

SERVICE PLAN

FOR

SOUTHLANDS METROPOLITAN DISTRICT NO. 1

CITY OF AURORA, COLORADO

Site Aerial

THE SOUTHLANDS

70 Acres
100 Units
Multi-Family

Stony Hill Rd (6 Lane)

E Arapahoe Rd



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I. INTRODUCTION

A. General Overview. This service plan ("Service Plan") for the Southlands Metropolitan District No. 1 (hereinafter known as the "District") constitutes a Service Plan for a special district proposed to be organized to serve the needs of a new predominantly retail and commercial community known as "the Southlands." The primary purpose of the proposed District is to provide public improvements for the Southlands retail and commercial area which shall be dedicated to the City of Aurora, Colorado (the "City" or "Aurora"), or, with Aurora's consent as provided herein, shall be retained by the District for the use and benefit of the District's inhabitants and taxpayers. Improvements to be provided by the District shall include the types of facilities and improvements described in Section II.C. below, consisting largely of water, wastewater, streets, park and recreation facilities and other improvements needed for the area. This Service Plan addresses improvements which are expected to be provided by the District and demonstrates how the District will provide such public improvements.

The District's ultimate boundaries and service area are generally located at the northeast corner of Smoky Hill Road and E-470; bounded to the south by Smoky Hill Road; to the west by E-470; to the north by the extension of the Orchard Road alignment; and to the east by future Aurora Parkway; and contains within its initial boundaries approximately 74 acres. Submitted concurrently with this Service Plan is a separate Service Plan for the sister district known as Southlands Metropolitan District No. 2, proposed to be organized to serve the needs of the Southlands residential community, located to the east of the proposed Aurora Parkway and the Southlands Metropolitan District No. 1. Southlands Metropolitan District No. 2 will participate with Southlands Metropolitan District No. 1 on the funding of certain shared improvements described herein, including the proposed Aurora Parkway, Smoky Hill Road and bridge widening improvements.

The Southlands development which makes up the District is unique in its designation as being a part of the "E-470 Regional Activity Center," a sub-area existing within the E-470 Zoning Corridor, created by the City of Aurora in accordance with Article XXII of Aurora's Code of Ordinances. The Southlands urban regional activity center was designed through its approved framework development plan ("Framework Development Plan" or "FDP") to meet the City's goals of having an emphasis on the development of regional major economic generators, including large retail stores, regional shopping centers, restaurants, theaters, hotels and relatively dense office development, with a broad mix of complementary uses including high-density multi-family housing, major civic and public facilities, parks and open space. This Service Plan, combined with the Service Plan for the Southlands Metropolitan District No. 2, is intended to assist in meeting the goals of this one-of-a-kind development which serves as the E-470 Regional Activity Center.

The assumptions contained within this Service Plan were derived from a variety of sources. Information regarding the present status of property within the District as well as the current status and projected future level of similar services was obtained from CLC Associates, Inc. Construction cost estimates were assembled by CLC Associates and Alberta Development Partners, LLC; who have experience in the costing and construction of similar facilities. Financial recommendations and advice in the preparation of the Service Plan were provided by

Kirkpatrick Pettis, and Clifton Gunderson, LLP, who have experience as financial consultants to numerous special districts. This Service Plan has been prepared by the firm of Seter & Vander Wall, P.C., 7400 E. Orchard Road, Suite 3300, Greenwood Village, CO 80111, 303-770-2700.

The Petitioners for this Service Plan are: GC Property Investors, LLC, a Colorado limited liability company, and Smoky/Aurora Investment Group, LLC, a Colorado limited liability company (collectively, the "Petitioners"). The Developer of the Southlands is Alberta Development Partners, LLC, including its successors and assigns ("Developer").

This Service Plan is being submitted to the City of Aurora on behalf of the Petitioners and the Developer.

