compliance with the conditions and terms of the construction contract involved.

4.14 Construction Claims. The Operating District agrees that it shall, to the extent it is practical and cost-effective as reasonably determined by the Operating District, assert against any contractor involved in constructing any Facilities which are contemplated by this Agreement any claim that the Operating District may have against the contractor according to the terms of any construction contract and/or construction guarantee and/or warranty.

4.15 Waiver of Requirements. The Districts agree that for so long as the Districts are holding joint Board meetings, the requirements of this Article IV with respect to the submission, review and approval of various documents shall be waived; provided, however that the minutes of the Districts' Board meetings reasonably reflect a cooperative effort of the Districts to prepare and adopt budgets, review and approve construction plans, and conduct other activities required by this Article IV.

ARTICLE V

OWNERSHIP AND OPERATION OF THE FACILITIES PAYMENT FOR SERVICES

5.1 The Facilities. Except as otherwise provided herein, the Operating District shall own all the Facilities and shall be responsible for the operation and maintenance of all the Facilities.

5.2 Sale of the Facilities. Notwithstanding any provision hereof to the contrary, in the event that the Operating District finds it is in the best interests of the Operating District and the Taxing District to sell, transfer, lease, dedicate, or otherwise convey any interest in any Facilities, or a part thereof, to another governmental, quasi-governmental, private, or utility service supplier, the Operating District may do so upon such reasonable terms as are determined by the Operating District consistent with the Service Plan and provided that tax-exempt bonds of the Districts are not negatively affected. The Districts agree and acknowledge that the Service Plan contemplates that water, wastewater, roads, and other facilities may be transferred or leased to other governmental entities for operation and maintenance purposes, and that such entities shall have the right to impose and collect service charges for services they provide. Nothing contained herein shall constrain the ability of the Operating District to enter into and perform such agreements or enter into and perform singular agreements for coordinated provision of services among various governments.

5.3 Management Services. The Operating District shall perform the following services for the Taxing District:

a. Serve as the "official custodian" and repository for the Taxing District's records, and emergency communication services for the Operating District's Facilities, file space, incidental office supplies and photocopying, meeting facilities and reception services.

b. Coordination of all Board meetings to include:

1. Preparation and distribution of agenda and information packets.
2. Preparation and distribution of meeting minutes.
3. Attendance at Board meetings.
4. Preparation, filing and posting of legal notices required in conjunction with the meeting.
5. Other details incidental to meeting preparation and follow-up.

c. Ongoing maintenance of an accessible, secure, organized and complete filing system for the Taxing District's official records.

- d. Monthly preparation of checks and coordination of postings with an accounting firm.
- e. Periodic coordination with an accounting firm for financial report preparation and review of financial reports.
- f. Insurance administration, including evaluating risks, comparing coverage, processing claims, completing applications, monitoring expiration dates, processing routine written and telephone correspondence, etc. Ensure that all contractors and subcontracts maintain required coverage for the Taxing District's benefit.
- g. Election administration, including preparation of election materials, publications, legal notices, pleadings, conducting training sessions for election judges, and generally assisting in conducting the election.
- h. Budget preparation, including preparation of proposed budget in coordination with an accounting firm, preparation of required and necessary publications, legal notices, resolutions, certifications, notifications and correspondence associated with the adoption of the annual budget and certification of the tax levy.
- i. Response to inquiries, questions and requests for information from the Taxing District's property owners and residents and others.
- j. Drafting proposals, bidding contract and construction administration, and supervision of contractors.
- k. Analysis of financial condition and alternative financial approaches, and coordination of bond issue preparation.
- l. Oversee investment of District funds based on investment policies established by the Board but in any case in accordance with state law.
- m. Provide liaison and coordination with other governments.
- n. Coordinate activities and provide information as requested to an external auditor engaged by the Board.
- o. Establish and maintain system for selling and recording water and sewer taps including an inventory management system.
- p. Supervise and ensure contract compliance of all Taxing District's service contractors, including the establishment and maintenance of preventive maintenance programs.
- q. Coordinate legal, accounting, engineering and other professional services to the Taxing District.

r. Perform other services with respect to the operation and management of the Taxing District as requested by their Boards.

In addition to these services, when other services are necessary in the opinion of the Operating District, the Operating District shall recommend the same to the Taxing District, or perform such services and report to the Taxing District the nature of such services, the reason they were required, and the result achieved. The Operating District may, with the approval of the Taxing District, provide professional services and operation and maintenance services to the Taxing District in lieu of retaining consultants or contractors to provide those services.

5.4 Record Keeping and Financial Planning.

a. In connection with the Construction, acquisition, operation, maintenance, and administration of the Facilities, the Operating District shall maintain accounts for the Taxing District in accordance with generally accepted accounting principles, and present regular financial reports, including summaries of receipts and disbursements. These materials shall be available for examination by the Taxing District during regular business hours upon written request. If the Taxing District causes an audit of the books of account and financial reports maintained pursuant to this Section and said audit shall lead to a legal determination of negligence, fraud, or knowing misconduct in the performance of the duties required of the Operating District by this Agreement, the Operating District shall promptly reimburse the Taxing District for the cost of the audit as well as for any additional sums deemed payable as a result of the audit. Otherwise, the costs of such audit shall be borne by the Taxing District.

b. The Operating District shall also:

1. Assist any auditors hired by the Taxing District in the preparation of its yearly audit as required by the laws of the State of Colorado; and

2. Assist the Taxing District in analyzing the Taxing District's long and short-term capital improvements needs and assist in the development of long and short-term capital improvement plans to meet those needs; and

3. Advise and assist the Taxing District by analyzing the Taxing District's long and short-term financial needs and presenting the Taxing District with long and short-term financial proposals to meet those needs; and

4. Keep and maintain accurate files of all contracts concerning the Facilities, and all other records necessary to the orderly administration and operation of the Facilities which are required to be kept by statute or by regulation of the State of Colorado or the United States; and

5. Advise and assist the Taxing District in making applications for and in administering various state and federal grant programs, and operate and maintain the Facilities in accordance with the requirements of such programs and in accordance with all federal, state, and local laws and regulations; and

6. Perform such other services as may from time to time be reasonably necessary to assure that the Taxing District is in compliance with all applicable federal and state statutes and regulations and with county and local laws applicable to the operation of the Facilities; provided, however, that all such expenditures shall be made and reimbursed in accordance with this Agreement.

5.5 The Operating District to Provide Operators. The Operating District shall provide operators, which operators shall perform duties including, but not necessarily limited to the following:

a. Operation and maintenance of the Facilities to be operated and maintained by the Operating District.

b. Cooperation with state, county, and federal authorities in providing such tests, as are necessary to maintain compliance with appropriate governmental standards.

c. Permitting and supervising the connection of lines to private developments.

d. Coordinating construction with various utility companies to ensure minimum interference with the Facilities.

e. Performing normal maintenance and normal repairs necessary to continue the efficient operation of the Facilities.

f. Providing for the services of subcontractors necessary to maintain and continue the efficient operation of the Facilities.

g. Providing for emergency preparedness, consisting of a centralized telephone number maintained to provide adequate response to emergencies, including but not limited to, interruption of service because of line breaks, freeze-ups, or other mechanical problems.

5.6 Major Repairs and Replacements. The Operating District shall maintain and operate the Facilities including the procuring of all inventory, chemicals, parts, tools, equipment, and other supplies necessary to perform the services required under this Article. Major Repairs or Replacement to the Facilities shall be paid by the Taxing District. Such payments shall be made within thirty (30) days from the date on which the Operating District presents an itemized estimate of the cost of the Major Repairs or Replacement. Except for Emergency Repairs, and any Major Repairs or Replacements which are not funded by the Taxing District, all Major Repairs or Replacements must be previously approved by the Taxing District.

5.7 Financial Matters.

a. Payment of Service Costs. Unless the Taxing District pays the maximum amount of Service Costs that could become due hereunder upon execution hereof, the Taxing District shall pay all Service Costs in accordance with this Article V. It is the desire and intent of the Districts that, to the extent possible, the operation, maintenance, and administration costs incurred by the Operating District in the performance of the duties and services required by this Agreement be paid through the operation of this Article by the imposition by the Taxing District of taxes against the taxable property lying within their boundaries, thus and to that extent avoiding the necessity for the Operating District to exercise its power to assess fees, rates, tolls and/or charges for the purpose of paying all or any part of such costs directly on Users. Nevertheless, nothing herein shall be construed as a limitation on the powers granted to the Operating District by Colorado law, and/or as restated in this Agreement, to recoup all or any portion of such operation, maintenance, and administration costs which are not paid through the operation of this Article, and whether or not they exceed the Service Costs, through the use of such alternative measures as the Operating District may be authorized by Colorado law to utilize for that purpose.

b. Preliminary Budget Process. During each year, the Operating District, in consultation with the Taxing District and in the same manner as is provided in Article IV, above, shall prepare and submit to Taxing District a set of Preliminary Budget Documents for the forthcoming Budget Year. The Operating District shall deliver the Preliminary Budget Documents to the Taxing District on or before September 15 of each Planning Year. The Preliminary Budget Documents shall set forth the Estimated Service Costs for the Budget Year in accordance with generally accepted accounting principles. Estimated Service Costs for each Budget Element shall include the Operating District's current best estimates of the operation, maintenance, and administration costs to be incurred by the Operating District in the performance of the Service required by this Agreement.

c. Budget Review and Approval. On or before October 15 of the Planning Year, the Taxing District shall either: (a) approve the Preliminary Budget Documents (in which case the Preliminary Budget Documents shall become Final Budget for the Budget Year), or (b) propose in writing to the Operating District additions to and/or deletions from the Preliminary Budget Documents. Subject to the obligation to pay the maximum amount of Total Services Costs which could become due hereunder or Estimated Service Costs to the Operating District, as set forth herein, the Taxing District may propose such additions to and/or deletions from those portions of the Preliminary Budget Documents which directly obligate the Taxing District to appropriate and expend funds for services during the Budget Year.

d. Budget Revision. The Districts shall discuss and attempt to reach an agreement with respect to the Preliminary Budget Documents. In the event that no agreement can be reached between the Operating District and the Taxing District with regard to any proposed additions and/or deletions to the Preliminary Budget Documents, then the Preliminary Budget Documents with any amendments agreed to by the Operating District shall be Final Budget, and budgeting, appropriation, and payment of the amounts called for hereunder shall be determined by reference to this Agreement and except as set forth below, the Taxing District's obligation to deposit funds to Service Account shall equal the maximum amount of Service Costs which could

become due hereunder, or if elected, Estimated Service Costs required for the Budget Year in question.

e. Automatic Budget Revision.

1. If the Taxing District (a) fails to approve the Preliminary Budget Documents, or (b) fails to provide written proposal for additions and/or deletions to the Preliminary Budget Documents in a timely fashion, or (c) proposes written proposal for additions and/or deletions to the Preliminary Budget Documents in a timely fashion but no resolution by each Board concerning said proposals is adopted in a timely fashion; then the Preliminary Budget Documents with any amendments agreed to by the Operating District and Estimated Service Costs shall be Final Budget, and Estimated Service Costs for the Budget Year shall be paid in accordance with this Article V.

2. Notwithstanding anything set forth above to the contrary in this Article V, in the event that the Taxing District does not pay the maximum amount of Service Costs which could become due hereunder upon execution hereof, the Taxing District shall only be required to fund the Maximum Annual Payment. Should the maximum amount to be funded under the operation of this subparagraph 2 be less than Estimated Service Costs, then the "carry-forward" concepts of Section 3.5 hereof for Capital Costs shall likewise apply for Estimated Service Costs.

3. It is anticipated that the funds for Service Costs will be provided through the levying of ad valorem property taxes by the Taxing District in amounts sufficient to enable the Taxing District to pay the maximum amount of Service Costs which could become due hereunder or, at the Taxing District's option, Estimated Service Costs for each Budget Year; provided, however that the Taxing District shall retain the discretion and authority to provide for and raise said funds in any manner lawfully available to the Taxing District including, but not limited to: (i) the issuance of bonds (whether general obligation bonds or revenue bonds), debentures, notes, certificates, anticipation notes, and such other general or special obligations of the Taxing District (including lines of credit) as the Taxing District shall in its discretion determine to issue or incur; (ii) the utilization of the Taxing District's power to raise funds in respect of the property and facilities located within its boundaries, as, for example, through the imposition of fees and charges; and/or (iii) the creation and maintenance of operations reserves and contingency funds. The Taxing District shall not be deemed to have surrendered or delegated any powers with respect to the determination of the manner in which the financial obligations imposed by this Agreement are to be satisfied and otherwise discharged. It is specifically contemplated and agreed by the Districts that the Taxing District's obligation to pay Service Costs in the maximum amount set forth in Section 2.1 hereof is a general obligation indebtedness of the Taxing District subject to limitations expressed herein, and that mill levies imposed by the Taxing District for such costs shall be treated and constitute debt service mill levies for all legal and constitutional purposes. Revenues received by the Operating District shall be deemed and constitute revenues for Services provided.

5.8 Appropriation of and Provision for Service Fund. Following the preparation of Final Budget for the Budget Year pursuant to Section 5.7 above, the Taxing District shall budget,

appropriate and prepare to transfer funds to Service Account for the Budget Year as required under Section 5.10 and as required under Final Budget to meet the full amount of Final Budget during the forthcoming Budget Year, or such portion thereof as may be funded through the Maximum Annual Payment, as described in Section 5.7.e.2, above, whichever is the lesser amount.

5.9 Adjustment of Annual Payment. If the Taxing District does not pay the maximum amount of Service Costs set forth in Section 2.1 hereof upon execution hereof, it shall be deemed to have made a continuing election to pay Estimated Service Costs on an annual basis until such time as the Taxing District affirmatively elects to pay and actually pays the then remaining balance of the maximum amount of Service Costs set forth in Section 2.1 hereof. The Districts may, as set forth in Section 5.7 above, agree to increase or reduce the deposit by the Taxing District into Service Account on an annual basis for Estimated Service Costs. The Taxing District may also unilaterally decide to increase the payment in any year. Unless otherwise agreed by the Districts after due authorization, in no event shall any reduction or increase result in a reduction or increase in the obligation on the part of the Taxing District to pay the maximum amount of Service Costs defined in Section 2.1 hereof to the Operating District, subject to the limitations of the Maximum Annual Payment.

5.10 Service Accounts.

a. Deposit. In accordance with Article III above, unless otherwise agreed by the Operating District and the Taxing District, the Taxing District will have deposited into Service Account the maximum amount of Service Costs which could become due hereunder or, if not paid, will have deposited (or shall be required to make a deposit for the initial Budget Year of this Agreement, Estimated Service Costs in the amount of one-hundred thousand dollars (\$100,000). Commencing in the Budget Year which immediately follows the initial Budget Year and continuing thereafter, the Taxing District shall deposit Estimated Service Costs for such Budget Year into Service Account in such amounts as the Districts may agree to in the preparation of Final Budget, but unless otherwise agreed, such deposit shall be in an amount not less than Estimated Service Costs in the Final Budget for the Budget Year in question. Said deposit shall be made on or before March 1 of the Budget Year. The Operating District shall have the authority to make withdrawals or payments from Service Account, and the funds deposited in Service Account, together with interest earned thereon, shall be used solely for the purpose of paying Service Costs for the Budget Year.

b. Adjustments for Deficiencies. If it appears to the Operating District that Service Costs for the Budget Year will exceed the amount deposited into Service Account by the Taxing District, the Operating District may, by written notice, call for supplemental deposits to cover such increased costs and the Taxing District shall make such supplemental deposits into Service Account within ten (10) days after receipt of such written notice. If and in the event Service Costs exceed the amount deposited in Service Account or exceed the amount of Estimated Service Costs permitted to be paid under Section 5.7.e.2. hereof, and/or a call for supplemental deposits would result in a deposit by the Taxing District that exceeds permitted payment amounts for the year in question, the Operating District may fund the deficiency

through its powers to impose rates, fees, tolls, penalties, and charges under Colorado law directly on all Users with or without the consent of the Taxing District.

c. Accounting. All deposits and/or withdrawals made with respect to Service Account shall be separately accounted for by the Operating District. In all cases, the Operating District shall use its best efforts in the operation, maintenance, and administration of the Facilities to not exceed Estimated Service Costs for Service during the Budget Year.

5.11 Service Account Ownership and Fiscal Year Spending. All funds deposited by the Taxing District into Service Account at all times shall remain the funds of the Taxing District until disbursed from said Account but upon deposit shall be deemed to be part of the fiscal year spending of the Taxing District pursuant to Colorado Constitution Article X, Section 20. Funds expended from Service Account shall not be part of the fiscal year spending of the Operating District, which is acting as owner and manager, and which is receiving no funds from the Taxing District other than to provide services, facilities, and programs for the Taxing District.

All funds deposited by the Operating District into Service Account at all times shall remain the funds of the Operating District until disbursed from said Account and shall be deemed to be part of the fiscal year spending of the Operating District's pursuant to Article X, Section 20 of the Colorado Constitution, but the Operating District's funds expended from Service Account shall not be part of the fiscal year spending of the Taxing District, which are receiving no funds from the Operating District.

5.12 Limitation of Authorization. The Districts recognize that certain obligations imposed upon the Taxing District by this Article constitute "debt" (as defined in the Constitution of the State of Colorado). At duly called and noticed elections, the electorate of the Taxing District authorized the incurring of indebtedness by the Taxing District in an amount sufficient to fund the various obligations imposed by this Agreement, and also approved entry into this Agreement by the Taxing District. In no event shall any commitment, covenant, promise, or other obligation under this Agreement require the issuance or incurring of indebtedness by the Districts in excess of their respective voted indebtedness authorization.

5.13 Waiver of Requirements. The Districts agree that for so long as the Districts are holding joint Board meetings, the requirements of this Article V with respect to the submission, review and approval of various documents shall be waived; provided, however, that the Minutes of the Districts' Board meetings reasonably reflect a cooperative effort of the Districts to prepare and adopt budgets, review and approve maintenance and other plans, and conduct other activities required by this Article V.

ARTICLE VI

CONTRACT SERVICES; SPECIAL PROVISIONS

6.1 Contract Service Area. For purposes of this Agreement, and to clarify the continuing obligation of the Operating District to provide Service to the Taxing District and its inhabitants, the territory currently within the boundaries of the Taxing District (as the same is

enlarged or reduced from time to time) is hereinafter referred to as the "Contract Service Area." No enlargement or reduction of Contract Service Area or any other amendment of this Agreement may be made except by mutual agreement entered into with the same formality as that employed in the execution of this Agreement. Nothing herein shall be construed to provide the Operating District with a veto power over inclusions or exclusions of land approved by the Board of the Taxing District's but the Operating District shall hold a veto power over any Taxing District's inclusion from becoming a part of Contract Service Area under this Agreement.

6.2 General Provision Regarding Service; Charges.

a. Contract Service. The Operating District agrees to provide Service contemplated by the Service Plan to the Taxing District provided that the Taxing District observes and performs the covenants and agreements hereof. Service shall be provided pursuant to duly adopted rules and regulations of the Operation District. The Operating District shall be permitted to enter into such agreements with other entities or Persons for the provision of water and sanitation services. Such arrangements shall be permitted, as deemed appropriate by the Operating District, which are reasonably necessary, consistent with the Service Plan, to secure necessary Service for the Taxing District.

b. Maintenance Services. The Operating District shall maintain all the Facilities in such manner as is necessary in its sole discretion to provide Service to the Taxing District of the quality contemplated in the Service Plan. The Taxing District agrees that the Operating District shall be entitled to provide Service to any Facilities by contract with lawfully authorized service providers.

c. Rights of the Operating District. The Taxing District grants to the Operating District the right to construct, own, use, connect, disconnect, modify, renew, extend, enlarge, replace, convey, abandon or otherwise dispose of any and all of the real property, improvements thereto, the Facilities or appurtenances thereto, and any and all other interests in property, real, personal or otherwise within the Taxing District's control to enable the Operating District to perform its obligations to provide Service to the Taxing District. The Taxing District grants to the Operating District the right to occupy any place, public or private, which the Taxing District might occupy for the purpose of fulfilling the obligations of the Operating District as set forth herein. To implement the purposes of this Agreement, the Taxing District agrees to exercise such authority, to do such acts, and to grant such easements as may reasonably be requested by the Operating District, provided that any legal, engineering, technical or other services required, or costs incurred, for the performance of this obligation shall be performed by a Person or Persons in the employment of or under contract with, and paid by, the Operating District.

d. User Fees and Development Fees. The Operating District may establish, revise, impose and collect (or assign collection of) all fees, rates, tolls and charges permitted by Colorado Law for Services or Facilities provided within the Taxing District by the Operating District either directly or by contract through other entities, including surcharges for Service provided under contracts or other arrangements developed by the Operating District. All such charges shall be referred to as and be "User Fees." In addition, the Operating District may at any

time impose, set or change the rate of, and/or waive or discontinue, system development charges, tap fees, participation charges, and such other rates, fees, tolls, charges, penalties, or combinations thereof, which are utilized for any purpose, and may waive any such fees or charges for classes of Users. User Fees and Development Fees are separate charges and one does not include the other or any part thereof. Development Fees shall be uniform among members of each class of Users within the contract Service Area as "class" is defined by the Operating District. User Fees and Development Fees shall remain in full force and effect until the Operating District shall deem it necessary to raise or lower either or both of such charges. The Taxing District agrees that it shall not permit any connection to or use of the Facilities by any Person without the Operating District's written consent unless this Agreement has been voluntarily terminated by the Districts in accordance with the provisions hereof. In no event shall connection to the Facilities be permitted unless an appropriate tap permit has been received by Persons desiring to connect to the Facilities and unless the Operating District consents thereto, which consent shall not be unreasonably withheld.

e. Fee Imposition and Collection; Reserves. User Fees and Development Fees established by the Operating District shall be reasonably related to the overall cost of Service and Facilities for which such rates, fees, tolls, and charges are imposed. Methods of collection and schedules of charges for Service may be applied uniformly among Users similarly situated. Methods of collection and schedules of connection charges for Contract Service Area shall be determined by the Operating District. The Operating District shall have the right to delegate or assign its fee imposition and collection power to a billing or service entity of its choice.

f. Taxing District's Surcharge. The Operating District shall have sole authority to impose all charges for Service; provided, however, that for the purpose only of satisfying its obligations to the Operating District hereunder, or retiring the Taxing District's general obligation or other indebtedness, and the interest thereon outstanding as of the date hereof or as the same may be issued or refunded from time to time, the Taxing District may request that the Operating District impose surcharges on the Operating District's User Fees and Development Fees for the purpose of supplementing other revenues of the Taxing District in the payment by the Taxing District of any such general obligation or other indebtedness. Conditional upon granting its consent to such request, the Operating District hereby agrees to and shall impose and collect such surcharges in the same manner along with its own charges and shall remit the same to the Taxing District as and when collected.

g. Right to Provide Service. The Taxing District agrees that it shall not attempt to provide services or facilities of any kind to its residents and property owners without first offering the Operating District the opportunity to provide such services or facilities, and in no event shall services or facilities be provided by the Taxing District which are intended under the Service Plan to be provided by the Operating District. The Taxing District further agrees that it shall not impose any fee or charge of any kind on any person without consent of the Operating District which may be denied by the Operating District if it believes, in its sole and reasonable discretion, that such fee or charge would materially adversely affect the financial structure of the Operating District or interfere with the Operating District's performance of this Agreement, including payment of its bonds or other obligations. In no event shall the Taxing District be

entitled to impose any fee or charge of any kind with respect to any element of any Service or Facility, or the availability thereof, which is the subject of this Agreement.

h. Changes in Fees. It is mutually agreed that the duration of this Agreement is such that the passage of time will require changes in the charges to be made for Service to be rendered hereunder in the Contract Service Area. The Operating District may modify the schedule of charges for Services provided hereunder, from time to time, in its discretion, provided:

1. Such modification will become effective not earlier than thirty (30) days after any changed schedule of charges shall be adopted by the Operating District.

2. The Operating District will take reasonable steps to notify the Taxing District and each Customer in Contract Service Area of such change within a reasonable time after such change has been adopted.

i. Rules and Regulations. All rules and regulations, and amendments thereto, placed in force by the Operating District from time to time concerning the operation of the Facilities and provision of any Service shall be as fully enforceable in Contract Service Area as inside the Operating District. The Taxing District retains the full right to make and enforce rules not inconsistent with the Operating District's rules to govern Users in Contract Service Area. The Taxing District agrees to exercise any rule making or police power it may have to assist the Operating District in enforcing the Operating District's rules and regulations.

j. Variable Water Supply. The Districts agree and recognize that resources needed for Service for Contract Service Area are dependent upon resources with respect to which the supply is variable in quantity and beyond the control of the Operating District. No liability shall attach to the Operating District on account of any failure to accurately anticipate availability of the water supply, or the possibility that it may be expended, or because of an actual failure of the water supply due to occurrences beyond the reasonable control of the Operating District.

k. Limitation of Services. The Districts agree that in order to comply with any applicable law, rule, directive or order, and to enable it to provide adequate Service to the Operating District and the Taxing District, as well as other Users of the Operating District in time of shortage or other practical or legal limitations on the ability of the Operating District to provide the Service contemplated hereby, the Operating District may limit the delivery of Service.

l. Suspension of Construction of the New Facilities. In order to reduce the likelihood of the limitation of delivery of Service to Users, the Operating District may suspend the construction of the Facilities in Contract Service Area. The Operating District agrees to give six- (6) month's written notice to the Taxing District of such suspension, unless the Operating District reasonably determines that circumstances require a shorter period.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

7.1 General Representations. In addition to the other representations, warranties and covenants made by the Districts herein, the Districts make the following representations, warranties and covenants to each other, and may be held liable for any loss suffered as a consequence of any misrepresentation or breach under this Article VII:

a. Each District has the full right, power and authority to enter into, perform and observe this Agreement.

b. Neither the execution of this Agreement, the consummation of the transactions contemplated hereunder, nor the fulfillment of or by the compliance with the terms and conditions of this Agreement by each District will conflict with or result in a breach of any terms, conditions, or provisions of, or constitute a default under, or result in the imposition of any prohibited lien, charge, or encumbrance of any nature under any agreement, instrument, indenture, or any judgment order, or decree to which any District is a party of by which any District is bound.

c. This Agreement is the valid, binding and legally enforceable obligation of the Districts and is enforceable in accordance with its terms.

d. The Districts shall keep and perform all of the covenants and agreements contained herein and shall take no action that could have the effect of rendering this Agreement unenforceable in any manner.

ARTICLE VIII

DEFAULT, REMEDIES AND ENFORCEMENT

8.1 Events of Default. The violation of any provision of this Agreement by any District, the occurrence of any one or more of the following events, and/or the existence of any one or more of the following conditions shall constitute an Event of Default under this Agreement.

a. The failure to pay any payment when the same shall become due and payable as provided herein and to cure such failure within three (3) business days of receipt of notice from the Operating District of such failure;

b. The failure to perform or observe any other covenants, agreements, or conditions in this Agreement on the part of any District and to cure such failure within ten (10) days of receipt of notice from the other District of such failure;

c. The filing of a voluntary petition under federal or state bankruptcy or insolvency laws by the Taxing District or the Operating District or the appointment of a receiver for any of the Taxing District's assets which is not remedied or cured within thirty (30) days of such filing or appointment;

d. Assignments by the Taxing District for the benefit of a creditor and a failure to cure such assignments within ten (10) days of receipt of written notice from the Operating District; or

e. The dissolution, insolvency, or liquidation of the Taxing District or the Operating District and a failure to cure such dissolution, insolvency or liquidation within ten (10) days of receipt of written notice.

8.2 Remedies on Occurrence of Events of Default.

a. Statement of Damages. It is agreed that the damage to the Operating District for failure of the Taxing District to perform this Agreement in all its essential parts will be not less than the reproduction cost of the Facilities installed, replaced or used by the Operating District to supply Service to Contract Service Area less the capital costs previously paid by the Taxing District, which damage the Taxing District agrees to pay immediately upon demand by the Operating District.

b. Rights and Remedies. Upon the occurrence of an Event of Default, the Districts hereto shall have the following rights and remedies that may be pursued hereof:

1. In the event of breach of any provision of this Agreement, including but not limited to the failure of the Taxing District to appropriate funds after a Final Budget is determined, and the failure of the Operating District to commence Construction, if not prohibited by law, regulation or other circumstances beyond the Operating District's control, within a reasonable time after the start of each Budget Year for which funds were appropriated for Construction, in addition to contractual remedies, any District may ask a court of competent jurisdiction to enter a writ of mandamus to compel the Board of the defaulting District to perform its duties under this Agreement, and any District may seek from a court of competent jurisdiction temporary and/or permanent injunctions, or orders of specific performance, to compel the other to perform in accordance with the obligations set forth under this Agreement.

2. The Districts may protect and enforce their rights under this Agreement by such suit, action, or special proceedings as they shall deem appropriate, including without limitation any proceedings for specific performance of any covenant or agreement contained herein, for the enforcement of any other appropriate legal or equitable remedy, or for the recovery of damages caused by breach of this Agreement, including attorney's fees and all other costs and expenses incurred in enforcing this Agreement. If, at any time, there shall cease to be electors in the Operating District, or if no electors of the Operating District are willing to act as directors of the Operating District, the Taxing District may ask a court of competent jurisdiction to designate the proper persons to assume control of the Operating District for purposes of causing the performance of the Operating District's obligations under this Agreement.

3. To foreclose any and all liens in the manner specified by law.

4. To terminate this Agreement as provided herein; and

5. The Operating District shall have the right to accelerate any remaining unpaid amounts up to a maximum of the aggregate of the then-unpaid balance of the maximum amount of Capital Costs which could become due hereunder, as well as the maximum amount of Service Costs which could become due, both through the remainder of the term of this Agreement to make all such amounts immediately due and payable to the Operating District; and

6. To take or cause to be taken such other actions as they reasonably deem necessary.

c. Delay or Omission No Waiver. No delay or omission of any District to exercise any right or power accruing upon any Event of Default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein.

d. No Waiver of One Default to Affect Another; All Remedies Cumulative. No waiver of any Event of Default hereunder by any District shall extend to or affect any subsequent or any other then existing Event of Default or shall impair any rights or remedies consequent thereon. All rights and remedies of the Districts provided herein may be exercised with or without notice, shall be cumulative, may be exercised separately, concurrently or repeatedly, and the exercise of any such right or remedy shall not affect or impair the exercise of any other right or remedy.

e. No Affect on Rights. Except as otherwise provided by law, no recovery of any judgment by the Districts shall in any manner or to any extent affect any rights, powers, and remedies of the Districts hereunder, but such rights, powers, and remedies of the Districts shall continue unimpaired as before.

f. Discontinuance of Proceedings on Default; Position of Parties Restored. In case any District shall have proceeded to enforce any right under this Agreement and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such District, then and in every such case the Districts shall be restored to their former positions and rights hereunder, and all rights, remedies, and powers of the Districts shall continue as if no such proceedings had been taken.

g. Termination. This Agreement may be terminated by the Districts or a court of competent jurisdiction only upon the provision of one (1) year's written notice and upon the date of such termination, the Districts shall thereafter have no further obligations, duties, or rights hereunder; provided, however, that:

1. As a condition precedent to termination by the Taxing District and in recognition of the integrated nature and need for the continued funding of the Facilities, as well as the possibility that the Operating District may borrow against the anticipated performance by the Taxing District of the payment and financial obligations set forth herein, the Districts agree that prior to the time of termination, all remaining payments and financial

obligations set forth in this Agreement shall be paid into the Accounts by the Taxing District; and

2. As a condition precedent to termination by the Operating District and in recognition of the need on the part of the Taxing District for the continued provision of all of the Services contemplated hereby, the Operating District shall either (1) transfer to the Taxing District, free and clear of encumbrances and in its entirety, its interest in the Facilities and in each and every one and all of the water rights, contracts, leases, easements, properties held in fee, and any other personal, real or intangible property then held or owned by the Operating District and necessary for the continued provision of the Services contemplated hereby at the level then provided, or (2) make said transfer to another governmental entity or entities pursuant to such terms and conditions as may be satisfactory to the Board of the Taxing District or, in the event said transfer is to be made pursuant to a plan for dissolution of the Operating District, in accordance with Colorado law, as may be held in accordance with that law by the District Court in and for the county or counties in which the Districts are located or such other ruling body as may at the time have jurisdiction.

ARTICLE IX

INSURANCE AND INDEMNIFICATION

9.1 Indemnification. To the extent permitted by law, the Operating District agrees to hold the Taxing District harmless from the claims of third persons arising out of the Operating District's operation, maintenance, extension and enlargement of the Facilities under color of this Agreement and to defend, at its expense, all actions for damages arising out of such action which may be brought against the Taxing District by third persons. In the event of an occurrence or loss out of which a claim arises or could arise, the Taxing District agrees to transmit in writing and at once, any notice of information received or learned by the Taxing District concerning such claim. Except at its own cost, the Taxing District agrees not to voluntarily make any payment, assume any obligation or incur any expense in connection with the subject matter of this paragraph. No claim shall lie against the Operating District hereunder unless as a condition precedent thereto, the Taxing District has fully complied with the provisions of this Agreement nor until the amount of the Taxing District's obligation to pay shall have been fully determined.

9.2 Insurance. The Districts shall each maintain the following types of insurance coverage with companies and in amounts acceptable to each District's Board but in no event lower than the governmental immunity limits in effect from year to year notwithstanding the amounts set forth below, the cost of which for the Operating District shall be a component of Service Costs budgeted annually in accordance with Article V, above:

a. General liability coverage in the minimum amount of \$150,000 per person/per occurrence and \$600,000 total per occurrence, or in an amount reflecting the current level of governmental immunity exceptions provided by statute, whichever is greater, protecting the Districts and their officers, directors, and employees against any loss, liability, or expense whatsoever from personal injury, death, property damage, or otherwise, arising from or in any way connected with management, administration, and operations.

b. Directors and officers liability coverage (errors and omissions) in the minimum amount of \$150,000 per person/per occurrence and \$600,000 total per occurrence, or in an amount reflecting the current level of governmental immunity provided by statute, whichever is greater, protecting the Districts and their directors and officers against any loss, liability, or expense whatsoever arising from the actions and/or inaction's of the Districts and their directors and officers in the performance of their duties.

c. Operations coverage designed to insure against injury to the property of third parties or the person of those third parties caused by the operations by the parties in the minimum amount of \$150,000 per person/per occurrence and \$600,000 total per occurrence, or in the amount reflecting the current level of governmental immunity provided by statute, whichever is greater.

9.3 Worker's Compensation. The Operating District shall make provisions for worker's compensation insurance, social security employment insurance and unemployment compensation for its employees performing this Agreement as required by any law of the State of Colorado or the federal government and shall, upon written request, exhibit evidence thereof to the Taxing District.

9.4 Certificates. Within thirty (30) days of a written request, each District shall furnish to the other, certificates or memoranda of insurance showing compliance with the foregoing requirements. Said certificates or memoranda of each District shall state that the policy or policies will not be canceled or altered without at least thirty (30) days prior written notice to each District.

ARTICLE X

MISCELLANEOUS

10.1 Relationship of Parties. This Agreement does not and shall not be construed as creating a joint venture, partnership, or employer-employee relationship between the Districts. The Districts intend that this Agreement be interpreted as creating an independent contractor relationship. Pursuant to that intent, it is agreed that the conduct and control of the work required by this Agreement shall lie solely with the Operating District which shall be free to exercise reasonable discretion in the performance of its duties under this Agreement. Neither District shall, with respect to any activity, be considered an agent or employee of the other District.

10.2 Liability of the Districts. No provision, covenant or agreement contained in this Agreement, nor any obligations herein imposed upon any District nor the breach thereof, nor the issuance and sale of any bonds by any District, shall constitute or create an indebtedness or other financial obligation of the other District within the meaning of any Colorado constitutional provision or statutory limitation, subject however, to the obligation of the Taxing District to pay bond proceeds to the Operating District pursuant to Section 3.2.c. and Section 3.9 hereof.

10.3 Assignment. Except as set forth herein or as contemplated in the Service Plan, neither this Agreement, nor any of any District's rights, obligations, duties or authority hereunder may be assigned in whole or in part by any District without the prior written consent of the other District which consent shall not be unreasonably withheld. Any such attempt of assignment shall be deemed void and of no force and effect. Consent to one assignment shall not be deemed to be consent to any subsequent assignment, nor the waiver of any right to consent to such subsequent assignment.

10.4 Modification. This Agreement may be modified, amended, changed or terminated, except as otherwise provided herein, in whole or in part, only by an agreement in writing duly authorized and executed by the Districts. No consent of any third party shall be required for the negotiation and execution of any such agreement.

10.5 Integration. This Agreement contains the entire agreement between the Districts and no statement, promise or inducement made by either District or the agent of any District that is not contained in this Agreement shall be valid or binding.

10.6 Severability. Invalidation of any of the provisions of this Agreement or of any paragraph, sentence, clause, phrase, or word herein, or the application thereof in any given circumstance, shall not affect the validity of any other provision of this Agreement.

10.7 District Dissolution. In the event any District seeks to dissolve pursuant to Section 32-1-701 C.R.S., et seq., as amended, it shall provide written notification of the filing or application for dissolution to the other District concurrently with such filing.

10.8 Survival of Obligations. Unfulfilled obligations of the Districts arising under this Agreement shall be deemed to survive the expiration of this Agreement, the completion of the Facilities that are subject of this Agreement, or termination of this Agreement by court order. Said obligations shall be binding upon and inure to the benefit of the Districts and their respective successors and permitted assigns.

10.9 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Colorado.

10.10 Headings for Convenience Only. The headings, captions and titles contained herein are intended for convenience and reference only and are not intended to construe the provisions hereof.

10.11 Debt Must Comply with Law. Nothing herein shall be deemed nor construed to authorize or require the Taxing District or the Operating District to issue bonds, notes, or other evidences of indebtedness on terms, in amounts, or for purposes other than as authorized by Colorado law.

10.12 Colorado Constitutional Matters. If any provision hereof is declared void or unenforceable due to a purported violation of Article X, Section 20 of the Colorado Constitution, the District involved in such violation shall perform such tasks as may be necessary to cure such

violation; including but not limited to acquiring such voter approvals, either in advance of, or following, an action as may be allowed by law.

10.13 Time Is of the Essence. Time is of the essence hereof; provided, however, that if the last day permitted or the date otherwise determined for the performance of any act required or permitted under this Agreement falls on a Saturday, Sunday or legal holiday, the time for performance shall be extended to the next succeeding business day, unless otherwise expressly stated.

10.14 Persons Interested Herein. Except as expressly provided in Section 1.3 thereof, nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any Person other than the Districts, any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all of the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Districts shall be for the sole and exclusive benefit of the Districts.

10.15 Notices. Except as otherwise provided herein, all notices or payments required to be given under this Agreement shall be in writing and shall be hand delivered or sent by certified mail, return receipt requested, or air freight, to the following addresses:

Mailing Address for Serenity Ridge Metropolitan District No. 1

Attn: President

cc: District Counsel

George M. Rowley, Esq.
White and Associates Professional Corporation
1805 Shea Center Drive, Suite 100
Highlands Ranch, CO 80129

Mailing Address for Serenity Ridge Metropolitan District No. 2

Attn: President

cc: District Counsel

George M. Rowley, Esq.
White and Associates Professional Corporation
1805 Shea Center Drive, Suite 100
Highlands Ranch, CO 80129

All notices or documents delivered or required to be delivered under the provisions of this Agreement shall be deemed received one (1) day after hand delivery or three (3) days after mailing. Any District by written notice so provided may change the address to which future notices shall be sent.

10.16 District Records. The Districts shall have the right to access and review each other's records and accounts, at reasonable times during District's regular office hours, for purposes of determining compliance by the Districts with the terms of this Agreement. Such access shall be subject to the provisions of Public Records Act of the State of Colorado contained in Article 72 of Title 24, C.R.S. In the event of disputes or litigation between the Parties hereto, all access and requests for such records shall be made in compliance with the Public Records Act.

10.17 Impairment of Credit. None of the obligations of any District hereunder shall impair the credit of the other Party.

10.18 Recovery of Costs. In the event of any litigation between the Districts hereto concerning the subject matter hereof, the prevailing District in such litigation shall be entitled to receive from the losing District, in addition to the amount of any judgment or other award entered therein, all reasonable costs and expenses incurred by the prevailing District in such litigation, including reasonable attorney fees.

10.19 Compliance with Law. The Districts agree to comply with all federal, state and local laws, rules and regulations which are now, or in the future may become applicable to the Districts, to their business or operations, or to services required to be provided by this Agreement.

10.20 Instruments of Further Assurance. The Districts each covenant that they will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such acts, instruments, and transfers as may reasonably be required for the performance of their obligations hereunder.

10.21 Taxes. Each District assumes responsibility for itself, and any of its employees, for payment of all federal, state and local taxes or contributions imposed or required under unemployment insurance, worker's compensation, social security and income tax laws.

IN WITNESS WHEREOF, the Districts hereto have executed this Agreement as of the day and year first above written.

SERENITY RIDGE METROPOLITAN
DISTRICT NO. 1

By: _____
President

ATTEST:

Secretary

STATE OF COLORADO)
) ss.
COUNTY OF _____)

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

WITNESS my hand and official seal.

My Commission expires: _____

Notary Public

Exhibit B
Legal Description

LEGAL DESCRIPTION

PARCEL – RESIDENTIAL SITE

A PARCEL OF LAND SITUATED WITHIN THE WEST ONE-HALF OF SECTION 28, THE EAST ONE-HALF OF SECTION 29 AND THE NORTHEAST ONE-QUARTER OF SECTION 32, TOWNSHIP 5 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF ARAPAHOE COUNTY, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS, THE SOUTH LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 29, MONUMENTED ON THE WEST END AT THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 29 BY A 3-1/4" ALUMINUM CAPPED MONUMENT STAMPED "GREENHORN & O'MARA PLS 24968" AND ON THE EAST END AT THE SOUTHEAST ONE-QUARTER CORNER OF SAID SECTION 29 BY A 2-1/2" BRASS CAP SET IN CONCRETE STAMPED "LS 12111", THE BEARING OF SAID LINE IS ASSUMED TO BEAR N89°02'39"E, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO.

BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 29; THENCE S00°04'47"E, ALONG THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 32, A DISTANCE OF 70.40 FEET; THENCE THE FOLLOWING TWO (2) COURSES:

1. S89°38'48"W, A DISTANCE OF 654.91 FEET TO A POINT OF CURVE;
2. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 1495.50 FEET, A CENTRAL ANGLE OF 35°24'19", A DISTANCE OF 924.13 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF SMOKY HILL ROAD;

THENCE ALONG SAID EASTERLY RIGHT-OF-WAY LINE THE FOLLOWING TWO (2) COURSES:

1. N33°43'36"W, A DISTANCE OF 1510.83 FEET TO A POINT OF NON-TANGENT CURVE;
2. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS N56°17'29"E, SAID CURVE HAVING A RADIUS OF 3395.00 FEET, A CENTRAL ANGLE OF 04°15'19", A DISTANCE OF 252.14 FEET;

THENCE THE FOLLOWING SIXTEEN (16) COURSES:

1. N61°18'41"E, A DISTANCE OF 599.98 FEET TO A POINT OF CURVE;
2. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 100.00 FEET, A CENTRAL ANGLE OF 90°29'29", DISTANCE OF 157.94 FEET TO A POINT OF REVERSE CURVE;
3. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 300.00 FEET, A CENTRAL ANGLE OF 89°15'12", A DISTANCE OF 467.33 FEET TO A POINT OF REVERSE CURVE;
4. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 175.00 FEET, A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 274.89 FEET TO A POINT OF REVERSE CURVE;
5. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 200.00 FEET, A CENTRAL ANGLE OF 43°29'03", A DISTANCE OF 151.79 FEET;
6. N13°33'27"E, A DISTANCE OF 171.21 FEET TO A POINT OF CURVE;
7. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 300.00 FEET, A CENTRAL ANGLE OF 49°14'05", A DISTANCE OF 257.79 FEET TO A POINT OF REVERSE CURVE;
8. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 175.00 FEET, A CENTRAL ANGLE OF 64°47'55", A DISTANCE OF 197.92 FEET;

LEGAL DESCRIPTION

9. N02°00'23"W, A DISTANCE OF 52.25 FEET;
 10. N89°16'13"E, A DISTANCE OF 455.73 FEET TO A POINT OF CURVE;
 11. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 750.00 FEET, A CENTRAL ANGLE OF 14°50'06", A DISTANCE OF 194.19 FEET TO A POINT OF NON-TANGENT CURVE;
 12. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE CENTER BEARS N14°06'19"E, SAID CURVE HAVING A RADIUS OF 750.00 FEET, A CENTRAL ANGLE OF 14°50'06", A DISTANCE OF 194.19 FEET;
 13. N89°16'13"E, A DISTANCE OF 114.57 FEET TO A POINT OF CURVE;
 14. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 750.00 FEET, A CENTRAL ANGLE OF 14°50'06", A DISTANCE OF 194.19 FEET TO A POINT OF NON-TANGENT REVERSE CURVE;
 15. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS S15°33'54"E, SAID CURVE HAVING A RADIUS OF 750.00 FEET, A CENTRAL ANGLE OF 14°50'07", A DISTANCE OF 194.19 FEET;
 16. N89°16'13"E, A DISTANCE OF 179.46 FEET;
- THENCE THE FOLLOWING THREE (3) COURSES:
1. S00°29'33"E, A DISTANCE OF 834.63 FEET;
 2. S00°38'04"E, A DISTANCE OF 5.28 FEET;
 3. S00°12'27"W, A DISTANCE OF 2640.35 FEET TO A POINT ON THE SOUTH LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 28;
- THENCE S89°02'39"W ALONG SAID SOUTH LINE, A DISTANCE OF 30.45 FEET TO THE POINT OF BEGINNING.