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

C. Modification of Service Plan. This Service Plan has been prepared with sufficient flexibility to enable the District to provide requisite public services and facilities as may be necessary to meet the goals of the E-470 Regional Activity Center and the needs of the community under evolving circumstances. While the assumptions upon which this Service Plan are generally based are reflective of current zoning for the property within the proposed District, the cost estimates and the Financial Plan are intended to be sufficiently flexible to enable the District to provide necessary services and facilities without the need for repeated amendments to the Service Plan. To the extent permitted herein, modification of the proposed configuration of improvements, scheduling of construction of such improvements, and the locations and dimensions of various facilities and improvements shall be permitted to accommodate development needs consistent with zoning for the property.

II. PURPOSE OF AND NEED FOR THE PROPOSED DISTRICT

A. Purpose and Intent. It is intended that the District will provide certain essential public-purpose facilities for the use and benefit of all anticipated inhabitants and taxpayers of real property within the boundaries of the District. The primary purpose of the District will be to finance the construction of these facilities.

It is not the intent of the District to provide ongoing services other than as specifically set forth in this Service Plan and approved by Aurora. Should the District cease to provide these services for any reason, it is the intent of the District to dissolve upon payment of all debt and other financial obligations incurred. The District acknowledges 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 proposed District shall obtain a resolution approving this Service Plan from Aurora which shall be attached hereto as Exhibit A. Should the purposes of the District

change from what is stated in this Service Plan, it shall be considered a material modification of this Service Plan.

B. Need for District. There are currently no other entities located in the immediate vicinity of the District that have either the ability or desire to undertake the design, financing and construction of the public improvements needed for the project as efficiently as the District is able to provide and coordinate such services. It is the Petitioners' understanding that Aurora does not consider it feasible or practicable for it to provide the necessary services and facilities for the project depicted in Exhibits E and F hereof and described herein. 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 proposed District will have power and authority to provide the services and facilities generally described in this Service Plan.

1. Powers Regarding Services and Facilities. The District shall have authority to finance, construct, operate and maintain the services and facilities described below. Funding will be provided by the issuance of general obligation bonds or revenue bonds by the District and other available revenues of the District, as described in Section V of this Service Plan, and shown at Exhibit J. The following activities shall be permitted:

a. Water. The design, acquisition, installation, construction and relocation, within or without the boundaries of the District, of water and irrigation system improvements, including transmission and distribution lines, fire hydrants, and related landscaping and beautification improvements, together with all necessary, incidental, and appurtenant facilities, equipment, land and easements acquired by condemnation or otherwise and extensions of and improvements to such facilities.

b. Sanitation. The design, acquisition, installation, construction and relocation, within or without the boundaries of the District, of storm or sanitary sewer system improvements, including collection and transmission lines, flood and surface drainage, gutters, culverts, storm sewers and other drainage facilities, and related landscaping, irrigation and beautification improvements, together with all necessary, incidental, and appurtenant facilities, equipment, land and easements acquired by condemnation or otherwise, and extensions of and improvements to such facilities.

c. Streets. The design, acquisition, installation, construction and relocation, operation and maintenance within or without the boundaries of the District, of streets through the construction and installation of curbs, gutters, culverts, and installation or relocation of other drainage facilities, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, utility relocation necessitated by public rights-of-way, monumentation, signage, utility lines, traffic safety controls and devices, and other street improvements and, as necessary or convenient therefore, together with all necessary, incidental, and appurtenant facilities, equipment, land, and easements acquired through condemnation or otherwise, and extensions of improvements to such facilities.

d. Traffic and Safety Controls. The design, acquisition, installation, construction and relocation, within or without the District's boundaries, of a system of traffic and safety controls and devices on streets and highways and at railroad crossings, including traffic signals and signage, environmental monitoring, traffic-related computer systems and constructing underpasses or overpasses at railroad crossings and, as necessary or convenient therefore, the acquisition of property or easements through condemnation or otherwise.