CONTAINING A CALCULATED AREA OF 154.358 ACRES, MORE OR LESS.

PARCEL – 35 ACRE COMMERCIAL SITE

A PARCEL OF LAND SITUATED WITHIN SECTION 29, TOWNSHIP 5 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF ARAPAHOE, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS, THE SOUTH LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 29, MONUMENTED ON THE WEST END AT THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 29 BY A 3-1/4" ALUMINUM CAPPED MONUMENT STAMPED "GREENHORN & O'MARA PLS 24968" AND ON THE EAST END AT THE SOUTHEAST CORNER OF SAID SECTION 29 BY A 2-1/2" BRASS CAP SET IN CONCRETE STAMPED "LS 12111", THE BEARING OF SAID LINE IS ASSUMED TO BEAR N89°02'39"E, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO.

BEGINNING AT THE CENTER OF SECTION 29; THENCE THE FOLLOWING THIRTEEN (13) COURSES:

1. N00°13'43"W, ALONG THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 29, A DISTANCE OF 1110.81 FEET;
2. S66°44'54"E, A DISTANCE OF 309.07 FEET TO A POINT OF CURVE;
3. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 1500.00 FEET, A CENTRAL ANGLE OF 23°58'53", A DISTANCE OF 627.83 FEET;
4. N89°16'13"E, A DISTANCE OF 250.50 FEET;
5. S02°00'23"E, A DISTANCE OF 52.25 FEET TO A POINT OF NON-TANGENT CURVE;

LEGAL DESCRIPTION

6. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS S87°59'37"W, HAVING A RADIUS OF 175.00 FEET, A CENTRAL ANGLE OF 64°47'55", A DISTANCE OF 197.92 FEET TO A POINT OF REVERSE CURVE;
7. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 300.00 FEET, A CENTRAL ANGLE OF 49°14'05", A DISTANCE OF 257.79 FEET;
8. S13°33'27"W, A DISTANCE OF 171.21 FEET TO A POINT OF CURVE;
9. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 200.00 FEET, A CENTRAL ANGLE OF 43°29'03", A DISTANCE OF 151.79 FEET TO A POINT OF REVERSE CURVE;
10. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 175.00 FEET, A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 274.89 FEET TO A POINT OF REVERSE CURVE;
11. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 300.00 FEET, A CENTRAL ANGLE OF 89°15'12", A DISTANCE OF 467.33 FEET TO A POINT OF REVERSE CURVE;
12. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 100.00 FEET, A CENTRAL ANGLE OF 90°29'29", A DISTANCE OF 157.94 FEET;
13. S61°18'41"W, A DISTANCE OF 599.98 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF SMOKY HILL ROAD, SAID POINT BEING A POINT OF NON-TANGENT CURVE;

THENCE ALONG SAID EASTERLY RIGHT-OF-WAY LINE THE FOLLOWING TWO (2) COURSES:

1. ALONG THE ARC OF A CURVE TO THE RIGHT, WHOSE CENTER BEARS N60°32'48"E, SAID CURVE HAVING A RADIUS OF 3395.00 FEET, A CENTRAL ANGLE OF 03°48'02", A DISTANCE OF 225.20 FEET TO A POINT OF NON-TANGENCY;
2. N25°40'07"W, A DISTANCE OF 795.27 FEET TO A POINT ON THE NORTH LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 29;

THENCE N88°47'59"E, ALONG THE SAID NORTH LINE, A DISTANCE OF 316.24 FEET TO THE POINT OF BEGINNING;

CONTAINING A CALCULATED AREA OF 35.816 ACRES, MORE OR LESS.

PARCEL - CHURCH SITE

A PARCEL OF LAND BEING A PART OF THE NORTHEAST ONE-QUARTER OF SECTION 32 AND THE SOUTHEAST ONE-QUARTER OF SECTION 29, BOTH OF TOWNSHIP 5 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF ARAPAHOE COUNTY, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS, THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SECTION 32, TOWNSHIP 5 SOUTH, RANGE 65 WEST, MONUMENTED ON THE SOUTH END AT THE EAST ONE-QUARTER CORNER OF SAID SECTION 32 BY A 3.25 INCH ALUMINUM CAPPED MONUMENT IN RANGE BOX STAMPED "JR DEVELOPERS, RLS 10377" AND AT THE NORTH END AT THE NORTHEAST CORNER OF SECTION 32 BY A 2.50 INCH BRASS CAP SET IN CONCRETE STAMPED "LS 12111", THE BEARING OF SAID LINE IS ASSUMED TO BEAR NORTH 00°04'47" WEST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO

LEGAL DESCRIPTION

COMMENCING AT THE EAST ONE-QUARTER CORNER OF SAID SECTION 32; THENCE N00°04'47"W, ALONG THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 32, A DISTANCE OF 104.50 FEET TO THE POINT OF BEGINNING;
THENCE THE FOLLOWING FIVE (5) COURSES:

1. THENCE N23°01'06"W ALONG SAID NORTHEASTERLY RIGHT-OF-WAY LINE A DISTANCE OF 416.81 FEET;
2. N23°27'06"W, A DISTANCE OF 753.33 FEET TO A POINT OF NON-TANGENT CURVE;
3. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE CENTER BEARS S66°04'47"W, HAVING A RADIUS OF 2623.78 FEET, A CENTRAL ANGLE OF 08°06'04", A DISTANCE OF 370.98 FEET;
4. N33°36'14"W, A DISTANCE OF 1342.91 FEET;
5. N33°43'36"W, A DISTANCE OF 264.01 FEET, DEPARTING SAID NORTHEASTERLY RIGHT-OF-WAY TO A POINT OF NON-TANGENT CURVE;

ALONG THE ARC OF A CURVE TO THE LEFT WHOSE CENTER BEARS N35°03'07"E, HAVING A RADIUS OF 1495.50 FEET, A CENTRAL ANGLE OF 35°24'19", DISTANCE OF 924.13 FEET;

THENCE N89°38'48"E A DISTANCE OF 654.91 FEET;

THENCE S00°04'47"E A DISTANCE OF 2472.99 FEET TO THE POINT OF BEGINNING.

CONTAINING A CALCULATED AREA OF 35.131 ACRES (1,530,309 SQUARE FEET) MORE OR LESS.

I, KENNETH D. BAKER, A PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THE ABOVE LEGAL DESCRIPTION AND ATTACHED EXHIBIT WERE PREPARED UNDER MY RESPONSIBLE CHARGE, AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF ARE CORRECT.

EXHIBIT ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF.

23 April 2003

OPERATING DISTRICT
LEGAL DESCRIPTION

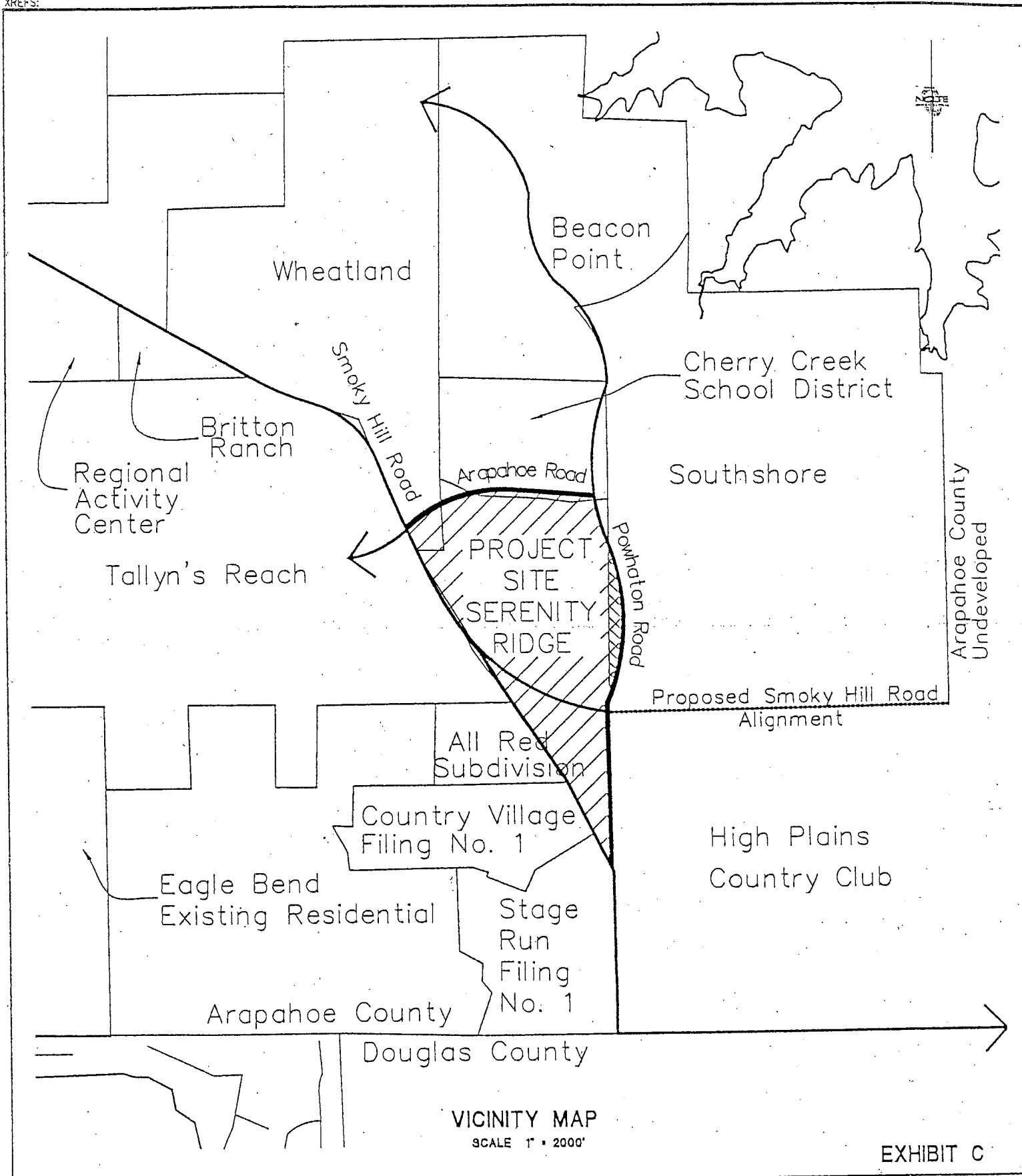
A SQUARE PARCEL OF LAND MEASURING 75.00 FEET ON EACH SIDE BEING SITUATED WITHIN THE SOUTHEAST QUARTER OF SECTION 29, TOWNSHIP 5 SOUTH, RANGE 65 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF ARAPAHOE, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SOUTHEAST QUARTER, FROM WHENCE THE SOUTHWEST CORNER OF SAID SOUTHEAST QUARTER BEARS S 89°34'16" W WITH ALL BEARINGS CITED HEREIN RELATED THERETO; THENCE S 00°04'47" E, A DISTANCE OF 70.40 FEET; THENCE S 89°49'35" E, A DISTANCE OF 654.91 FEET; THENCE ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT AN ARC DISTANCE OF 924.13 FEET, RADIUS = 1,495.50 FEET, CENTRAL ANGLE = 35°24'19" (CHORD BEARS N 72°07'26" W, 909.49 FEET) TO THE INTERSECTION OF THE NORTH-EASTERLY LINE OF THE EXISTING 60.00 FOOT RIGHT-OF-WAY FOR SMOKY HILL ROAD; THENCE ALONG SAID NORTHEASTERLY RIGHT-OF-WAY ON A NON-TANGENT LINE N 33°11'59" W, A DISTANCE OF 791.40 FEET; THENCE AT RIGHT ANGLES TO SAID RIGHT-OF-WAY N 56°48'01" E, A DISTANCE OF 67.00 FEET TO A POINT LYING 97.00 FEET NORTHEASTERLY, WHEN MEASURED AT RIGHT ANGLES, TO THE EXISTING CENTERLINE OF SAID SMOKY HILL ROAD, SAID POINT ALSO BEING THE POINT OF BEGINNING;

THENCE N 56°48'01" E, A DISTANCE OF 75.00 FEET;
THENCE S 33°11'59" E, A DISTANCE OF 75.00 FEET;
THENCE S 56°48'01" W, A DISTANCE OF 75.00 FEET;
THENCE ALONG A LINE PARALLEL WITH AND 97.00 FEET PERPENDICULARLY DISTANT NORTHEASTERLY TO SAID CENTERLINE OF SMOKY HILL ROAD N 33°11'59" W, A DISTANCE OF 75.00 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 5,625 SQUARE FEET (0.129 ACRE), MORE OR LESS.

Exhibit C
Aurora Vicinity Map



VICINITY MAP
SCALE 1" = 2000'

EXHIBIT C

NOLTE

BEYOND ENGINEERING

7000 SOUTH YORBEMITE ST., SUITE 200, ENGLEWOOD, CO. 80112

SERENITY RIDGE
METROPOLITAN DISTRICT
VICINITY MAP

SHEET NUMBER

1

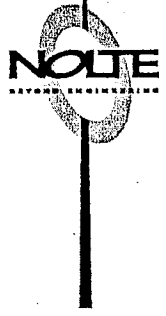
OF 1 SHEETS

JOB NUMBER
DV144150

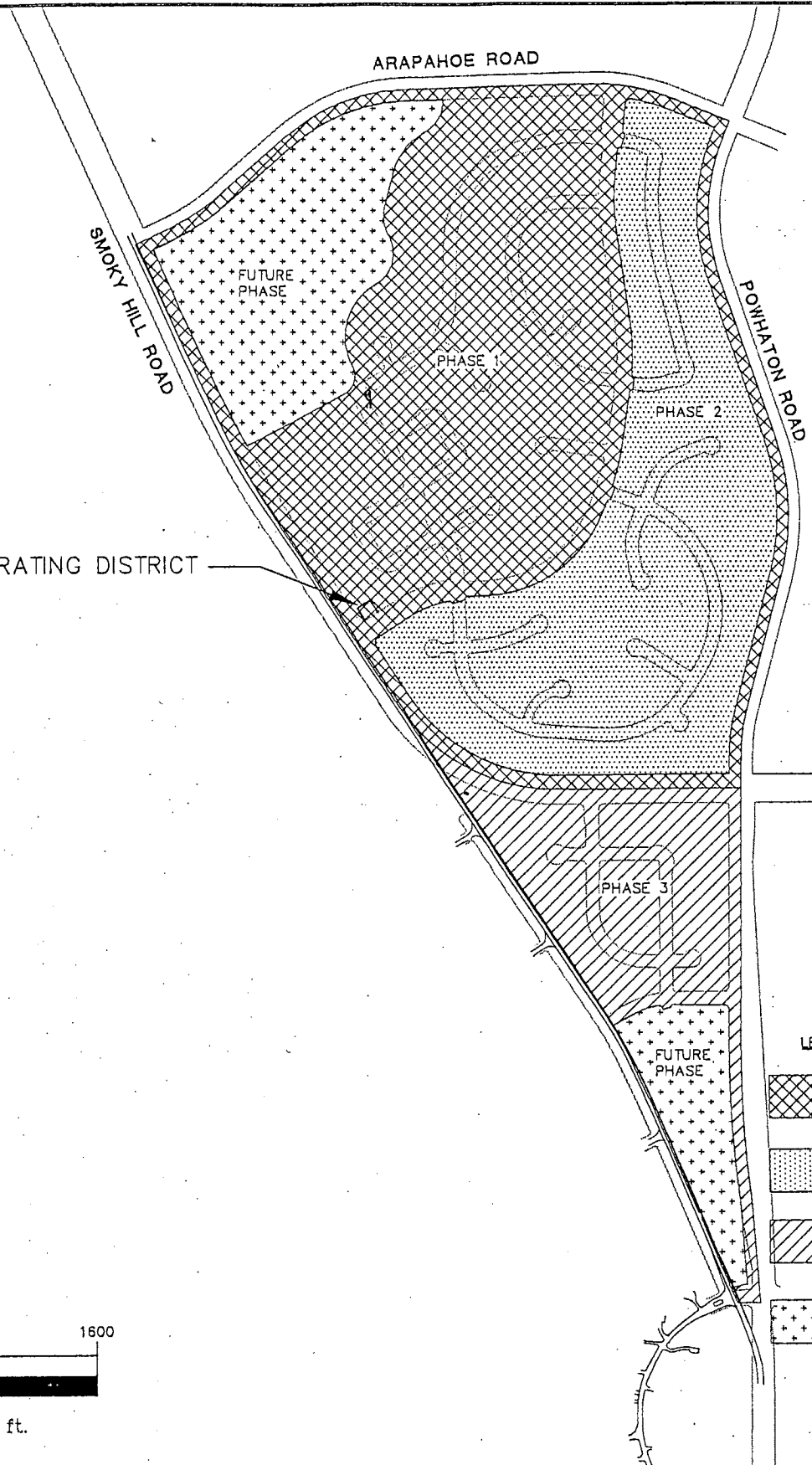
PREPARED FOR: NEUMANN HOMES

DATE SUBMITTED: APRIL 2003

Exhibit D
Boundary Map



OPERATING DISTRICT



1 inch = 800 ft.

LEGEND	
	PHASE 1
	PHASE 2
	PHASE 3
	FUTURE PHASE

EXHIBIT D

NOLTE
 BEYOND ENGINEERING

**SERENITY RIDGE
 METROPOLITAN DISTRICT
 BOUNDARY AND PHASING MAP**

SHEET NUMBER	1
OF 1 SHEETS	
JOB NUMBER	DV144150

7000 SOUTH YOSEMITE ST., SUITE 200, ENGLEWOOD, CO. 80112
 303.220.1001 TEL. 303.220.9001 FAX WWW.NOLTE.COM

PREPARED FOR: NEUMANN HOMES

DATE SUBMITTED: APRIL 2003

Exhibit E
Proof of Ownership

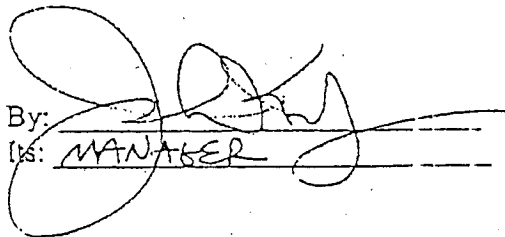
CONSENT TO FORMATION OF
THE PROPOSED
SERENITY RIDGE METROPOLITAN DISTRICT NOS. 1 AND 2
Aurora, Colorado

4/3/2003

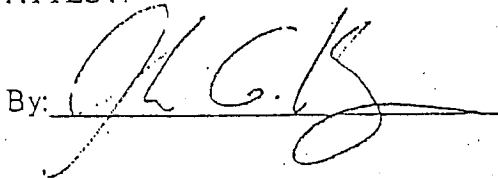
Development Services Department
City of Aurora
1470 South Havana
Aurora, CO 80012

Re: Proposed Serenity Ridge Metropolitan District Nos. 1 and 2
Consent to Formation by Property Owner

WHEATLANDS CROSSING LLC is the current owner of certain property, located in Aurora, Colorado, as further described in Exhibit "A" attached hereto, which is intended to be included in the boundaries of the proposed Serenity Ridge Metropolitan District Nos. 1 and 2. By signature below, the undersigned, having proper authority to act on behalf of WHEATLANDS CROSSING LLC, hereby expresses its full consent to the formation and organization of the proposed Serenity Ridge Metropolitan District Nos. 1 and 2.

By: 
Its: MANAGER

ATTEST:

By: 

*Sete
Vander Wall, P.C.*
ATTORNEYS AT LAW

KIM J. SETER
BARBARA T. VANDER WALL
RUSSELL W. DYKSTRA
JOAN M. FRISCHÉ

Development Services Department
City of Aurora
15151 E. Alameda Avenue
Aurora, Colorado 80012

April 30, 2003

CONSENT TO FORMATION OF THE PROPOSED
GRASSLANDS METROPOLITAN DISTRICT NOS. 1 AND 2

The Rocky Mountain District of the Lutheran Church - Missouri Synod is the owner of certain property, located in Aurora, Colorado, described on Exhibit A attached hereto. The property is intended to be included in the boundaries of the proposed Serenity Ridge Metropolitan District Nos. 1 and 2. The undersigned, acting as attorney in fact for the Owner, has proper authority to act on behalf of the Rocky Mountain District of Lutheran Church - Missouri Synod and expresses its full consent to the formation and organization of the proposed Serenity Ridge Metropolitan District Nos. 1 and 2 and to the inclusion of the property within the Districts' boundaries.

Please contact me if you have any questions or concerns.

SETER & VANDER WALL, PC

Kim J. Seter
Kim J. Seter

Cc: Bernie Braunschweig

E Smokey/Serenity Ridge
0452.3004(4)(1)
Kjs0800

Case No. C00-1811 C

EXHIBIT A

LEGAL DESCRIPTION

A parcel of land being a part the Northeast One-Quarter of Section 32 and the Southeast One-Quarter of Section 29, both Township 5 South, Range 65 West, of the Sixth Principal Meridian, County of Arapahoe, State of Colorado, being more particularly described as follows:

The bearings are based on the East line of the Northeast One-Quarter of Section 32, Township 5 South, Range 65 West assumed to bear North $00^{\circ}04'47''$ West, monumented as follows: a 3.25" aluminum cap in a range box stamped "JR Developers, RLS 10377" at the east one-quarter corner and a 2.5" brass cap set in concrete stamped "LS 12111" at the northeast corner, both of said Section 32.

Commencing at the East One-Quarter Corner of said Section 32;
thence North $00^{\circ}04'47''$ West along the easterly line of said Northeast Quarter a distance of 104.50 feet, to the northeasterly right-of-way of Smoky Hill Road and the Point of Beginning;
thence North $23^{\circ}01'06''$ West along said northeasterly right-of-way a distance of 416.81 feet;
thence North $23^{\circ}27'06''$ West along said northeasterly right-of-way a distance of 753.33 feet to the beginning of a non-tangent curve concave southwesterly and having a radius of 2623.78 feet, a radial line from said curve bears South $66^{\circ}04'47''$ West; thence along said curve a distance of 370.98 feet through a central angle of $08^{\circ}06'04''$, the chord of which bears North $27^{\circ}58'15''$ West a distance of 370.67 feet;
thence North $33^{\circ}36'14''$ West along said northeasterly right-of-way a distance of 1342.91 feet;
thence North $33^{\circ}43'36''$ West along said northeasterly right-of-way a distance of 264.01 feet,
departing said northeasterly right-of-way and to the beginning of a non-tangent curve concave Northerly and having a radius of 1495.50 feet, a radial line from said curve bears North $35^{\circ}03'07''$ East; thence along said curve a distance of 924.13 feet through a central angle of $35^{\circ}24'19''$, the chord of which bears South $72^{\circ}39'02''$ East a distance of 909.50 feet;
thence North $89^{\circ}38'48''$ East 654.91 feet, to the easterly line of said northeast One-Quarter of Section 32;
thence South $00^{\circ}04'47''$ East along the easterly line a distance of 2472.99 feet to the Point of Beginning.

Chicago Title Insurance Company

ALTA COMMITMENT

Our Order No. ABJ874154-7

Schedule A

Cust. Ref.:

Property Address:

VACANT LAND - SMOKY HILL ROAD

1. Effective Date: December 17, 2002 at 5:00 P.M.

2. Policy to be Issued, and Proposed Insured:

"ALTA" Owner's Policy 10-17-92

\$5,754,034.16

Proposed Insured:

NEUMANN HOMES OF COLORADO LLC, A COLORADO LIMITED LIABILITY COMPANY

"ALTA" Loan Policy 10-17-92

\$30,000,000.00

Proposed Insured:

RESIDENTIAL FUNDING CORPORATION, AND/OR ITS SUCCESSORS AND/OR ASSIGNS AS
THEIR INTERESTS MAY APPEAR

3. The estate or interest in the land described or referred to in this Commitment and covered herein is:

A Fee Simple

4. Title to the estate or interest covered herein is at the effective date hereof vested in:

WHEATLAND DEVELOPMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY

5. The land referred to in this Commitment is described as follows:

SEE ATTACHED PAGE(S) FOR LEGAL DESCRIPTION

LEGAL DESCRIPTION

A PARCEL OF LAND SITUATED WITHIN THE WEST ONE-HALF OF SECTION 28, THE EAST ONE-HALF OF SECTION 29 AND THE NORTHEAST ONE-QUARTER OF SECTION 32, TOWNSHIP 5 SOUTH, RANGE 65 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF ARAPAHOE, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE SOUTH LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 29, MONUMENTED ON THE WEST END AT THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 29 BY A 3-1/4" ALUMINUM CAPPED MONUMENT STAMPED "GREENHORN & O'MARA PLS. 24968" AND ON THE EAST END AT THE SOUTHEAST ONE-QUARTER CORNER OF SAID SECTION 29 BY A 2-1/2" BRASS CAP SET IN CONCRETE STAMPED "LS 12111", THE BEARING OF SAID LINE IS ASSUMED TO BEAR NORTH 89 DEGREES 02 MINUTES 39 SECONDS EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO.

BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 29;
THENCE SOUTH 00 DEGREES 04 MINUTES 47 SECONDS EAST, ALONG THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 32, A DISTANCE OF 70.40 FEET;

THENCE THE FOLLOWING TWO (2) COURSES:

1. SOUTH 89 DEGREES 38 MINUTES 48 SECONDS WEST, A DISTANCE OF 654.91 FEET TO A POINT OF CURVE;
2. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 1495.50 FEET, A CENTRAL ANGLE OF 35 DEGREES 24 MINUTES 19 SECONDS, A DISTANCE OF 924.13 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF SMOKY HILL ROAD;

THENCE ALONG SAID EASTERLY RIGHT-OF-WAY LINE THE FOLLOWING TWO (2) COURSES:

1. NORTH 33 DEGREES 43 MINUTES 36 SECONDS WEST, A DISTANCE OF 1510.83 FEET TO A POINT OF NON-TANGENT CURVE;
2. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS NORTH 56 DEGREES 17 MINUTES 29 SECONDS EAST, SAID CURVE HAVING A RADIUS OF 3395.00 FEET, A CENTRAL ANGLE OF 04 DEGREES 15 MINUTES 19 SECONDS, A DISTANCE OF 252.14 FEET;

THENCE THE FOLLOWING SIXTEEN (16) COURSES:

1. NORTH 61 DEGREES 18 MINUTES 41 SECONDS EAST, A DISTANCE OF 599.98 FEET TO A POINT OF CURVE;
2. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 100.00 FEET, A CENTRAL ANGLE OF 90 DEGREES 29 MINUTES 29 SECONDS, A DISTANCE OF 157.94 FEET TO A POINT OF REVERSE CURVE;
3. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 300.00 FEET, A CENTRAL ANGLE OF 89 DEGREES 15 MINUTES 12 SECONDS, A DISTANCE OF 467.33 FEET TO A POINT OF REVERSE CURVE;
4. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 175.00 FEET, A CENTRAL ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS, A DISTANCE OF 274.89 FEET TO A POINT OF REVERSE CURVE;
5. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 200.00 FEET, A CENTRAL ANGLE OF 43 DEGREES 29 MINUTES 03 SECONDS, A DISTANCE OF 151.79 FEET;

LEGAL DESCRIPTION

6. NORTH 13 DEGREES 33 MINUTES 27 SECONDS EAST, A DISTANCE OF 171.21 FEET TO A POINT OF CURVE;
7. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 300.00 FEET, A CENTRAL ANGLE OF 49 DEGREES 14 MINUTES 05 SECONDS, A DISTANCE OF 257.79 FEET TO A POINT OF REVERSE CURVE;
8. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 175.00 FEET, A CENTRAL ANGLE OF 64 DEGREES 47 MINUTES 55 SECONDS, A DISTANCE OF 197.92 FEET;
9. NORTH 02 DEGREES 00 MINUTES 23 SECONDS WEST, A DISTANCE OF 52.25 FEET;
10. NORTH 89 DEGREES 16 MINUTES 13 SECONDS EAST, A DISTANCE OF 455.73 FEET TO A POINT OF CURVE;
11. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 750.00 FEET, A CENTRAL ANGLE OF 14 DEGREES 50 MINUTES 06 SECONDS, A DISTANCE OF 194.19 FEET TO A POINT OF NON-TANGENT CURVE;
12. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE RADIUS POINT BEARS NORTH 14 DEGREES 06 MINUTES 19 SECONDS EAST, SAID CURVE HAVING A RADIUS OF 750.00 FEET, A CENTRAL ANGLE OF 14 DEGREES 50 MINUTES 06 SECONDS, A DISTANCE OF 194.19 FEET;
13. NORTH 89 DEGREES 16 MINUTES 13 SECONDS EAST, A DISTANCE OF 114.57 FEET TO A POINT OF CURVE;
14. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 750.00 FEET, A CENTRAL ANGLE OF 14 DEGREES 50 MINUTES 06 SECONDS, A DISTANCE OF 194.19 FEET TO A POINT OF NON-TANGENT REVERSE CURVE;
15. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS SOUTH 15 DEGREES 33 MINUTES 54 SECONDS EAST, SAID CURVE HAVING A RADIUS OF 750.00 FEET, A CENTRAL ANGLE OF 14 DEGREES 50 MINUTES 07 SECONDS, A DISTANCE OF 194.19 FEET;
16. NORTH 89 DEGREES 16 MINUTES 13 SECONDS EAST, A DISTANCE OF 179.46 FEET;

THENCE THE FOLLOWING THREE (3) COURSES:

1. SOUTH 00 DEGREES 29 MINUTES 33 SECONDS EAST, A DISTANCE OF 834.63 FEET;
2. SOUTH 00 DEGREES 38 MINUTES 04 SECONDS EAST, A DISTANCE OF 5.28 FEET;
3. SOUTH 00 DEGREES 12 MINUTES 27 SECONDS WEST, A DISTANCE OF 2640.35 FEET TO A POINT ON THE SOUTH LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 28;

THENCE SOUTH 89 DEGREES 02 MINUTES 39 SECONDS WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 30.45 FEET TO THE POINT OF BEGINNING.

LEGAL PREPARED BY:
NOLTE ASSOCIATES
7000 S. YOSEMITE ST. #200
ENGLEWOOD, CO 80112
KENNETH D. BAKER, P.L.S. NO. 15606

ALTA COMMITMENT

Schedule B - Section I

(Requirements)

Our Order No. ABJ874154-7

The following are the requirements to be complied with:

Item (a) Payment to or for the account of the grantors or mortgagors of the full consideration for the estate or interest to be insured.

Item (b) Proper instrument(s) creating the estate or interest to be insured must be executed and duly filed for record, to-wit:

Item (c) Payment of all taxes, charges or assessments levied and assessed against the subject premises which are due and payable.

Item (d) Additional requirements, if any disclosed below:

1. RELEASE OF DEED OF TRUST DATED JULY 19, 2002 FROM WHEATLAND DEVELOPMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY TO THE PUBLIC TRUSTEE OF ARAPAHOE COUNTY FOR THE USE OF U.S. HOME CORPORATION TO SECURE THE OBLIGATIONS SET FORTH THEREIN RECORDED JULY 19, 2002, UNDER RECEPTION NO. B2132006.
2. (ITEM INTENTIONALLY DELETED)
3. WARRANTY DEED FROM WHEATLAND DEVELOPMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY TO NEUMANN HOMES OF COLORADO LLC, A COLORADO LIMITED LIABILITY COMPANY CONVEYING SUBJECT PROPERTY.
4. RELEASE OF DEED OF TRUST DATED MAY 15, 1998 FROM WHEATLAND DEVELOPMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY TO THE PUBLIC TRUSTEE OF ARAPAHOE COUNTY FOR THE USE OF CLINTON BURTON MILLER, JR. AND MARGARET F. MILLER TO SECURE THE SUM OF \$3,899,040.00 RECORDED MAY 21, 1998, UNDER RECEPTION NO: A8076027.

AMENDMENT AGREEMENT IN CONNECTION WITH SAID DEED OF TRUST WAS RECORDED AUGUST 04, 2000 UNDER RECEPTION NO. B0096515 AND RE-RECORDED NOVEMBER 6, 2000 UNDER RECEPTION NO. B0144467.

PARTIAL RELEASE OF DEED OF TRUST RECORDED NOVEMBER 2, 2000 UNDER RECEPTION NO. B0142245.

5. DEED OF TRUST FROM NEUMANN HOMES OF COLORADO LLC, A COLORADO LIMITED LIABILITY COMPANY TO THE PUBLIC TRUSTEE OF ARAPAHOE COUNTY FOR THE USE OF

ALTA COMMITMENT

Schedule B - Section 1

(Requirements)

Our Order No. ABJ874154-7

Continued:

RESIDENTIAL FUNDING CORPORATION TO SECURE THE SUM OF \$30,000,000.00.

NOTE: ITEMS 1-3 OF THE GENERAL EXCEPTIONS ARE HEREBY DELETED. (AS TO OWNERS AND LENDERS POLICY)

UPON THE APPROVAL OF THE COMPANY AND THE RECEIPT OF A NOTARIZED FINAL LIEN AFFIDAVIT, ITEM NO. 4 OF THE GENERAL EXCEPTIONS WILL BE AMENDED AS FOLLOWS:

ITEM NO. 4 OF THE GENERAL EXCEPTIONS IS DELETED AS TO ANY LIENS OR FUTURE LIENS RESULTING FROM WORK OR MATERIAL FURNISHED AT THE REQUEST OF WHEATLAND DEVELOPMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY. CHICAGO TITLE INSURANCE COMPANY SHALL HAVE NO LIABILITY FOR ANY LIENS ARISING FROM WORK OR MATERIAL FURNISHED AT THE REQUEST OF NEUMANN HOMES OF COLORADO LLC, A COLORADO LIMITED LIABILITY COMPANY. (AS TO OWNERS POLICY)

NOTE: ITEM 5 OF THE GENERAL EXCEPTIONS WILL BE DELETED IF LAND TITLE RECORDS THE DOCUMENTS REQUIRED UNDER SCHEDULE B-1.

NOTE: UPON PROOF OF PAYMENT OF 2001 AND 2002 TAXES, ITEM 6 WILL BE AMENDED TO READ:

TAXES AND ASSESSMENTS FOR THE YEAR 2003 AND SUBSEQUENT YEARS, A LIEN NOT YET DUE AND PAYABLE.

ITEM 7 UNDER SCHEDULE B-2 WILL BE DELETED UPON PROOF THAT THE WATER AND SEWER CHARGES ARE PAID UP TO DATE.

ITEM 9 UNDER SCHEDULE B-2 WILL BE DELETED UPON PROOF FROM THE OWNER STATING THERE ARE NO LEASES OR TENANTS ON SUBJECT PROPERTY.

***** NOTICE OF FEE CHANGE, EFFECTIVE SEPTEMBER 1, 2002 *****

Pursuant to Colorado Revised Statute 30-10-421, "The county clerk and recorder shall collect a surcharge of \$1.00 for each document received for recording or filing in his or her office. The surcharge shall be in addition to any other fees permitted by statute."

ALTA COMMITMENT

Schedule B - Section 2

(Exceptions)

Our Order No. ABJ874154-7

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.
5. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires of record for value the estate or interest or mortgage thereon covered by this Commitment.
6. Taxes or special assessments which are not shown as existing liens by the public records.
7. Liens for unpaid water and sewer charges, if any.
8. In addition, the owner's policy will be subject to the mortgage, if any, noted in Section 1 of Schedule B hereof.
9. EXISTING LEASES AND TENANCIES, IF ANY.
10. ANY WATER RIGHTS OR CLAIMS OR TITLE TO WATER IN, ON OR UNDER THE LAND WHETHER OF RECORD OR NOT.
11. RIGHT OF THE PROPRIETOR OF A VEIN OR LODE TO EXTRACT AND REMOVE HIS ORE THEREFROM, SHOULD THE SAME BE FOUND TO PENETRATE OR INTERSECT THE PREMISES HEREBY GRANTED, AND A RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES, AS RESERVED IN UNITED STATES PATENT RECORDED JANUARY 12, 1897 IN BOOK A57 AT PAGE 117.

(AFFECTS THE N1/2 OF THE NE1/4 OF SECTION 32)

THE EXISTENCE OF THE EASEMENT SHOWN AS ITEM NO. 11, SCHEDULE B-2, WILL NOT AFFECT OUR ABILITY TO ATTACH COLORADO ENDORSEMENT NO. 103.1 TO OUR MORTGAGEES POLICY WHEN ISSUED.

12. RESERVATIONS BY THE UNION PACIFIC LAND COMPANY OF:
(1) ALL OIL, COAL AND OTHER MINERALS UNDERLYING SUBJECT PROPERTY,

ALTA COMMITMENT

Schedule B - Section 2

(Exceptions)

Our Order No. ABJ874154-7

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

(2) THE EXCLUSIVE RIGHT TO PROSPECT FOR, MINE AND REMOVE OIL, COAL AND OTHER MINERALS, AND

(3) THE RIGHT OF INGRESS AND EGRESS AND REGRESS TO PROSPECT FOR, MINE AND REMOVE OIL, COAL AND OTHER MINERALS, ALL AS CONTAINED IN DEED RECORDED APRIL 26, 1909, IN BOOK 34 AT PAGE 340.

(AFFECTS SECTION 29)

DEEDS REGARDING SAID RESERVATION RECORDED APRIL 16, 1971 IN BOOK 1920 AT PAGE 247 AND SEPTEMBER 29, 1977 IN BOOK 2658 AT PAGE 234.

THE EXISTENCE OF THE MINERAL EXCEPTION AND/OR RESERVATION SHOWN AS ITEM 12, SCHEDULE B-2, WILL NOT AFFECT OUR ABILITY TO ATTACH COLORADO ENDORSEMENT NO. 100.29 TO OUR MORTGAGEES POLICY WHEN ISSUED.

13. (ITEM INTENTIONALLY DELETED)

14. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN ANNEXATION AGREEMENT RECORDED JANUARY 26, 1987 IN BOOK 5028 AT PAGE 485.

(AFFECTS SECTION 28)

15. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN GENERAL DEVELOPMENT PLAN-SENAC RECORDED MARCH 08, 1987 UNDER RECEPTION NO. 2800758.

(AFFECTS SECTION 28)

16. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN DEVELOPMENT PLAN-WHEATLANDS RECORDED NOVEMBER 10, 1987 UNDER RECEPTION NO. 2909478.

17. WATER RIGHTS CONVEYED TO THE CITY OF AURORA BY QUIT CLAIM DEED RECORDED MAY 3, 1988 IN BOOK 5424 AT PAGE 104.

ALTA COMMITMENT

Schedule B - Section 2

(Exceptions)

Our Order No. ABJ874154-7

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

18. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN ANNEXATION AGREEMENT RECORDED APRIL 10, 1990 IN BOOK 5904 AT PAGE 116.
19. (ITEM INTENTIONALLY DELETED)
20. (ITEM INTENTIONALLY DELETED)
21. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN REZONING ORDINANCE RECORDED SEPTEMBER 27, 2000 UNDER RECEPTION NO. B0123891.
22. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN AGREEMENT RECORDED APRIL 17, 2001 UNDER RECEPTION NO. B1056906.
23. TERMS, CONDITIONS, PROVISIONS, BURDENS, OBLIGATIONS AND EASEMENTS AS SET FORTH AND GRANTED IN EASEMENT DEED RECORDED JUNE 14, 2001 UNDER RECEPTION NO. B1096134.
24. REQUEST FOR NOTIFICATION OF SURFACE DEVELOPMENT RECORDED MAY 16, 2002 UNDER RECEPTION NO. B2090961.
25. TERMS, CONDITIONS AND PROVISIONS OF AN UNRECORDED "GRAZING LEASE" DATED MAY 15, 1998 EXECUTED BY AND BETWEEN WHEATLAND DEVELOPMENT LLC, A COLORADO LIMITED LIABILITY COMPANY, AS LESSOR, AND RUNNING CREEK RANCH, AS LESSEE.

EXCEPTION NO. 25 WILL BE DELETED UPON EVIDENCE THAT THE LEASE HAS BEEN TERMINATED.
26. ANY RIGHTS OR INTERESTS WHICH MAY EXIST OR ARISE BY REASON OF THE FOLLOWING FACTS SHOWN ON ALTA/ACSM LAND TITLE SURVEY DATED OCTOBER 03, 2002 PREPARED BY NOLTE ASSOCIATES, INC., JOB NO. DV144101:

A) THE DIRT TRAIL CROSSING THE EASTERLY PORTION OF THE SUBJECT PROPERTY.

ALTA COMMITMENT

Schedule B - Section 2

(Exceptions)

Our Order No. ABJ874154-7

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

B) FENCE LINES LIE BOTH INSIDE AND OUTSIDE OF THE SUBJECT PROPERTY.

27. TERMS, CONDITIONS AND PROVISIONS OF DEVELOPMENT AGREEMENT RECORDED OCTOBER 29, 2002 AT RECEPTION NO. B2204202.

LAND TITLE GUARANTEE COMPANY

DISCLOSURE STATEMENTS

Note: Pursuant to CRS 10-11-122, notice is hereby given that:

- A) The subject real property may be located in a special taxing district.
- B) A Certificate of Taxes Due listing each taxing jurisdiction may be obtained from the County Treasurer's authorized agent.
- C) The information regarding special districts and the boundaries of such districts may be obtained from the Board of County Commissioners, the County Clerk and Recorder, or the County Assessor.

Note: Effective September 1, 1997, CRS 30-10-406 requires that all documents received for recording or filing in the clerk and recorder's office shall contain a top margin of at least one inch and a left, right and bottom margin of at least one half of an inch. The clerk and recorder may refuse to record or file any document that does not conform, except that, the requirement for the top margin shall not apply to documents using forms on which space is provided for recording or filing information at the top margin of the document.

Note: Colorado Division of Insurance Regulations 3-5-1, Paragraph C of Article VII requires that "Every title entity shall be responsible for all matters which appear of record prior to the time of recording whenever the title entity conducts the closing and is responsible for recording or filing of legal documents resulting from the transaction which was closed". Provided that Land Title Guarantee Company conducts the closing of the insured transaction and is responsible for recording the legal documents from the transaction, exception number 5 will not appear on the Owner's Title Policy and the Lenders Policy when issued.

Note: Affirmative mechanic's lien protection for the Owner may be available (typically by deletion of Exception no. 4 of Schedule B, Section 2 of the Commitment from the Owner's Policy to be issued) upon compliance with the following conditions:

- A) The land described in Schedule A of this commitment must be a single family residence which includes a condominium or townhouse unit.
- B) No labor or materials have been furnished by mechanics or material-men for purposes of construction on the land described in Schedule A of this Commitment within the past 6 months.
- C) The Company must receive an appropriate affidavit indemnifying the Company against un-filed mechanic's and material-men's liens.
- D) The Company must receive payment of the appropriate premium.
- E) If there has been construction, improvements or major repairs undertaken on the property to be purchased within six months prior to the Date of the Commitment, the requirements to obtain coverage for unrecorded liens will include: disclosure of certain construction information; financial information as to the seller, the builder and or the contractor; payment of the appropriate premium fully executed Indemnity Agreements satisfactory to the company, and, any additional requirements as may be necessary after an examination of the aforesaid information by the Company.

No coverage will be given under any circumstances for labor or material for which the insured has contracted for or agreed to pay.

Note: Pursuant to CRS 10-11-123, notice is hereby given:

- A) That there is recorded evidence that a mineral estate has been severed, leased, or otherwise conveyed from the surface estate and that there is a substantial likelihood that a third party holds some or all interest in oil, gas, other minerals, or geothermal energy in the property; and
- B) That such mineral estate may include the right to enter and use the property without the surface owner's permission.

This notice applies to owner's policy commitments containing a mineral severance instrument exception, or exceptions, in Schedule B, Section 2.

Nothing herein contained will be deemed to obligate the company to provide any of the coverages referred to herein unless the above conditions are fully satisfied.

JOINT NOTICE OF PRIVACY POLICY

Fidelity National Financial Group of Companies/Chicago Title Insurance Company and
Land Title Guarantee Company
July 1, 2001

We recognize and respect the privacy expectations of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basis for a relationship of trust between us and the public that we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:

- * From applications or other forms we receive from you or your authorized representative;
- * From your transactions with, or from the services being performed by, us, our affiliates, or others;
- * From our internet web sites;
- * From the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others; and
- * From consumer or other reporting agencies.

Our Policies Regarding the Protection of the Confidentiality and Security of Your Personal Information

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

Our Policies and Practices Regarding the Sharing of Your Personal Information

We may share your Personal Information with our affiliates, such as insurance companies, agents, and other real estate settlement service providers. We also may disclose your Personal Information:

- * to agents, brokers or representatives to provide you with services you have requested;
- * to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
- * to others with whom we enter into joint marketing agreements for products or services that we believe you may find of interest.

In addition, we will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

One of the important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

Right to Access Your Personal Information and Ability to Correct Errors Or Request Changes Or Deletion

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests submitted to the Fidelity National Financial Group of Companies/Chicago Title Insurance Company shall be in writing, and delivered to the following address:

Privacy Compliance Officer
Fidelity National Financial, Inc.
4050 Calle Real, Suite 220
Santa Barbara, CA 93110

Multiple Products or Services

If we provide you with more than one financial product or service, you may receive more than one privacy notice from us. We apologize for any inconvenience this may cause you.

Form AO/CHI

Our Order No. ABJ874154*1

Schedule A

Amount \$5,709,537.17

Property Address: VACANT LAND - SMOKY HILL ROAD

1. Policy Date: January 30, 2003 at 5:00 P.M.

2. Name of Insured:

NEUMANN HOMES OF COLORADO LLC, A COLORADO LIMITED LIABILITY COMPANY

3. The estate or interest in the land described or referred to in this Schedule and which is covered by this policy is:

A Fee Simple

4. Title to the estate or interest covered by this policy at the date hereof is vested in:

NEUMANN HOMES OF COLORADO LLC, A COLORADO LIMITED LIABILITY COMPANY

5. The land referred to in this policy is described as follows:

SEE ATTACHED PAGE(S) FOR LEGAL DESCRIPTION

This Policy valid only if Schedule B is attached.

Land Title Guarantee Company
Representing Chicago Title Insurance Company

LEGAL DESCRIPTION

A PARCEL OF LAND SITUATED WITHIN THE WEST ONE-HALF OF SECTION 28, THE EAST ONE-HALF OF SECTION 29 AND THE NORTHEAST ONE-QUARTER OF SECTION 32, TOWNSHIP 5 SOUTH, RANGE 65 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF ARAPAHOE, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE SOUTH LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 29, MONUMENTED ON THE WEST END AT THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 29 BY A 3-1/4" ALUMINUM CAPPED MONUMENT STAMPED "GREENHORN & O'MARA PLS. 24968" AND ON THE EAST END AT THE SOUTHEAST ONE-QUARTER CORNER OF SAID SECTION 29 BY A 2-1/2" BRASS CAP SET IN CONCRETE STAMPED "LS 12111", THE BEARING OF SAID LINE IS ASSUMED TO BEAR NORTH 89 DEGREES 02 MINUTES 39 SECONDS EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO.

BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 29;
THENCE SOUTH 00 DEGREES 04 MINUTES 47 SECONDS EAST, ALONG THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 32, A DISTANCE OF 70.40 FEET;

THENCE THE FOLLOWING TWO (2) COURSES:

1. SOUTH 89 DEGREES 38 MINUTES 48 SECONDS WEST, A DISTANCE OF 654.91 FEET TO A POINT OF CURVE;
2. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 1495.50 FEET, A CENTRAL ANGLE OF 35 DEGREES 24 MINUTES 19 SECONDS, A DISTANCE OF 924.13 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF SMOKY HILL ROAD;

THENCE ALONG SAID EASTERLY RIGHT-OF-WAY LINE THE FOLLOWING TWO (2) COURSES:

1. NORTH 33 DEGREES 43 MINUTES 36 SECONDS WEST, A DISTANCE OF 1510.83 FEET TO A POINT OF NON-TANGENT CURVE;
2. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS NORTH 56 DEGREES 17 MINUTES 29 SECONDS EAST, SAID CURVE HAVING A RADIUS OF 3395.00 FEET, A CENTRAL ANGLE OF 04 DEGREES 15 MINUTES 19 SECONDS, A DISTANCE OF 252.14 FEET;

THENCE THE FOLLOWING SIXTEEN (16) COURSES:

1. NORTH 61 DEGREES 18 MINUTES 41 SECONDS EAST, A DISTANCE OF 599.98 FEET TO A POINT OF CURVE;
2. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 100.00 FEET, A CENTRAL ANGLE OF 90 DEGREES 29 MINUTES 29 SECONDS, A DISTANCE OF 157.94 FEET TO A POINT OF REVERSE CURVE;
3. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 300.00 FEET, A CENTRAL ANGLE OF 89 DEGREES 15 MINUTES 12 SECONDS, A DISTANCE OF 467.33 FEET TO A POINT OF REVERSE CURVE;
4. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 175.00 FEET, A CENTRAL ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS, A DISTANCE OF 274.89 FEET TO A POINT OF REVERSE CURVE;
5. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 200.00 FEET, A CENTRAL ANGLE OF 43 DEGREES 29 MINUTES 03 SECONDS, A DISTANCE OF 151.79 FEET;

LEGAL DESCRIPTION

6. NORTH 13 DEGREES 33 MINUTES 27 SECONDS EAST, A DISTANCE OF 171.21 FEET TO A POINT OF CURVE;
7. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 300.00 FEET, A CENTRAL ANGLE OF 49 DEGREES 14 MINUTES 05 SECONDS, A DISTANCE OF 257.79 FEET TO A POINT OF REVERSE CURVE;
8. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 175.00 FEET, A CENTRAL ANGLE OF 64 DEGREES 47 MINUTES 55 SECONDS, A DISTANCE OF 197.92 FEET;
9. NORTH 02 DEGREES 00 MINUTES 23 SECONDS WEST, A DISTANCE OF 52.25 FEET;
10. NORTH 89 DEGREES 16 MINUTES 13 SECONDS EAST, A DISTANCE OF 455.73 FEET TO A POINT OF CURVE;
11. ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 750.00 FEET, A CENTRAL ANGLE OF 14 DEGREES 50 MINUTES 06 SECONDS, A DISTANCE OF 194.19 FEET TO A POINT OF NON-TANGENT CURVE;
12. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE RADIUS POINT BEARS NORTH 14 DEGREES 06 MINUTES 19 SECONDS EAST, SAID CURVE HAVING A RADIUS OF 750.00 FEET, A CENTRAL ANGLE OF 14 DEGREES 50 MINUTES 06 SECONDS, A DISTANCE OF 194.19 FEET;
13. NORTH 89 DEGREES 16 MINUTES 13 SECONDS EAST, A DISTANCE OF 114.57 FEET TO A POINT OF CURVE;
14. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 750.00 FEET, A CENTRAL ANGLE OF 14 DEGREES 50 MINUTES 06 SECONDS, A DISTANCE OF 194.19 FEET TO A POINT OF NON-TANGENT REVERSE CURVE;
15. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE RADIUS POINT BEARS SOUTH 15 DEGREES 33 MINUTES 54 SECONDS EAST, SAID CURVE HAVING A RADIUS OF 750.00 FEET, A CENTRAL ANGLE OF 14 DEGREES 50 MINUTES 07 SECONDS, A DISTANCE OF 194.19 FEET;
16. NORTH 89 DEGREES 16 MINUTES 13 SECONDS EAST, A DISTANCE OF 179.46 FEET;

THENCE THE FOLLOWING THREE (3) COURSES:

1. SOUTH 00 DEGREES 29 MINUTES 33 SECONDS EAST, A DISTANCE OF 834.63 FEET;
2. SOUTH 00 DEGREES 38 MINUTES 04 SECONDS EAST, A DISTANCE OF 5.28 FEET;
3. SOUTH 00 DEGREES 12 MINUTES 27 SECONDS WEST, A DISTANCE OF 2640.35 FEET TO A POINT ON THE SOUTH LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 28;

THENCE SOUTH 89 DEGREES 02 MINUTES 39 SECONDS WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 30.45 FEET TO THE POINT OF BEGINNING.

LEGAL PREPARED BY:
 NOLTE ASSOCIATES
 7000 S. YOSEMITE ST. #200
 ENGLEWOOD, CO 80112
 KENNETH D. BAKER, P.L.S. NO. 15606

Form AO/CHI

Our Order No. ABJ874154*

Schedule B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

General Exceptions:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. LIENS FOR UNPAID WATER AND SEWER CHARGES, IF ANY.
6. TAXES AND ASSESSMENTS FOR THE YEAR 2002 AND SUBSEQUENT YEARS, A LIEN NOT YET DUE AND PAYABLE.
7. ANY WATER RIGHTS OR CLAIMS OR TITLE TO WATER IN, ON OR UNDER THE LAND WHETHER OF RECORD OR NOT.
8. RIGHT OF THE PROPRIETOR OF A VEIN OR LODE TO EXTRACT AND REMOVE HIS ORE THEREFROM, SHOULD THE SAME BE FOUND TO PENETRATE OR INTERSECT THE PREMISES HEREBY GRANTED, AND A RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES, AS RESERVED IN UNITED STATES PATENT RECORDED JANUARY 12, 1897 IN BOOK A57 AT PAGE 117.

(AFFECTS THE N1/2 OF THE NE1/4 OF SECTION 32)
9. RESERVATIONS BY THE UNION PACIFIC LAND COMPANY OF:
(1) ALL OIL, COAL AND OTHER MINERALS UNDERLYING SUBJECT PROPERTY,
(2) THE EXCLUSIVE RIGHT TO PROSPECT FOR, MINE AND REMOVE OIL, COAL AND OTHER MINERALS, AND
(3) THE RIGHT OF INGRESS AND EGRESS AND REGRESS TO PROSPECT FOR, MINE AND REMOVE OIL, COAL AND OTHER MINERALS, ALL AS CONTAINED IN DEED RECORDED APRIL 26, 1909, IN BOOK 34 AT PAGE 340.

(AFFECTS SECTION 29)

Form AO/CHI

Our Order No. ABJ874154*

Schedule B

DEEDS REGARDING SAID RESERVATION RECORDED APRIL 16, 1971 IN BOOK 1920 AT PAGE 247 AND SEPTEMBER 29, 1977 IN BOOK 2658 AT PAGE 234.

10. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN ANNEXATION AGREEMENT RECORDED JANUARY 26, 1987 IN BOOK 5028 AT PAGE 485.

(AFFECTS SECTION 28)

11. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN GENERAL DEVELOPMENT PLAN-SENAC RECORDED MARCH 08, 1987 UNDER RECEPTION NO. 2800758.

(AFFECTS SECTION 28)

12. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN DEVELOPMENT PLAN-WHEATLANDS RECORDED NOVEMBER 10, 1987 UNDER RECEPTION NO. 2909478.

13. WATER RIGHTS CONVEYED TO THE CITY OF AURORA BY QUIT CLAIM DEED RECORDED MAY 3, 1988 IN BOOK 5424 AT PAGE 104.

14. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN ANNEXATION AGREEMENT RECORDED APRIL 10, 1990 IN BOOK 5904 AT PAGE 116.

15. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN REZONING ORDINANCE RECORDED SEPTEMBER 27, 2000 UNDER RECEPTION NO. B0123891.

16. TERMS, CONDITIONS, PROVISIONS, BURDENS AND OBLIGATIONS AS SET FORTH IN AGREEMENT RECORDED APRIL 17, 2001 UNDER RECEPTION NO. B1056906.

17. TERMS, CONDITIONS, PROVISIONS, BURDENS, OBLIGATIONS AND EASEMENTS AS SET FORTH AND GRANTED IN EASEMENT DEED RECORDED JUNE 14, 2001 UNDER RECEPTION NO. B1096134.

18. REQUEST FOR NOTIFICATION OF SURFACE DEVELOPMENT RECORDED MAY 16, 2002 UNDER

Form AO/CHI

Our Order No. ABJ874154*

Schedule B

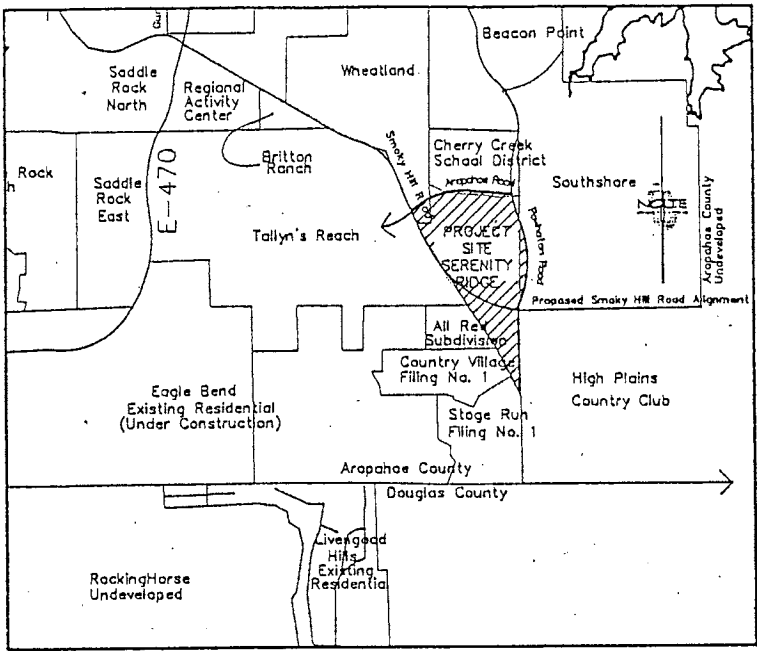
RECEPTION NO. B2090961.

19. TERMS, CONDITIONS AND PROVISIONS OF AN UNRECORDED "GRAZING LEASE" DATED MAY 15, 1998 EXECUTED BY AND BETWEEN WHEATLAND DEVELOPMENT LLC, A COLORADO LIMITED LIABILITY COMPANY, AS LESSOR, AND RUNNING CREEK RANCH, AS LESSEE.
20. ANY RIGHTS OR INTERESTS WHICH MAY EXIST OR ARISE BY REASON OF THE FOLLOWING FACTS SHOWN ON ALTA/ACSM LAND TITLE SURVEY DATED OCTOBER 03, 2002 PREPARED BY NOLTE ASSOCIATES, INC., JOB NO. DV144101:
 - A) THE DIRT TRAIL CROSSING THE EASTERLY PORTION OF THE SUBJECT PROPERTY.
 - B) FENCE LINES LIE BOTH INSIDE AND OUTSIDE OF THE SUBJECT PROPERTY.
21. TERMS, CONDITIONS AND PROVISIONS OF DEVELOPMENT AGREEMENT RECORDED OCTOBER 29, 2002 AT RECEPTION NO. B2204202.
22. CONSTRUCTION DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING WITH ASSIGNMENT OF RENTS, PROCEEDS AND AGREEMENTS DATED AS OF JANUARY 29, 2003 AND RECORDED JANUARY 30, 2003 AS DOCUMENT NO. B3021426, MADE BY NEUMANN HOMES OF COLORADO LLC, AS GRANTOR, TO THE PUBLIC TRUSTEE OF THE COUNTY OF ARAPAHOE, STATE OF COLORADO, AS TRUSTEE, FOR THE BENEFIT OF RESIDENTIAL FUNDING CORPORATION, AS BENEFICIARY, TO SECURE THE SUM OF \$30,000,000.00.

ITEM NOS. 1 THROUGH 3 OF THE GENERAL EXCEPTIONS ARE HEREBY DELETED.

ITEM NO. 4 OF THE GENERAL EXCEPTIONS IS DELETED AS TO ANY LIENS RESULTING FROM WORK OR MATERIAL CONTRACTED FOR OR FURNISHED AT THE REQUEST OF WHEATLAND DEVELOPMENT, LLC, A COLORADO LIMITED LIABILITY COMPANY. CHICAGO TITLE INSURANCE COMPANY SHALL HAVE NO LIABILITY FOR ANY LIENS ARISING FROM WORK OR MATERIAL FURNISHED AT THE REQUEST OF NEUMANN HOMES OF COLORADO LLC, A COLORADO LIMITED LIABILITY COMPANY.

Exhibit F
Facilities Plans



VICINITY MAP
 SCALE 1" = 3000'

CONSTRUCTION SCHEDULE

PHASE	YEAR
1	2003-2004
2	2004-2005
3	2005-2006

PHASE 1 - DISTRICT CONSTRUCTION

GRADING

- OVERLOT GRADING FOR DISTRICT ROADS AND OPEN SPACE

ROADS

- COLLECTOR ROAD A
- POWHATON ROAD, FROM ARAPAHOE ROAD TO SMOKY HILL ROAD - WEST HALF
- SMOKY HILL ROAD, FROM POWHATON ROAD TO ARAPAHOE ROAD - NORTH HALF
- ARAPAHOE ROAD, FROM POWHATON ROAD TO SMOKY HILL ROAD - SOUTH HALF

WATER SYSTEM

- 24" ZONE 7 WATER MAIN IN POWHATON ROAD
- 24" ZONE 8 WATER MAIN IN POWHATON ROAD
- 24" ZONE 8 WATER MAIN IN SMOKY HILL ROAD
- 8" WATER MAIN IN COLLECTOR ROAD A

SANITARY SEWER SYSTEM

- 8" SANITARY MAIN IN COLLECTOR ROAD A

STORM DRAIN SYSTEM

- DETENTION POND GRADING
- POND OUTLET STRUCTURES
- RCP PIPING

LANDSCAPE

- PHASE 1 LANDSCAPE

PHASE 2 - DISTRICT CONSTRUCTION

LANDSCAPE

- PHASE 2 LANDSCAPE

PHASE 3 - DISTRICT CONSTRUCTION

GRADING

- OVERLOT GRADING FOR DISTRICT ROADS AND OPEN SPACE

ROADS

- POWHATON ROAD, SOUTH OF SMOKY HILL ROAD - WEST HALF
- SMOKY HILL ROAD, FROM POWHATON ROAD TO OLD SMOKY HILL ROAD - SOUTH HALF
- COLLECTOR ROAD B
- ENTRY ROAD, SOUTH OF SMOKY HILL ROAD

WATER SYSTEM

- 8" WATER MAIN IN COLLECTOR B
- 8" WATER MAIN IN ENTRY ROAD

SANITARY SEWER SYSTEM

- 8" SANITARY MAIN IN COLLECTOR ROAD B
- 8" SANITARY MAIN IN POWHATON FROM SMOKY HILL ROAD TO COLLECTOR ROAD B

LANDSCAPE

- PHASE 3 LANDSCAPE

NOTE: ALL PUBLIC IMPROVEMENTS MUST BE COMPLETED PRIOR TO THE FIRST CERTIFICATE OF OCCUPANCY WITHIN EACH PHASE OF CONSTRUCTION.

EXHIBIT F



BEYOND ENGINEERING
 7000 SOUTH YORBAUTE ST., SUITE 200, ENGLEWOOD, CO, 80112
 303.220.1001 TEL 303.220.1001 FAX WWW.NOLTE.COM

SERENITY RIDGE
 METROPOLITAN DISTRICT
 VICINITY MAP AND PHASING DESCRIPTIONS

PREPARED FOR: NEUMANN HOMES

DATE SUBMITTED: JULY 2003

SHEET NUMBER

1

OF 7 SHEETS

JOB NUMBER
 DV144150



OPERATING DISTRICT

ARAPAHOE ROAD

SMOKY HILL ROAD

POWATON ROAD

FUTURE PHASE



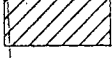

PHASE 1

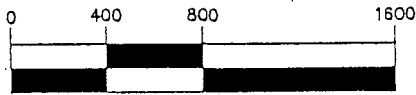
PHASE 2

PHASE 3

FUTURE PHASE

LEGEND

-  PHASE 1
-  PHASE 2
-  PHASE 3
-  FUTURE PHASE



1 inch = 800 ft.

EXHIBIT F

**SERENITY RIDGE
 METROPOLITAN DISTRICT
 BOUNDARY AND PHASING MAP**

SHEET NUMBER

2

OF 7 SHEETS

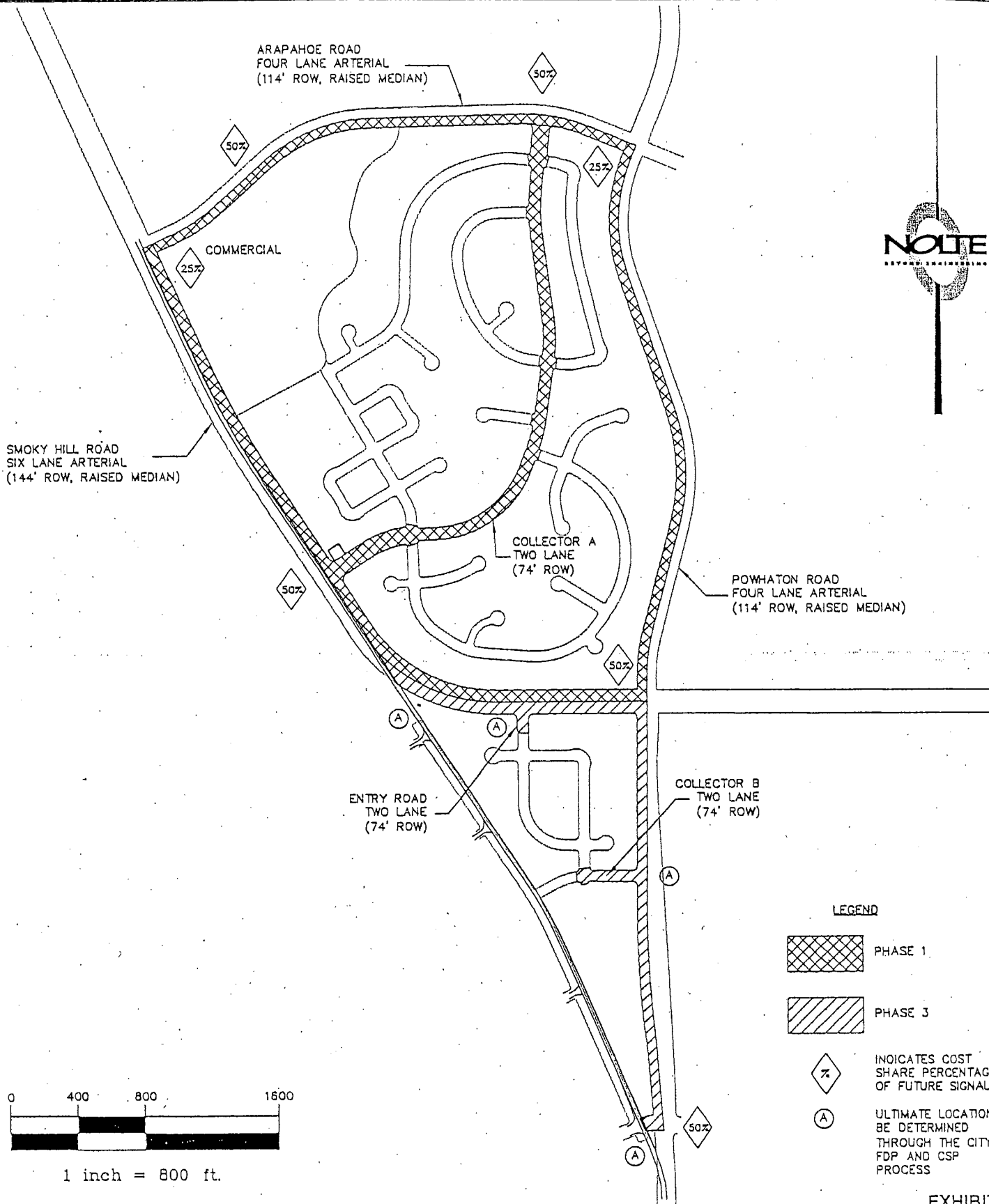
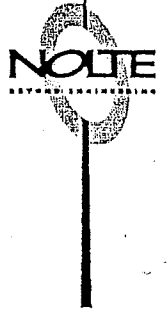
NOLTE
 BEYOND ENGINEERING

7000 SOUTH YOSEMITE ST., SUITE 200, ENGLEWOOD, CO. 80112
 303.220.1001 TEL. 303.220.9001 FAX WWW.NOLTE.COM


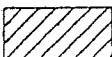
PREPARED FOR: NEUMANN HOMES

DATE SUBMITTED: JULY 2003

JOB NUMBER
 DV144150



LEGEND

-  PHASE 1
-  PHASE 3



-  INDICATES COST SHARE PERCENTAGE OF FUTURE SIGNAL
-  ULTIMATE LOCATION TO BE DETERMINED THROUGH THE CITY'S FDP AND CSP PROCESS

EXHIBIT F

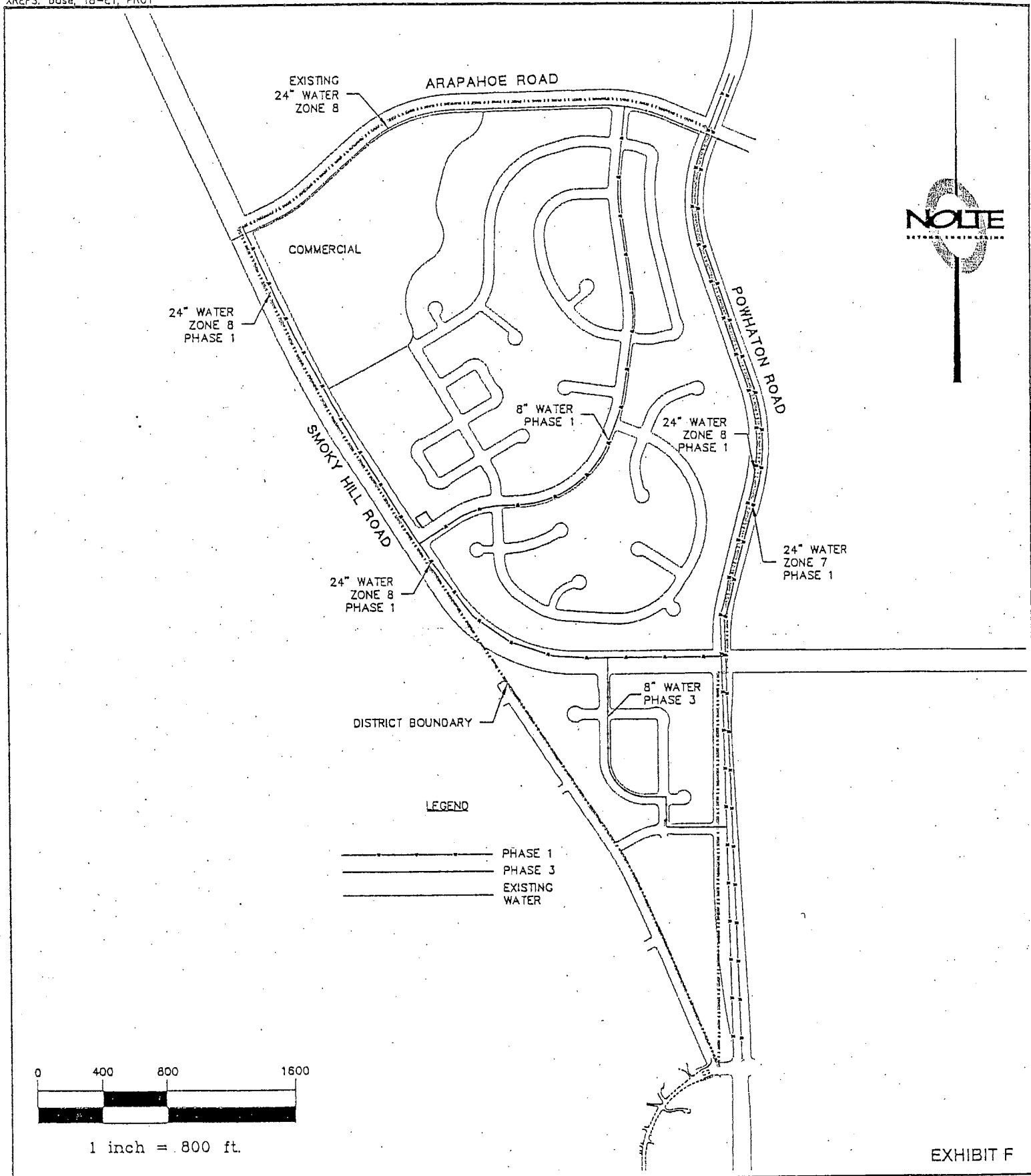
NOLTE
 BEYOND ENGINEERING
 7000 SOUTH YOSEMITE ST., SUITE 200, ENGLEWOOD, CO, 80112
 303.220.0001 TEL 303.220.9001 FAX WWW.NOLTE.COM

**SERENITY RIDGE
 METROPOLITAN DISTRICT
 STREET IMPROVEMENTS**

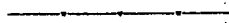
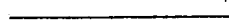

SHEET NUMBER
3
 OF 7 SHEETS
 JOB NUMBER
 DV144150

PREPARED FOR: NEUMANN HOMES

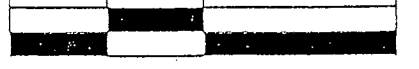
DATE SUBMITTED: JULY 2003



LEGEND

 PHASE 1
 PHASE 3
 EXISTING WATER

0 400 800 1600



1 inch = 800 ft.

EXHIBIT F

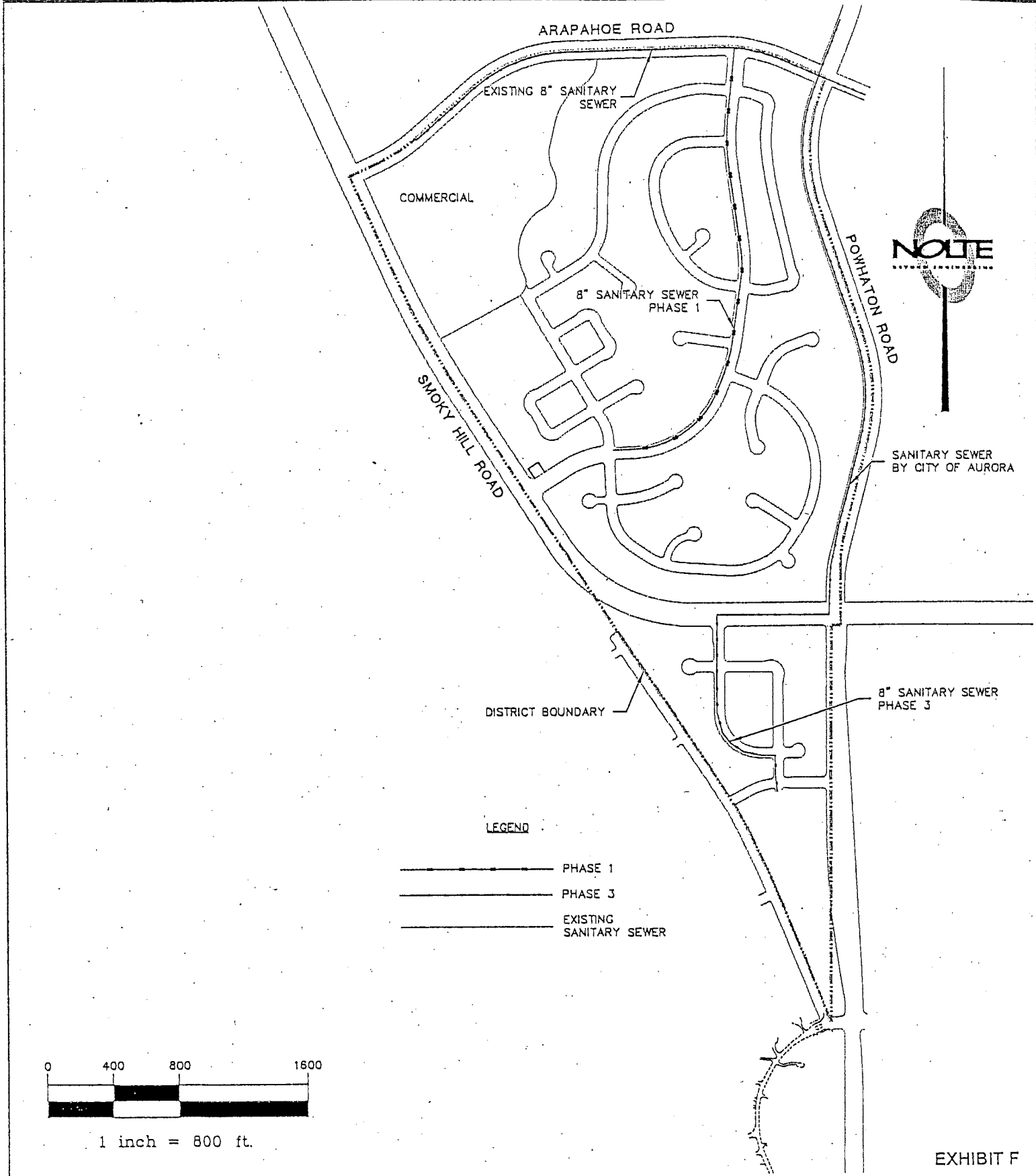
NOLTE
 BEYOND ENGINEERING
 7000 SOUTH YOSEMITE ST., SUITE 200, ENGLEWOOD, CO. 80112
 303.220.1001 TEL 303.220.9001 FAX WWW.NOLTE.COM

**SERENITY RIDGE
 METROPOLITAN DISTRICT
 WATER PLAN**

SHEET NUMBER
4
 OF 7 SHEETS
 JOB NUMBER
 DV144150

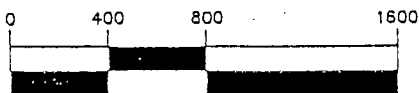
PREPARED FOR: NEUMANN HOMES

DATE SUBMITTED: JULY 2003



LEGEND

- PHASE 1
- PHASE 3
- EXISTING SANITARY SEWER



1 inch = 800 ft.

EXHIBIT F

NOLTE

BEYOND ENGINEERING

7000 SOUTH YOSEMITE ST., SUITE 200, ENGLEWOOD, CO. 80112
 303.220.1001 TEL 303.220.9001 FAX WWW.NOLTE.COM

SERENITY RIDGE
 METROPOLITAN DISTRICT
 SANITARY SEWER PLAN

PREPARED FOR: NEUMANN HOMES

DATE SUBMITTED: JULY 2003

SHEET NUMBER

5

OF 7 SHEETS

JOB NUMBER
 DV144150

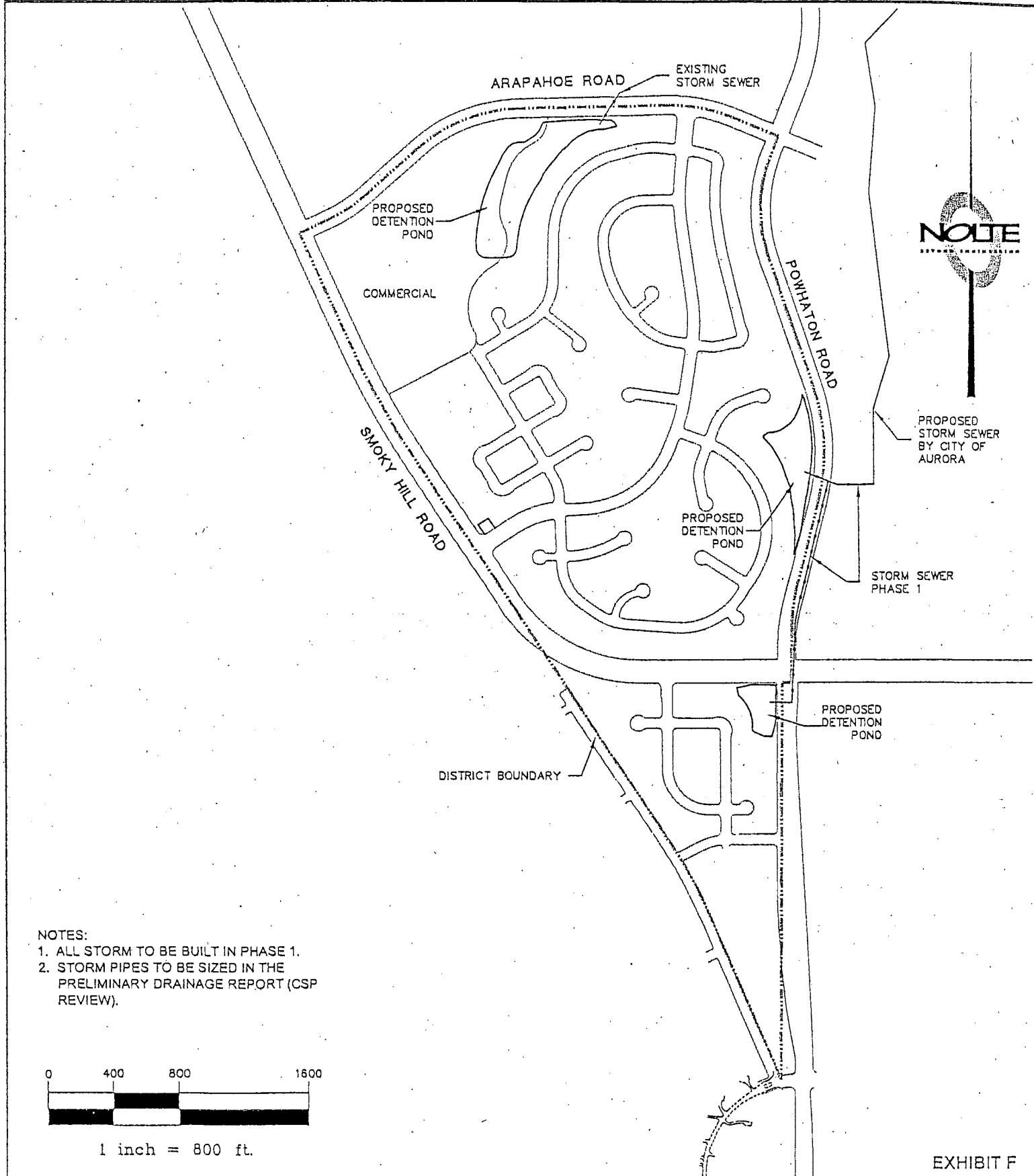
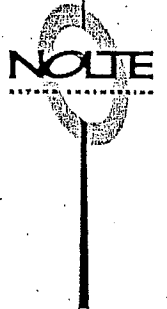
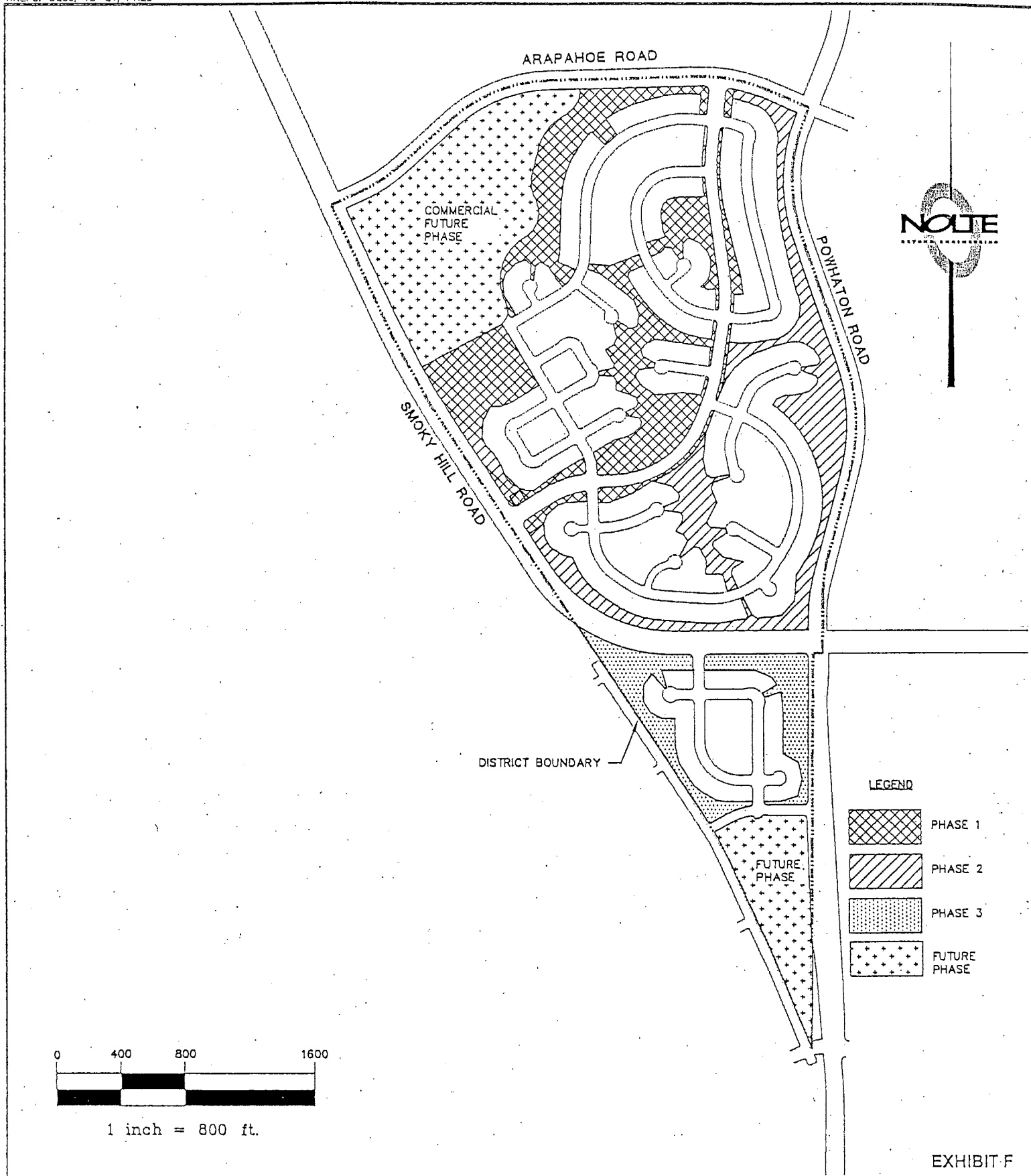


EXHIBIT F



LEGEND


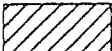

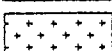
-  PHASE 1
-  PHASE 2
-  PHASE 3
-  FUTURE PHASE

EXHIBIT F

Exhibit G
Facilities Cost Estimates

Serenity Ridge Metropolitan District
CONSTRUCTION COSTS BY PHASE

From Nolte Associates, Inc.
Dated: June 2003

	2003	2004	2005	2006
Phase 1 Off-Site				
Streets	\$0.00	\$1,613,587.94		
Sanitary Sewer System	\$0.00	\$0.00		
Water Distribution Systems	\$0.00	\$1,184,542.00		
Storm Drain System	\$0.00	\$123,743.00		
Grading and Erosion Control	\$0.00	\$0.00		
Parks and Landscaping	\$0.00	\$613,937.38		
Subtotal - Phase 1 Off-Site	\$0.00	\$3,535,810.32		
Phase 1 On-Site				
Streets	\$0.00	\$629,276.64		
Sanitary Sewer System	\$0.00	\$74,120.00		
Water Distribution Systems	\$0.00	\$106,731.20		
Storm Drain System	\$0.00	\$224,523.00		
Grading and Erosion Control	\$439,066.50	\$0.00		
Parks and Landscaping	\$0.00	\$3,081,126.41		
Subtotal - Phase 1 On-Site	\$439,066.50	\$4,115,777.25		
Agreements	\$60,331.86	\$1,051,436.02		
Services	\$72,445.97	\$1,262,511.95		
Contingencies	\$65,859.98	\$1,147,738.13		
Subtotal Phase 1	\$637,704.31	\$11,113,273.67		
Escalation Factor	1.021	1.021		
Total Phase 1 by year	\$651,096.10	\$11,346,652.42		
Total Phase		\$11,997,748.52		
Phase 2 Off-Site				
None			\$0.00	
PHASE 2 On-Site				
Streets			\$0.00	
Sanitary Sewer System			\$0.00	
Water Distribution Systems			\$0.00	
Storm Drain System			\$0.00	
Grading and Erosion Control			\$252,032.50	
Parks and Landscaping			\$2,903,755.47	
Subtotal - Phase 2 On-Site			\$3,155,787.97	
Agreements			\$10,414.10	
Services			\$520,705.02	
Contingencies			\$473,368.20	
Subtotal Phase 2			\$4,160,275.28	
Escalation Factor			1.044	
Total Phase 2			\$4,343,327.39	
Phase 3 Off-Site				
Streets			\$1,411,696.48	
Sanitary Sewer System			\$20,700.00	
Water Distribution Systems			\$0.00	
Storm Drain System			\$0.00	
Grading and Erosion Control			\$0.00	
Parks and Landscaping			\$145,430.56	
Subtotal - Phase 3 Off-Site			\$1,577,827.04	
PHASE 3 On-Site				
Streets			\$98,123.20	
Sanitary Sewer System			\$34,540.00	
Water Distribution Systems			\$51,016.00	
Storm Drain System			\$0.00	
Grading and Erosion Control			\$131,801.00	
Parks and Landscaping			\$1,105,000.09	
Subtotal - Phase 3 On-Site			\$1,420,480.29	
Agreements			\$9,108.83	
Services			\$494,720.71	
Contingencies			\$449,746.10	
Subtotal Phase 3			\$3,951,882.96	
Escalation Factor			1.067	
Total Phase 3			\$4,216,659.12	
TOTAL ALL PHASES			\$20,557,735.03	
REIMBURSEMENTS			\$1,384,562.52	
TOTAL ALL PHASES			\$19,173,172.51	

Serenity Ridge Metropolitan District
 CONSTRUCTION COST BY PHASE
 For Service Plan Financing Purposes

	2003	2004	2005	2006
PHASE 1				
Streets	\$0.00	\$3,461,734.56		
Sanitary Sewer System	\$0.00	\$109,913.29		
Water Distribution System	\$0.00	\$1,914,841.94		
Storm Drainage System	\$0.00	\$516,447.13		
Parks & Landscaping	\$651,096.10	\$5,343,715.50		
SUBTOTAL - PHASE 1	\$651,096.10	\$11,346,652.42		
PHASE 2				
Streets			\$0.00	
Sanitary Sewer System			\$0.00	
Water Distribution System			\$0.00	
Storm Drainage System			\$0.00	
Parks & Landscaping			\$4,343,327.39	
SUBTOTAL - PHASE 2			\$4,343,327.39	
PHASE 3				
Streets				\$2,123,334.90
Sanitary Sewer System				\$77,686.77
Water Distribution System				\$71,746.35
Storm Drainage System				\$0.00
Parks & Landscaping				\$1,943,891.10
SUBTOTAL - PHASE 3				\$4,216,659.12
Total				\$20,557,735.04