e. Parks, Open Space and Recreation. The design, acquisition, installation, construction, relocation, operation and maintenance of public park and recreation facilities or programs including, without limitation bike paths, hiking trails, pedestrian trails, pedestrian bridges, pedestrian malls, public plazas and courtyards, signage, public foundations and sculpture, art, botanic gardens, equestrian trails and centers, picnic areas, playground areas, park shelters, common area landscaping and weed control, outdoor lighting of all types, community events and other facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems.

f. Transportation. The design, acquisition, installation, construction, relocation, operation and maintenance of public transportation system improvements, including transportation equipment, park and ride facilities and parking lots, shuttle facilities, parking structures, signage, roofs, covers, bicycle racks, and related appurtenances and facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems.

2. Relationship with Framework Development Plan. The Southlands is anticipated to be developed consistent with the terms, requirements and provisions of the Southlands Framework Development Plan, as approved by the City of Aurora. Nothing in this Service Plan shall modify the development obligations as set forth in the FDP. The terms and provisions of this Service Plan shall operate in tandem with and independently of the Framework Development Plan; it being the intention of the Developer and the Petitioners to remain in compliance with each. The creation of the District shall not relieve the Developer of zoning or density requirements, or any other obligations to construct public improvements, as may be required by the Framework Development Plan.

3. Miscellaneous Powers. The District 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 District will be exercised by its Board of Directors to the extent necessary to provide the services contemplated in this Service Plan. The foregoing improvements and services, along with all other activities permitted by law, will be undertaken in accordance with, and pursuant to, the procedures

and conditions contained in the Special District Act, other applicable statutes and this Service Plan, as any or all of the same may be amended from time to time.

b. Other. In addition to the powers enumerated above, the Board of Directors of the District 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; and

ii. 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 District, 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 District is 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 Board of Directors of the District, subject to and in accordance with the powers described herein.

III. BOUNDARIES; POPULATION AND ASSESSED VALUATION ESTIMATES

A. General. The District's service area will ultimately contain approximately 224 acres of real property, divided into several development phases planned for retail and commercial communities. The Petitioners currently hold title to certain of the real property comprising the Southlands; the Developer holds options to purchase the remaining parcels (excluding the Gun Club Road and the Public Service Company parcels, which are to be independently acquired by the Developer). The initial boundaries of the District will include approximately 74 acres. The remaining parcels of the service area property, totaling approximately 150.57 acres, are expected to be included into the District prior to the end of 2012, as the Developer exercises its options to purchase. Development of all property as it becomes a part of the District's boundaries is expected to be developed consistent with the Framework Development Plan for the project, as required by the City of Aurora.

The improvements which are described in this Service Plan are necessary and applicable for the entirety of the Southlands project and this Service Plan specifically contemplates inclusion of the additional parcels described herein into the boundaries of the District and construction of necessary improvements thereon. Such inclusions shall not constitute a material modification of this Service Plan nor shall approval of any such inclusion be conditioned upon the City's approval.

Failure of the District to grant the petitions for inclusion of the remaining parcels shall be considered a material modification of this Service Plan. The City shall be notified of any such inclusion at the time of the annual report submitted pursuant to Section VI. In the event the

Developer does not acquire any or all of the remaining parcels, the owner of said parcels shall be entitled to seek inclusion into the District.

The initial boundaries of the District are made up of two parcels identified as "Parcel 1" and "Parcel 1.1," and are more particularly depicted in the map contained in Exhibit D-1. A legal description of the initial boundaries of the District is more particularly depicted in the map contained in Exhibit B-1.

The District's ultimate service area and future boundaries are expected to be consistent with the Framework Development Plan for the Southlands project. The Southlands project incorporates parcels to which the Developer has contractual options to purchase, and which are anticipated to be thereafter included into the District's boundaries. A map showing the future inclusion parcels is attached as Exhibit D-2. A legal description of the future boundaries of the District is more particularly depicted in Exhibit B-2. The future inclusion parcels incorporate portions of Gun Club Road and portions of right-of-way owned by Public Service Company from within which transmission lines are to be relocated. The Gun Club Road property is anticipated to be vacated and deeded back to the City, and thereafter conveyed to the Developer by the City in accordance with the procedures developed between E-470 Public Highway Authority and the City.