ANTICIPATED REIMBURSEMENT SCHEDULE:

2003	\$	-
2004	\$	928,000.00
2005	\$	228,250.00
2006	\$	228,250.00
Total	\$	1,384,500.00

Serenity Ridge Metropolitan District
Phase 1

Item	Units	Quantity	Unit Price	Subtotal Cost	Reimbursement	Net Cost
I. STREETS						
I.A. ON-SITE Collector Street A						
(74' ROW, 42' Asphalt Width with 104' ROW at entrances)						
Street Length	LF	3558				
Entrance Length	LF	879				
6" Vertical Curb and Gutter	LF	7116	\$10.00	\$71,160.00	\$0.00	\$71,160.00
6" Median Curb and Gutter	LF	1758	\$9.50	\$16,701.00	\$0.00	\$16,701.00
1.5" Asphalt Pavement	SY	17581	\$14.75	\$259,319.75	\$0.00	\$259,319.75
Concrete Pavement	SY	3076	\$35.00	\$107,660.00	\$0.00	\$107,660.00
6' Sidewalk	SF	13395	\$2.75	\$36,836.25	\$0.00	\$36,836.25
8' Sidewalk	SF	8790	\$2.75	\$24,172.50	\$0.00	\$24,172.50
Signing and Striping	LS	1	\$12,965.99	\$12,965.99	\$0.00	\$12,965.99
Street Lighting	EA	11	\$2,500.00	\$27,500.00	\$0.00	\$27,500.00
Subgrade Preparation	SY	17581	\$2.90	\$50,984.90	\$0.00	\$50,984.90
Street Grading	CY	17581	\$1.25	\$21,976.25	\$0.00	\$21,976.25
TOTAL ON-SITE Collector Street A				\$629,276.64	\$0.00	\$629,276.64
I.B. OFF-SITE Smoky Hill Rd. (between Arapahoe Road and Powhatan Road)						
(144' ROW, 36' Asphalt Width, Raised Median)						
Street Length	LF	4480				
6" Vertical Curb and Gutter	LF	4480	\$10.00	\$44,800.00	\$0.00	\$44,800.00
6" Median Curb and Gutter	LF	4480	\$9.50	\$42,560.00	\$0.00	\$42,560.00
7" Asphalt Pavement	SY	15920	\$15.75	\$250,740.00	\$0.00	\$250,740.00
Concrete Pavement	SY	4220	\$35.00	\$147,700.00	\$0.00	\$147,700.00
10' Sidewalk	SF	44800	\$2.75	\$123,200.00	\$0.00	\$123,200.00
8' Sidewalk	SF	44800	\$2.75	\$123,200.00	\$0.00	\$123,200.00
Signing and Striping	LS	1	\$12,537.00	\$12,537.00	\$0.00	\$12,537.00
Street Lighting	EA	6	\$2,500.00	\$15,000.00	\$0.00	\$15,000.00
Subgrade Preparation	SY	15920	\$2.90	\$46,168.00	\$0.00	\$46,168.00
Street Grading	CY	17920	\$1.25	\$22,400.00	\$0.00	\$22,400.00
TOTAL OFF-SITE Smoky Hill Road				\$705,103.00	\$0.00	\$705,103.00
I.C. OFF-SITE Powhatan Road (between Arapahoe Road and Smoky Hill Road)						
(144' ROW, 29' Asphalt Width, Raised Median)						
Street Length	LF	3417				
6" Vertical Curb and Gutter	LF	3417	\$10.00	\$34,170.00	\$0.00	\$34,170.00
6" Median Curb and Gutter	LF	3417	\$9.50	\$32,461.50	\$0.00	\$32,461.50
7" Asphalt Pavement	SY	9400	\$15.75	\$148,050.00	\$0.00	\$148,050.00
Concrete Pavement	SY	1716	\$35.00	\$60,060.00	\$0.00	\$60,060.00
8' Sidewalk	SF	27336	\$2.75	\$75,174.00	\$0.00	\$75,174.00
6' Sidewalk	SF	27336	\$2.75	\$75,174.00	\$0.00	\$75,174.00
Signing and Striping	LS	1	\$7,402.50	\$7,402.50	\$0.00	\$7,402.50
Street Lighting	EA	2	\$2,500.00	\$5,000.00	\$0.00	\$5,000.00
Subgrade Preparation	SY	9400	\$2.90	\$27,260.00	\$0.00	\$27,260.00
Street Grading	CY	11011	\$1.25	\$13,763.75	\$0.00	\$13,763.75
TOTAL OFF-SITE Powhatan Road				\$403,341.75	\$0.00	\$403,341.75
I.D. OFF-SITE Arapahoe Road (between Powhatan Road and Smoky Hill Road)						
(144' ROW, 29' Asphalt Width, Raised Median)						
Street Length	LF	3215				
6" Vertical Curb and Gutter	LF	3215	\$10.00	\$32,150.00	\$0.00	\$32,150.00
6" Median Curb and Gutter	LF	3215	\$9.50	\$30,542.50	\$0.00	\$30,542.50
7" Asphalt Pavement	SY	8749	\$15.75	\$137,796.75	\$0.00	\$137,796.75
Concrete Pavement	SY	5106	\$35.00	\$178,710.00	\$0.00	\$178,710.00
8' Sidewalk	SF	25720	\$2.75	\$70,730.00	\$0.00	\$70,730.00
6' Sidewalk	SF	25720	\$2.75	\$70,730.00	\$0.00	\$70,730.00
Signing and Striping	LS	1	\$6,889.84	\$6,889.84	\$0.00	\$6,889.84
Street Lighting	EA	4	\$2,500.00	\$10,000.00	\$0.00	\$10,000.00
Subgrade Preparation	SY	8749	\$2.90	\$25,372.10	\$0.00	\$25,372.10
Street Grading	CY	10360	\$1.25	\$12,950.00	\$0.00	\$12,950.00
TOTAL OFF-SITE Arapahoe Road				\$505,141.19	\$0.00	\$505,141.19
TOTAL OFF-SITE Streets				\$1,613,587.94	\$0.00	\$1,613,587.94
TOTAL Streets				\$2,242,864.58	\$0.00	\$2,242,864.58

AUG-01-2003 FRI 12:21 PM

Serenity Ridge Metropolitan District
Phase 2

Item	Units	Quantity	Unit Price	Subtotal Cost	Reimbursement	Net Cost
II. ON-SITE Grading & Erosion Control						
Overlot Grading (District Portion)	CY	155850	\$1.25	\$194,812.50	\$0.00	\$194,812.50
Silt Fence	LF	9340	\$3.00	\$28,020.00	\$0.00	\$28,020.00
Vehicle Tracking	EA	2	\$1,000.00	\$2,000.00	\$0.00	\$2,000.00
Temp Seeding Allowance	AC	68	\$400.00	\$27,200.00	\$0.00	\$27,200.00
TOTAL ON-SITE Grading & Erosion Control				\$252,032.50	\$0.00	\$252,032.50
III. ON-SITE Landscaping						
Parks	LS	1	\$54,700.00	\$54,700.00	\$0.00	\$54,700.00
Naturalized Area	LS	1	\$1,261,758.87	\$1,261,758.87	\$0.00	\$1,261,758.87
Monumentation	LS	1	\$105,000.00	\$105,000.00	\$0.00	\$105,000.00
Fencing	LS	1	\$874,276.00	\$874,276.00	\$0.00	\$874,276.00
Tree Fees	LS	1	\$608,020.60	\$608,020.60	\$0.00	\$608,020.60
TOTAL ON-SITE				\$2,903,755.47	\$0.00	\$2,903,755.47
SUBTOTAL Construction Cost Phase 2				\$3,155,787.97	\$0.00	\$3,155,787.97
III. Services						
Professional Engineering Services (7%)				\$220,905.16		
Warranty and Repair (2%)				\$63,115.76		
Construction Management (3%)				\$94,573.64		
Construction Staking (2%)				\$63,115.76		
Materials Testing (2%)				\$63,115.76		
Permitting (0.5%)				\$15,778.94		
Contingency (15%)				\$473,368.20		
SUBTOTAL Services Phase 2				\$994,073.21		
SUBTOTAL Construction Cost & Services Phase 2				\$4,149,861.18	\$0.00	\$4,149,861.18
IV. Agreements						
Art Fee				\$10,414.10	\$0.00	\$10,414.10
SUBTOTAL Agreements Phase 2				\$10,414.10	\$0.00	\$10,414.10
SUBTOTAL PHASE 2				\$4,160,275.28	\$0.00	\$4,160,275.28
Escalation Factor			1.044		1.000	
TOTAL PHASE 2				\$4,343,327.39	\$0.00	\$4,343,327.39

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Serenity Rldgs Metropolitan District
Phase 3

Item	Units	Quantity	Unit Price	Subtotal Cost	Reimbursement	Net Cost
1. STREETS						
1.A. ON-SITE Collector Street B & Entry Road (74' ROW, 46' Asphalt Width)						
Street Length	LF	543				
5" Vertical Curb and Gutter	LF	1086	\$10.00	\$10,860.00	\$0.00	\$10,860.00
5" Median Curb and Gutter	LF	1086	\$9.50	\$10,317.00	\$0.00	\$10,317.00
5" Asphalt Pavement	SY	2776	\$14.75	\$40,946.00	\$0.00	\$40,946.00
7" Sidewalk	SF	5430	\$2.75	\$14,932.50	\$0.00	\$14,932.50
Signaling and Striping	LS	1	\$2,047.30	\$2,047.30	\$0.00	\$2,047.30
Street Lighting	EA	3	\$2,500.00	\$7,500.00	\$0.00	\$7,500.00
Subgrade Preparation	SY	2776	\$2.90	\$8,050.40	\$0.00	\$8,050.40
Street Grading	CY	2776	\$1.25	\$3,470.00	\$0.00	\$3,470.00
TOTAL ON-SITE Collector Street B & Entry Road				\$98,123.20	\$0.00	\$98,123.20
1.B. OFF-SITE Smoky Hill Road (between Old Smoky Hill Road and Powhatan Road) (64' ROW, 36' Asphalt Width, Raised Median)						
Street Length	LF	1845				
6" Vertical Curb and Gutter	LF	1845	\$10.00	\$18,450.00	\$0.00	\$18,450.00
6" Median Curb and Gutter	LF	1845	\$9.50	\$17,527.50	\$0.00	\$17,527.50
7" Asphalt Pavement	SY	4380	\$15.75	\$100,485.00	\$0.00	\$100,485.00
Concrete Pavement	SY	1058	\$35.00	\$37,030.00	\$0.00	\$37,030.00
6" Sidewalk	SF	18450	\$2.75	\$50,737.50	\$0.00	\$50,737.50
Signaling and Striping	LS	1	\$5,024.25	\$5,024.25	\$0.00	\$5,024.25
Street Lighting	EA	2	\$2,500.00	\$5,000.00	\$0.00	\$5,000.00
Subgrade Preparation	SY	6380	\$2.90	\$18,502.00	\$0.00	\$18,502.00
Street Grading	CY	7380	\$1.25	\$9,225.00	\$0.00	\$9,225.00
TOTAL OFF-SITE Smoky Hill Road				\$261,981.25	\$0.00	\$261,981.25
1.C. OFF-SITE Powhatan Road (south of Smoky Hill Road) (114' ROW, 29' Asphalt Width, Raised Median)						
Street Length	LF	2537				
6" Vertical Curb and Gutter	LF	2537	\$10.00	\$25,370.00	\$0.00	\$25,370.00
6" Median Curb and Gutter	LF	2537	\$9.50	\$24,101.50	\$0.00	\$24,101.50
7" Asphalt Pavement	SY	7370	\$15.75	\$116,077.50	\$0.00	\$116,077.50
Concrete Pavement	SY	2859	\$35.00	\$99,565.00	\$0.00	\$99,565.00
6" Sidewalk	SF	20296	\$2.75	\$55,814.00	\$0.00	\$55,814.00
Signaling and Striping	LS	1	\$5,803.88	\$5,803.88	\$0.00	\$5,803.88
Street Lighting	EA	2	\$2,500.00	\$5,000.00	\$0.00	\$5,000.00
Subgrade Preparation	SY	7370	\$2.90	\$21,373.00	\$0.00	\$21,373.00
Street Grading	CY	8175	\$1.25	\$10,218.75	\$0.00	\$10,218.75
TOTAL OFF-SITE Powhatan Road				\$353,323.63	\$0.00	\$353,323.63
1.D. OFF-SITE Old Smoky Hill Road Improvements (50' ROW, 30' Asphalt Width)						
Street Length	LF	2700				
Asphalt Removal	SY	1333	\$9.25	\$12,330.25	\$0.00	\$12,330.25
6" Vertical Curb and Gutter	LF	5400	\$10.00	\$54,000.00	\$0.00	\$54,000.00
1" Asphalt Pavement Overlay	SY	9000	\$6.00	\$54,000.00	\$0.00	\$54,000.00
6" Sidewalk	SF	13500	\$2.75	\$37,125.00	\$0.00	\$37,125.00
Signaling and Striping	LS	1	\$2,700.00	\$2,700.00	\$0.00	\$2,700.00
Subgrade Preparation	SY	2100	\$2.90	\$6,090.00	\$0.00	\$6,090.00
Street Grading	CY	2100	\$1.25	\$2,625.00	\$0.00	\$2,625.00
TOTAL OFF-SITE Old Smoky Hill Road Improvements				\$168,870.25	\$0.00	\$168,870.25
1.E. OFF-SITE Otero Road / Powhatan Intersection 37% Developer Reimbursement						
Street Length	LF	300				
Asphalt Removal	SY	2500	\$9.25	\$23,125.00	\$11,562.50	\$11,562.50
6" Vertical Curb and Gutter	LF	600	\$10.00	\$6,000.00	\$3,000.00	\$3,000.00
Concrete Pavement	SY	3083	\$35.00	\$107,905.00	\$53,952.50	\$53,952.50
6" Sidewalk	SF	1500	\$2.75	\$4,125.00	\$2,062.50	\$2,062.50
Signaling and Striping	LS	1	\$5,395.25	\$5,395.25	\$2,697.63	\$2,697.63
Subgrade Preparation	SY	234	\$2.90	\$678.60	\$339.30	\$339.30
Street Grading	CY	234	\$1.25	\$292.50	\$146.25	\$146.25
TOTAL OFF-SITE Otero Road / Powhatan Road Intersection				\$147,521.35	\$73,760.68	\$73,760.68
1.F. ON-SITE Signalization						
70% Cost Share						
Arapahoe Rd. / Commercial	EA	1	\$80,000.00	\$80,000.00	\$0.00	\$80,000.00
Arapahoe Rd. / Collector A	EA	1	\$80,000.00	\$80,000.00	\$0.00	\$80,000.00
Powhatan Rd. / Smoky Hill Rd.	EA	1	\$80,000.00	\$80,000.00	\$0.00	\$80,000.00
Smoky Hill Rd. / Collector A	EA	1	\$80,000.00	\$80,000.00	\$0.00	\$80,000.00
Powhatan Rd. / High Plains CC	EA	1	\$80,000.00	\$80,000.00	\$0.00	\$80,000.00
25% Cost Share						
Arapahoe / Smoky Hill Rd.	EA	1	\$40,000.00	\$40,000.00	\$0.00	\$40,000.00
Powhatan Rd. / Arapahoe	EA	1	\$40,000.00	\$40,000.00	\$0.00	\$40,000.00
TOTAL ON-SITE Signalization				\$480,000.00	\$0.00	\$480,000.00
TOTAL OFF-SITE Streets				\$1,411,696.48	\$73,760.68	\$1,337,935.80
TOTAL Streets				\$1,509,819.68	\$73,760.68	\$1,436,059.00

Serenity Ridge Metropolitan District

Summary of Significant Assumptions and Accounting Policies
December 31, 2003 through 2037

Note 3: Bond Assumptions

The District proposes the issuance of general obligation bonds totaling \$17,265,000 in 2007. The Series 2007 bonds will have a maturity of 30 years from the date of issuance and a coupon rate of 5.5%. It is estimated that \$495,300 of the proceeds will be available for issuance costs. The balance of the proceeds will be available to retire developer owned subordinate debt and bond anticipation notes owned by the developer. Schedule 2 reflects the proposed repayment schedule of these bonds. The Bonds are anticipated to be secured by a limited mill levy not to exceed 45.289 mills. The following table reflects the proposed sources and uses of funds for the issue.

	<u>Series 2007</u>
Sources:	
Bond Proceeds	<u>\$17,265,000</u>
Uses:	
Issuance costs	495,300
Repay developer advances	974,700
Retire BAN's	<u>15,795,000</u>
	<u>\$17,265,000</u>

As mentioned above, the District anticipates the issuance of a bond anticipation note in the amount \$12,701,064. The anticipation notes are expected to be held by the primary developers of the District until March 1, 2007 at which time they will be refunded by the Series 2007 bonds described above. The anticipation notes are forecasted to carry a coupon rate of 7% per annum. Schedule 3 reflects the proposed repayment schedule of these bonds.

Note 4: Construction Costs

Construction costs are forecasted to total \$20,557,735 and are forecasted to be paid from 2004 through 2006. It is anticipated that \$1,384,563 of these costs will benefit others and are subject to reimbursement from the City of Aurora or other districts. The forecast reflects this amount as a reimbursement to the Capital Projects Fund in 2004 through 2007.

Note 5: Operating Expenses

Operating expenses are legal, accounting, audit and insurance costs. These costs are estimated to start in 2003 at \$10,000 and increase to \$50,000 in 2004. Operating expenses inflate at 2% per year.

Note 6: Developer Operating Fund Advances

The developer is expected to advance funds to the District from 2003 through 2007 to cover shortages in available revenues for operating expenses in the amount of \$167,593. Commencing in 2008, it is forecasted that the District will commence repayment of the advances without interest.

Serenity Ridge Metropolitan District

Summary of Significant Assumptions and Accounting Policies
December 31, 2003 through 2037

Note 7: Developer Advances - Capital

It is anticipated that the developer will need to advance \$857,009 in 2005 to pay for capital improvements not funded by the bond anticipation notes and the anticipated reimbursements from others, described above. It is anticipated that the developer advances will be repaid from the Series 2007 bonds along with interest at the rate of 7.5%. Unpaid interest on developer advances accrues interest. Schedule 4 reflects the anticipated advances and principal and interest repayments.

Note 8: Developer Contribution

The forecast reflects that \$5,665,099 of the construction costs anticipated to occur in 2005 and 2006 will need to be funded from developer contributions.

Serenity Ridge Metropolitan Districts
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2003 through 2037

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Totals	0	0	0	(0)	1	0	0	(0)	(0)	44,917	127,525	128,958
General Fund												
Beginning cash available	0	0	0	(0)	1	0	0	(0)	(0)	44,917	127,525	128,958
Revenues												
Property taxes	1,974,831	0	125	14,955	27,250	101,910	116,736	127,304	127,304	127,304	51,940	51,940
Specific ownership taxes	197,483	0	13	1,496	2,725	10,191	11,674	12,730	12,730	12,730	5,194	5,194
Developer advances	167,593	10,000	49,866	50,367	35,003	22,357						
	2,339,907	10,000	50,004	50,505	51,454	112,101	128,409	140,034	140,034	140,034	57,134	57,134
Expenditures												
County treasurer fees	59,245	0	4	449	818	3,057	3,502	3,819	3,819	3,819	1,558	1,558
Repay developer advances	167,593					57,014	72,357	38,222				
Operating expenses	2,022,885	10,000	50,000	50,500	51,515	52,030	52,551	53,076	53,607	54,143	54,684	54,684
	2,249,723	10,000	50,004	50,504	52,333	112,102	128,410	95,117	57,426	55,701	56,242	56,242
Ending cash available	90,184	0	(0)	1	0	0	(0)	(0)	44,917	127,525	128,958	129,850
Mill levy	0.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	2.000	2.000
Capital Projects Fund												
Beginning cash available	0	0	0	1,581,315	0	0	0	0	0	0	0	0
Revenues												
Developer owned BAN's	12,701,064											
Bond proceeds	17,265,000	0			17,265,000							
Reimbursements	1,384,563	928,000	228,250	228,313	0							
Developer advances	857,009	0	857,009	0								
Developer contribution	5,665,099		1,676,753	3,988,346								
Interest income	0											
	37,872,735	0	13,629,064	2,762,012	4,216,659	17,265,000	0	0	0	0	0	0
Expenditures												
Issuance costs	545,300											
Retire developer owned BAN's	15,795,000	0	50,000	0	495,300		0					
Retire developer advances	974,700				15,795,000							
District improvements	20,557,735	11,997,749	4,343,327	4,216,659	974,700							
	37,872,735	0	12,047,749	4,343,327	4,216,659	17,265,000	0	0	0	0	0	0
Ending cash available	0	0	1,581,315	0	0	0	0	0	0	0	0	0

Serenity Ridge Metropolitan Districts
 Forecasted Sources and Uses of Cash
 For the Years Ended December 31, 2003 through 2017

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Totals	0	0	179,474	329,130	797,586	493,229	532,382	612,445	488,065	363,063	346,660
Beginning cash available	0	0	0	179,474	329,130	797,586	493,229	532,382	612,445	488,065	363,063
Revenues											
Property taxes	0	1,007	1,007	120,505	219,577	821,172	940,633	1,025,790	1,025,790	1,124,216	1,124,216
Specific ownership taxes	0	101	101	12,051	21,958	82,117	94,063	102,579	102,579	112,422	112,422
Development fees	0	175,729	143,699	325,920	162,294	89,890	0	0	0	0	0
Interest income	162,732	2,652	4,864	11,787	7,289	7,868	9,051	7,213	5,365	5,123	4,845
	36,677,987	0	179,489	470,263	411,118	1,001,046	1,043,747	1,135,582	1,133,735	1,241,761	1,241,483
Expenditures											
Debt service - GO Debt Series 2007	36,129,656				712,181	949,575	949,575	1,244,575	1,243,350	1,241,300	1,243,425
County treasurer fees	485,696	0	15	1,808	3,294	12,318	14,109	15,387	15,387	16,863	16,863
	36,615,352	0	15	1,808	715,475	961,893	963,684	1,259,962	1,258,737	1,258,163	1,260,288
Ending cash available	67,635	0	179,474	329,130	797,586	493,229	532,382	612,445	488,065	363,063	327,855
Mill Levy	0.000	40.289	40.289	40.289	40.289	40.289	40.289	40.289	40.289	43.289	43.289
Total Mill Levy	0.000	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289	45.289
Assessed valuation (000's)											
Beginning	25	25	25	25	2,991	5,450	20,382	23,347	25,461	25,461	25,970
New construction	24,859	0	0	2,866	2,459	14,823	2,965	1,647	0	0	0
Inflation (1.0% per annum)	8,052	1	1	109	109	467	509	467	509	509	509
Ending	32,911	25	25	2,991	5,450	20,382	23,347	25,461	25,461	25,970	25,970

Serenity Ridge Metropolitan Districts
 Forecasted Sources and Uses of Cash
 For the Years Ended December 31, 2003 through 2037

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund												
Beginning cash available	129,850	131,306	132,210	133,690	134,606	136,110	137,039	138,567	139,509	141,062	142,017	143,595
Revenues												
Property taxes	52,979	52,979	54,038	54,038	55,119	55,119	56,222	56,222	57,346	57,346	58,493	58,493
Specific ownership taxes	5,298	5,298	5,404	5,404	5,512	5,512	5,622	5,622	5,735	5,735	5,849	5,849
Developer advances	58,277	58,277	59,442	59,442	60,631	60,631	61,844	61,844	63,081	63,081	64,342	64,342
Expenditures												
County treasurer fees	1,589	1,589	1,621	1,621	1,654	1,654	1,687	1,687	1,720	1,720	1,755	1,755
Repay developer advances	55,231	55,783	56,341	56,905	57,474	58,048	58,629	59,215	59,807	60,405	61,010	61,620
Operating expenses	58,820	57,373	57,862	58,526	59,127	59,702	60,316	60,902	61,528	62,126	62,764	63,374
Ending cash available	131,306	132,210	133,690	134,606	136,110	137,039	138,567	139,509	141,062	142,017	143,595	144,563
Mill levy	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Capital Projects Fund												
Beginning cash available	0	0	0	0	0	0	0	0	0	0	0	0
Revenues												
Developer owned BAN's	0	0	0	0	0	0	0	0	0	0	0	0
Bond proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0
Developer advances	0	0	0	0	0	0	0	0	0	0	0	0
Developer contribution	0	0	0	0	0	0	0	0	0	0	0	0
Interest Income	0	0	0	0	0	0	0	0	0	0	0	0
Expenditures												
Issuance Costs	0	0	0	0	0	0	0	0	0	0	0	0
Retire developer owned BAN's	0	0	0	0	0	0	0	0	0	0	0	0
Retire developer advances	0	0	0	0	0	0	0	0	0	0	0	0
District improvements	0	0	0	0	0	0	0	0	0	0	0	0
Ending cash available	0	0	0	0	0	0	0	0	0	0	0	0

Serenity Ridge Metropolitan Districts
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2003 through 2037

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning cash available	327,855	332,489	270,493	232,681	196,611	182,750	168,428	179,920	189,047	227,908	262,811	326,618
Revenues												
Property taxes	1,146,700	1,086,066	1,107,788	1,107,788	1,129,943	1,129,943	1,152,542	1,152,542	1,175,593	1,175,593	1,199,105	1,199,105
Specific ownership taxes	114,670	108,607	110,779	110,779	112,994	112,994	115,254	115,254	117,559	117,559	119,910	119,910
Development fees	4,914	3,997	3,439	2,906	2,701	2,489	2,659	2,794	3,368	3,884	4,827	5,770
Interest income	1,266,284	1,198,670	1,222,005	1,221,472	1,245,638	1,245,427	1,270,455	1,270,590	1,296,520	1,297,036	1,323,842	1,324,786
Expenditures												
Debt service - GO Debt Series 2007	1,244,450	1,244,375	1,243,200	1,240,925	1,242,550	1,242,800	1,241,675	1,244,175	1,240,025	1,244,500	1,242,050	1,242,950
County treasural fees	17,201	16,291	16,817	16,817	16,949	16,949	17,288	17,288	17,634	17,634	17,987	17,987
	1,261,651	1,260,666	1,259,817	1,257,542	1,259,499	1,259,749	1,258,963	1,261,463	1,257,659	1,262,134	1,260,037	1,260,937
Ending cash available	332,489	270,493	232,681	196,611	182,750	168,428	179,920	189,047	227,908	262,811	326,616	390,465
Mill Levy	43,289	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
Total Mill Levy	45,289	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Assessed valuation (000's)												
Beginning	25,970	26,489	26,489	27,019	27,019	27,560	27,560	28,111	28,111	28,673	28,673	29,246
New construction	0	0	0	0	0	0	0	0	0	0	0	0
Inflation (1.0% per annum)	519	530	530	540	540	551	551	562	562	573	573	573
Ending	26,489	26,489	27,019	27,019	27,560	27,560	28,111	28,111	28,673	28,673	29,246	29,246

Serenity Ridge Metropolitan Districts
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2003 through 2037

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Beginning cash available	144,563	146,166	147,147	148,776	149,771	151,426	152,434	154,116	155,138	156,847	157,882	159,618
General Fund												
Revenues												
Property taxes	59,663	59,663	60,856	60,856	62,073	62,073	63,315	63,315	64,581	64,581	65,873	0
Specific ownership taxes	5,986	5,986	6,086	6,086	6,207	6,207	6,331	6,331	6,458	6,458	6,587	0
Developer advances	65,629	65,629	66,942	66,942	68,280	68,280	69,646	69,646	71,039	71,039	72,460	0
Expenditures												
County treasurer fees	1,790	1,790	1,826	1,826	1,862	1,862	1,899	1,899	1,937	1,937	1,976	0
Repay developer advances	62,236	62,858	63,487	64,122	64,763	65,410	66,065	66,725	67,392	68,066	68,747	69,435
Operating expenses	84,026	84,648	85,312	85,947	86,625	87,273	87,964	88,625	89,330	90,004	90,723	89,435
Ending cash available	146,166	147,147	148,776	149,771	151,426	152,434	154,116	155,138	156,847	157,882	159,618	90,184
Mill Levy	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Capital Projects Fund												
Beginning cash available	0	0	0	0	0	0	0	0	0	0	0	0
Revenues												
Developer owned BAN's	0	0	0	0	0	0	0	0	0	0	0	0
Bond proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0
Developer advances	0	0	0	0	0	0	0	0	0	0	0	0
Developer contribution	0	0	0	0	0	0	0	0	0	0	0	0
Interest income	0	0	0	0	0	0	0	0	0	0	0	0
Expenditures												
Issuance costs	0	0	0	0	0	0	0	0	0	0	0	0
Retire developer owned BAN's	0	0	0	0	0	0	0	0	0	0	0	0
Retire developer advances	0	0	0	0	0	0	0	0	0	0	0	0
District improvements	0	0	0	0	0	0	0	0	0	0	0	0
Ending cash available	0	0	0	0	0	0	0	0	0	0	0	0

Serenity Ridge Metropolitan Districts
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2003 through 2037

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Beginning cash available	390,465	482,723	574,285	493,253	413,391	355,331	298,456	264,146	226,530	213,033	197,609	62,635
Revenues												
Property taxes	1,223,087	1,223,087	1,064,981	1,064,981	1,086,280	1,086,280	1,108,006	1,108,006	1,130,168	1,130,168	988,088	0
Specific ownership taxes	122,309	122,309	106,498	106,498	108,628	108,628	110,801	110,801	113,017	113,017	98,809	0
Development fees	7,134	6,487	7,289	6,109	5,251	4,411	3,904	3,348	3,148	2,920	926	
Interest income												
	1,352,529	1,353,883	1,178,768	1,177,588	1,200,159	1,199,319	1,222,710	1,222,154	1,246,331	1,246,103	1,087,822	0
Expenditures												
Debt service - GO Debt Series 2007	1,241,925	1,243,975	1,243,825	1,241,475	1,241,925	1,239,900	1,240,400	1,243,150	1,242,875	1,244,575	1,207,975	0
County treasurer fees	18,348	18,346	15,975	15,975	16,294	16,294	16,820	16,820	16,952	16,952	14,821	0
	1,260,271	1,262,321	1,259,800	1,257,450	1,258,219	1,256,194	1,257,020	1,259,770	1,259,827	1,261,527	1,222,796	0
Ending cash available	482,723	574,285	493,253	413,391	355,331	298,456	264,146	226,530	213,033	197,609	62,635	0.000
Mill levy	41.000	41.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	30.000	0.000
Total Mill Levy	43.000	43.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	37.000	0.000
Assessed valuation (000's)												
Beginning	29,246	29,831	29,831	30,428	30,428	31,037	31,037	31,657	31,657	32,290	32,290	32,936
New construction				0	0	0	0	0	0	0	0	0
Inflation (1.0% per annum)	585	597	597	609	609	621	621	633	633	648	648	
Ending	29,831	29,831	30,428	30,428	31,037	31,037	31,657	31,657	32,290	32,290	32,936	32,936

Serenity Ridge Metropolitan Districts
 Schedule of General Obligation Debt - Series 2007
 For the Years Ended December 31, 2007 to 2036

Year	Principal	Coupon	Interest	Annual Total	Balance
2007			712,181	712,181	17,265,000
2008			474,788		17,265,000
2008		5.50%	474,788	949,575	17,265,000
2009			474,788		17,265,000
2009		5.50%	474,788	949,575	17,265,000
2010			474,788		17,265,000
2010	295,000	5.50%	474,788	1,244,575	16,970,000
2011			466,675		16,970,000
2011	310,000	5.50%	466,675	1,243,350	16,660,000
2012			458,150		16,660,000
2012	325,000	5.50%	458,150	1,241,300	16,335,000
2013			449,213		16,335,000
2013	345,000	5.50%	449,213	1,243,425	15,990,000
2014			439,725		15,990,000
2014	365,000	5.50%	439,725	1,244,450	15,625,000
2015			429,688		15,625,000
2015	385,000	5.50%	429,688	1,244,375	15,240,000
2016			419,100		15,240,000
2016	405,000	5.50%	419,100	1,243,200	14,835,000
2017			407,963		14,835,000
2017	425,000	5.50%	407,963	1,240,925	14,410,000
2018			396,275		14,410,000
2018	450,000	5.50%	396,275	1,242,550	13,960,000
2019			383,900		13,960,000
2019	475,000	5.50%	383,900	1,242,800	13,485,000
2020			370,838		13,485,000
2020	500,000	5.50%	370,838	1,241,675	12,985,000
2021			357,088		12,985,000
2021	530,000	5.50%	357,088	1,244,175	12,455,000
2022			342,513		12,455,000
2022	555,000	5.50%	342,513	1,240,025	11,900,000
2023			327,250		11,900,000
2023	590,000	5.50%	327,250	1,244,500	11,310,000
2024			311,025		11,310,000
2024	620,000	5.50%	311,025	1,242,050	10,690,000
2025			293,975		10,690,000
2025	655,000	5.50%	293,975	1,242,950	10,035,000
2026			275,963		10,035,000
2026	690,000	5.50%	275,963	1,241,925	9,345,000
2027			256,988		9,345,000
2027	730,000	5.50%	256,988	1,243,975	8,615,000
2028			236,913		8,615,000
2028	770,000	5.50%	236,913	1,243,825	7,845,000
2029			215,738		7,845,000
2029	810,000	5.50%	215,738	1,241,475	7,035,000
2030			193,463		7,035,000
2030	855,000	5.50%	193,463	1,241,925	6,180,000
2031			169,950		6,180,000
2031	900,000	5.50%	169,950	1,239,900	5,280,000
2032			145,200		5,280,000
2032	950,000	5.50%	145,200	1,240,400	4,330,000
2033			119,075		4,330,000
2033	1,005,000	5.50%	119,075	1,243,150	3,325,000
2034			91,438		3,325,000
2034	1,060,000	5.50%	91,438	1,242,875	2,265,000
2035			62,288		2,265,000
2035	1,120,000	5.50%	62,288	1,244,575	1,145,000
2036			31,488		1,145,000
2036	1,145,000	5.50%	31,488	1,207,975	0
	<u>17,265,000</u>		<u>18,864,656</u>	<u>36,129,656</u>	

Sources:		
	Bond Proceeds	<u>17,265,000</u>
Uses:		
	Issuance costs	495,300
	Repay developer owned BAN's	15,795,000
	Repay developer advances	<u>974,700</u>
		<u>17,265,000</u>

Serenity Ridge Metropolitan Districts Analysis of Developer Owned Bond Anticipation Note

<u>Date</u>	<u>Issue</u>	<u>7.00% Interest</u>	<u>Paid</u>	<u>Total Bond Value</u>
01/01/2004	12,701,064			12,701,064
03/01/2004		148,179		12,849,243
09/01/2004		449,724		13,298,967
03/01/2005		465,464		13,764,430
09/01/2005		481,755		14,246,185
03/01/2006		498,616		14,744,802
09/01/2006		516,068		15,260,870
03/01/2007		534,130	15,795,000	0
	<u>12,701,064</u>	<u>3,093,936</u>	<u>15,795,000</u>	

The Bond Anticipation Note is expected to be repaid from a portion of Series 2007 Bonds

**Serenity Ridge Metropolitan Districts
Analysis of Developer Advances and Repayments**

<u>Year</u>	<u>Advance</u>	<u>7.50% Interest</u>	<u>Principal</u>	<u>Repayments Interest</u>	<u>Total</u>	<u>Cumulative Principal</u>	<u>Interest</u>
12/01/2003						0	0
12/31/2004	0	0			0	0	0
06/01/2005	857,009	0			0	857,009	0
12/31/2005		37,509				857,009	37,509
06/01/2006	0	27,938			0	857,009	65,447
12/31/2006		40,373				857,009	105,820
03/01/2007		11,870	857,009	117,691	974,700	(0)	0
12/31/2007	0	0				(0)	0
	<u>857,009</u>	<u>117,691</u>	<u>857,009</u>	<u>117,691</u>	<u>974,700</u>		

Source of funds for repayment of developer advances

Portion of Series 2007 Bonds	<u>974,700</u>
	<u>974,700</u>

Serenity Ridge Metropolitan Districts
Forecasted Schedules of Absorption, Market Values and Assessed Values
For the Years Ended December 31, 2003 through 2013

Property description	Schedule of Absorption												Total
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
Single Family Equivalent													
100.00%	40	48	48	48	48	41							225
Single Family	30	36	36	36	33								135
100.00%													34
Single Family 1/2 acre				12	12	10							45
75.00%	45												
Commercial (square feet)				320,100									320,100

Property description	Schedule of Absorption for Development Fees												Total
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
Absorption Residential (SFE's)	0	104	84	96	93	51	0	0	0	0	0	0	0
Development fees residential	1,677	175,729	143,699	165,870	162,294	89,890	0	0	0	0	0	0	737,482
Development fees commercial	0	0	160,050	0	0	0	0	0	0	0	0	0	160,050
Totals	0	175,729	143,699	325,920	162,294	89,890	0	0	0	0	0	0	897,532
Actual amount paid per agreement		175,729	143,699	325,920	162,294	89,890							897,532

Market Value	Schedule of Market Values												Total
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
Single Family	0	12,006,624	14,696,108	14,980,030	15,289,831	13,371,265	0	0	0	0	0	0	70,303,857
Single Family	325,158	8,949,774	12,178,523	12,422,093	11,614,657	0	0	0	0	0	0	0	47,130,104
Single Family 1/2 acre	0	0	0	5,393,059	5,500,920	4,675,782	0	0	0	0	0	0	15,569,761
Multi Family	227,750	10,453,725	0	0	0	0	0	0	0	0	0	0	10,453,725
Commercial (square feet)	120	0	0	40,763,122	0	0	0	0	0	0	0	0	40,763,122
Totals	0	32,410,123	26,874,631	73,568,304	32,405,408	17,997,047	0	0	0	0	0	0	193,255,512

Assessment to Market Ratio	Schedule of Assessed Valuation												Total
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
9.15%	0	2,965,526	2,459,029	3,001,674	2,965,095	1,646,730	0	0	0	0	0	0	13,038,054
25%	0	0	0	11,821,305	0	0	0	0	0	0	0	0	11,821,305
Totals	0	2,965,526	2,459,029	14,822,979	2,965,095	1,646,730	0	0	0	0	0	0	24,859,359
Cumulative	0	2,965,526	5,424,555	20,247,534	23,212,629	24,859,359	24,859,359	24,859,359	24,859,359	24,859,359	24,859,359	24,859,359	24,859,359
Collection Yr	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		

Exhibit I
District Election Questions

NO. 01

.....

OFFICIAL BALLOT FOR SERENITY RIDGE METROPOLITAN DISTRICT NO. 1, CITY OF AURORA,
COUNTY OF ARAPAHOE, STATE OF COLORADO

November 4, 2003

Date of Election

/s/ K. Sean Allen

Facsimile of Signature of the Designated Election Official of the District

WARNING

Any person who, by use of force or other means, unduly influences an eligible elector to vote in any particular manner or to refrain from voting, or who falsely makes, alters, forges, or counterfeits any mail ballot before or after it has been cast, or who destroys, defaces, mutilates, or tampers with a ballot is subject, upon conviction, to imprisonment, or to a fine, or both.

1-7.5-107(3)(b), C.R.S.

This may not be your only ballot. Other elections may be held by other political subdivision by mail or by polling place. Refer to the ballot instructions for complete information on voting. Review your ballot. Be sure you have voted on every office and issue.

To vote, place crossmark (X) at the right of the name of each candidate and ballot issue and ballot question.

1-5-407(2), C.R.S.

BALLOT QUESTION A:

FOR THE DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 1

(VOTE FOR TWO DIRECTORS TO ACT UNTIL THEY OR THEIR SUCCESSORS ARE ELECTED AND QUALIFIED AT THE NEXT REGULAR SPECIAL DISTRICT ELECTION IN 2004, IF SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 IS ORGANIZED. PLACE A (X) OPPOSITE TWO OF THE NAMES BELOW).

BALLOT QUESTION B:

FOR THE DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 1

(VOTE FOR THREE DIRECTORS TO ACT UNTIL THEY OR THEIR SUCCESSORS ARE ELECTED AND QUALIFIED AT THE NEXT REGULAR SPECIAL DISTRICT ELECTION IN 2006, IF SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 IS ORGANIZED. PLACE A (X) OPPOSITE THREE OF THE NAMES BELOW).

BALLOT ISSUE C:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 TAXES BE INCREASED \$100,000 ANNUALLY (SUCH TAX INCREASE TO BE COLLECTED IN SUCH AMOUNT NOTWITHSTANDING ANY PROPERTY TAX CUT SPECIFIED BY ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED), OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S OPERATIONS, MAINTENANCE, AND OTHER EXPENSES: SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNTS AS MAY BE NECESSARY, TO BE USED FOR THE PURPOSE OF PAYING THE DISTRICT'S OPERATIONS, MAINTENANCE, AND OTHER EXPENSES; AND SHALL THE PROCEEDS OF SUCH TAXES AND INVESTMENTS INCOME THEREON CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT IN 2003 AND IN EACH YEAR THEREAFTER WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR SECTION 29-1-301, COLORADO REVISED STATUTES?

YES: _____
NO: _____

BALLOT ISSUE D:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO ENTER INTO ONE OR MORE INTERGOVERNMENTAL AGREEMENTS WITH ANY POLITICAL SUBDIVISION OF THE STATE FOR THE PURPOSE OF JOINTLY FINANCING THE COSTS OF ANY PUBLIC IMPROVEMENT, FACILITIES, SYSTEMS, PROGRAMS, OR PROJECTS WHICH THE DISTRICT MAY LAWFULLY PROVIDE, OR FOR THE PURPOSE OF PROVIDING FOR THE OPERATIONS AND MAINTENANCE OF THE DISTRICT AND ITS FACILITIES AND PROPERTIES, WHICH AGREEMENT MAY CONSTITUTE A DEBT OR INDEBTEDNESS AND A MULTIPLE-FISCAL YEAR OBLIGATION OF THE DISTRICT TO THE EXTENT PROVIDED THEREIN AND OTHERWISE AUTHORIZED BY LAW, AND IN CONNECTION THEREWITH SHALL THE DISTRICT BE AUTHORIZED TO MAKE COVENANTS REGARDING THE ESTABLISHMENT AND USE OF AD VALOREM TAXES, RATES, FEES, TOLLS, PENALTIES, AND OTHER CHARGES OR REVENUES OF THE DISTRICT, AND COVENANTS, REPRESENTATIONS, AND WARRANTIES AS TO OTHER MATTERS ARISING UNDER THE AGREEMENTS, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS OF THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE E:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO ISSUE, CREATE, EXECUTE, AND DELIVER MORTGAGES, LIENS, AND OTHER ENCUMBRANCES ON DISTRICT REAL AND PERSONAL PROPERTY, WHETHER NOW OWNED OR HEREAFTER ACQUIRED, AND INCLUDING WATER AND WATER RIGHTS, SUCH ENCUMBRANCES TO BE IN THE TOTAL PRINCIPAL AMOUNT OF NOT MORE THAN \$500,000, PLUS INTEREST THEREON AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS TO BE NECESSARY OR APPROPRIATE IN CONNECTION WITH THE ISSUANCE OF BONDS, NOTES, CONTRACTS, OR OTHER FINANCIAL OBLIGATIONS OF THE DISTRICT; SUCH ENCUMBRANCES TO BE CREATED FOR THE PURPOSE OF PROVIDING ADDITIONAL SECURITY FOR DISTRICT FINANCIAL OBLIGATIONS, AND TO BE

CREATED AT ONE TIME OR FROM TIME TO TIME; SUCH MORTGAGES, LIENS, OR OTHER ENCUMBRANCES TO ENTITLE THE OWNER OR BENEFICIARY THEREOF TO FORECLOSE UPON AND TAKE TITLE TO AND POSSESSION OF THE DISTRICT PROPERTY SO ENCUMBERED, AND IN CONNECTION THEREWITH SHALL THE DISTRICT BE AUTHORIZED TO MAKE SUCH COVENANTS REGARDING THE USE OF THE ENCUMBERED PROPERTY AND OTHER MATTERS ARISING UNDER THE ENCUMBRANCES, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS OF THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE F:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO COLLECT, RETAIN, AND SPEND THE AMOUNT OF ALL TAXES, TAP FEES, SYSTEM DEVELOPMENT FEES, RENTAL INCOME, SERVICE CHARGES, INSPECTION CHARGES, ADMINISTRATIVE CHARGES, GRANTS OR ANY OTHER FEE, RATE, TOLL, PENALTY, OR CHARGE AUTHORIZED BY LAW TO BE IMPOSED OR COLLECTED BY THE DISTRICT AND ANY OTHER REVENUES, INCOME, OR PAYMENTS RECEIVED BY THE DISTRICT (INCLUDING, WITHOUT LIMITATION, REVENUES RECEIVED BY THE DISTRICT FROM THE STATE, ANY POLITICAL SUBDIVISION OF THE STATE, OR ANY OTHER GOVERNMENTAL ENTITY, DURING FISCAL YEAR 2003 AND EACH YEAR THEREAFTER FOR AS LONG AS THE DISTRICT CONTINUES IN EXISTENCE WITHOUT LIMITATION BY THE REVENUE AND SPENDING LIMITS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AS THEY CURRENTLY EXIST OR AS THEY MAY BE AMENDED IN THE FUTURE?