The Developer expects to have all of the property included into the District's boundaries by the end of 2012. The District shall restrict its issuance of Non-Developer Debt based upon the pro-rated inclusion of property into its boundaries using a formula of 80% property to 100% debt. By way of example, upon inclusion of 80% of the District's ultimate boundaries (179 of 224 acres), the District may issue 100% of its Non-Developer Debt (as provided in the Financial Plan, Section V). The District may issue the pro-rated amount of Non-Developer Debt equal to the fraction which is the portion of the acreage included in the District's boundaries as the numerator divided by 179 acres as the denominator. The following table, identified as Table 1.1, shows the ratio of Non-Developer Debt allowance to included property. This restriction shall not apply to the District's ability to issue Developer Debt.

[TABLE 1.1 FOLLOWS THIS PAGE.]

Southlands Metropolitan District No. 1
Service Plan 2002
TABLE 1.1

Givens: Non-Developer Debt = \$37,700,000
 Initial Acreage = 74
 Total Future Acreage = 224
 Total Non-Developer Debt is allowable at 80% Total Future Acreage
 (i.e. \$37,700,000 at 179 of 224 acres)

Formula to Compute Pro-rated Issuance of Non-Developer Debt

$$PD = A / 179 \times \$37,700,000$$

Definitions: PD = Pro-Rated Allowable Issuance of Non-Developer Debt
 A = Acreage included within District

Table of Pro-Rated Allowable Issuance of Non-Developer Debt					
A	PD	A	PD	A	PD
74	\$15,585,475	110	\$23,167,598	146	\$30,749,721
75	\$15,796,089	111	\$23,378,212	147	\$30,960,335
76	\$16,006,704	112	\$23,588,827	148	\$31,170,950
77	\$16,217,318	113	\$23,799,441	149	\$31,381,564
78	\$16,427,933	114	\$24,010,056	150	\$31,592,179
79	\$16,638,547	115	\$24,220,670	151	\$31,802,793
80	\$16,849,162	116	\$24,431,285	152	\$32,013,408
81	\$17,059,777	117	\$24,641,899	153	\$32,224,022
82	\$17,270,391	118	\$24,852,514	154	\$32,434,637
83	\$17,481,006	119	\$25,063,128	155	\$32,645,251
84	\$17,691,620	120	\$25,273,743	156	\$32,855,866
85	\$17,902,235	121	\$25,484,358	157	\$33,066,480
86	\$18,112,849	122	\$25,694,972	158	\$33,277,095
87	\$18,323,464	123	\$25,905,587	159	\$33,487,709
88	\$18,534,078	124	\$26,116,201	160	\$33,698,324
89	\$18,744,693	125	\$26,326,816	161	\$33,908,939
90	\$18,955,307	126	\$26,537,430	162	\$34,119,553
91	\$19,165,922	127	\$26,748,045	163	\$34,330,168
92	\$19,376,536	128	\$26,958,659	164	\$34,540,782
93	\$19,587,151	129	\$27,169,274	165	\$34,751,397
94	\$19,797,765	130	\$27,379,888	166	\$34,962,011
95	\$20,008,380	131	\$27,590,503	167	\$35,172,626
96	\$20,218,994	132	\$27,801,117	168	\$35,383,240
97	\$20,429,609	133	\$28,011,732	169	\$35,593,855
98	\$20,640,223	134	\$28,222,346	170	\$35,804,469
99	\$20,850,838	135	\$28,432,961	171	\$36,015,084
100	\$21,061,453	136	\$28,643,575	172	\$36,225,698
101	\$21,272,067	137	\$28,854,190	173	\$36,436,313
102	\$21,482,682	138	\$29,064,804	174	\$36,646,927
103	\$21,693,296	139	\$29,275,419	175	\$36,857,542
104	\$21,903,911	140	\$29,486,034	176	\$37,068,156
105	\$22,114,525	141	\$29,696,648	177	\$37,278,771
106	\$22,325,140	142	\$29,907,263	178	\$37,489,385
107	\$22,535,754	143	\$30,117,877	179	\$37,700,000
108	\$22,746,369	144	\$30,328,492		
109	\$22,956,983	145	\$30,539,106		