YES: _____
NO: _____

BALLOT QUESTION G:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 BE ORGANIZED AS A SPECIAL DISTRICT PURSUANT TO ARTICLE 1 OF TITLE 32, C.R.S., AND, PURSUANT TO ITS SERVICE PLAN?

YES: _____
NO: _____

BALLOT QUESTION H:

SHALL MEMBERS OF THE BOARD OF DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO SERVE WITHOUT LIMITATION ON THEIR TERMS OF OFFICE PURSUANT TO THE RIGHT GRANTED TO THE VOTERS OF THE DISTRICT IN ARTICLE XVII, SECTION 11 OF THE COLORADO CONSTITUTION TO LENGTHEN, SHORTEN, OR ELIMINATE THE LIMITATIONS ON THE TERMS OF OFFICE IMPOSED BY SUCH SECTION?

YES: _____
NO: _____

NO. 01

.....

OFFICIAL BALLOT FOR SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 , CITY OF AURORA,
COUNTY OF ARAPAHOE, STATE OF COLORADO

November 4, 2003

Date of Election

/s/ K. Sean Allen

Facsimile of Signature of the Designated Election Official of the District

WARNING

Any person who, by use of force or other means, unduly influences an eligible elector to vote in any particular manner or to refrain from voting, or who falsely makes, alters, forges, or counterfeits any mail ballot before or after it has been cast, or who destroys, defaces, mutilates, or tampers with a ballot is subject, upon conviction, to imprisonment, or to a fine, or both.

1-7-5-107(3)(b), C.R.S.

This may not be your only ballot. Other elections may be held by other political subdivision by mail or by polling place. Refer to the ballot instructions for complete information on voting. Review your ballot. Be sure you have voted on every office and issue.

To vote, place crossmark (X) at the right of the name of each candidate and ballot issue and ballot question.

1-5-407(2), C.R.S.

BALLOT QUESTION A:

FOR THE DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

(VOTE FOR TWO DIRECTORS TO ACT UNTIL THEY OR THEIR SUCCESSORS ARE ELECTED AND QUALIFIED AT THE NEXT REGULAR SPECIAL DISTRICT ELECTION IN 2004, IF SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 IS ORGANIZED. PLACE A (X) OPPOSITE TWO OF THE NAMES BELOW).

BALLOT QUESTION B:

FOR THE DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 2

(VOTE FOR THREE DIRECTORS TO ACT UNTIL THEY OR THEIR SUCCESSORS ARE ELECTED AND QUALIFIED AT THE NEXT REGULAR SPECIAL DISTRICT ELECTION IN 2006, IF SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 IS ORGANIZED. PLACE A (X) OPPOSITE THREE OF THE NAMES BELOW).

BALLOT ISSUE C:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$6,700,000, WITH A REPAYMENT COST OF NOT MORE THAN \$54,940,000 AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$7,906,000, ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, STREET IMPROVEMENTS INCLUDING CURBS, GUTTERS, CULVERTS, OTHER DRAINAGE FACILITIES, SIDEWALKS, BRIDGES, PARKING FACILITIES, PAVING, LIGHTING, POWER LINE RELOCATION, GRADING, LANDSCAPING, AND OTHER STREET IMPROVEMENTS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
 NO: _____

BALLOT ISSUE D:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$1,000,000, WITH A REPAYMENT COST OF NOT MORE THAN \$8,200,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$1,180,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A SYSTEM OF TRAFFIC AND SAFETY CONTROLS AND DEVICES ON STREETS AND HIGHWAYS AND AT RAILROAD CROSSINGS, INCLUDING TRAFFIC SIGNALS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE E:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$2,200,000 WITH A REPAYMENT COST OF NOT MORE THAN \$18,040,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$2,596,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE

PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A COMPLETE POTABLE AND NON-POTABLE WATER SUPPLY, STORAGE, TRANSMISSION, AND DISTRIBUTION SYSTEM, INCLUDING TRANSMISSION LINES, DISTRIBUTION MAINS AND LATERALS, IRRIGATION FACILITIES, AND STORAGE FACILITIES, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE F:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$2,500,000, WITH A REPAYMENT COST OF NOT MORE THAN \$20,500,000 AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$2,950,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A COMPLETE LOCAL SANITARY SEWAGE COLLECTION AND TRANSMISSION SYSTEM, INCLUDING COLLECTION MAINS AND LATERALS, TRANSMISSION LINES, TREATMENT FACILITIES, STORM SEWER, FLOOD, AND SURFACE DRAINAGE FACILITIES AND SYSTEMS, AND DETENTION AND RETENTION PONDS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH

TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE G:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$14,600,000, WITH A REPAYMENT COST OF NOT MORE THAN \$119,720,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$17,228,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, PARKS AND RECREATIONAL FACILITIES, IMPROVEMENTS, AND PROGRAMS, INCLUDING PARKS, BIKE PATHS AND PEDESTRIAN WAYS, OPEN SPACE, LANDSCAPING, CULTURAL ACTIVITIES, COMMUNITY RECREATION CENTERS, WATER BODIES, IRRIGATION FACILITIES AND OTHER ACTIVE AND PASSIVE RECREATION FACILITIES AND PROGRAMS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, AND EXTENSIONS OF AND IMPROVEMENTS TO SAID FACILITIES, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY,

AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE H:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$500,000, WITH A REPAYMENT COST OF NOT MORE THAN \$4,100,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$590,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, INCLUDING CONTRACTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF OPERATING AND MAINTAINING OR OTHERWISE PROVIDING THE DISTRICT'S SYSTEMS, OPERATIONS, ADMINISTRATION, FACILITIES, AND IMPROVEMENTS FOR THE PURPOSE OF CARRYING OUT THE OBJECTS AND PURPOSES FOR WHICH THE DISTRICT WAS ORGANIZED, TOGETHER WITH ALL NECESSARY INCIDENTAL AND APPURTENANT PROPERTIES, FACILITIES, EQUIPMENT, PERSONNEL, CONTRACTORS, CONSULTANTS, AND COSTS AND ALL LAND EASEMENTS, AND APPURTENANCES NECESSARY OR APPROPRIATE IN CONNECTION THEREWITH; SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT, SUCH DEBT TO BE ISSUED OR INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X; SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE I:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$27,000,000, WITH A REPAYMENT COST OF NOT MORE THAN \$221,400,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$31,860,000 ANNUALLY AFTER TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER FINANCIAL OBLIGATIONS, ISSUED FOR THE PURPOSE OF REFUNDING, PAYING, OR DEFEASING, IN WHOLE OR IN PART, BONDS, NOTES OR OTHER FINANCIAL OBLIGATIONS OF THE DISTRICT; SUCH DEBT TO BEAR INTEREST AT A RATE TO BE DETERMINED BY THE DISTRICT, WHICH INTEREST RATE MAY BE HIGHER THAN THE INTEREST RATE BORNE BY THE OBLIGATIONS BEING REFUNDED; SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND ANNUALLY, SEMIANNUALLY, OR MORE OFTEN AS MAY BE DETERMINED BY THE DISTRICT TO BE ISSUED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE OR BECOME PAYABLE IN NOT MORE THAN 40 YEARS AFTER ISSUANCE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY WITHIN THE DISTRICT, WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY AND ALL OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE J:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED \$100,000 ANNUALLY AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$100,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S OPERATIONS, MAINTENANCE, AND OTHER EXPENSES: SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED WITHOUT LIMITATION OF RATE OR WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE BOARD, AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNTS AS MAY BE NECESSARY, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATIONS ARE CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS MAY BE AMENDED, TO BE USED FOR THE PURPOSE OF PAYING THE DISTRICT'S OPERATIONS, MAINTENANCE, AND OTHER EXPENSES; AND

SHALL THE PROCEEDS OF SUCH TAXES AND INVESTMENTS INCOME THEREON CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT IN 2003 AND IN EACH YEAR THEREAFTER WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR SECTION 29-1-301, COLORADO REVISED STATUTES?

YES: _____
NO: _____

BALLOT ISSUE K:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$27,500,000 WITH A REPAYMENT COST OF NOT TO EXCEED \$225,500,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$32,450,000 ANNUALLY TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PROVIDE FOR THE PAYMENT OF SUCH DISTRICT DEBT: SUCH DEBT TO CONSIST OF A CONTRACT WITH ONE OR MORE OTHER POLITICAL SUBDIVISIONS OF THE STATE, WHICH CONTRACT WILL CONSTITUTE A MULTIPLE FISCAL YEAR FINANCIAL OBLIGATION AND WHICH WILL OBLIGATE THE DISTRICT TO PAY THE COSTS OF ACQUIRING, CONSTRUCTING, OR OTHERWISE PROVIDING, AND THE COSTS OF OPERATING AND MAINTAINING, CERTAIN WATER, STREET, TRAFFIC SAFETY, TELEVISION RELAY AND TRANSLATION, TRANSPORTATION, PARK AND RECREATION, MOSQUITO AND PEST CONTROL AND SANITATION FACILITIES AND IMPROVEMENTS, ALL AS MAY BE PROVIDED IN SUCH CONTRACT; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED WITHOUT LIMITATION OF RATE AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, OR TO BE IMPOSED WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE FINANCIAL OBLIGATIONS INCURRED PURSUANT TO THE CONTRACT; AND SHALL ANY PROCEEDS OF SUCH CONTRACT AND THE PROCEEDS OF SUCH TAXES, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY EXPENDITURE, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER STATUTORY OR CONSTITUTIONAL EXPENDITURE OR REVENUE-RAISING LIMITATION?

YES: _____
NO: _____

BALLOT ISSUE L:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 DEBT BE INCREASED \$27,500,000 WITH A REPAYMENT COST OF NOT TO EXCEED \$225,500,000; AND SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 TAXES BE INCREASED AS IS NECESSARY SO AS TO RESULT IN NET REVENUE OF UP TO \$32,450,000 ANNUALLY, AFTER TAKING INTO ACCOUNT ANY PROPERTY TAX CUT OR LIMIT SPECIFIED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PROVIDE FOR THE PAYMENT OF SUCH DISTRICT DEBT: SUCH DEBT TO CONSIST OF A REIMBURSEMENT AGREEMENT WITH ONE OR MORE PRIVATE ENTITIES, WHICH CONTRACT WILL CONSTITUTE A MULTIPLE FISCAL YEAR FINANCIAL OBLIGATION AND WHICH WILL OBLIGATE THE DISTRICT TO PAY THE COSTS OF REIMBURSEMENT TO SUCH ENTITY OR ENTITIES FOR ADVANCES MADE TO THE DISTRICT FOR THE PURPOSES OF ACQUIRING, CONSTRUCTING, OR OTHERWISE PROVIDING, AND THE COSTS OF OPERATING AND MAINTAINING, CERTAIN WATER, STREET, TRAFFIC SAFETY, PARK AND RECREATION, AND SANITATION FACILITIES AND IMPROVEMENTS, ALL AS MAY BE PROVIDED IN SUCH CONTRACT; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED WITHOUT LIMITATION OF RATE AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL

INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, OR TO BE IMPOSED WITH SUCH LIMITATIONS AS MAY BE DETERMINED BY THE DISTRICT, PROVIDED THAT SUCH MILL LEVY MAY BE ADJUSTED (I) TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATION IS CALCULATED, INCLUDING A CHANGE IN THE PERCENTAGE OF ACTUAL VALUATION USED TO DETERMINE ASSESSED VALUATION, AND (II) TO OFFSET ANY PROPERTY TAX CUT OR LIMIT WHICH IS MANDATED BY ARTICLE X, SECTION 20 OR OTHER PROVISIONS OF THE COLORADO CONSTITUTION, AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE FINANCIAL OBLIGATIONS INCURRED PURSUANT TO THE CONTRACT; AND SHALL ANY PROCEEDS OF SUCH CONTRACT AND THE PROCEEDS OF SUCH TAXES, AND INVESTMENT INCOME THEREON, CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY EXPENDITURE, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER STATUTORY OR CONSTITUTIONAL EXPENDITURE OR REVENUE-RAISING LIMITATION?

YES: _____
NO: _____

BALLOT ISSUE M:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 BE AUTHORIZED TO ISSUE, CREATE, EXECUTE, AND DELIVER MORTGAGES, LIENS, AND OTHER ENCUMBRANCES ON DISTRICT REAL AND PERSONAL PROPERTY, WHETHER NOW OWNED OR HEREAFTER ACQUIRED, AND INCLUDING WATER AND WATER RIGHTS, SUCH ENCUMBRANCES TO BE IN THE TOTAL PRINCIPAL AMOUNT OF NOT MORE THAN \$500,000, PLUS INTEREST THEREON AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS TO BE NECESSARY OR APPROPRIATE IN CONNECTION WITH THE ISSUANCE OF BONDS, NOTES, CONTRACTS, OR OTHER FINANCIAL OBLIGATIONS OF THE DISTRICT; SUCH ENCUMBRANCES TO BE CREATED FOR THE PURPOSE OF PROVIDING ADDITIONAL SECURITY FOR DISTRICT FINANCIAL OBLIGATIONS, AND TO BE CREATED AT ONE TIME OR FROM TIME TO TIME; SUCH MORTGAGES, LIENS, OR OTHER ENCUMBRANCES TO ENTITLE THE OWNER OR BENEFICIARY THEREOF TO FORECLOSE UPON AND TAKE TITLE TO AND POSSESSION OF THE DISTRICT PROPERTY SO ENCUMBERED, AND IN CONNECTION THEREWITH SHALL THE DISTRICT BE AUTHORIZED TO MAKE SUCH COVENANTS REGARDING THE USE OF THE ENCUMBERED PROPERTY AND OTHER MATTERS ARISING UNDER THE ENCUMBRANCES, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS OF THE DISTRICT?

YES: _____
NO: _____

BALLOT ISSUE N:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 BE AUTHORIZED TO COLLECT, RETAIN, AND SPEND THE AMOUNT OF ALL TAXES, TAP FEES, SYSTEM DEVELOPMENT FEES, RENTAL INCOME, SERVICE CHARGES, INSPECTION CHARGES, ADMINISTRATIVE CHARGES, GRANTS OR ANY OTHER FEE, RATE, TOLL, PENALTY, OR CHARGE AUTHORIZED BY LAW TO BE IMPOSED OR COLLECTED BY THE DISTRICT AND ANY OTHER REVENUES, INCOME, OR PAYMENTS RECEIVED BY THE DISTRICT (INCLUDING, WITHOUT LIMITATION, REVENUES RECEIVED BY THE DISTRICT FROM THE STATE, ANY POLITICAL SUBDIVISION OF THE STATE, OR ANY OTHER GOVERNMENTAL ENTITY, DURING FISCAL YEAR 2003 AND EACH YEAR THEREAFTER FOR AS LONG AS THE DISTRICT CONTINUES IN EXISTENCE WITHOUT LIMITATION BY THE REVENUE AND SPENDING LIMITS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW, AS THEY CURRENTLY EXIST OR AS THEY MAY BE AMENDED IN THE FUTURE?

YES: _____
NO: _____

BALLOT QUESTION O:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 BE AUTHORIZED TO EXERCISE THE POWER TO ESTABLISH, MAINTAIN, AND OPERATE A SYSTEM TO TRANSPORT THE PUBLIC BY BUS, RAIL, OR ANY OTHER MEANS OF CONVEYANCE, OR ANY COMBINATION THEREOF, AND MAY THE DISTRICT CONTRACT TO UNDERTAKE SUCH ACTIVITIES?

YES: _____
NO: _____

BALLOT QUESTION P:

SHALL SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 BE ORGANIZED AS A SPECIAL DISTRICT PURSUANT TO ARTICLE 1 OF TITLE 32, C.R.S., AND, PURSUANT TO ITS SERVICE PLAN?

YES: _____
NO: _____

BALLOT QUESTION Q:

SHALL MEMBERS OF THE BOARD OF DIRECTORS OF SERENITY RIDGE METROPOLITAN DISTRICT NO. 2 BE AUTHORIZED TO SERVE WITHOUT LIMITATION ON THEIR TERMS OF OFFICE PURSUANT TO THE RIGHT GRANTED TO THE VOTERS OF THE DISTRICT IN ARTICLE XVIII, SECTION 11 OF THE COLORADO CONSTITUTION TO LENGTHEN, SHORTEN, OR ELIMINATE THE LIMITATIONS ON THE TERMS OF OFFICE IMPOSED BY SUCH SECTION?

YES: _____
NO: _____

Exhibit J
Underwriter Commitment Letter

Banc of America Securities



Public Finance
Real Estate Secured Finance
FL0-432-02-01
750 South Orlando Ave.
Suite 200
Winter Park, FL 32789

Direct Dial: 407.646.6130
Fax: 407.646.6133

April 17, 2003

George M. Rowley, Esq.
White and Associates, P.C.
1805 Shea Center Drive, Suite 100
Highlands Ranch, CO 80129

Dear George:

As part of the Service Plan approval process, you have asked about the relationship between the investment bankers and the Serenity Ridge Metropolitan District. We are engaged by the landowners within the District as described by the attached letter of intent. Banc of America Securities intends to serve as underwriters to the District for the voter authorized debt as described in the Service Plan. With regard to developer advances or issuance of subordinate debt as described in the Service Plan, our role would be placement agent to the District, before such time as the District could offer debt via a limited public offering.

Banc of America Securities will evaluate the project and the terms of the voter authorized debt at the time of the limited public offering and will only offer it to investors for whom this type of investment would be appropriate, in our determination. This letter does not constitute a commitment to underwrite or purchase such voter authorized debt.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Burch', followed by a long horizontal flourish line.

Robert C. Burch
Managing Director

RCB:jb

Exhibit K
Market Research Report and Opinion Letter

Real Estate Information
and Consulting Services

meyersgroup

PRICING AND ABSORPTION
RECOMMENDATIONS FOR 404 RESIDENTIAL
UNITS REFERRED TO AS
GRASSLANDS
LOCATED IN THE CITY OF AURORA,
ARAPAHOE COUNTY, COLORADO

Prepared for:
NEUMANN HOMES
October 23, 2002

777 South Pacific Coast Highway, Suite 100
Solana Beach, California 92075

858 | 792-8278
858 | 792-8944 fax

meyersgroup

MEMORANDUM

TO: Mr. Jerry Richmond
Neumann Homes

cc: CO474r

FROM: Tim Sullivan
Dennis Cisterna

DATE: October 23, 2002

SUBJECT: Pricing and Absorption Analysis for 404 Residential Units Referred to as
"Grasslands" Located in the City of Aurora, Arapahoe County, Colorado

The Meyers Group is pleased to present this summary memorandum relative to our conclusions and recommendations for the proposed development of one multi-family and three single-family product lines at Grasslands, a 160-acre parcel of land located in Aurora, Colorado.

In completing this analysis, we visited the subject site and reviewed the proposed development concept; assessed the locational strengths and weaknesses of the Subject Property; assessed the supply of new housing in the competitive market area and considered sizes, prices and absorption in nearby active subdivisions to provide the most appropriate positioning of the Subject Property. The following is a summary of our research and conclusions.

The Subject Property is located just east of Highway 470, in the city of Aurora, in Arapahoe County, Colorado. More specifically, it is located on the east side of Smoky Hill Road, just across from the Tallyn's Reach master-planned community. Access to the site is clear and direct from the Denver Technology Center via Highway 470. Since the site's topography is a slightly rolling terrain, some view opportunities exist. The land uses surrounding the site generally consist of a mix of low and high-density residential, and undeveloped open space. It should be noted that a middle school and high school are being constructed adjacent to the north end of the property; this should give added appeal to the Subject Property with families with school-age children. The Subject Property is situated less than 10 minutes away from a variety of services and amenities that are located in the immediate area. In addition, the Subject Property is less than 45 minutes from downtown Denver and approximately 20 minutes from the Denver International Airport. The Subject Property is located in the Cherry Creek 5 School District. Schools in this district are known as some of the best in the Denver metro area and are generally ranked high to excellent by the Colorado Department of Education Accountability Reports. (See Exhibit II-7)

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For purposes of this report, the Competitive Market Area (CMA) is defined as the South Aurora submarket of the City of Aurora. (See Exhibit II-3)

In addition to the supporting exhibits following this text, the next sections summarize our key findings, and present a summary of current market conditions as well.

A. Key Findings

- **Positioning Strategy:** Buyers in the south Aurora area have looked for quality first. This area is considered to be one of the more desirable in the metro area and buyers have been willing to pay higher prices to reside in this area. A struggling local economy, however, has buyers also considering value when purchasing a new home in the CMA. This is where the Subject Property's opportunity lies. Many higher-end projects in the region have seen sales drop as buyers move away from \$400,000+ product and consider more affordable alternatives. Specifically with the traditional detached product, the Subject Property fills the niche of being a high-quality home while being less expensive than comparable projects. The Subject Property achieves this with a price position in the middle of the market. This positioning appears reasonable given the high level of proposed architectural standards and features relative to other projects in the CMA along with the absorption estimates. (See Exhibits I-2 through I-6)
- **Proposed Product and Pricing:** As proposed, Neumann Homes will build 404 residential units (359 detached and 45 attached) in four different series at Grasslands. Our suggested pricing program for the Subject Property is as follows:

Duplex/Triplex Product

Plan Name	Unit Size	Oct. '02 Base Price	Price/Sq. Ft.
1	1,100	\$175,000	\$173
2	1,475	\$195,000	\$144
3	1,850	\$215,000	\$127
Average			
	1,475	\$195,000	\$148

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Arpeggio Series: Small Lot Detached (5,000 SF Lots)

Plan Name	Unit Size	Oct. '02 Base Price	Price/ Sq. Ft.
Prelude	1,903	\$237,500	\$134
Baroque	2,320	\$262,000	\$121
Hayden	2,710	\$285,000	\$113
Average			
	2,311	\$261,500	\$123

Prestige Series: Traditional Detached (7,400 SF Lots)

Plan Name	Unit Size	Oct. '02 Base Price	Price/ Sq. Ft.
Briarwood	1,682	\$265,000	\$163
Oakmont	1,834	\$275,000	\$155
Weston	1,856	\$277,000	\$154
Roseland	1,918	\$281,000	\$152
Fairmont	2,009	\$287,500	\$148
Ashby	2,015	\$288,000	\$148
Bayview	2,015	\$288,000	\$148
Camberly	2,155	\$298,000	\$143
Newbury	2,248	\$305,000	\$140
Stratford	2,353	\$312,000	\$136
St. Ives	2,410	\$317,000	\$135
Average			
	2,045	\$290,318	\$147

Maestro Series: Traditional Detached (8,400 SF Lots)

Plan Name	Unit Size	Oct. '02 Base Price	Price/ Sq. Ft.
Sonata	2,092	\$317,500	\$157
Acapella	2,309	\$332,500	\$148
Verde	2,491	\$345,000	\$143
Bach	2,801	\$365,000	\$134
Shubert	2,880	\$370,000	\$132
Average			
	2,515	\$346,000	\$143

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- **Lot Sizes:** To differentiate the traditional single-family detached product lines further, we recommend offering a larger "base" lot size of up to 8,400 square feet for the Maestro Series, while keeping the base lot size of the Prestige Series up to 7,400 square feet. Oversize and Cul-de-Sac lot premiums generally command from \$3,000 to \$30,000 in this market, and can be added to the base price. We recommend selling the community in phases to maximize the opportunity to realize price increases as momentum for the community builds over time.
- **Absorption:** Based on the current proposed plan and assuming all four product lines are actively selling, we estimate that Grasslands is capable of achieving approximately 13.50 sales per month (4.50 for the attached product, 4.00 for the small-lot detached and 3.00 and 2.00 for the two traditional detached product lines, respectively). This stronger-than-average sales rate (the median sales rate market-wide is 2.80 homes per month per project) reflects: 1) four product lines being offered, which increases the range of potential buyers and maximizes the potential for absorption; 2) the recommended price position; 3) the unique community design (each product line is oriented towards its own park or open space); and, 4) Although some projects in the market have achieved even stronger sales rates than those estimated for the Subject, consider that the strongest sellers are either priced at the bottom of the market (Stanford Hill Quantum, Summerfield) or are older projects that did not initially compete with as many competitive communities and had higher absorption rates in the beginning phases of the project. We have included a number of comps that have below-average sales rates for the competitive area. It should be noted that many of these projects give good perspective on pricing in the market although due to a variety of reasons (poor marketing, location, execution of masterplan) their absorption rates are not typical of the CMA.

Assuming 404 units, this results in an overall absorption timeframe of approximately two and a half years. Based on the 1,295 new home sales that occurred in the first eight months of 2002 in the CMA, a fair share for a single subdivision in the CMA would be 22 new home sales over eight months or 33 sales per project per year (annualized) among an average of 61 subdivisions. Since Grasslands is essentially four subdivisions, that would equal approximately 132 sales per year for the Subject Property. Our absorption rates of 13.5 sales per month indicate that Grasslands would have 162 sales per year or a capture of 8.3 percent of the local new home market. This is higher than the 132 sales implied by a fair share analysis (four subdivisions x 33 sales per year) but it appears reasonable given the masterplan concept of the subject property, the high level of architectural standards and product design and the synergy created by selling four different products at the same time. Additionally, the average sales rate per project per year throughout the Denver MSA is 25. This indicates that absorption levels are generally stronger

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within the CMA than the Denver metro area and implies that the locational market strength of the Subject Property is above average.

- **Buyer Profile:** Discussions with local real estate professionals indicate that the buyer profile in the CMA consists of primarily young and mature families that are either purchasing their first home or moving up into their second or third home. The median household income in the CMA is over \$90,000, indicating that most residents in the CMA could afford to purchase a home at the Subject Property if a four to one ratio of income to home price is applied. Many local buyers are coming from other areas within Aurora or the Parker area. In addition, the majority of buyers work in the Denver International Airport, the Denver Tech Center and even the Denver metro area.
- **Features:** To correspond to the suggested price positioning, we recommend the level of spec to be moderate to high at Grasslands. Standard features may include General Electric and Whirlpool appliances, ceramic tile countertops, oak cabinets, chrome bath hardware, nine-foot ceilings, and higher-grade carpet. The majority of product at Grasslands is targeting move-up buyers that are looking for quality and value and the level of features should reflect this. (See Exhibit I-11)
- **Marketing:** Due to the close proximity of many of the competitive developments (61 active projects in the CMA), some builders market multiple communities out of a single sales center. This may give some buyers less options and limit potential absorption due to a lack of models, architectural restrictions for particular cities, etc. In an effort to maximize absorption and highlight the product array, we recommend you market each neighborhood from its own sales center within the greater community, but each sales office should have corresponding information about the other subdivisions to maximize synergy. In addition, each sales center should include at least three fully furnished models.

B. Market Summary

- **Denver MSA Housing Market:** Although the Denver area has experienced a lack of employment growth and escalating home prices, the Denver MSA new home market has remained steady for most of 2002. Though permit levels are expected to drop 14.4 percent to 32,692 in 2002, they will remain above 30,000 for the fifth consecutive year. New home sales could total over 15,000 for the second consecutive years as most areas are selling near the same pace they were a year ago. The new home median price also topped over \$252,000 for the second consecutive quarter. The median price for a detached home has increased over 25 percent over the last two and a half years. This level of appreciation can make it difficult for

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some homebuyers to afford new homes. It also implies a good opportunity for smaller product at the Subject Property to capture families that would like to move-up into a larger home, but are unable to afford new homes in other areas. (See Exhibits IV-1, IV-3, and IV-4)

- **Regional New Home Market:** As the national and local economies attempt to recover from a recessionary environment, new home sales in the area have remained remarkably steady. After achieving permit levels of less than 2,000 units per year in the late-1980's and early-1990's, the number of residential building permits issued in Arapahoe County increased steadily to nearly 8,140 in 2000. Since that time, permit levels fell slightly to 7,935 in 2001, and are expected to fall again this year to just under 4,000. A large amount of this decline can be attributed to areas outside of the CMA such as Englewood and the Unincorporated Area of Arapahoe County. Unlike the slight decline in building permits, the number of new home sales (quarter over quarter) in Arapahoe County has increased slightly, increasing by 0.7 percent from 1,039 new sales in the second quarter of 2001 to 1,046 sales in the second quarter of 2002. New home prices are also continuing to rise (by 8.3 percent) over the same time period. First American Real Estate Solutions indicates that the number of total MLS sales has decreased from over 2,800 sales in the second quarter of 2001 to fewer than 2,300 in the second quarter of 2002, implying that the existing home market is softening in 2002. The increases in new home sales and prices, coupled with continued favorable sales rates at actively selling projects in the local area, suggest steady market conditions. (See Exhibits IV-2 and IV-5 through IV-10).
- **Competitive Housing Market:** Active projects in the competitive market area tend to fall into three general categories: 1) attached product that is generally targeted to local entry level families and empty nesters; 2) small-lot detached product that caters to families that desire the space of a single-family home, but may not want to spend upwards of \$350,000 and 3) luxury-oriented subdivisions on 7,000+ square foot lots, targeted towards move-ups, empty nesters and retirees. Most attached product ranges from 1,250 to 3,000 square feet and are priced from \$150,000 to \$275,000. The level of features in these units varies from very basic with no frills to luxury, high-end features. Most small-lot subdivisions range from approximately 1,250 to 2,750 square feet and are priced from \$175,000 to \$325,000. In addition, the architectural standards and level of features are usually moderate to high. Luxury product located in the CMA is generally 1,750 to 4,000 square feet and priced from \$250,000 to \$600,000 dollars. This higher-end product tends to have a high level of architectural standards and a significant number of standard features. (See Exhibits I-7 through I-9)
- **Economic Summary:** Due to a lackluster economy and corporate downsizing, employment growth in the Denver MSA may drop significantly in 2002. While the area averaged between

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32,000 and 45,000 new jobs per year from 1995 to 2001 (a gain of 17 percent over the five-year span), it may realize an employment loss of over 20,000 jobs in the MSA. Every industry except for government has seen significant declines from July 2001 to July 2002. In particular, the Transportation, Communications, and Public Utilities (-6.5%) and Manufacturing sectors (-4.4) have seen the largest decreases. Arapahoe County experienced even stronger employment growth trends than the Denver MSA from 1996 to 2001, increasing by 21 percent over that five-year span. Higher paying employment sectors such as FIRE (Finance, Insurance, and Real Estate), Construction and TCPU (Transportation, Communications and Public Utilities) experienced growth over that same time period. This implies that not only is the employment base in Arapahoe County expanding, but also that these new employees are typically well-to-do households capable of making a new home purchase. Low mortgage rates have helped push home affordability in the Denver MSA near 50 percent. A higher affordability ratio coupled with a growing employment base implies a good opportunity for the development of the Subject Property. (See Exhibits III-1 through III-4 and III-8).

- **Demographic Summary:** In 2001, there were approximately 62,849 people (and 22,324 households) in the competitive market area. By 2006, this number is expected to increase to 74,034 people and 26,682 households (or 3.9 percent per year). This is a stronger growth rate than the Denver MSA, which is expected to increase by 1.7 and 1.9 percent per year, respectively, and is supported by consistently stable local job growth (+/- 5,000 to 10,000 new jobs per year). (See Exhibits III-5 through III-7) Based on household growth, new home sales in the area over the last two plus years and looking forward at planned and proposed residential developments, this implies a good opportunity for the Subject Property.

* * * * *

We appreciate the opportunity to conduct this analysis on your behalf, and welcome any questions or comments you may have.

Exhibit I-1
RECOMMENDED DEVELOPMENT PROGRAM
 Grasslands @ Aurora, CO
 October, 2002

PRODUCT:	Duplex/Triplex Single Family Detached (Small-Lot) Single-Family Detached (Traditional; 2 Series)	
NUMBER OF LOTS:	Duplex/Triplex:	45
	Single Family Detached (Small-Lot):	65
	Single-Family Detached (Traditional; 2 Series)	294
	Total	404
LOT SIZES:	Duplex/Triplex:	4,250
	Single Family Detached (Small-Lot):	5,000
	Single-Family Detached (Traditional; 2 Series)	7,400
		8,400
LOCATION:	The subject property is located on the east side of Smokey Hill Road, approximately 1.5 miles southeast of Highway 470 in the City of Aurora, Arapahoe County, Colorado.	
TARGET MARKET	1st-time buyers, 1st time and 2nd time move-ups, families, empty nesters, retirees and professional couples that work in downtown Denver, the Denver Technology Center (DTC) and Denver International Airport and live in Aurora or neighboring towns such as Parker. The diverse product and price ranges will increase the target market significantly. While 1st-time buyers and mature couples should be attracted to the attached and small-lot detached product for its low maintenance and relatively affordable prices, the traditional detached homes will appeal to growing and mature families that are seeking a high quality home at a great value.	
ABSORPTION	Duplex/Triplex:	4.50 Per Month
	Single Family Detached (Small-Lot):	4.00 Per Month
	Single-Family Detached (Traditional; 2 Series):	5.00 Per Month
	Total	13.50 Per Month

RECOMMENDED UNIT PRICING:

Duplex/Triplex
4,250 SF LOTS

Plan Name	Unit Size	Oct. '02 Base Price	Price/ Sq. Ft.
1	1,100	\$175,000	\$173
2	1,475	\$195,000	\$144
3	1,850	\$215,000	\$127
Average	1,475	\$195,000	\$148

Arpeggio Series
Small-Lot SFD
5,000 SF LOTS

Plan Name	Unit Size	Oct. '02 Base Price	Price/ Sq. Ft.
Prelude	1,903	\$237,500	\$134
Baroque	2,320	\$262,000	\$121
Hayden	2,710	\$285,000	\$113
Average	2,311	\$261,500	\$123

Prestige Series
Traditional SFD
7,400 SF LOTS

Plan Name	Unit Size	Oct. '02 Base Price	Price/ Sq. Ft.
Briarwood	1,682	\$265,000	\$163
Oakmont	1,834	\$275,000	\$155
Weston	1,856	\$277,000	\$154
Roseland	1,918	\$281,000	\$152
Fairmont	2,009	\$287,500	\$148
Ashby	2,015	\$288,000	\$148
Bayview	2,015	\$288,000	\$148
Camberly	2,155	\$298,000	\$143
Newbury	2,248	\$305,000	\$140
Stratford	2,353	\$312,000	\$136
St. Ives	2,410	\$317,000	\$135
Average	2,045	\$290,318	\$147

Maestro Series
Traditional SFD
8,400 SF LOTS

Plan Name	Unit Size	Oct. '02 Base Price	Price/ Sq. Ft.
Sonata	2,092	\$317,500	\$157
Acappella	2,309	\$332,500	\$148
Verde	2,491	\$345,000	\$143
Bach	2,801	\$365,000	\$134
Shubert	2,880	\$370,000	\$132
Average	2,515	\$346,000	\$143

Exhibit I-1
RECOMMENDED DEVELOPMENT PROGRAM
Grasslands @ Aurora, CO
October, 2002

BASE PRICE: October, 2002 base price represents the recommended price level for the proposed product if offered in the market today.

INCENTIVES: Base prices are net of incentives. Any incentives that are offered should be in the form of options/upgrades or non-recurring closing costs. Most projects in the competitive market are currently offering incentive packages (\$1.00 to \$25,000) towards options/upgrades or towards closing costs with the use of an approved lender. We recommend no initial incentives, base prices should maintain absorption estimates and stay positioned appropriately with competitive projects.

ASSESSMENTS: Pricing assumes \$100 monthly Homeowners Association fee for attached product and \$60 for detached product.

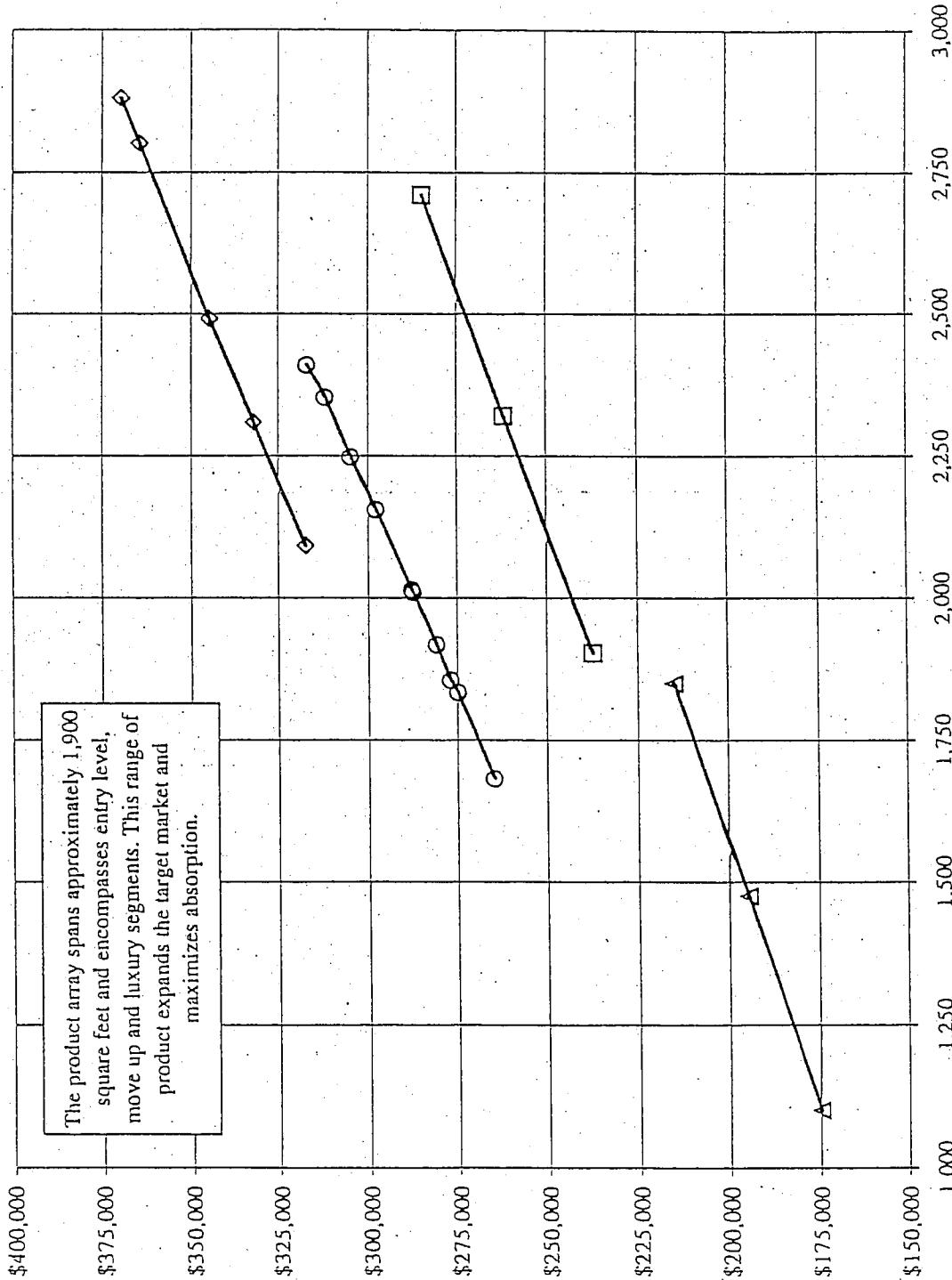
PREMIUMS: Our recommended prices do not include premiums. Cul-de-Sac and oversize lots can generally command an additional \$3,000-\$30,000 in addition to the base prices. In addition, lots with view potential may command an additional \$15,000 to \$50,000 per home.

CURRENT MARKET POSITIONING: The attached product is generally positioned near the middle of the market in the competitive area. This assumes unique architectural standards and a high level of features. The high sales rates at projects such as Stanford Hill and Prairie Ridge indicate that price points likely need to be on the lower-end of the market to achieve appropriate absorption rates.

The small-lot detached product is positioned in the middle of the competitive market area. The Arpeggio series is positioned competitively with Richmond American at Willow Trace, which is selling over 10 homes per month. In addition, the project is generally positioned between various competitive product at Saddle Rock and slightly below Eagle Bend and Tallyn's Reach.

Both series (Prestige and Maestro) for the traditional detached product are positioned below the majority of comparable product in the CMA (although it should be noted that most comparable product is larger). Based on our market research, 2002 has been sluggish for high-end homes throughout Denver. A slow economic recovery for the area has left many to reconsider the purchase of a new home, particularly those priced above \$300,000. While our positioning initially looks low for the CMA, many projects in the area have recently seen dramatic sales decreases even with the appeal of incentives. The best-selling projects such as Willows and Homestead are on the smaller-end of the competitive market, similar to the Subject Property. This positioning will assist in maintaining the estimated absorption levels.

Exhibit I-2
 CONCEPTUAL RESIDENTIAL PRODUCT PROGRAM: GRASSLANDS
 Aurora, CO
 October, 2002



The product array spans approximately 1,900 square feet and encompasses entry level, move up and luxury segments. This range of product expands the target market and maximizes absorption.

- ▲ DUPLEX/TRIPLEX
Lot Size: 4,250
4.50 Sales/Mo.
- SMALL-LOT: ARPEGGIO
Lot Size: 5,000
4.00 Sales/Mo.
- TRADITIONAL SFD:
PRESTIGE
Lot Size: 7,400
3.00 Sales/Mo.
- ◆ TRADITIONAL SFD:
MAESTRO
Lot Size: 8,400 SF
2.00 Sales/Mo.

Exhibit I-3
SCATTERGRAPH POSITIONING OF SUBJECT PROPERTY VS. ACTIVE FLOORPLANS
 South Aurora Submarket, Aurora, CO
 October, 2002

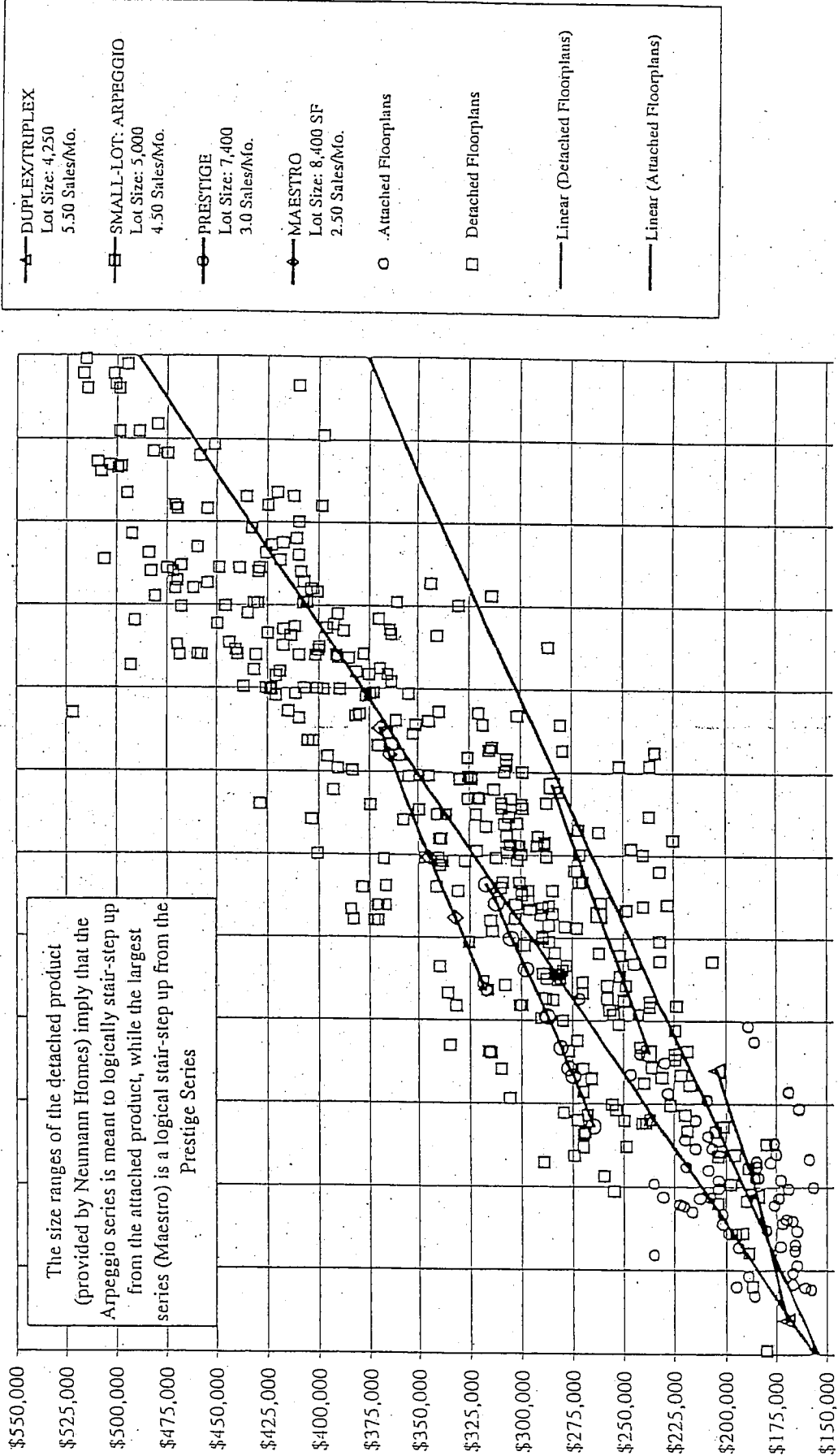
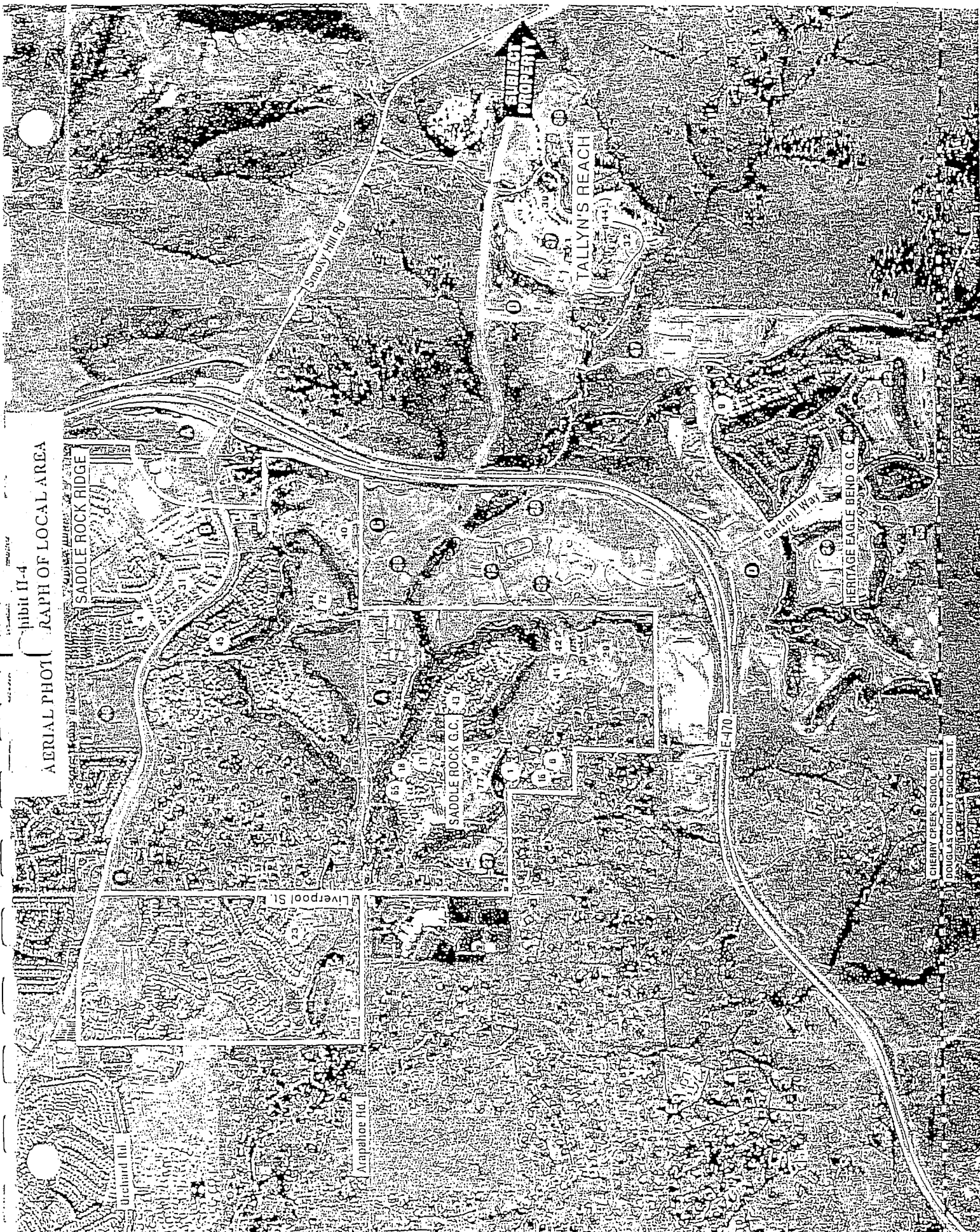


Exhibit 11-4
AERIAL PHOTOGRAPH OF LOCAL AREA



SADDLE ROCK RIDGE

Smoky Hill Rd

TALLYN'S REACH

SUBJECT PROPERTY

SADDLE ROCK G.C.

Garrett Way

HERITAGE EAGLE BEND G.C.

Orchard Blvd

Liverpool St

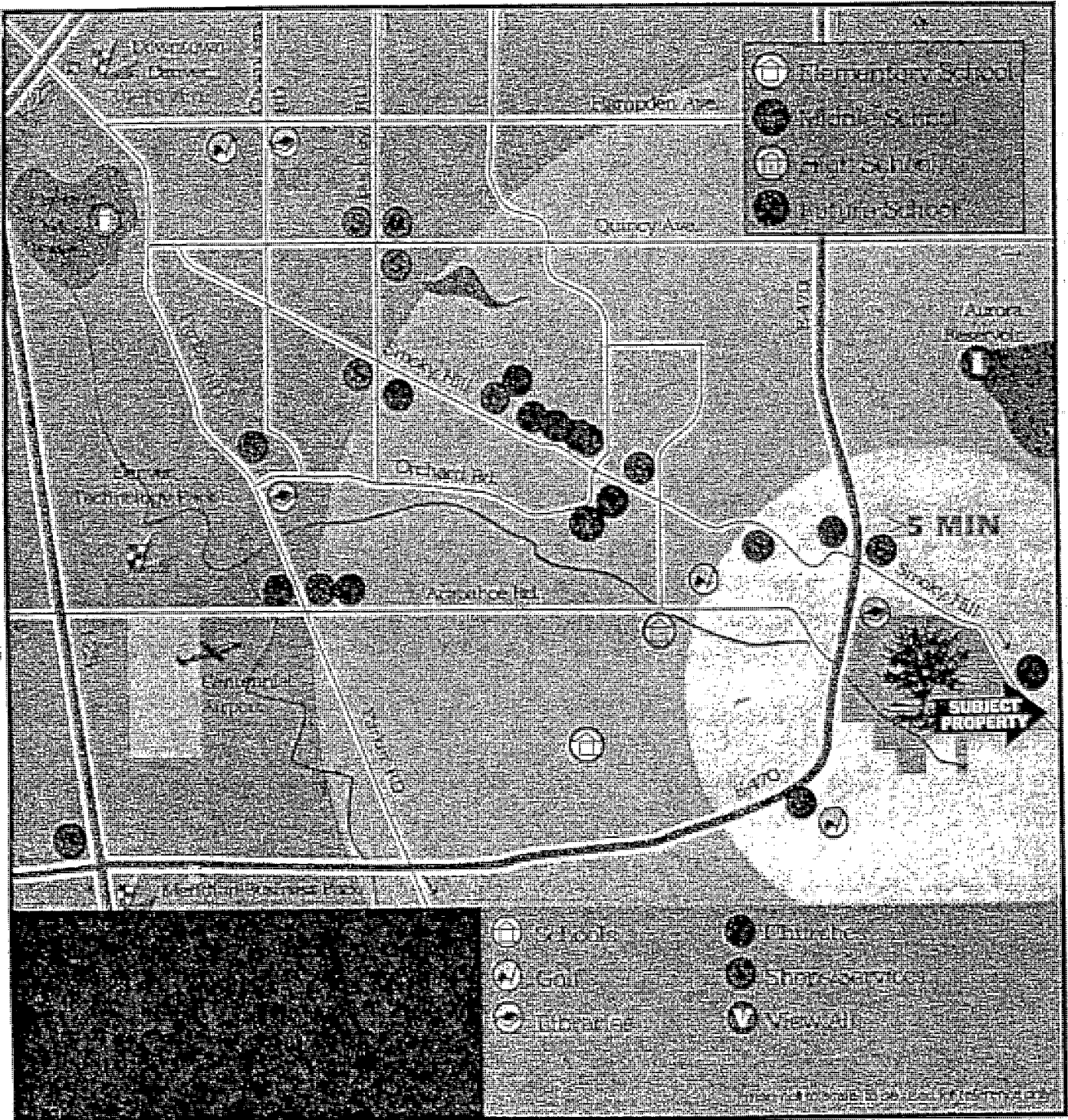
Arapahoe Rd

E-470

CHERRY CREEK SCHOOL DIST.

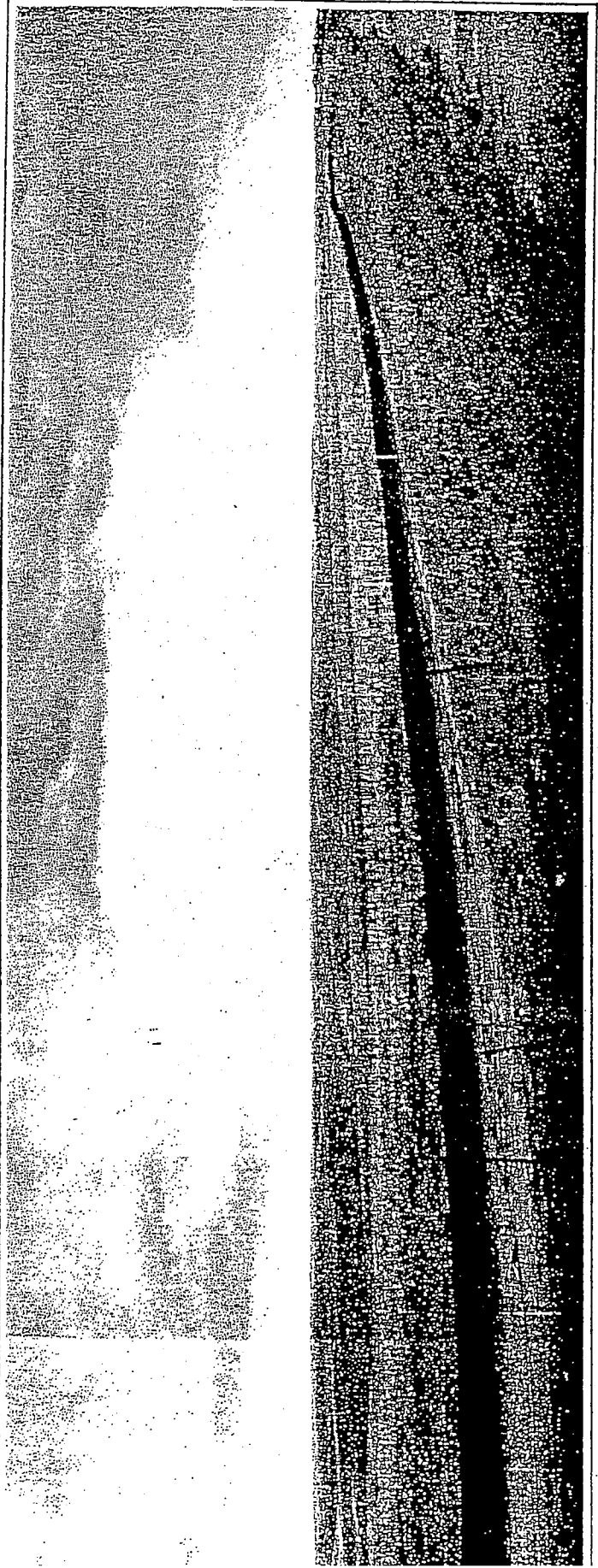
DOUGLAS COUNTY SCHOOL DIST.

Exhibit II-5
 LOCATION OF LOCAL AMENITIES AND SERVICES



C

Exhibit 6
SUBJECT PROPERTY PHOTOGRAPH
Aurora, CO
October, 2002



THE PROPERTY IS LOCATED AT THE INTERSECTION OF I-70 AND I-225 IN AURORA, COLORADO. THE PROPERTY IS A LARGE INDUSTRIAL/WAREHOUSE FACILITY.

Exhibit II-7
 ELEMENTARY SCHOOL RANKINGS (ACCOUNTABILITY REPORT RATINGS)
 Arapahoe County, CO
 2001

DISTRICT CODE	COUNTY	DISTRICT NAME	SCHOOL CODE	SCHOOL NAME	STATEWIDE OVERALL SCORE	GRADE
ELEMENTARY SCHOOLS						
0180	Arapahoe	ADAMS-ARAPAHOE 23J	7232	QUEST ACADEMY	1.83	Excellent
0130	Arapahoe	CHERRY CREEK J	1510	CHALLENGE SCHOOL	1.62	Excellent
0130	Arapahoe	CHERRY CREEK J	3648	GREENWOOD ELEMENTARY SCHOOL	1.59	Excellent
0130	Arapahoe	CHERRY CREEK J	0714	BELLEVIEW ELEMENTARY SCHOOL	1.49	Excellent
0130	Arapahoe	CHERRY CREEK J	1916	COTTONWOOD CREEK ELEMENTARY SCHOOL	1.47	Excellent
0130	Arapahoe	CHERRY CREEK J	9624	WILLOW CREEK ELEMENTARY SCHOOL	1.43	Excellent
0140	Arapahoe	LITTLETON 6	5236	LOIS LENSKI ELEMENTARY SCHOOL	1.40	Excellent
0140	Arapahoe	LITTLETON 6	5229	LITTLETON CHARTER ACADEMY	1.38	Excellent
0140	Arapahoe	LITTLETON 6	9600	WILDER ELEMENTARY SCHOOL	1.38	Excellent
0130	Arapahoe	CHERRY CREEK J	1572	HIGH PLAINS ELEMENTARY SCHOOL	1.34	Excellent
0130	Arapahoe	CHERRY CREEK J	1571	CHERRY CREEK CHARTER ACADEMY	1.27	Excellent
0130	Arapahoe	CHERRY CREEK J	4078	HOMESTEAD ELEMENTARY SCHOOL	1.25	Excellent
0140	Arapahoe	LITTLETON 6	0752	FRANKLIN ELEMENTARY SCHOOL	1.21	Excellent
0130	Arapahoe	CHERRY CREEK J	1574	CHERRY HILLS VILLAGE ELEMENTARY SCHOOL	1.16	Excellent
0130	Arapahoe	CHERRY CREEK J	2292	DRY CREEK ELEMENTARY SCHOOL	1.12	Excellent
0140	Arapahoe	LITTLETON 6	7606	SANDBURG ELEMENTARY SCHOOL	1.01	High
0170	Arapahoe	DEER TRAIL 26J	2136	DEER TRAIL ELEMENTARY SCHOOL	0.99	High
0130	Arapahoe	CHERRY CREEK J	7476	ROLLING HILLS ELEMENTARY SCHOOL	0.99	High
0130	Arapahoe	CHERRY CREEK J	1970	CREEKSIDE ELEMENTARY SCHOOL	0.97	High
0130	Arapahoe	CHERRY CREEK J	3926	HERITAGE ELEMENTARY SCHOOL	0.93	High
0130	Arapahoe	CHERRY CREEK J	6820	PEAKVIEW ELEMENTARY SCHOOL	0.93	High
0130	Arapahoe	CHERRY CREEK J	7559	SAGEBRUSH ELEMENTARY SCHOOL	0.91	High
0140	Arapahoe	LITTLETON 6	5574	TWAIN ELEMENTARY SCHOOL	0.85	High
0130	Arapahoe	CHERRY CREEK J	4280	INDIAN RIDGE ELEMENTARY SCHOOL	0.84	High
0130	Arapahoe	CHERRY CREEK J	9200	WALNUT HILLS COMMUNITY ELEMENTARY SCHOOL	0.80	High
0140	Arapahoe	LITTLETON 6	7518	RUNYON ELEMENTARY SCHOOL	0.78	High
0130	Arapahoe	CHERRY CREEK J	5934	MISSION VIEJO ELEMENTARY SCHOOL	0.75	High
0180	Arapahoe	ADAMS-ARAPAHOE 23J	7865	SIDE CREEK ELEMENTARY SCHOOL	0.73	High
0140	Arapahoe	LITTLETON 6	6814	PEABODY ELEMENTARY SCHOOL	0.71	High
0140	Arapahoe	LITTLETON 6	3950	HIGHLAND ELEMENTARY SCHOOL	0.63	High
0140	Arapahoe	LITTLETON 6	9530	WHITMAN ELEMENTARY SCHOOL	0.63	High
0130	Arapahoe	CHERRY CREEK J	2428	EASTRIDGE COMMUNITY ELEMENTARY SCHOOL	0.62	High
0130	Arapahoe	CHERRY CREEK J	8380	SUMMIT ELEMENTARY SCHOOL	0.60	High
0140	Arapahoe	LITTLETON 6	3064	MOODY ELEMENTARY SCHOOL	0.59	High
0140	Arapahoe	LITTLETON 6	5088	AMES ELEMENTARY SCHOOL	0.56	High
0130	Arapahoe	CHERRY CREEK J	0242	ANTELOPE RIDGE ELEMENTARY SCHOOL	0.51	High
0130	Arapahoe	CHERRY CREEK J	8887	TRAILS WEST ELEMENTARY SCHOOL	0.51	High
0180	Arapahoe	ADAMS-ARAPAHOE 23J	2095	DALTON ELEMENTARY SCHOOL	0.45	Average
0140	Arapahoe	LITTLETON 6	5572	HOPKINS ELEMENTARY SCHOOL	0.44	Average
0130	Arapahoe	CHERRY CREEK J	8850	TIMBERLINE ELEMENTARY SCHOOL	0.44	Average
0130	Arapahoe	CHERRY CREEK J	2094	DAKOTA VALLEY ELEMENTARY SCHOOL	0.43	Average
0140	Arapahoe	LITTLETON 6	5233	LITTLETON PREP CHARTER SCHOOL	0.37	Average
0130	Arapahoe	CHERRY CREEK J	7102	POLTON COMMUNITY ELEMENTARY SCHOOL	0.35	Average
0130	Arapahoe	CHERRY CREEK J	0348	ARROWHEAD ELEMENTARY SCHOOL	0.29	Average
0130	Arapahoe	CHERRY CREEK J	7116	PONDEROSA ELEMENTARY SCHOOL	0.24	Average
0130	Arapahoe	CHERRY CREEK J	4062	HOLLY HILLS ELEMENTARY SCHOOL	0.21	Average
0130	Arapahoe	CHERRY CREEK J	4276	INDEPENDENCE ELEMENTARY SCHOOL	0.17	Average
0140	Arapahoe	LITTLETON 6	1382	CENTENNIAL ELEMENTARY SCHOOL	0.15	Average
0140	Arapahoe	LITTLETON 6	2382	EAST ELEMENTARY SCHOOL	0.15	Average
0120	Arapahoe	ENGLEWOOD 1	1514	CHARLES HAY ELEMENTARY SCHOOL	0.14	Average
0130	Arapahoe	CHERRY CREEK J	1614	CIMARRON ELEMENTARY SCHOOL	0.14	Average
0180	Arapahoe	ADAMS-ARAPAHOE 23J	4270	IOWA ELEMENTARY SCHOOL	0.05	Average
0130	Arapahoe	CHERRY CREEK J	8394	SUNRISE ELEMENTARY SCHOOL	0.04	Average
0120	Arapahoe	ENGLEWOOD 1	9620	WM E BISHOP ELEMENTARY SCHOOL	0.04	Average
0130	Arapahoe	CHERRY CREEK J	3988	HIGHLINE COMMUNITY ELEMENTARY SCHOOL	0.02	Average
0120	Arapahoe	ENGLEWOOD 1	1536	CHERRILYN ELEMENTARY SCHOOL	0.01	Average
0120	Arapahoe	ENGLEWOOD 1	1632	CLAYTON ELEMENTARY SCHOOL	0.01	Average
0130	Arapahoe	CHERRY CREEK J	5744	MEADOW POINT ELEMENTARY SCHOOL	-0.01	Average
0130	Arapahoe	ADAMS-ARAPAHOE 23J	1800	COLUMBIA MIDDLE SCHOOL	-0.09	Average
0120	Arapahoe	ENGLEWOOD 1	5398	MADDOX ELEMENTARY SCHOOL	-0.11	Average
0130	Arapahoe	CHERRY CREEK J	9108	VILLAGE EAST COMMUNITY ELEMENTARY SCHOOL	-0.16	Average
0140	Arapahoe	LITTLETON 6	2926	FIELD ELEMENTARY SCHOOL	-0.20	Average
0180	Arapahoe	ADAMS-ARAPAHOE 23J	2114	DARTMOUTH ELEMENTARY SCHOOL	-0.24	Average
0180	Arapahoe	ADAMS-ARAPAHOE 23J	0310	ARKANSAS ELEMENTARY SCHOOL	-0.31	Average
0180	Arapahoe	ADAMS-ARAPAHOE 23J	9059	VASSAR ELEMENTARY SCHOOL	-0.40	Average
0180	Arapahoe	ADAMS-ARAPAHOE 23J	9756	YALE ELEMENTARY SCHOOL	-0.41	Average
0180	Arapahoe	ADAMS-ARAPAHOE 23J	1470	CENTURY ELEMENTARY SCHOOL	-0.49	Low
0180	Arapahoe	ADAMS-ARAPAHOE 23J	4426	JEWELL ELEMENTARY SCHOOL	-0.50	Low
0190	Arapahoe	BYERS 32J	1168	BYERS ELEMENTARY SCHOOL	-0.56	Low
0180	Arapahoe	ADAMS-ARAPAHOE 23J	0438	AURORA ACADEMY CHARTER SCHOOL	-0.57	Low
0180	Arapahoe	ADAMS-ARAPAHOE 23J	8838	TOLLGATE ELEMENTARY SCHOOL	-0.59	Low
0180	Arapahoe	ADAMS-ARAPAHOE 23J	1720	CLYDE WILDER ELEMENTARY SCHOOL	-0.63	Low
0180	Arapahoe	ADAMS-ARAPAHOE 23J	0464	AURORA HILLS MIDDLE SCHOOL	-0.65	Low
0180	Arapahoe	ADAMS-ARAPAHOE 23J	6068	MONTVIEW ELEMENTARY SCHOOL	-0.76	Low
0180	Arapahoe	ADAMS-ARAPAHOE 23J	0914	BOSTON PRIMARY SCHOOL	-0.79	Low
0180	Arapahoe	ADAMS-ARAPAHOE 23J	5361	LYN KNOLL ELEMENTARY SCHOOL	-0.85	Low
0130	Arapahoe	ADAMS-ARAPAHOE 23J	9140	VIRGINIA COURT ELEMENTARY SCHOOL	-0.91	Low
0180	Arapahoe	ADAMS-ARAPAHOE 23J	6160	MURCHER MIDDLE SCHOOL	-0.93	Low
0180	Arapahoe	ADAMS-ARAPAHOE 23J	9514	WHEELING ELEMENTARY SCHOOL	-0.96	Low
0180	Arapahoe	ADAMS-ARAPAHOE 23J	6758	PARK LANE ELEMENTARY SCHOOL	-1.02	Low
0123	Arapahoe	SHERIDAN 7	3034	FORT LOGAN ELEMENTARY SCHOOL	-1.08	Low
0180	Arapahoe	ADAMS-ARAPAHOE 23J	2618	ELKHART ELEMENTARY SCHOOL	-1.10	Low

Exhibit II-7
 ELEMENTARY SCHOOL RANKINGS (ACCOUNTABILITY REPORT RATINGS)
 Arapahoe County, CO
 2001

DISTRICT CODE	COUNTY	DISTRICT NAME	SCHOOL CODE	SCHOOL NAME	STATEWIDE OVERALL SCORE	GRADE
0180	Arapahoe	ADAMS-ARAPAHOE 28J	4970	LANSING ELEMENTARY SCHOOL	-1.23	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	4646	KENTON ELEMENTARY SCHOOL	-1.34	Low
0123	Arapahoe	SHERIDAN 2	0138	ALICE TERRY ELEMENTARY SCHOOL	-1.38	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	4366	JAMAICA ELEMENTARY SCHOOL	-1.49	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	4973	LAREDO ELEMENTARY SCHOOL	-1.61	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	7558	SABLE ELEMENTARY SCHOOL	-1.61	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	0214	ALTURA ELEMENTARY SCHOOL	-1.63	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	9060	VAUGHN ELEMENTARY SCHOOL	-1.68	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	2384	EAST MIDDLE SCHOOL	-1.70	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	3272	FULTON ELEMENTARY SCHOOL	-1.77	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	7932	SOUTH AVENUE ELEMENTARY SCHOOL	-1.81	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	6310	NORTH MIDDLE SCHOOL	-2.26	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	1948	CRAWFORD ELEMENTARY SCHOOL	-2.32	Unsatisfactory
0180	Arapahoe	ADAMS-ARAPAHOE 28J	8078	SOUTH MIDDLE SCHOOL	-2.35	Unsatisfactory
0180	Arapahoe	ADAMS-ARAPAHOE 28J	9396	WEST MIDDLE SCHOOL	-2.55	Unsatisfactory
0180	Arapahoe	ADAMS-ARAPAHOE 28J	2992	FLETCHER ELEMENTARY SCHOOL	-2.68	Unsatisfactory
0180	Arapahoe	ADAMS-ARAPAHOE 28J	6728	PARIS ELEMENTARY SCHOOL	-3.48	Unsatisfactory

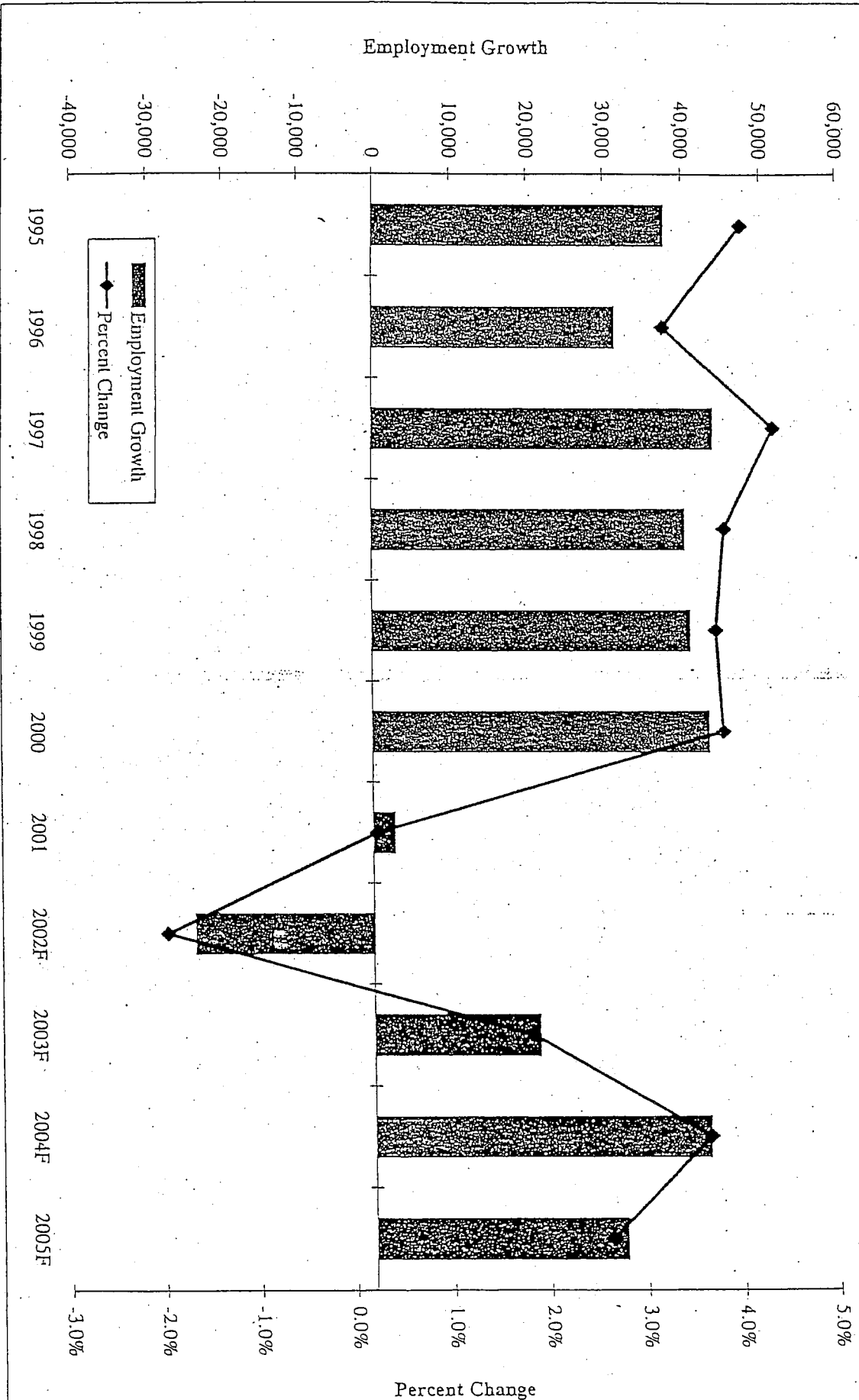
MIDDLE SCHOOLS

0130	Arapahoe	CHERRY CREEK 5	1510	CHALLENGE SCHOOL	2.18	Excellent
0140	Arapahoe	LITTLETON 6	5229	LITTLETON CHARTER ACADEMY	1.39	Excellent
0130	Arapahoe	CHERRY CREEK 5	1566	CAMPUS MIDDLE SCHOOL	1.36	Excellent
0140	Arapahoe	LITTLETON 6	4447	JOHN WESLEY POWELL MIDDLE SCHOOL	1.35	Excellent
0130	Arapahoe	CHERRY CREEK 5	1568	WEST MIDDLE SCHOOL	1.27	Excellent
0130	Arapahoe	CHERRY CREEK 5	1571	CHERRY CREEK CHARTER ACADEMY	1.02	High
0120	Arapahoe	ENGLEWOOD 1	2750	ENGLEWOOD LEADERSHIP ACADEMY	0.97	High
0140	Arapahoe	LITTLETON 6	4316	NEWTON MIDDLE SCHOOL	0.91	High
0130	Arapahoe	CHERRY CREEK 5	2077	FALCON CREEK MIDDLE SCHOOL	0.79	High
0170	Arapahoe	DEER TRAIL 26J	2140	DEER TRAIL JUNIOR-SENIOR HIGH SCHOOL	0.68	High
0130	Arapahoe	CHERRY CREEK 5	4975	LAREDO MIDDLE SCHOOL	0.68	High
0140	Arapahoe	LITTLETON 6	5233	LITTLETON PREP CHARTER SCHOOL	0.65	High
0140	Arapahoe	LITTLETON 6	2804	EUCLID MIDDLE SCHOOL	0.64	High
0180	Arapahoe	ADAMS-ARAPAHOE 28J	1800	COLUMBIA MIDDLE SCHOOL	0.56	High
0140	Arapahoe	LITTLETON 6	3472	GODDARD MIDDLE SCHOOL	0.50	High
0130	Arapahoe	CHERRY CREEK 5	8848	THUNDER RIDGE MIDDLE SCHOOL	0.43	High
0130	Arapahoe	CHERRY CREEK 5	4100	HORIZON MIDDLE SCHOOL	0.36	Average
0190	Arapahoe	BYERS 32J	1176	BYERS JUNIOR-SENIOR HIGH SCHOOL	0.23	Average
0180	Arapahoe	ADAMS-ARAPAHOE 28J	7250	RANGEVIEW HIGH SCHOOL	0.05	Average
0130	Arapahoe	ADAMS-ARAPAHOE 28J	0458	AURORA ACADEMY CHARTER SCHOOL	-0.13	Average
0120	Arapahoe	ENGLEWOOD 1	5616	MARY L FLOOD MIDDLE SCHOOL	-0.33	Average
0130	Arapahoe	CHERRY CREEK 5	7158	PRAIRIE MIDDLE SCHOOL	-0.34	Average
0180	Arapahoe	ADAMS-ARAPAHOE 28J	6160	MRACHECK MIDDLE SCHOOL	-0.36	Average
0120	Arapahoe	ENGLEWOOD 1	1518	CHARLES B SINCLAIR MIDDLE SCHOOL	-0.48	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	3354	GATEWAY HIGH SCHOOL	-0.54	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	0464	AURORA HILLS MIDDLE SCHOOL	-0.57	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	4024	HINKLEY HIGH SCHOOL	-0.93	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	8078	SOUTH MIDDLE SCHOOL	-1.10	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	2384	EAST MIDDLE SCHOOL	-1.28	Low
0123	Arapahoe	SHERIDAN 2	7837	SHERIDAN MIDDLE SCHOOL	-1.46	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	6310	NORTH MIDDLE SCHOOL	-1.58	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	9396	WEST MIDDLE SCHOOL	-2.21	Unsatisfactory
0180	Arapahoe	ADAMS-ARAPAHOE 28J	1438	CENTRAL HIGH SCHOOL	-2.26	Unsatisfactory

HIGH SCHOOLS

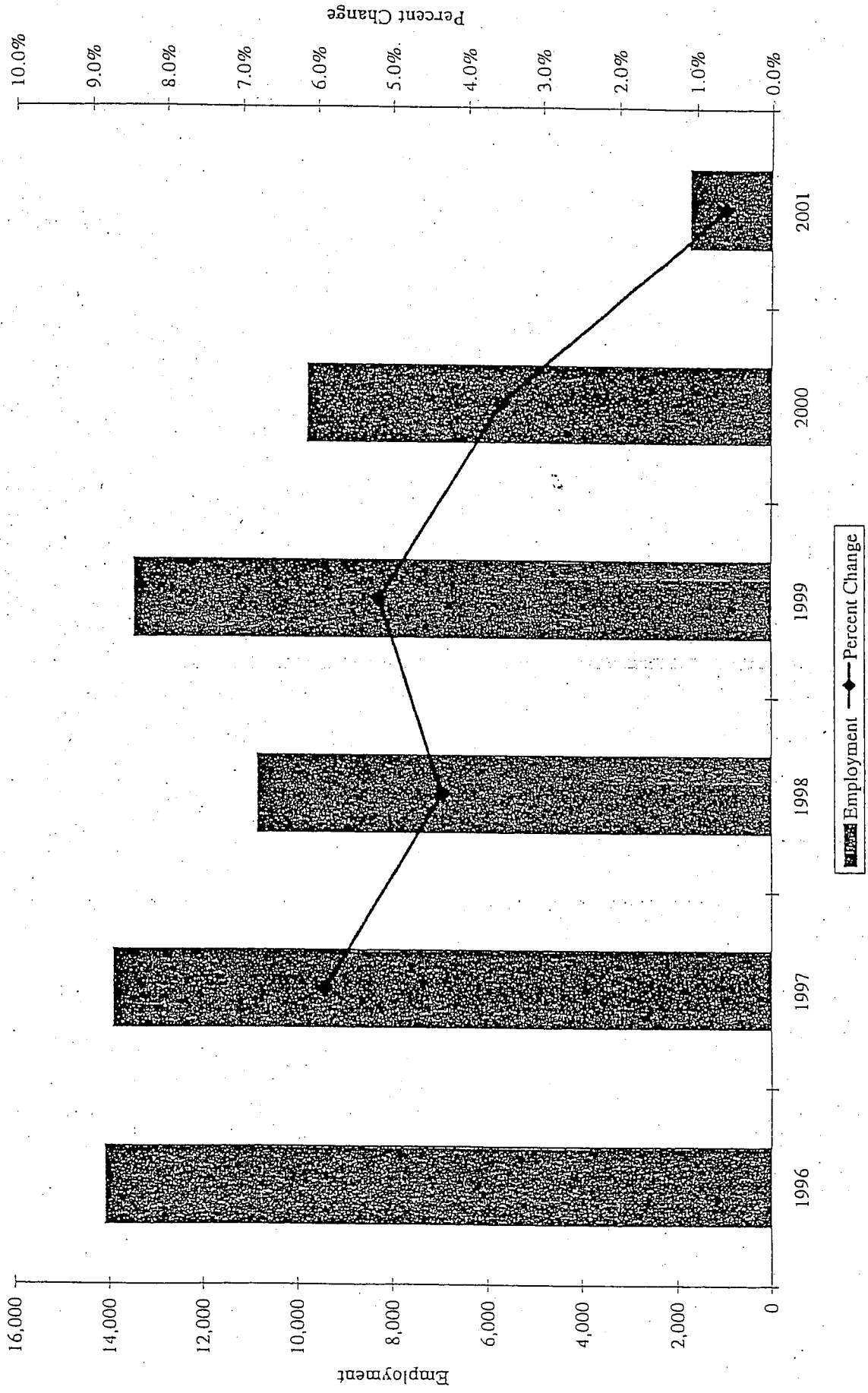
0130	Arapahoe	CHERRY CREEK 5	1570	CHERRY CREEK HIGH SCHOOL	1.88	Excellent
0140	Arapahoe	LITTLETON 6	0298	ARAPAHOE HIGH SCHOOL	1.23	Excellent
0140	Arapahoe	LITTLETON 6	3930	HERITAGE HIGH SCHOOL	1.22	Excellent
0130	Arapahoe	CHERRY CREEK 5	2189	GRANDVIEW HIGH SCHOOL	0.91	High
0130	Arapahoe	CHERRY CREEK 5	8020	SMOKY HILL HIGH SCHOOL	0.48	High
0140	Arapahoe	LITTLETON 6	5224	LITTLETON HIGH SCHOOL	0.35	Average
0130	Arapahoe	CHERRY CREEK 5	2157	EAGLECREST HIGH SCHOOL	0.30	Average
0180	Arapahoe	ADAMS-ARAPAHOE 28J	7250	RANGEVIEW HIGH SCHOOL	0.26	Average
0130	Arapahoe	CHERRY CREEK 5	6625	OVERLAND HIGH SCHOOL	0.07	Average
0180	Arapahoe	ADAMS-ARAPAHOE 28J	3354	GATEWAY HIGH SCHOOL	-0.07	Average
0170	Arapahoe	DEER TRAIL 26J	2140	DEER TRAIL JUNIOR-SENIOR HIGH SCHOOL	-0.10	Average
0190	Arapahoe	BYERS 32J	1176	BYERS JUNIOR-SENIOR HIGH SCHOOL	-0.41	Average
0180	Arapahoe	ADAMS-ARAPAHOE 28J	4024	HINKLEY HIGH SCHOOL	-0.68	Low
0120	Arapahoe	ENGLEWOOD 1	2746	ENGLEWOOD HIGH SCHOOL	-0.74	Low
0123	Arapahoe	SHERIDAN 2	7842	SHERIDAN HIGH SCHOOL	-1.47	Low
0180	Arapahoe	ADAMS-ARAPAHOE 28J	1438	CENTRAL HIGH SCHOOL	-1.47	Low

Exhibit III-1
 ANNUAL EMPLOYMENT GROWTH
 Denver MSA, CO
 1995 to 2005*



Source: Regional Financial Associates, August 2002

Exhibit III-2
 ANNUAL EMPLOYMENT GROWTH
 Arapahoe County, CO
 1996 to 2001



Source: Colorado Department of Labor and Employment

Exhibit III-3
EMPLOYMENT GROWTH BY INDUSTRY
 Denver MSA, CO
 July, 2001 to July, 2002

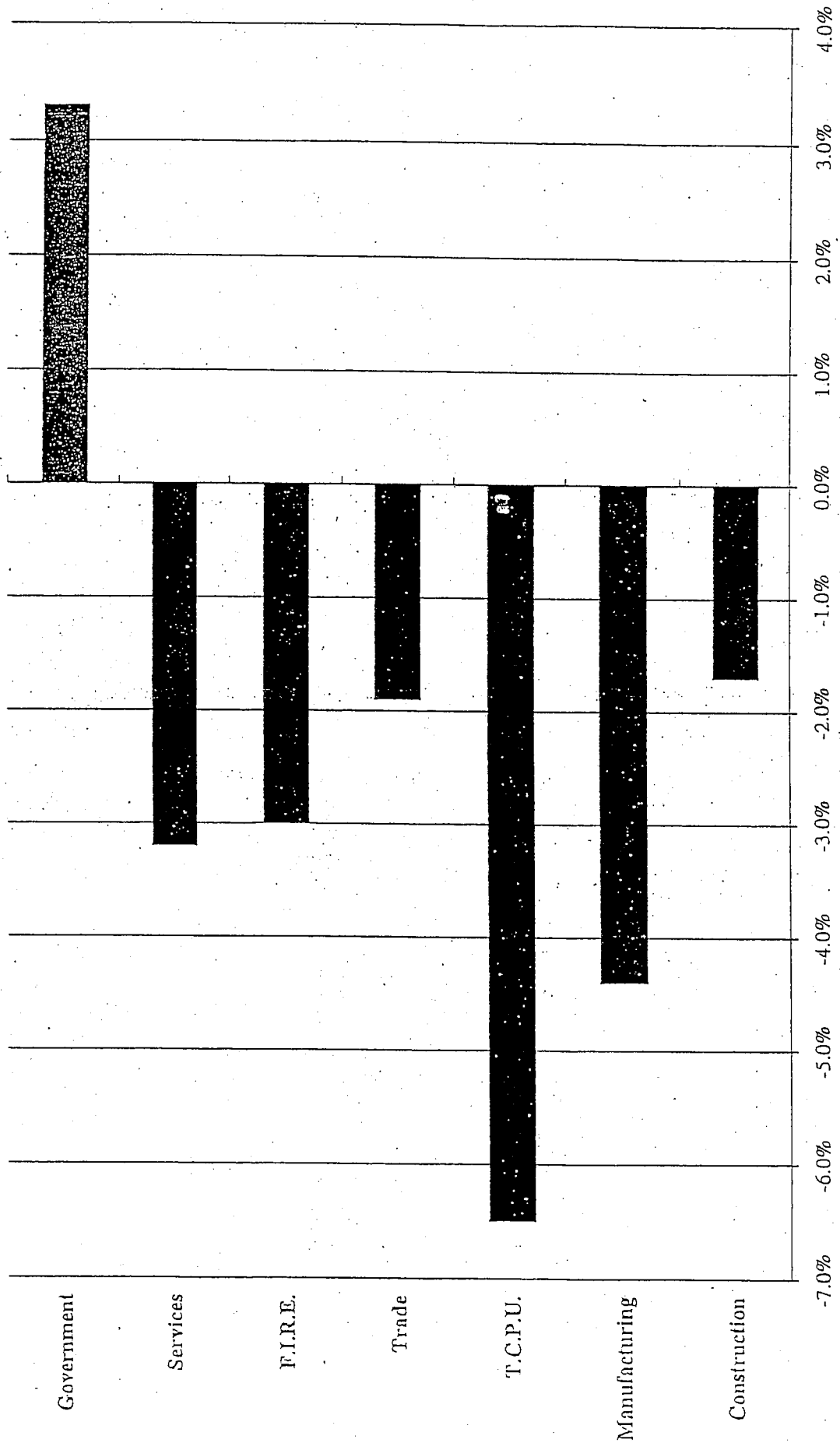


Exhibit III-4
ANNUAL EMPLOYMENT BY INDUSTRY
 Arapahoe County, CO
 1996 to 2001

Industry	1996	1997	1998	1999	2000	2001	% CHG 00 to 01
Mining	1523	1,145	1,041	895	751	625	-16.8%
Construction	15,216	15,987	17,641	19,758	22,064	22,874	3.7%
Manufacturing	13,581	14,117	14,179	13,581	13,727	10,771	-21.5%
T.C.P.U.	19,801	20,579	21,650	25,786	25,595	30,895	20.7%
Trade-Wholesale	14,586	15,366	14,573	16,215	17,514	16,665	-4.8%
Trade-Retail	46,405	47,193	47,188	48,840	50,397	31,954	-36.6%
F.I.R.E.	23,512	25,193	27,563	30,527	30,134	31,081	3.1%
Services	74,348	81,977	87,281	88,355	92,470	111,355	20.4%
Government	24,766	25,945	27,030	27,642	28,556	29,607	3.7%
Total All Industries	236,184	250,110	260,960	274,430	284,222	285,963	0.6%

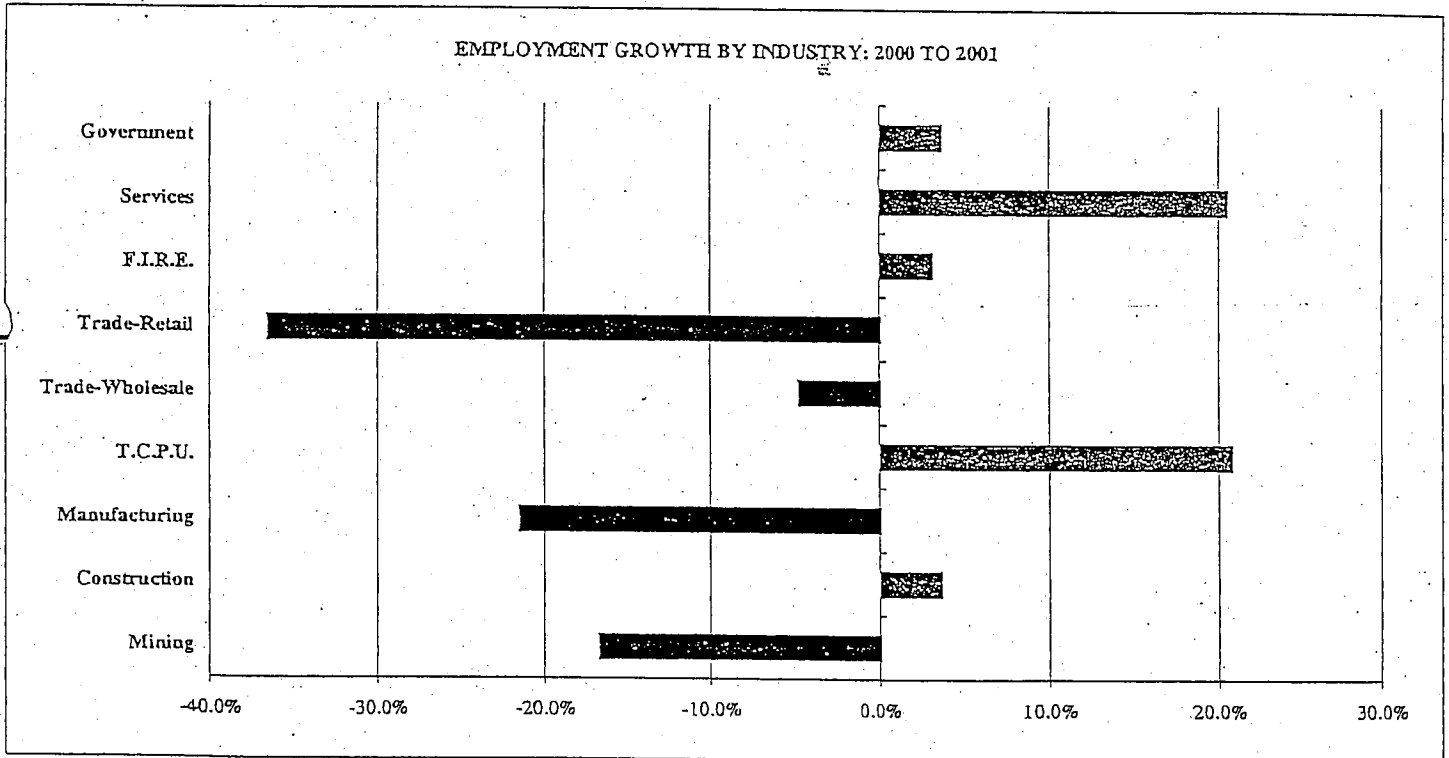


Exhibit III-3
 POPULATION AND HOUSEHOLD GROWTH, INCOME AND AGE TRENDS: 1980 TO 2006
 Denver MSA, CO

Denver MSA: 1980 Census: 1990 Census: 2001 Estimate: 2006 Projection

Population:	1,423,941	1,622,980	2,145,807	2,330,215
Total Numerical Change	194,139	322,327	184,468	
Total Percent Change	13.6%	32.2%	8.6%	
Annual Numerical Change	19,414	47,530	36,394	
Compounded Annual Change	1.4%	2.9%	1.7%	

Households:	539,436	649,400	842,474	966,697
Total Numerical Change	109,968	233,070	84,223	
Total Percent Change	20.4%	35.9%	9.5%	
Annual Numerical Change	10,997	21,188	16,845	
Compounded Annual Change	2.0%	3.3%	1.9%	

Average Household Size:	2.6	2.46	2.4	2.39
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Average Household Income:	\$23,486	\$40,281	\$75,038	\$96,034
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Median Household Income:	\$20,028	\$32,377	\$59,010	\$73,154
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Household Income:	1980	1990	2001	2006
Less than \$25,000	237,199	36.5%	156,025	17.8%
\$25,000 to \$29,999	53,613	8.3%	40,361	4.6%
\$30,000 to \$34,999	53,113	8.2%	44,307	5.0%
\$35,000 to \$39,999	46,683	7.2%	42,672	4.8%
\$40,000 to \$44,999	42,690	6.6%	44,543	5.0%
\$45,000 to \$49,999	36,362	5.7%	39,980	4.5%
\$50,000 to \$59,999	58,057	8.9%	80,878	9.2%
\$60,000 to \$74,999	53,372	8.2%	111,617	12.6%
\$75,000 to \$99,999	37,399	5.8%	134,224	15.2%
\$100,000 to \$124,999	14,443	2.2%	68,268	7.7%
\$125,000 to \$149,999	5,656	0.9%	42,035	4.8%
\$150,000 to \$249,999	6,802	1.0%	39,170	6.7%
\$250,000 to \$499,999	2,651	0.4%	13,901	1.6%
\$500,000 or More	860	0.1%	4,493	0.5%

Household Income By Age: 1990	15 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 to 99						
Under \$5,000	12,056	5.9%	5,085	3.0%	3,309	3.2%	3,347	4.4%	2,960	5.0%	3,440	8.7%
\$5,000-\$9,999	14,258	7.0%	6,421	3.8%	3,842	3.7%	4,606	6.1%	7,507	12.7%	9,190	23.3%
\$10,000-\$14,999	19,009	9.4%	8,569	5.0%	4,993	4.9%	5,090	6.8%	7,029	11.9%	6,369	16.1%
\$15,000-\$24,999	43,585	21.5%	23,227	13.7%	11,646	11.3%	11,160	14.8%	12,591	21.2%	7,910	20.1%
\$25,000-\$34,999	38,485	19.0%	26,957	15.3%	14,342	14.0%	12,146	16.1%	9,951	16.8%	4,847	12.3%
\$35,000-\$49,999	39,078	19.3%	38,898	22.9%	21,174	20.6%	14,492	19.3%	8,938	15.1%	3,653	9.3%
\$50,000-\$74,999	26,422	13.0%	38,210	22.5%	24,248	23.6%	13,963	18.6%	6,206	10.5%	2,380	6.0%
\$75,000-\$99,999	6,230	3.1%	12,596	7.4%	10,469	10.2%	5,299	7.0%	1,993	3.4%	792	2.0%
\$100,000-\$149,999	2,490	1.2%	6,805	4.0%	5,718	5.6%	3,247	4.3%	1,340	2.3%	501	1.3%
\$150,000-\$249,999	748	0.4%	2,252	1.3%	1,908	1.9%	1,215	1.6%	468	0.8%	211	0.5%
\$250,000-\$499,999	242	0.1%	825	0.5%	751	0.7%	510	0.7%	210	0.4%	113	0.3%
\$500,000 or More	65	0.0%	266	0.2%	262	0.3%	160	0.2%	74	0.1%	33	0.1%
Total Households	202,688	100.0%	170,111	100.0%	102,662	100.0%	75,233	100.0%	59,267	100.0%	39,441	100.0%

Household Income By Age: 2001	15 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 to 99						
Under \$5,000	7,382	3.5%	2,336	1.1%	1,870	1.0%	1,707	1.5%	2,216	2.7%	3,533	5.7%
\$5,000-\$9,999	7,010	3.3%	2,306	1.0%	1,692	0.9%	1,830	1.6%	3,810	4.6%	6,399	10.3%
\$10,000-\$14,999	12,494	5.9%	4,502	2.0%	3,211	1.7%	2,874	2.5%	4,937	5.9%	6,052	9.8%
\$15,000-\$24,999	30,407	14.5%	13,303	6.2%	8,812	4.6%	7,357	6.4%	10,287	12.3%	9,158	14.8%
\$25,000-\$34,999	29,089	13.8%	18,354	8.4%	12,125	6.4%	9,027	7.8%	9,276	11.1%	6,597	10.7%
\$35,000-\$49,999	37,030	17.6%	33,432	15.1%	23,746	12.3%	14,393	12.6%	11,479	13.7%	6,875	11.1%
\$50,000-\$74,999	43,339	20.6%	55,551	25.1%	45,154	23.8%	25,656	22.2%	14,593	17.5%	8,200	13.3%
\$75,000-\$99,999	21,595	10.3%	38,495	17.4%	38,808	20.4%	20,046	17.3%	9,852	11.8%	5,423	8.8%
\$100,000-\$149,999	13,906	6.6%	31,124	14.1%	32,331	17.0%	18,102	15.6%	9,786	11.7%	5,054	8.2%
\$150,000-\$249,999	6,309	3.0%	16,260	7.4%	17,085	9.0%	10,836	9.4%	5,482	6.6%	3,178	5.1%
\$250,000-\$499,999	1,211	0.6%	3,576	1.6%	3,931	2.1%	2,841	2.5%	1,235	1.5%	1,037	1.7%
\$500,000 or More	532	0.3%	1,073	0.5%	1,277	0.7%	792	0.7%	323	0.6%	296	0.5%
Total Households	210,324	100.0%	221,032	100.0%	190,042	100.0%	115,681	100.0%	83,348	100.0%	61,847	100.0%

Household Income By Age: 2006	15 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 to 99						
Under \$5,000	5,713	2.7%	1,576	0.7%	1,456	0.7%	1,520	1.0%	1,797	1.9%	3,060	4.2%
\$5,000-\$9,999	5,694	2.7%	1,669	0.8%	1,409	0.7%	1,716	1.1%	2,937	3.1%	5,255	7.3%
\$10,000-\$14,999	8,547	4.1%	2,701	1.2%	2,208	1.0%	2,403	1.6%	3,771	4.0%	5,288	7.3%
\$15,000-\$24,999	24,099	11.4%	9,728	4.5%	7,243	3.3%	7,165	4.7%	8,987	9.5%	9,099	12.6%
\$25,000-\$34,999	26,383	12.5%	14,006	6.4%	10,421	4.8%	9,386	6.1%	9,383	9.9%	7,769	10.8%
\$35,000-\$49,999	33,708	16.0%	25,356	11.7%	20,208	9.3%	15,400	10.0%	11,744	12.4%	8,053	11.2%
\$50,000-\$74,999	41,613	19.7%	45,088	20.7%	40,425	18.7%	27,432	17.8%	15,398	16.2%	9,283	12.9%
\$75,000-\$99,999	28,051	13.3%	39,455	18.1%	40,009	18.5%	25,604	16.7%	12,209	12.9%	7,299	10.1%
\$100,000-\$149,999	21,232	10.1%	40,389	18.5%	47,318	21.8%	29,903	19.4%	13,649	14.4%	7,496	10.4%
\$150,000-\$249,999	10,776	5.1%	24,786	11.4%	29,666	13.7%	20,666	13.4%	9,447	9.9%	5,511	7.6%
\$250,000-\$499,999	4,107	1.9%	10,622	4.9%	12,969	6.0%	9,970	6.5%	4,344	4.6%	3,020	4.2%
\$500,000 or More	1,094	0.5%	2,614	1.2%	3,354	1.5%	2,605	1.7%	1,115	1.4%	918	1.3%
Total Households	211,019	100.0%	213,190	100.0%	216,686	100.0%	153,770	100.0%	94,981	100.0%	72,051	100.0%

Exhibit III-4
POPULATION AND HOUSEHOLD GROWTH, INCOME AND AGE TRENDS: 1980 TO 2006
Arapahoe County, CO

Arapahoe County	1980 Census	1990 Census	2001 Estimate	2006 Projection		
Population:	293,623	391,511	494,323	531,250		
Total Numerical Change		97,888	103,312	36,427		
Total Percent Change		33.3%	26.4%	7.4%		
Annual Numerical Change		9,789	9,392	7,235		
Compounded Annual Change		3.3%	2.4%	1.5%		
Households:	106,017	154,710	208,262	217,577		
Total Numerical Change		48,693	53,552	19,315		
Total Percent Change		45.9%	34.6%	9.3%		
Annual Numerical Change		4,869	4,868	3,863		
Compounded Annual Change		4.6%	3.1%	1.9%		
Average Household Size:	2.74	2.51	2.36	2.32		
Average Household Income:	\$23,153	\$47,073	\$86,737	\$113,206		
Median Household Income:	\$23,867	\$37,254	\$66,505	\$84,426		
Household Income:						
Less than \$25,000	46,038	29.7%	27,401	13.1%	20,645	9.0%
\$25,000 to \$29,999	12,653	8.2%	8,386	4.0%	7,818	3.4%
\$30,000 to \$34,999	12,849	8.3%	9,654	4.6%	7,123	3.1%
\$35,000 to \$39,999	11,512	7.4%	9,877	4.7%	7,779	3.4%
\$40,000 to \$44,999	10,069	6.3%	9,516	4.6%	8,945	3.9%
\$45,000 to \$49,999	9,502	6.1%	8,375	4.3%	8,181	3.6%
\$50,000 to \$59,999	15,442	10.0%	19,260	9.2%	15,848	7.0%
\$60,000 to \$74,999	14,986	9.7%	25,737	12.4%	23,999	10.3%
\$75,000 to \$99,999	11,548	7.5%	33,449	16.1%	35,941	15.8%
\$100,000 to \$124,999	4,606	3.0%	18,319	8.8%	24,653	10.8%
\$125,000 to \$149,999	1,890	1.2%	12,309	5.9%	16,254	7.3%
\$150,000 to \$249,999	2,197	1.4%	19,073	9.2%	30,738	13.5%
\$250,000 to \$499,999	989	0.6%	4,613	2.2%	15,078	6.6%
\$500,000 or More	429	0.3%	1,793	0.9%	4,375	1.9%

Household Income By Age:	1990	15 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75+					
Under \$5,000	1,994	4.0%	859	2.0%	585	2.2%	513	3.1%	368	3.1%	371	5.8%
\$5,000-\$9,999	2,615	5.2%	1,007	2.3%	647	2.5%	693	4.2%	1,023	8.6%	1,301	20.4%
\$10,000-\$14,999	4,153	8.3%	1,661	3.8%	944	3.6%	833	5.1%	1,215	10.2%	1,036	16.2%
\$15,000-\$24,999	11,075	22.2%	5,009	11.5%	2,290	8.7%	2,075	12.6%	2,433	20.3%	1,333	20.9%
\$25,000-\$34,999	10,023	20.1%	6,555	15.0%	3,338	12.7%	2,426	14.7%	2,222	18.6%	938	14.7%
\$35,000-\$49,999	10,150	20.3%	9,815	22.5%	5,146	19.3%	3,140	19.1%	2,193	18.3%	639	10.0%
\$50,000-\$74,999	7,044	14.1%	11,032	25.3%	6,758	25.6%	3,628	22.0%	1,488	12.4%	478	7.5%
\$75,000-\$99,999	1,863	3.7%	3,957	9.1%	3,457	13.1%	1,612	9.8%	529	4.4%	130	2.0%
\$100,000-\$149,999	760	1.5%	2,392	5.5%	2,021	7.7%	947	5.7%	288	2.4%	88	1.4%
\$150,000-\$249,999	190	0.4%	823	1.9%	692	2.6%	351	2.1%	103	0.9%	38	0.6%
\$250,000-\$499,999	56	0.1%	343	0.8%	322	1.2%	176	1.1%	68	0.6%	24	0.4%
\$500,000 or More	17	0.0%	132	0.3%	158	0.6%	85	0.5%	32	0.3%	5	0.1%
Total Households	49,940	100.0%	43,583	100.0%	26,358	100.0%	16,479	100.0%	11,967	100.0%	6,381	100.0%

Household Income By Age:	2001	15 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75+					
Under \$5,000	1,463	2.8%	353	0.7%	268	0.6%	277	1.0%	287	1.6%	519	4.4%
\$5,000-\$9,999	1,405	2.7%	297	0.6%	222	0.5%	260	0.9%	322	3.0%	1,077	9.1%
\$10,000-\$14,999	2,555	4.9%	614	1.1%	403	0.9%	401	1.5%	734	4.2%	991	8.4%
\$15,000-\$24,999	6,856	13.3%	2,170	4.0%	1,190	2.6%	1,168	4.2%	1,775	10.1%	1,594	13.5%
\$25,000-\$34,999	7,254	14.0%	3,571	6.6%	2,155	4.7%	1,701	6.2%	1,988	11.3%	1,371	11.6%
\$35,000-\$49,999	9,372	18.1%	7,184	13.4%	4,570	10.0%	3,060	11.1%	2,716	15.3%	1,366	11.6%
\$50,000-\$74,999	10,947	21.2%	13,296	24.7%	9,928	21.7%	5,912	21.4%	3,195	18.2%	1,719	14.6%
\$75,000-\$99,999	5,707	11.0%	9,539	17.7%	9,820	21.4%	5,171	18.7%	2,247	12.3%	965	8.2%
\$100,000-\$149,999	3,889	7.5%	9,315	17.3%	9,355	20.4%	4,988	18.0%	2,026	11.6%	1,055	8.9%
\$150,000-\$249,999	1,822	3.5%	5,812	10.8%	5,855	12.8%	3,398	12.3%	1,368	7.8%	818	6.9%
\$250,000-\$499,999	279	0.5%	1,262	2.3%	1,426	3.1%	909	3.3%	466	2.7%	271	2.3%
\$500,000 or More	101	0.2%	399	0.7%	628	1.4%	407	1.5%	210	1.2%	48	0.4%
Total Households	51,650	100.0%	53,812	100.0%	45,820	100.0%	27,652	100.0%	17,534	100.0%	11,794	100.0%

Household Income By Age:	2006	15 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75+					
Under \$5,000	1,140	2.2%	233	0.4%	214	0.4%	256	0.7%	262	1.2%	455	3.2%
\$5,000-\$9,999	1,129	2.2%	220	0.4%	189	0.4%	245	0.7%	419	2.0%	833	6.1%
\$10,000-\$14,999	1,666	3.2%	342	0.6%	261	0.5%	321	0.9%	378	2.7%	917	6.5%
\$15,000-\$24,999	4,358	9.4%	1,295	2.5%	847	1.6%	963	2.7%	1,464	6.9%	1,516	10.8%
\$25,000-\$34,999	6,172	11.9%	2,293	4.4%	1,518	3.0%	1,340	4.2%	1,905	9.0%	1,511	10.8%
\$35,000-\$49,999	8,616	16.6%	5,062	9.6%	3,586	7.0%	3,049	8.4%	2,869	13.6%	1,723	12.3%
\$50,000-\$74,999	10,496	20.2%	9,913	18.3%	7,939	15.4%	5,317	16.0%	3,662	17.3%	1,920	13.7%
\$75,000-\$99,999	7,401	14.3%	9,430	17.9%	8,876	17.2%	5,979	16.5%	2,307	13.3%	1,448	10.3%
\$100,000-\$149,999	3,822	11.2%	10,724	20.3%	12,464	24.2%	7,744	21.3%	3,043	14.4%	1,410	10.1%
\$150,000-\$249,999	3,237	6.2%	8,287	15.7%	9,485	18.4%	6,123	16.9%	2,317	11.0%	1,289	9.2%
\$250,000-\$499,999	1,131	2.3%	3,958	7.5%	4,643	9.0%	3,224	8.9%	1,299	6.1%	773	5.5%
\$500,000 or More	198	0.4%	976	1.9%	1,434	2.8%	1,056	2.9%	508	2.4%	203	1.4%
Total Households	51,916	100.0%	52,737	100.0%	51,456	100.0%	36,317	100.0%	21,133	100.0%	14,018	100.0%

Exhibit III-7
POPULATION AND HOUSEHOLD GROWTH, INCOME AND AGE TRENDS: 1980 TO 2006
South Aurora Submarket, Aurora, CO

South Aurora	1980 Census	1990 Census	2000 Estimate	2006 Projection
Population	29,604	31,176	62,849	74,034
Total Numerical Change		21,572	31,673	11,185
Total Percent Change		224.6%	101.6%	17.3%
Annual Numerical Change		2,157	2,879	2,237
Compounded Annual Change		22.5%	9.2%	3.6%
Households	3,069	10,711	22,324	26,684
Total Numerical Change		7,642	11,613	4,358
Total Percent Change		249.0%	108.4%	19.5%
Annual Numerical Change		764	1,056	872
Compounded Annual Change		24.9%	9.9%	3.9%
Average Household Size	3.13	2.91	2.81	2.77
Average Household Income	\$33,536	\$58,099	\$120,947	\$163,764
Median Household Income	\$29,700	\$49,010	\$91,541	\$118,360
Household Income:				
Less than \$25,000		1,481 13.3%	709 3.2%	504 1.8%
\$25,000 to \$29,999		559 5.2%	280 1.3%	186 0.7%
\$30,000 to \$34,999		900 8.4%	472 2.1%	237 0.9%
\$35,000 to \$39,999		893 8.3%	532 2.4%	352 1.3%
\$40,000 to \$44,999		815 7.6%	491 2.2%	427 1.6%
\$45,000 to \$49,999		856 8.0%	563 2.5%	405 1.5%
\$50,000 to \$59,999		1,314 12.3%	1,849 8.3%	1,025 3.8%
\$60,000 to \$74,999		1,468 13.7%	3,164 14.2%	2,473 9.3%
\$75,000 to \$99,999		1,287 12.0%	4,689 21.0%	4,891 18.3%
\$100,000 to \$124,999		464 4.3%	2,535 11.4%	3,867 14.5%
\$125,000 to \$149,999		282 2.6%	1,951 8.7%	2,476 9.3%
\$150,000 to \$249,999		294 2.8%	3,541 15.9%	5,282 19.8%
\$250,000 to \$499,999		76 0.7%	1,220 5.5%	3,408 12.8%
\$500,000 or More		12 0.1%	329 1.5%	1,147 4.3%

Household Income: By Age:	1990	15 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75+
Under \$5,000	71 1.8%	55 1.3%	18 1.0%	22 3.8%	3 1.6%	0 0.0%	
\$5,000-\$9,999	64 1.6%	27 0.6%	14 0.8%	1 0.2%	10 5.2%	8 4.7%	17.0%
\$10,000-\$14,999	114 2.9%	39 0.9%	24 1.4%	15 2.6%	21 10.9%	4 8.5%	
\$15,000-\$24,999	507 12.3%	245 5.8%	103 5.9%	71 12.3%	20 10.4%	6 12.8%	
\$25,000-\$34,999	818 20.7%	415 9.9%	133 7.6%	47 8.2%	37 19.3%	3 6.4%	
\$35,000-\$49,999	1,025 25.9%	1,064 25.4%	342 19.6%	99 17.2%	23 12.0%	5 10.6%	
\$50,000-\$74,999	911 23.1%	1,194 28.5%	476 27.2%	154 26.7%	31 16.1%	9 19.1%	
\$75,000-\$99,999	276 7.0%	607 14.5%	326 18.6%	56 9.7%	16 8.3%	1 2.1%	
\$100,000-\$149,999	118 3.0%	345 8.2%	201 11.5%	64 11.1%	13 6.8%	1 2.1%	
\$150,000-\$249,999	32 0.8%	150 3.6%	78 4.5%	27 4.7%	3 1.6%	0 0.0%	
\$250,000-\$499,999	4 0.1%	37 0.9%	23 1.3%	7 1.2%	0 0.0%	0 0.0%	
\$500,000 or More	0 0.0%	4 0.1%	5 0.3%	2 0.3%	0 0.0%	0 0.0%	
Total Households	3,952 100.0%	4,189 100.0%	1,749 100.0%	576 100.0%	192 100.0%	47 100.0%	
Household Income: By Age: 2001							
Under \$5,000	62 1.1%	18 0.3%	10 0.2%	32 1.2%	16 1.6%	6 2.3%	
\$5,000-\$9,999	57 1.0%	9 0.1%	7 0.1%	18 0.7%	13 1.5%	12 4.7%	
\$10,000-\$14,999	65 1.2%	6 0.1%	8 0.1%	5 0.2%	11 1.3%	10 3.9%	
\$15,000-\$24,999	184 3.4%	25 0.4%	36 0.6%	37 1.4%	51 5.8%	17 6.6%	
\$25,000-\$34,999	366 6.7%	111 1.6%	112 1.9%	104 3.9%	36 4.1%	23 9.0%	
\$35,000-\$49,999	719 13.2%	324 4.6%	242 4.0%	193 7.2%	86 9.9%	22 8.6%	
\$50,000-\$74,999	1,641 30.2%	1,625 23.1%	1,113 18.4%	479 17.8%	131 15.0%	26 10.2%	
\$75,000-\$99,999	1,052 19.3%	1,574 22.4%	1,438 23.8%	473 17.6%	122 14.0%	31 12.1%	
\$100,000-\$149,999	737 13.6%	1,627 23.3%	1,414 23.4%	516 19.2%	149 17.1%	45 17.6%	
\$150,000-\$249,999	429 7.9%	1,245 17.7%	1,133 18.7%	535 19.9%	149 17.1%	48 18.3%	
\$250,000-\$499,999	109 2.0%	372 5.3%	406 6.7%	223 8.3%	92 10.5%	19 7.4%	
\$500,000 or More	20 0.4%	93 1.3%	126 2.1%	71 2.6%	20 2.3%	0 0.0%	
Total Households	5,438 100.0%	7,027 100.0%	6,044 100.0%	2,687 100.0%	873 100.0%	256 100.0%	
Household Income: By Age: 2006							
Under \$5,000	45 0.3%	4 0.1%	4 0.1%	33 0.7%	15 1.0%	13 3.2%	
\$5,000-\$9,999	45 0.8%	3 0.0%	2 0.0%	16 0.4%	16 1.1%	10 2.5%	
\$10,000-\$14,999	56 1.0%	1 0.0%	4 0.1%	7 0.2%	12 0.8%	9 2.2%	
\$15,000-\$24,999	118 2.0%	8 0.1%	11 0.2%	20 0.4%	41 2.7%	16 3.9%	
\$25,000-\$34,999	230 3.9%	25 0.4%	33 0.5%	62 1.4%	56 3.7%	18 4.4%	
\$35,000-\$49,999	568 9.7%	144 2.0%	137 1.9%	222 4.9%	78 5.1%	35 8.6%	
\$50,000-\$74,999	1,266 21.5%	769 10.9%	635 8.7%	585 12.9%	197 13.0%	45 11.1%	
\$75,000-\$99,999	1,325 22.5%	1,386 19.6%	1,226 16.9%	738 16.3%	182 12.0%	34 8.4%	
\$100,000-\$149,999	1,105 18.3%	1,919 27.2%	2,022 27.3%	955 21.0%	231 16.5%	59 14.5%	
\$150,000-\$249,999	674 11.5%	1,622 23.0%	1,701 23.4%	922 20.3%	278 19.3%	88 21.6%	
\$250,000-\$499,999	365 6.2%	925 13.1%	1,096 15.1%	707 15.6%	251 16.5%	66 16.2%	
\$500,000 or More	91 1.5%	249 3.5%	405 5.6%	274 6.0%	114 7.5%	15 3.7%	
Total Households	5,335 100.0%	7,054 100.0%	7,274 100.0%	4,539 100.0%	1,513 100.0%	407 100.0%	

Exhibit III-8
 AFFORDABILITY RATIO VS. MORTGAGE RATES
 Denver MSA, CO
 1997 to 2003*

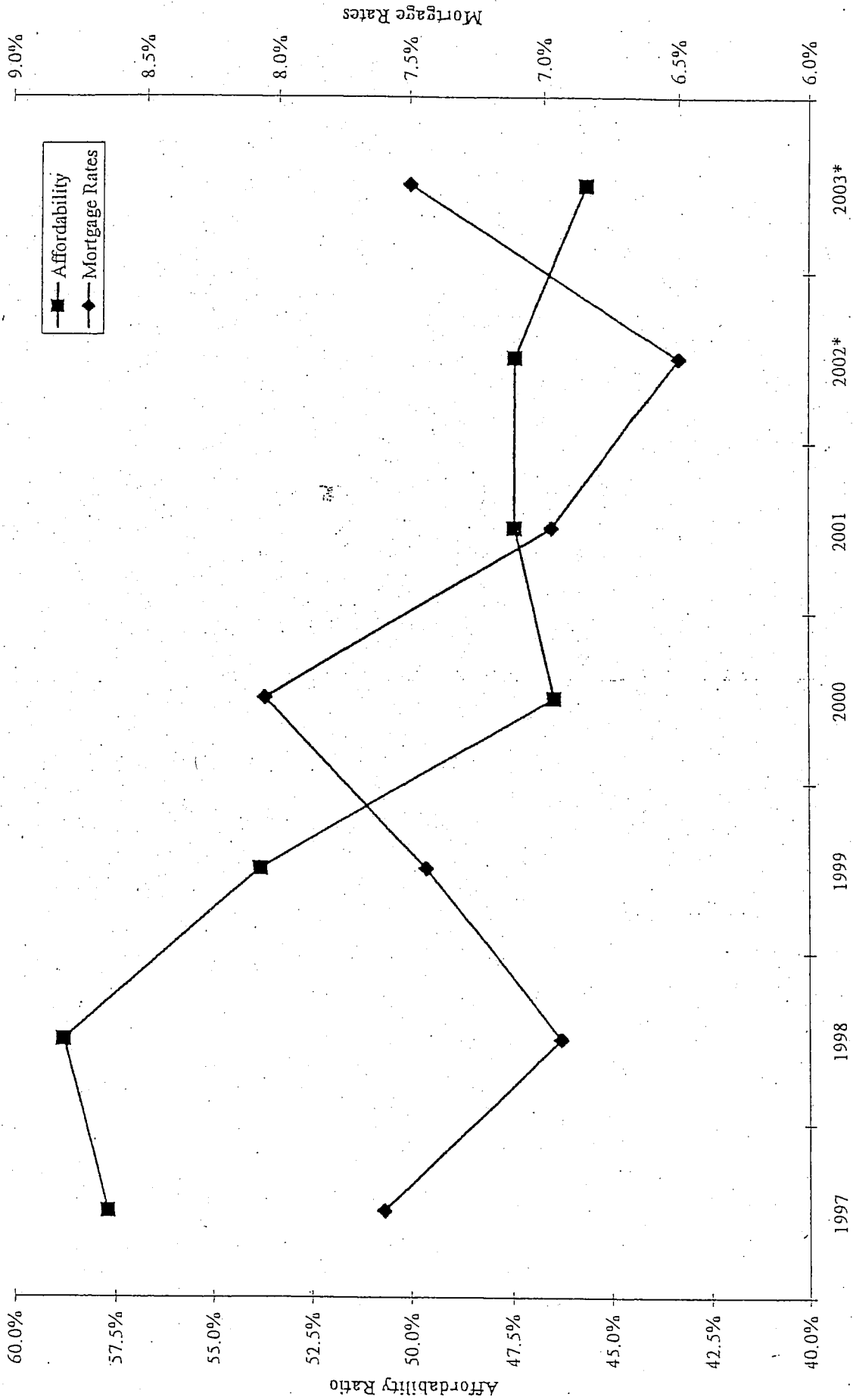
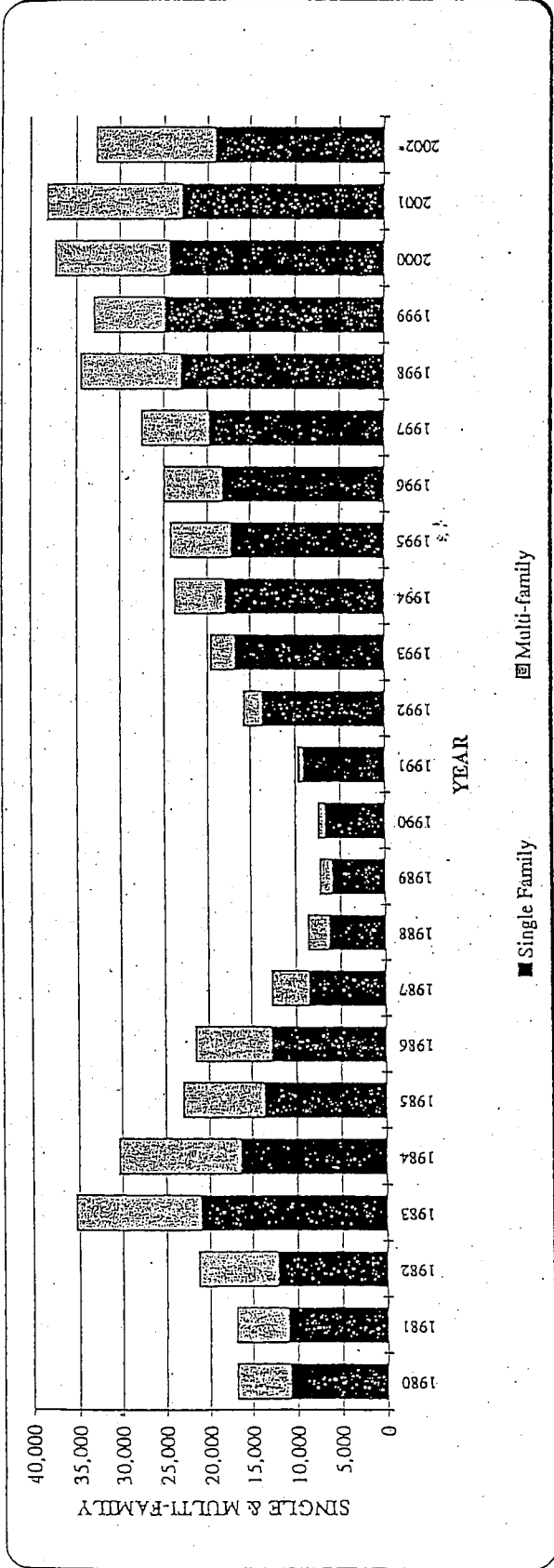


Exhibit IV-1
RESIDENTIAL BUILDING PERMITS
 Denver MSA**
 1980 through 2002*



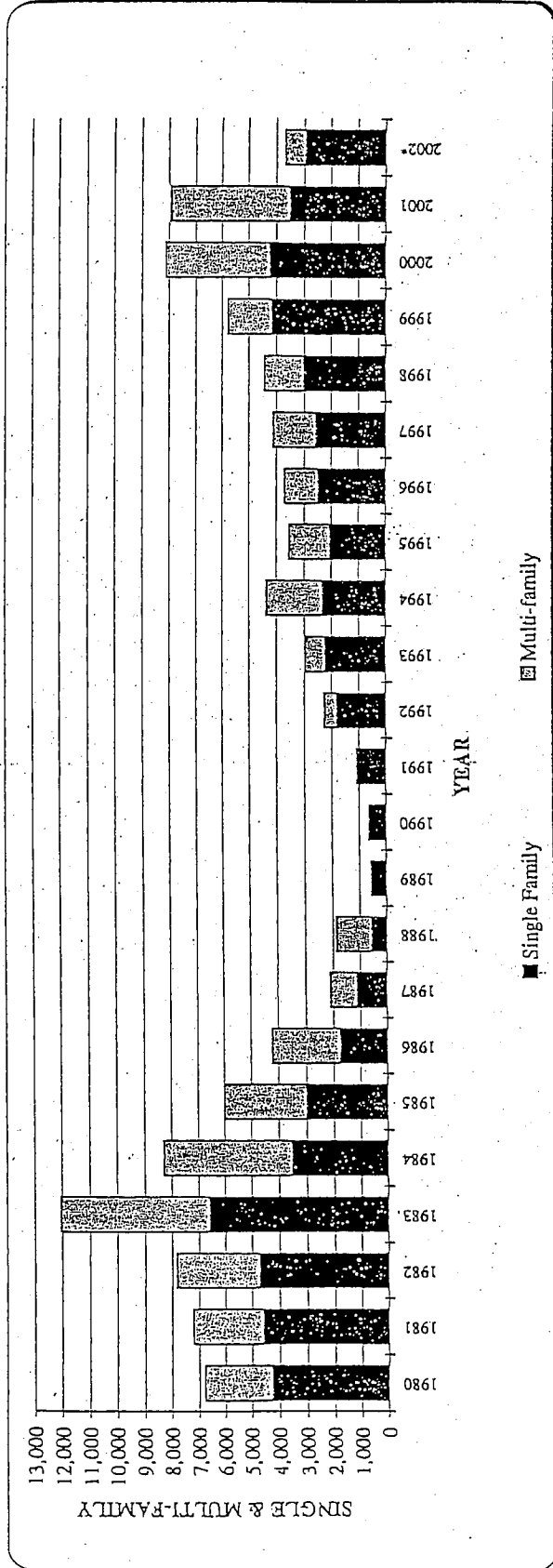
YEAR	Single Family		Multi-family		Total
	Single Family	Multi-family	Single Family	Multi-family	
1980	10,888	6,019	803	7,463	16,907
1981	11,116	5,815	565	9,668	16,931
1982	12,229	9,104	2,146	15,783	21,333
1983	21,120	14,258	2,815	19,624	35,378
1984	16,398	13,956	5,804	23,787	30,354
1985	13,568	9,469	6,965	24,229	23,037
1986	12,753	8,809	6,657	25,022	21,562
1987	8,550	4,140	7,706	27,551	12,690
1988	6,225	2,425	11,387	34,491	8,650
1989	5,879	1,425	8,029	32,975	7,304
1990	6,660	803	7,463		
1991	9,103	565	9,668		
1992	13,637	2,146	15,783		
1993	16,809	2,815	19,624		
1994	17,983	5,804	23,787		
1995	17,264	6,965	24,229		
1996	18,365	6,657	25,022		
1997	19,845	7,706	27,551		
1998	23,104	11,387	34,491		
1999	24,946	8,029	32,975		
2000	24,396	12,956	37,352		
2001	22,998	15,172	38,170		
2002*	19,152	13,540	32,692		

*2002 data is annualized through August

**The Denver MSA is defined by the counties of Adams, Arapahoe, Boulder, Denver, Weld, Douglas, Larimer, and Jefferson

Note: 1980 building permit totals for Denver MSA does not include Boulder County

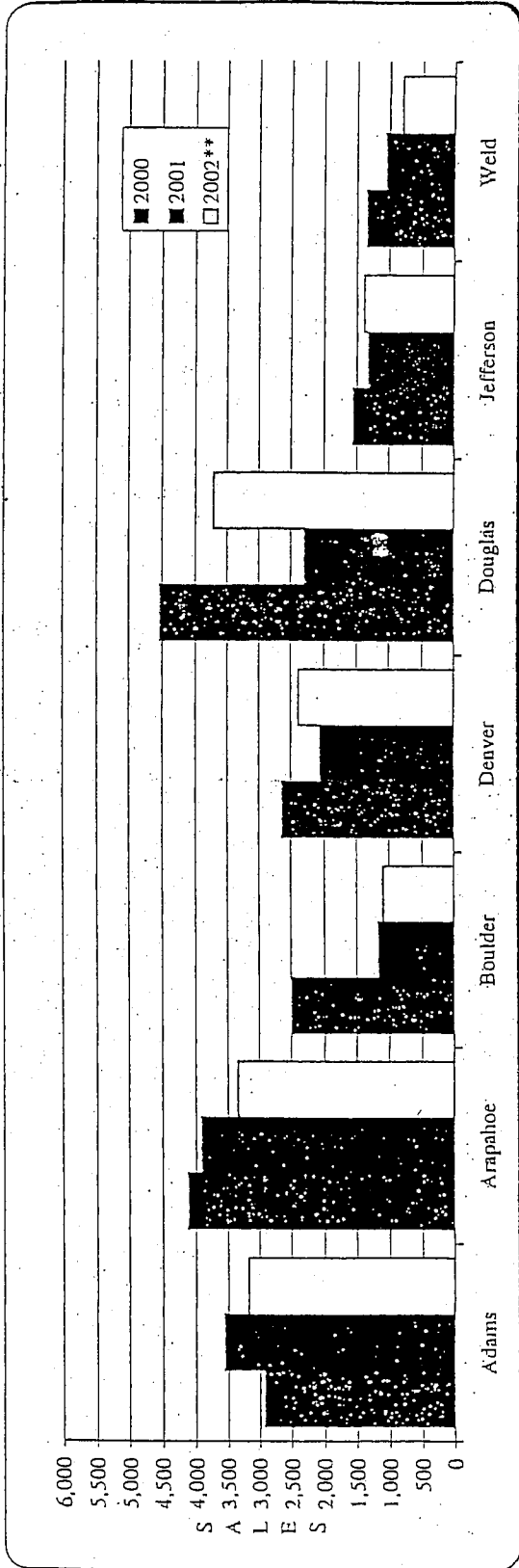
Exhibit IV-2
RESIDENTIAL BUILDING PERMITS
 Arapahoe County, Colorado
 1980 through 2002*



YEAR	Building Permits		Total
	Single Family	Multi-family	
1980	4,277	2,533	6,810
1981	4,598	2,661	7,259
1982	4,731	3,105	7,836
1983	6,611	5,444	12,055
1984	3,536	4,778	8,314
1985	3,007	3,000	6,007
1986	1,748	2,498	4,246
1987	1,129	996	2,125
1988	555	1,303	1,858
1989	561	15	576
1990	656	0	656
1991	1,097	2	1,099
1992	1,806	484	2,290
1993	2,242	745	2,987
1994	2,342	2,038	4,380
1995	2,069	1,487	3,556
1996	2,498	1,223	3,721
1997	2,584	1,547	4,131
1998	3,029	1,428	4,457
1999	4,182	1,617	5,799
2000	4,242	3,898	8,140
2001	3,525	4,410	7,935
2002*	2,961	736	3,697

*2002 building permits are annualized through August.

Exhibit IV-3
NEW HOME SALES BY COUNTY
 Denver MSA*
 1st Qtr 2000 to 2nd Qtr 2002



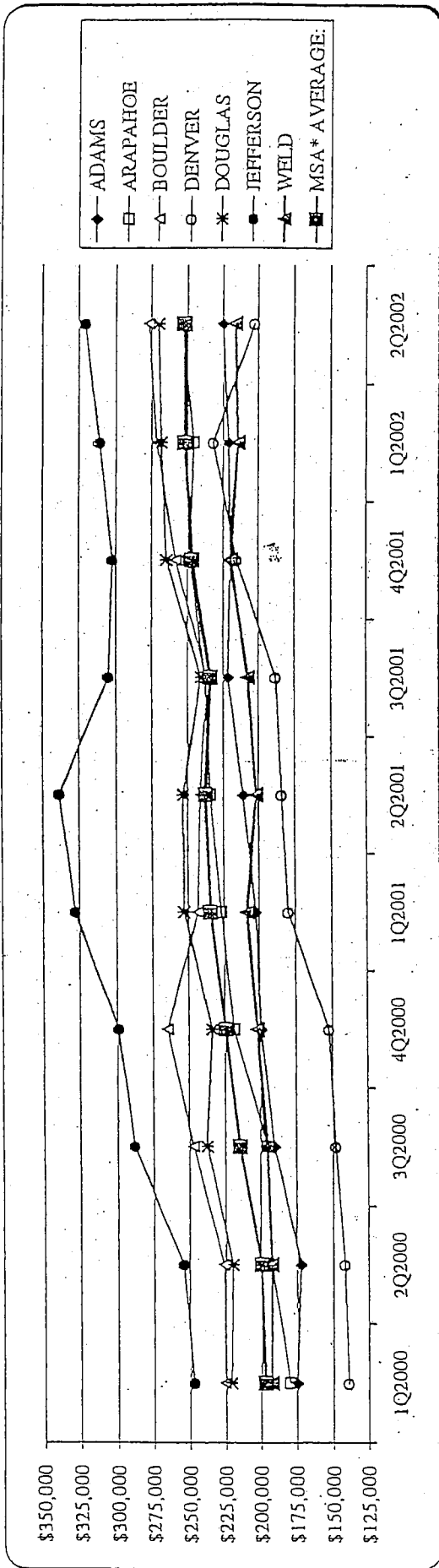
	1Q2000	2Q2000	3Q2000	4Q2000	1Q2001	2Q2001	3Q2001	4Q2001	1Q2002	2Q2002	2000	2001	2002**	% Clng '00 vs '01	% Clng 2001-2Q02
Adams	741	737	628	819	1,230	991	760	586	1,071	907	2,925	3,567	3,177	21.9%	-8.5%
Arapahoe	1,190	1,049	991	895	1,523	1,039	674	686	1,140	1,046	4,125	3,922	3,346	-4.9%	0.7%
Boulder	670	702	657	470	431	315	224	199	391	311	2,499	1,169	1,100	-53.2%	-1.3%
Denver	621	629	675	718	707	614	470	281	724	798	2,643	2,072	2,387	-21.6%	30.0%
Douglas	1,441	1,163	1,045	890	1,103	86	580	531	1,026	897	4,539	2,300	3,720	-49.3%	943.0%
Jefferson	474	394	356	335	508	369	263	192	480	432	1,559	1,332	1,385	-14.6%	17.1%
Weld	283	340	397	332	420	328	176	130	264	306	1,352	1,054	803	-22.0%	-6.7%
TOTAL	5,420	5,014	4,749	4,459	5,922	3,742	3,147	2,605	5,096	4,697	19,642	15,416	15,622	-21.5%	25.5%

CAPTURE

	1Q2000	2Q2000	3Q2000	4Q2000	1Q2001	2Q2001	3Q2001	4Q2001	1Q2002	2Q2002	2000	2001	2002**	% Clng '00 vs '01	% Clng 2001-2Q02
Adams	13.7%	14.7%	13.2%	18.4%	20.8%	26.5%	24.1%	22.5%	21.0%	19.3%	14.9%	23.1%	20.3%	55.4%	-27.1%
Arapahoe	22.0%	20.9%	20.9%	20.1%	25.7%	27.8%	21.4%	26.3%	22.4%	22.3%	21.0%	25.4%	21.4%	21.1%	-19.8%
Boulder	12.4%	14.0%	13.8%	10.5%	7.3%	8.4%	7.1%	7.6%	7.7%	6.6%	12.7%	7.6%	7.0%	-40.4%	-21.3%
Denver	11.5%	12.5%	14.2%	16.1%	11.9%	16.4%	14.9%	10.8%	14.2%	17.0%	13.5%	13.4%	15.3%	-0.1%	3.5%
Douglas	26.6%	23.2%	22.0%	20.0%	18.6%	2.3%	18.4%	20.4%	20.1%	19.1%	23.1%	14.9%	23.8%	-35.4%	731.0%
Jefferson	8.7%	7.9%	7.5%	7.5%	8.6%	9.9%	8.4%	7.4%	9.4%	9.2%	7.9%	8.6%	8.9%	8.9%	-6.7%
Weld	5.2%	6.8%	8.4%	7.4%	7.1%	8.8%	5.6%	5.0%	5.2%	6.5%	6.9%	6.8%	5.1%	-0.7%	-25.7%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	101.9%		

*The Denver MSA is defined by the counties of Adams, Arapahoe, Boulder, Denver, Douglas, Jefferson, & Weld
 **2002 data is annualized through Q1 and Q2.

Exhibit IV-4
 DETACHED MEDIAN BASE PRICE TRENDS
 Denver MSA* by County
 1st Qtr 2000 - 2nd Qtr 2002



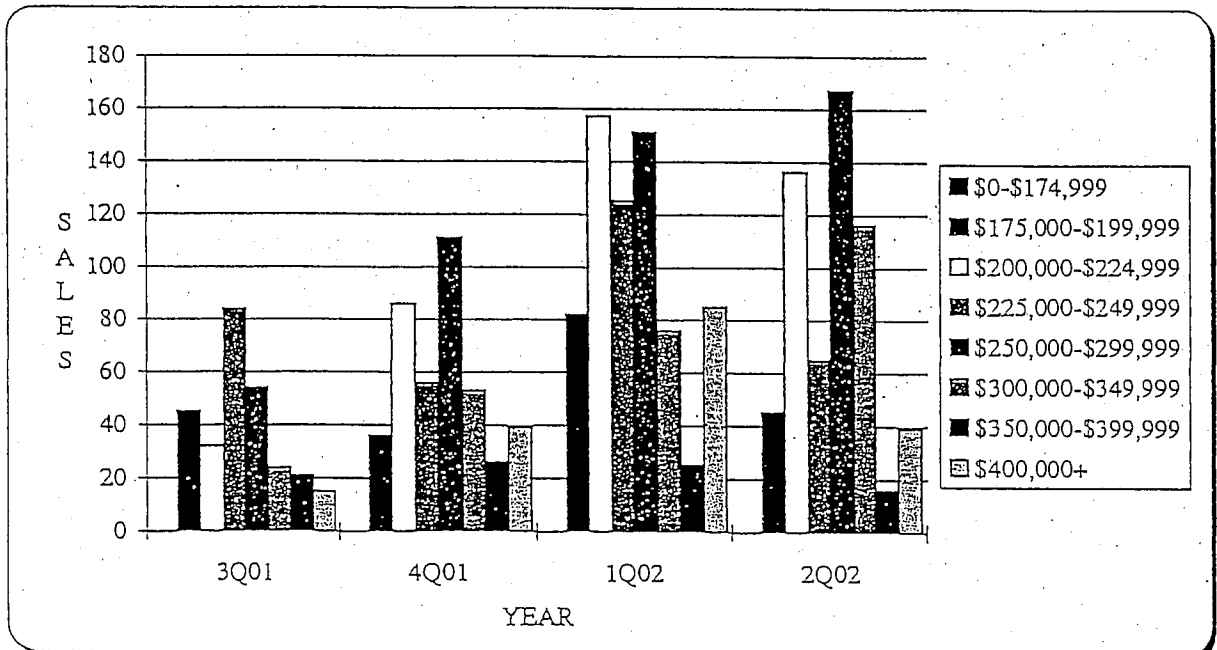
	1Q2000		2Q2000		3Q2000		4Q2000		1Q2001		2Q2001		3Q2001		4Q2001		1Q2002		2Q2002		2002 Ytd	% CHNG 00-01	% CHNG 2Q01-2Q02	
	ADAMS	ARAPAHOE	BOULDER	DENVER	DOUGLAS	JEFFERSON	WELD	MSA* AVERAGE	ADAMS	ARAPAHOE	BOULDER	DENVER	DOUGLAS	JEFFERSON	WELD	MSA* AVERAGE	ADAMS	ARAPAHOE	BOULDER	DENVER				DOUGLAS
ADAMS	\$174,983	\$172,400	\$190,366	\$199,233	\$202,661	\$211,450	\$221,450	\$220,000	\$221,280	\$225,370	\$213,890	\$223,325	\$184,246	\$213,890	\$223,325	\$184,246	\$213,890	\$223,325	\$184,246	\$213,890	\$223,325	\$223,325	16.1%	6.6%
ARAPAHOE	\$180,106	\$192,235	\$194,923	\$218,358	\$227,171	\$234,828	\$237,950	\$249,142	\$246,000	\$254,325	\$237,273	\$250,163	\$196,406	\$237,273	\$250,163	\$196,406	\$237,273	\$250,163	\$196,406	\$237,273	\$250,163	\$250,163	20.8%	8.3%
BOULDER	\$225,656	\$226,490	\$247,300	\$264,995	\$243,562	\$241,495	\$236,866	\$258,450	\$271,395	\$277,106	\$245,093	\$274,251	\$141,110	\$245,093	\$274,251	\$141,110	\$245,093	\$274,251	\$141,110	\$245,093	\$274,251	\$274,251	1.7%	14.7%
DENVER	\$139,480	\$141,806	\$148,080	\$152,406	\$180,131	\$184,176	\$188,026	\$215,600	\$232,125	\$202,950	\$191,983	\$217,538	\$145,443	\$191,983	\$217,538	\$145,443	\$191,983	\$217,538	\$145,443	\$191,983	\$217,538	\$217,538	32.0%	10.2%
DOUGLAS	\$221,150	\$219,996	\$237,990	\$234,350	\$253,000	\$253,550	\$241,132	\$264,900	\$268,390	\$270,240	\$253,146	\$269,315	\$228,372	\$253,146	\$269,315	\$228,372	\$253,146	\$269,315	\$228,372	\$253,146	\$269,315	\$269,315	10.8%	6.6%
JEFFERSON	\$247,616	\$254,505	\$288,650	\$299,600	\$328,656	\$338,950	\$305,500	\$302,950	\$311,600	\$321,000	\$319,014	\$316,300	\$272,593	\$319,014	\$316,300	\$272,593	\$319,014	\$316,300	\$272,593	\$319,014	\$316,300	\$316,300	17.0%	-5.3%
WELD	\$192,768	\$192,704	\$195,400	\$202,190	\$208,950	\$202,222	\$207,900	\$219,626	\$214,735	\$216,404	\$209,675	\$215,570	\$195,766	\$209,675	\$215,570	\$195,766	\$209,675	\$215,570	\$195,766	\$209,675	\$215,570	\$215,570	7.1%	7.0%
MSA* AVERAGE	\$197,394	\$200,019	\$214,673	\$224,447	\$234,876	\$238,096	\$247,238	\$252,485	\$252,485	\$252,485	\$238,582	\$252,351	\$109,133	\$238,582	\$252,351	\$109,133	\$238,582	\$252,351	\$109,133	\$238,582	\$252,351	\$252,351	14.1%	6.0%

*The Denver MSA is defined by the counties of Adams, Arapahoe, Boulder, Denver, Douglas, Jefferson, & Weld

Exhibit IV-5
NEW DETACHED SALES AND CAPTURE RATE BY PRICE RANGE
 Arapahoe County
 3rd Qtr 2001 to 2nd Qtr 2002

SALES					% Chng 3Q01 vs 2Q02
	3Q01	4Q01	1Q02	2Q02	
\$0-\$174,999	0	0	0	0	#DIV/0!
\$175,000-\$199,999	45	36	82	45	0.0%
\$200,000-\$224,999	32	86	157	136	325.0%
\$225,000-\$249,999	84	56	125	65	-22.6%
\$250,000-\$299,999	54	111	151	167	209.3%
\$300,000-\$349,999	24	53	76	116	383.3%
\$350,000-\$399,999	21	26	25	16	-23.8%
\$400,000+	15	39	85	39	160.0%
TOTAL	275	407	701	584	112.4%

CAPTURE					% Chng 3Q01 vs 2Q02
	3Q01	4Q01	1Q02	2Q02	
\$0-\$174,999	0.0%	0.0%	0.0%	0.0%	---
\$175,000-\$199,999	16.4%	8.8%	11.7%	7.7%	-52.9%
\$200,000-\$224,999	11.6%	21.1%	22.4%	23.3%	100.1%
\$225,000-\$249,999	30.5%	13.8%	17.8%	11.1%	-63.6%
\$250,000-\$299,999	19.6%	27.3%	21.5%	28.6%	45.6%
\$300,000-\$349,999	8.7%	13.0%	10.8%	19.9%	127.6%
\$350,000-\$399,999	7.6%	6.4%	3.6%	2.7%	-64.1%
\$400,000+	5.5%	9.6%	12.1%	6.7%	22.4%
TOTAL	100.0%	100.0%	100.0%	100.0%	0.0%



Note: Totals shown may be less than total sales due to projects not reporting sales prices

Exhibit IV-6
MONTHS OF STANDING INVENTORY
Arapahoe County, CO
Q1 2000 to Q2 2002

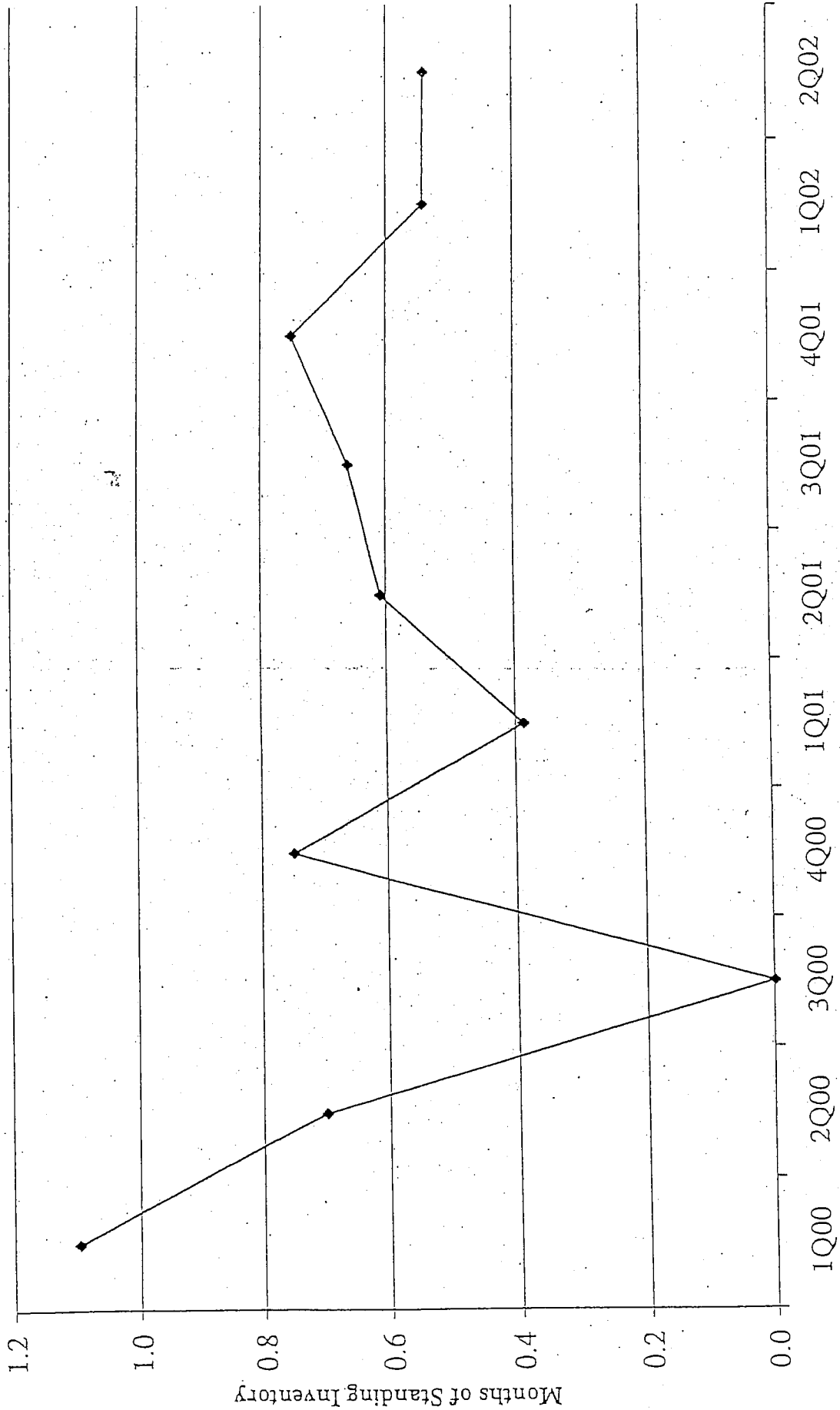
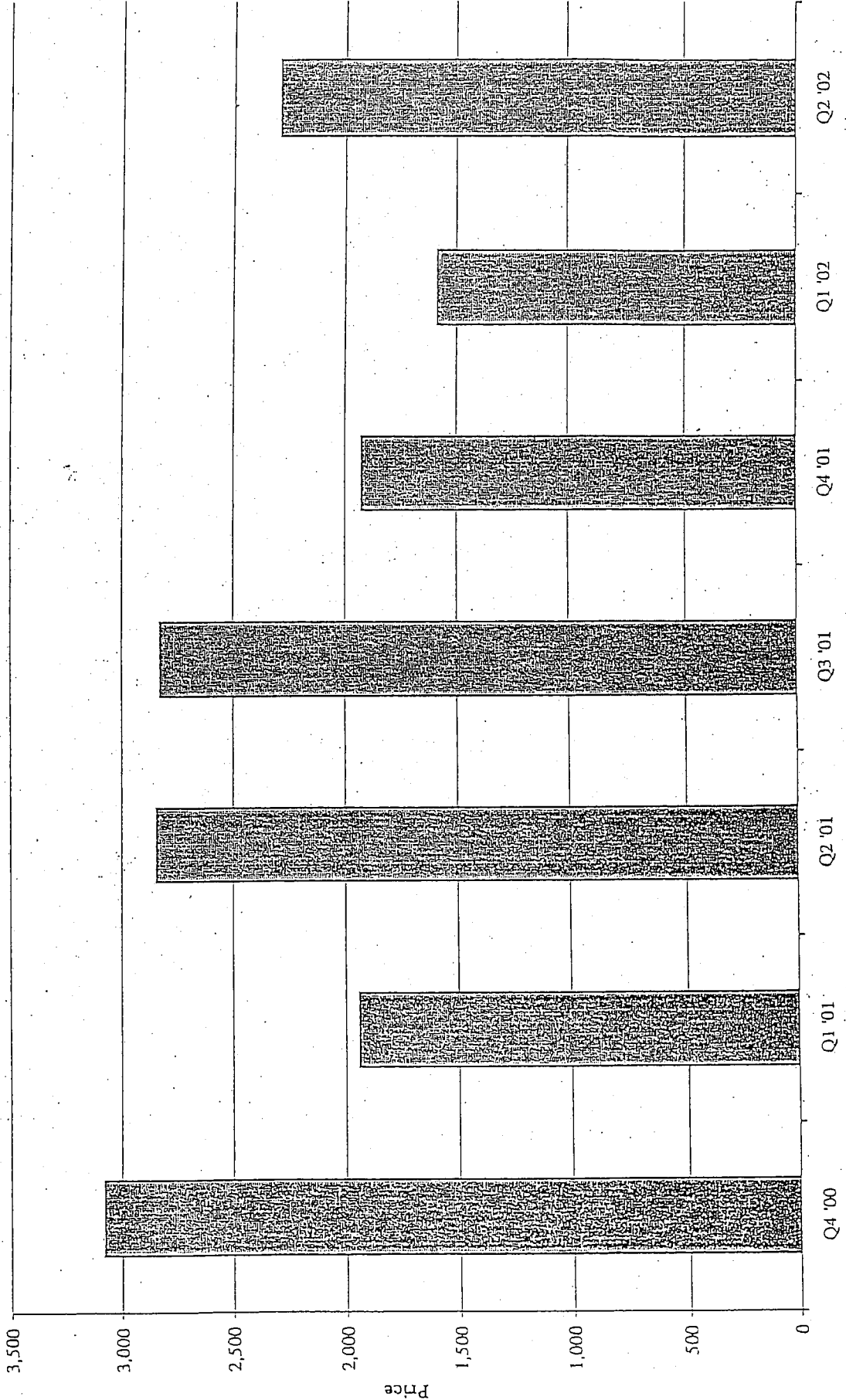
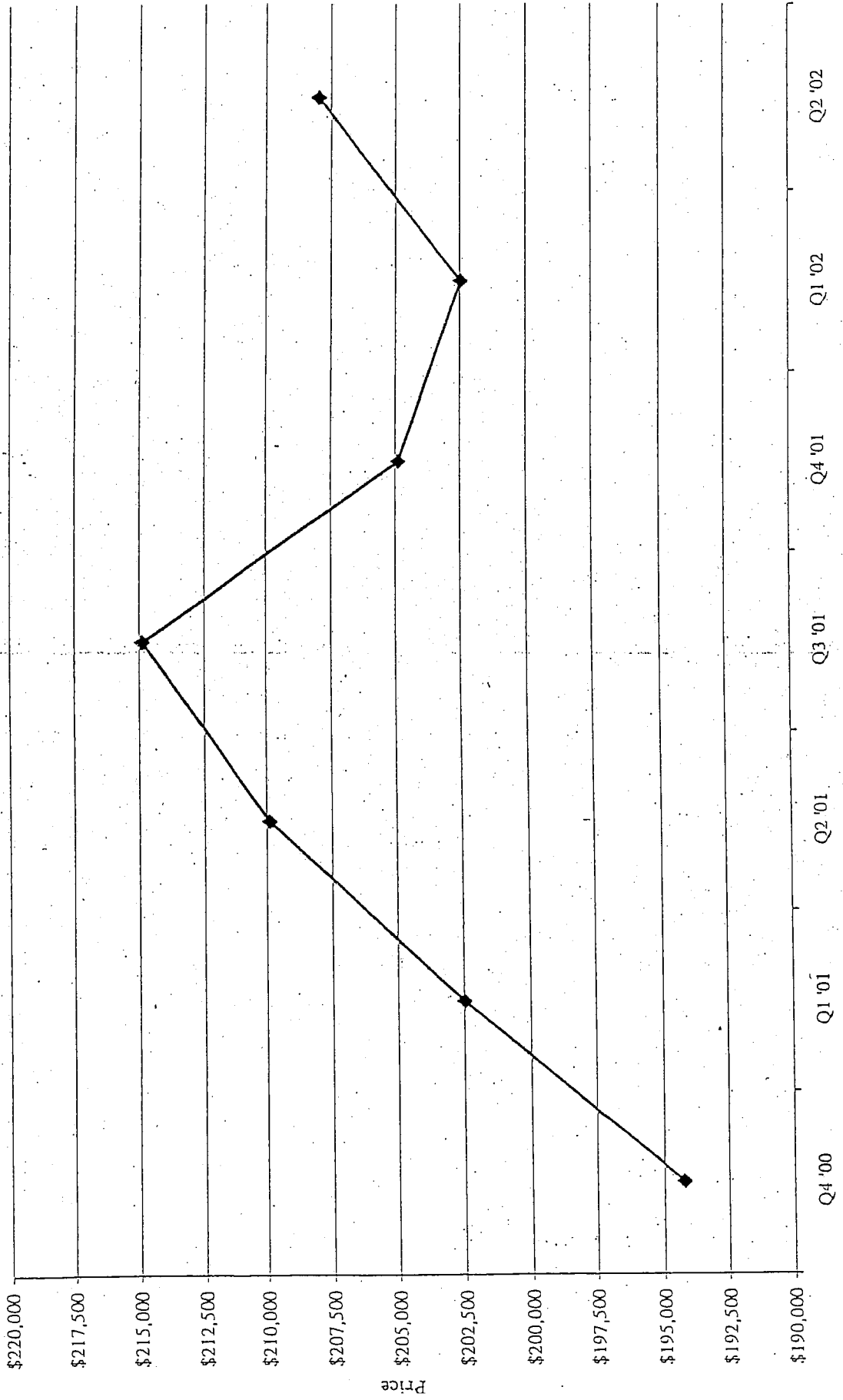


Exhibit IV-7
 ANNUAL EXISTING DETACHED HOME SALES
 Arapahoe County, CO
 Q4 2001* to Q2 2002



* Q4 2000 data is from 10/30/00 to 12/31/00
 Source: FARES

Exhibit IV-8
 QUARTERLY MEDIAN EXISTING DETACHED HOME PRICES
 Arapahoe County, CO
 Q4 2000* to Q2 2002



* Q4 2000 data is from 10/30/00 to 12/31/00
 Source: FARES

Exhibit IV-9
 ANNUAL EXISTING DETACHED SALES BY PRICE RANGE
 Arapahoe County
 1997-2001

SALES

	1997	1998	1999	2000	2001	% Change '97-'01	% Change '00-'01
\$0-\$49,999	5	0	5	2	0	-100.0%	-100.0%
\$50,000-\$69,999	51	20	10	7	1	-98.0%	-85.7%
\$70,000-\$79,999	116	43	8	3	3	-97.4%	0.0%
\$80,000-\$89,999	180	117	47	9	2	-98.9%	-77.8%
\$90,000-\$109,999	840	525	235	47	12	-98.6%	-74.5%
\$110,000-\$149,999	2,836	3,190	2,476	1,008	379	-86.6%	-62.4%
\$150,000-\$199,999	1,321	1,804	2,163	3,214	3,018	128.5%	-6.1%
\$200,000-\$299,999	710	1,066	1,224	1,932	2,589	264.6%	34.0%
\$300,000-\$499,999	405	490	601	771	813	100.7%	5.4%
\$500,000+	200	280	357	448	409	104.5%	-8.7%
TOTAL	6,664	7,535	7,126	7,441	7,226	8.4%	-2.9%

CAPTURE

	1997	1998	1999	2000	2001	% Change '97-'01	% Change '00-'01
\$0-\$49,999	0.1%	0.0%	0.1%	0.0%	0.0%	-100.0%	-100.0%
\$50,000-\$69,999	0.8%	0.3%	0.1%	0.1%	0.0%	-98.2%	-85.3%
\$70,000-\$79,999	1.7%	0.6%	0.1%	0.0%	0.0%	-97.6%	3.0%
\$80,000-\$89,999	2.7%	1.6%	0.7%	0.1%	0.0%	-99.0%	-77.1%
\$90,000-\$109,999	12.6%	7.0%	3.3%	0.6%	0.2%	-98.7%	-73.7%
\$110,000-\$149,999	42.6%	42.3%	34.7%	13.5%	5.2%	-87.7%	-61.3%
\$150,000-\$199,999	19.8%	23.9%	30.4%	43.2%	41.8%	110.7%	-3.3%
\$200,000-\$299,999	10.7%	14.1%	17.2%	26.0%	35.8%	236.3%	38.0%
\$300,000-\$499,999	6.1%	6.5%	8.4%	10.4%	11.3%	85.1%	8.6%
\$500,000+	3.0%	3.7%	5.0%	6.0%	5.7%	88.6%	-6.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%		

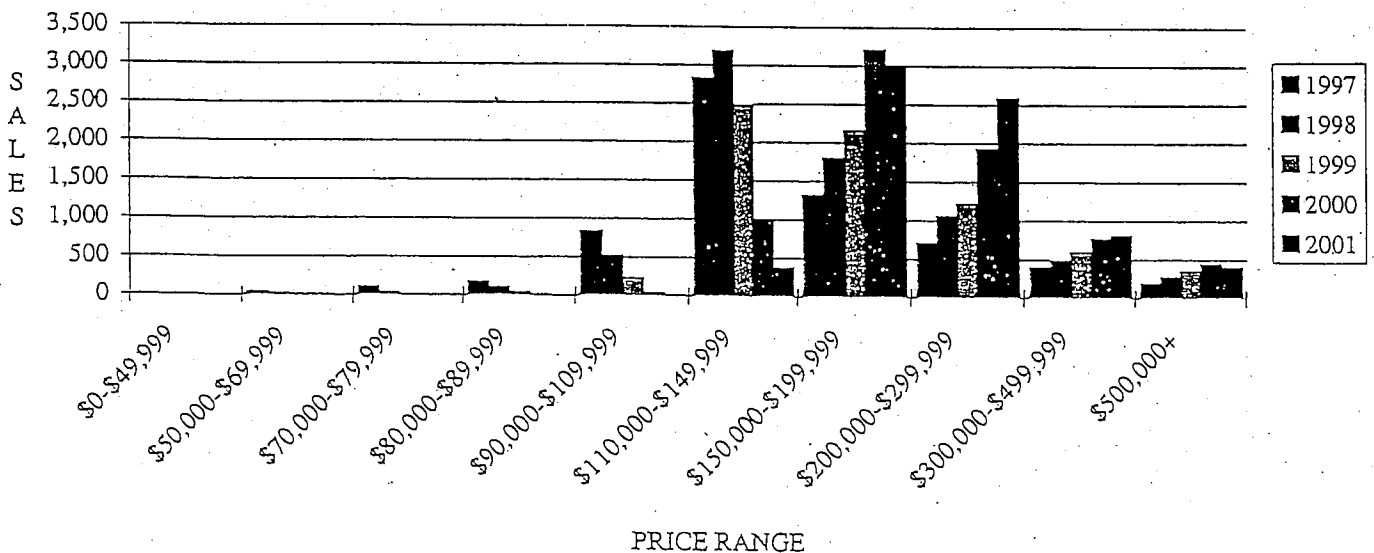


Exhibit IV-10
 ANNUAL EXISTING ATTACHED SALES BY PRICE RANGE
 Arapahoe County
 1997-2001

SALES

	1997	1998	1999	2000	2001	% Change '97-'01	% Change '00-'01
\$0-\$49,999	356	254	161	39	6	-98.3%	-84.6%
\$50,000-\$69,999	703	562	407	210	96	-86.3%	-54.3%
\$70,000-\$79,999	386	424	298	184	88	-77.2%	-52.2%
\$80,000-\$89,999	389	419	466	273	177	-54.5%	-35.2%
\$90,000-\$109,999	551	721	736	682	455	-17.4%	-33.3%
\$110,000-\$149,999	523	757	1,049	1,464	1,658	217.0%	13.3%
\$150,000-\$199,999	165	286	404	615	950	475.8%	54.5%
\$200,000-\$299,999	32	43	87	188	256	700.0%	36.2%
\$300,000-\$499,999	10	14	14	29	37	270.0%	27.6%
\$500,000+	0	1	4	3	2	100.0%	-33.3%
TOTAL	3,115	3,481	3,626	3,687	3,725	19.6%	1.0%

CAPTURE

	1997	1998	1999	2000	2001	% Change '97-'01	% Change '00-'01
\$0-\$49,999	11.4%	7.3%	4.4%	1.1%	0.2%	-98.6%	-84.8%
\$50,000-\$69,999	22.6%	16.1%	11.2%	5.7%	2.6%	-88.6%	-54.8%
\$70,000-\$79,999	12.4%	12.2%	8.2%	5.0%	2.4%	-80.9%	-52.7%
\$80,000-\$89,999	12.5%	12.0%	12.9%	7.4%	4.8%	-61.9%	-35.8%
\$90,000-\$109,999	17.7%	20.7%	20.3%	18.5%	12.2%	-30.9%	-34.0%
\$110,000-\$149,999	16.8%	21.7%	28.9%	39.7%	44.5%	165.1%	12.1%
\$150,000-\$199,999	5.3%	8.2%	11.1%	16.7%	25.5%	381.5%	52.9%
\$200,000-\$299,999	1.0%	1.2%	2.4%	5.1%	6.9%	569.0%	34.8%
\$300,000-\$499,999	0.3%	0.4%	0.4%	0.8%	1.0%	209.4%	26.3%
\$500,000+	0.0%	0.0%	0.1%	0.1%	0.1%	100.0%	-34.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%		

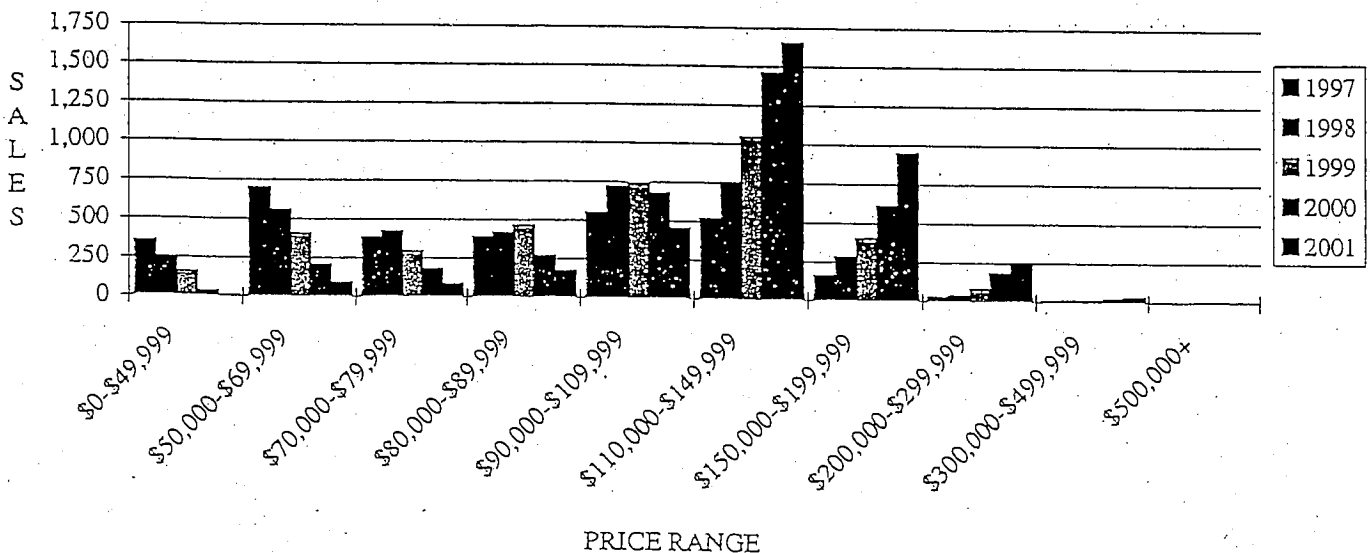


Exhibit L
Intergovernmental Agreement between the District and Aurora

INTERGOVERNMENTAL AGREEMENT

BETWEEN

THE CITY OF AURORA, COLORADO

AND

SERENITY RIDGE METROPOLITAN DISTRICT NOS. 1 and 2

THIS AGREEMENT is made and entered into as of this _____ day of _____, 2003, by and between the CITY OF AURORA, a home-rule municipal corporation of the State of Colorado ("City"), and SERENITY RIDGE METROPOLITAN DISTRICTS NOS. 1 and 2, quasi-municipal corporations and political subdivisions of the State of Colorado (the "Districts"). The City and the District are collectively referred to as the Parties.

RECITALS

WHEREAS, the Districts were organized to provide the services and to exercise powers as are more specifically set forth in the Districts' Consolidated Service Plan dated _____, 2003, and approved by the City on _____, 2003 ("Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the City and the Districts, as required by the Aurora City Code; and

WHEREAS, the City and the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement ("Agreement").

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Application of Local Laws. Each District hereby acknowledges that the property within its boundaries shall be subject to the ordinances, rules and regulations of the City relating to zoning, subdividing, building, and land use.

2. Change in Boundaries. Each District agrees that, other than as set forth in the Service Plan, inclusion of properties within, or any exclusion of properties from, its boundaries shall be subject to the prior approval of the City Council of the City as evidenced by a resolution after a public hearing thereon; provided, however, that inclusion or exclusion of property shall not constitute a material modification of the Service Plan.

3. Refunding of Bonds. Each District agrees that any refunding of outstanding bonds of the Districts which could shorten or extend the maturity of such bonds, or increase the total debt service thereon, shall be subject to the prior approval of the City Council of the City as evidenced by a resolution after a public hearing thereon. Notwithstanding the foregoing, such prior approval need not be obtained where the refunding or restructuring of outstanding debt of the Districts is being undertaken for the purpose of preventing or averting a default or terminating a condition of default on the bonds.

4. Ownership and Operation of Facilities. The Parties agree that the Districts shall be permitted to undertake ownership and operation of those public facilities and services as set forth in Section IV.H. of the Service Plan.

5. Consolidation. Each District agrees that the consolidation of the Districts with any other special districts within the State of Colorado shall be subject to the prior approval of the City Council of the City as evidenced by resolution after a public hearing thereon.

6. Dissolution. Each District agrees that it shall take all action necessary to dissolve pursuant to Title 32, Article 1, part 7, C.R.S., as amended from time to time, as provided for under Colorado law and Chapter 122-31(10) of the City Code if and in the event it does not need to remain in existence to operate and maintain facilities contemplated in the Service Plan to be operated and maintained indefinitely by the Districts.

7. Notice of Meetings. Each District agrees that it shall submit a copy of the written notice of every regular or special meeting of the District's Board of Directors to the Office of the City Clerk, by mail, email, facsimile, or by hand, to be received at least three (3) days prior to such meeting.

8. Annual Report. The Districts shall be responsible for submitting a joint annual report to the City pursuant to the City Code containing the information set forth in Section VI of the Service Plan.

9. Entire Agreement of the Parties. This written Agreement constitutes the entire agreement between the Parties and supersedes all prior written or oral agreements, negotiations, or representations and understandings of the Parties with respect to the subject matter contained herein.

10. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan.

11. Enforcement. The Parties agree that this Agreement may be enforced in law or in equity for specific performance, injunctive, or other appropriate relief, including damages, as may be available according to the laws and statutes of the State of Colorado. It is specifically understood that by executing this Agreement each Party commits itself to perform pursuant to these terms contained herein, and that any breach hereof which results in any recoverable

damages shall not cause the termination of any obligations created by this Agreement unless such termination is declared by the Party not in breach hereof.

12. Venue. Venue for the trial of any action arising out of any dispute hereunder shall be in the appropriate district court of the State of Colorado pursuant to the appropriate rules of civil procedures.

13. Intent of Agreement. Except as otherwise stated herein, this Agreement is intended to describe the rights and responsibilities of and between the named Parties and is not intended to, and shall not be deemed to confer any rights upon any persons or entities not named as parties, nor to limit in any ways the powers and responsibilities of the City, the Districts, or any other entity not a party hereto.

14. Effect of Invalidity. If any portion of this Agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction as to either Party or as to both Parties, such portion shall be deemed severable and its invalidity or its unenforceability shall not cause the entire Agreement to be terminated.

15. Assignability. Other than as specifically provided for in this Agreement, neither the City nor the District shall assign their rights or delegate their duties hereunder without the prior written consent of the other Party.

16. Successors and Assigns. This Agreement and the rights and obligations created hereby shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

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

18. Regional Improvements. In lieu of a regional improvement financial contribution, the Districts agree to participate in sharing the costs of constructing, installing, acquiring and dedicating to Aurora the public regional infrastructure improvements that benefit the taxpayers and residents of the proposed Districts. Regional improvements creating benefit to taxpayers and residents of the proposed Districts are described in Exhibit F of the Service Plan. Upon finalization of any negotiations between the Districts and Aurora relative to the Regional improvements, this Agreement will be administratively amended, if deemed necessary by Aurora, to reflect the final agreement.

SERENITY RIDGE METROPOLITAN
DISTRICT NO. 1

By: _____

ATTEST:

By: _____

SERENITY RIDGE METROPOLITAN
DISTRICT NO. 2

By: _____

ATTEST:

By: _____

CITY OF AURORA, COLORADO

By: _____

Its: _____

APPROVED AS TO FORM:

By: _____

COPY

EFFECTIVE DATE: 08-18-03

RESOLUTION NO. R2003 - 62

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO, CONDITIONALLY APPROVING THE CONSOLIDATED SERVICE PLAN FOR SERENITY RIDGE METROPOLITAN DISTRICT NOS. 1 AND 2 AND AUTHORIZING THE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY AND THE DISTRICTS

WHEREAS, pursuant to Sections 32-1-204 and 207, C.R.S., as amended, and Section 122-30 of the City Code, the Consolidated Service Plan (the "Service Plan") for Serenity ridge Metropolitan District Nos. 1 and 2 (the "Districts") has been submitted to the City Council (the "Council") of the City of Aurora, Colorado (the "City"); and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, and Chapter 122 of the City Code, the City Council held a public hearing on the Service Plan for the Districts on August 18, 2003; and

WHEREAS, notice of the hearing before the City Council was duly published in the Denver Post, a newspaper of general circulation within the City, on July 29, 2003 as required by law, and forwarded to the petitioners, others entitled to postcard or letter notice, the Division of Local Government, and the governing body of each municipality and special district that has levied an ad valorem tax within the next preceding tax year and that has boundaries within a radius of three miles of the Districts; and

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

WHEREAS, the City Council finds that the Service Plan was not submitted in time for the City's financial consultant to conduct an adequate review of the District's financing plan; and

WHEREAS, the City Council further finds that the Service Plan should be approved conditionally, subject to a review of the District's financing plan by the City's financial consultant and the approval of said plan by the City's Director of Finance, all as permitted by Section 32-1-203(l), C.R.S., as amended, and Section 122-35(a) of the City Code; and


WHEREAS, the City Council further finds that it is in the best interests of the citizens of the City to enter into an Intergovernmental Agreement with the Districts at the time of their formation for the purpose of assigning the relative rights and responsibilities between the City and the Districts with respect to certain functions, operations, and obligations of the Districts; and

WHEREAS, Section 10-12 of the City Charter requires a resolution to authorize the execution of intergovernmental agreements.

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

Certified to be a full, true & correct copy of the original in my custody on 9-15-03

Debra Johnson



Section 1. The City Council hereby determines that all of the requirements of Title 32, Article 1, Part 2, C.R.S., as amended, and Chapter 122 of the City Code relating to the filing of a Service Plan for Serenity ridge Metropolitan District Nos. 1 and 2 have been fulfilled and that notice of the hearing was given in the time and manner required by law.

Section 2. The City Council further determines that all pertinent facts, matters and issues were submitted at the public hearing; that all interested parties were heard or had the opportunity to be heard and that, except as provided in Section 3 of this Resolution, evidence satisfactory to the City Council of each of the following was presented:

- 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 not adequate for present and projected needs;
- c. 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;
- d. The proposed Districts are capable of providing economical and sufficient services to the area they intend upon serving;
- e. 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;
- 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 the comprehensive master plan adopted by the City;
- h. The proposal is in compliance with any duly adopted long-range water quality management plans for the area;
- i. The creation of the proposed Districts will be in the best interests of the area to be served;
- j. The development application required by Chapter 146 or 147 of the City Code for the area to be included in the proposed Districts has been filed with the City; and
- k. The development proposed for the area to be included within the proposed Districts will enhance the quality of the entire community.

Section 3. The City Council further determines that the Service Plan was not submitted in time for the City's financial consultant to conduct an adequate review of the Districts' financing plan. Accordingly, the City Council hereby directs that the financing plan be

submitted to the City's financial consultant. Said consultant shall advise the City as to whether the financing plan is mathematically correct in all material respects.

Section 4. The City Council hereby approves the Consolidated Service Plan for Serenity ridge Metropolitan District Nos. 1 and 2 as submitted, subject to review of the Districts' financing plan by the City's financial consultant as provided by Section 3 of this Resolution. If, upon the advice of the City's financial consultant, the Director of Finance finds the financing plan to be acceptable in accordance with the requirements of Section 122-31(c)(11) of the City Code, then the condition set forth in this Section 4 shall be satisfied and the Service Plan deemed unconditionally approved. Written notice of the Director's findings shall be delivered forthwith to both the City Council and the proponents of the Districts.

Section 4. The Mayor and the City Clerk are hereby authorized to execute, on behalf of the City, the Intergovernmental Agreement between the City of Aurora, Colorado, and Serenity ridge Metropolitan District Nos. 1 and 2 (the "IGA") in substantially the form presented at this meeting, with such technical additions, deletions, and variations as the City Attorney may deem necessary or appropriate and not inconsistent with this Resolution.

Section 5. The performance of the IGA by the City shall be contingent upon the formation of and the issuance of debt by the proposed Districts for the purpose of securing sufficient funds for their obligations under the IGA.


Section 6. The proposed Districts shall not be authorized to incur any indebtedness until such time as the Districts have approved and executed the IGA.

Section 7. This Resolution shall be filed in the records of the City and a certified copy thereof submitted to the petitioners for the purpose of filing in the District Court of Arapahoe County.

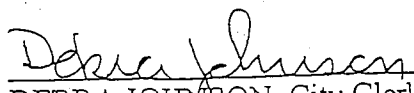
Section 8. All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

Section 9. Any reconsideration of this Resolution is hereby waived.

RESOLVED AND PASSED this 18th day of August, 2003.

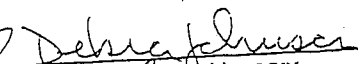

PAUL E. TAUER, Mayor

ATTEST:


DEBRA JOHNSON, City Clerk

APPROVED AS TO FORM 

Certified to be a full, true & correct copy of the original in my custody on 9-15-03


City Clerk/Record Manager



INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF
AURORA, COLORADO AND SERENITY RIDGE METROPOLITAN
DISTRICT NOS. 1 and 2

THIS AGREEMENT is made and entered into as of this _____ day of _____, 2003, by and between the CITY OF AURORA, a home-rule municipal corporation of the State of Colorado ("City"), and SERENITY RIDGE METROPOLITAN DISTRICT NOS. 1 and 2, quasi-municipal corporations and political subdivisions of the State of Colorado (the "Districts"). The City and the Districts are collectively referred to as the Parties.

RECITALS

WHEREAS, the Districts were organized to provide these services and to exercise powers as are more specifically set forth in the Districts' Consolidated Service Plan dated August 4, 2003, and approved by the City on August 18, 2003 ("Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the City and the Districts, as required by the City Code; and

WHEREAS, the City and the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement (the "Agreement").

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Application of Local Laws. Each District hereby acknowledges that the property within its boundaries shall be subject to the ordinances, rules and regulations of the City relating to zoning, subdividing, building, and land use.
2. Change in Boundaries. Each District agrees that, other than as set forth in the Service Plan, inclusion of properties within, or any exclusion of properties from, its boundaries shall be subject to the prior approval of the City Council of the City as evidenced by a resolution after a public hearing thereon; provided, however, that inclusion or exclusion of property shall not constitute a material modification of the Service Plan.
3. Refunding of Bonds. Each District agrees that any refunding of outstanding bonds of the Districts that could shorten or extend the maturity of such bonds, or increase the total debt service thereon, shall be subject to the prior approval of the City Council of the City as evidenced by a resolution after a public hearing thereon. Notwithstanding the foregoing, such prior approval need not be obtained if the refunding or restructuring of outstanding debt of a

Districts is being undertaken for the purpose of preventing or averting a default or terminating a condition of default on the bonds.

4. Ownership and Operation of Facilities. The Parties agree that the Districts shall be permitted to undertake ownership and operation of those public facilities and services as set forth in Section V.D. of the Service Plan.

5. Consolidation. Each District agrees that the consolidation of the Districts with any other special districts within the State of Colorado shall be subject to the prior approval of the City Council of the City as evidenced by resolution after a public hearing thereon.

6. Dissolution. Each District agrees that it shall take all action necessary to dissolve pursuant to Title 32, Article 1, part 7, C.R.S., as amended from time to time, as provided for under Colorado law and Chapter 122-31(10) of the City Code if and in the event it does not need to remain in existence to operate and maintain facilities contemplated in the Service Plan to be operated and maintained indefinitely by the Districts.

7. Notice of Meetings. Each District agrees that it shall submit a copy of the written notice of every regular or special meeting of the District's Board of Directors to the Office of the City Clerk, by mail, email, facsimile, or by hand, to be received at least three (3) days prior to such meeting.

8. Annual Report. The Districts shall be responsible for submitting a joint annual report to the City pursuant to the City Code containing the information set forth in Section VI of the Service Plan.

9. Entire Agreement of the Parties. This written Agreement constitutes the entire agreement between the Parties and supersedes all prior written or oral agreements, negotiations, or representations and understandings of the Parties with respect to the subject matter contained herein.

10. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan.

11. Enforcement. The Parties agree that this Agreement may be enforced in law or in equity for specific performance, injunctive, or other appropriate relief, including damages, as may be available according to the laws and statutes of the State of Colorado. It is specifically understood that, by executing this Agreement, each Party commits itself to perform pursuant to these terms contained herein, and that any breach hereof which results in any recoverable damages shall not cause the termination of any obligations created by this Agreement unless such termination is declared by the Party not in breach hereof.

12. Venue. Venue for the trial of any action arising out of any dispute hereunder shall be in the appropriate district court of the State of Colorado pursuant to the appropriate rules of civil procedure.

13. Intent of Agreement. Except as otherwise stated herein, this Agreement is intended to describe the rights and responsibilities of and between the named Parties and is not intended to, and shall not be deemed to confer any rights upon any persons or entities not named as parties, nor to limit in any ways the powers and responsibilities of the City, the Districts, or any other entity not a party hereto.

14. Effect of Invalidity. If any portion of this Agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction as to either Party or as to both Parties, such portion shall be deemed severable and its invalidity or its unenforceability shall not cause the entire Agreement to be terminated.

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16. Successors and Assigns. This Agreement and the rights and obligations created hereby shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

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18. Regional Improvements. In lieu of a regional improvement financial contribution, the Districts agree to participate in sharing the costs of constructing, installing, acquiring and dedicating to the City the public regional infrastructure improvements that benefit the taxpayers and residents of the proposed Districts. Regional improvements creating benefit to taxpayers and residents of the proposed Districts are described in Exhibit F of the Service Plan. Upon finalization of any negotiations between the Districts and the City relative to the Regional improvements, this Agreement will be administratively amended, if deemed necessary by the City, to reflect the final agreement.

SERENITY RIDGE METROPOLITAN
DISTRICT NO. 1

By: _____

ATTEST:

By: _____

SERENITY RIDGE METROPOLITAN
DISTRICT NO. 2

By: _____

ATTEST:

By: _____

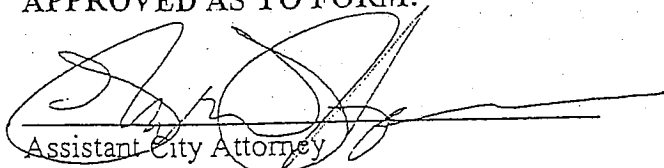
CITY OF AURORA, COLORADO

PAUL E. TAUER, Mayor

ATTEST:

DEBRA JOHNSON, City Clerk

APPROVED AS TO FORM:


Assistant City Attorney