An Aurora vicinity map that generally reflects the District's location within the current boundaries of Aurora is attached hereto as Exhibit C.

B. Changes in Boundaries. With the exception of those inclusions discussed above, the District shall obtain written approval from Aurora prior to seeking a change in its boundaries. Other than the inclusion parcels discussed herein and shown in Exhibit D-2, the inclusion or exclusion of any property into or from the boundaries of the District shall be subject to the prior approval of the Aurora City Council following a public hearing thereon in accordance with City Code.

C. Population and Assessed Valuation Estimates. An estimate of projected assessed valuations within the District is set forth in Exhibit J, which contains the Financial Plan for the District. The District shall consist predominantly of commercial property and open space and public park and recreation improvements. There is not expected to be any residential component within the boundaries of the District, and therefore there is no projected population.

IV. DESCRIPTION OF PROPOSED FACILITIES

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 as set forth in this Service Plan. Improvements not specifically described herein shall be permitted as long as they are necessary and appurtenant to those improvements generally contemplated in this Service Plan and are within the District's financial ability to provide such improvements. The District will be permitted to exercise its statutory powers and authority set forth herein to finance, construct, acquire, operate and maintain the public facilities and their improvements as further described in this Service Plan, either directly or by contract. Where appropriate, the District will contract with various public and/or private entities to undertake such functions, including an intergovernmental agreement with the City of Aurora, as further described herein.

The Facilities Plan attached hereto as Exhibit E identifies the facilities and improvements to be designed, financed and constructed by the District. The Facilities Plan includes the proposed phasing of the improvements (consistent with the FDP), a schedule of estimated costs (in current dollars) and the anticipated phasing plan for the construction of such facilities and improvements, as well as 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 \$36,523,385, inclusive of contingencies, engineering and construction management, and exclusive of costs of issuance, organizational costs, inflation and similar costs. Diagrams showing the general layout of the proposed facilities and improvements are attached hereto as Exhibit F.

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

1. Water System.

a. Overall Plan. The water system is expected to consist of a water distribution system consisting of buried water mains, fire hydrants and related appurtenances located within and without the District's boundaries. A diagram showing the configuration of the water system is set forth at Exhibit F-1. The District shall dedicate to Aurora all water facilities traditionally owned and operated by the City for operations and maintenance, including all appropriate easements necessary for ownership and operation of the water facilities and appurtenances, where such facilities are not located within dedicated rights-of-way.

b. Design Criteria. The proposed domestic potable water distribution system is expected to include pressurized water mains with multiple pressure zones. Water system components will be installed in accordance with the applicable standards of all entities with jurisdiction over the District including Aurora. The drinking water design criteria of the Colorado Department of Public Health and Environment will also be followed where applicable. The water system will also be designed based on Aurora's fire protection requirements. System pressure will primarily be controlled by Aurora. Water transmission mains will be installed from a direct connection to Aurora's water distribution system. Treated water will be delivered to the mains by high pressure pump stations.

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

d. Water Distribution System. The water distribution system will be owned by Aurora. The system is expected to include main distribution and transmission lines and related appurtenances. At completion, the water distribution system will provide domestic potable water to all platted lots within the Southlands development. The mains will provide for normal and peak water demands of the project as well as the delivery of fire protection water.

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

2. Sanitary Sewer Collection and Storm Drainage Systems.

a. Overall Plan for Sanitary Sewer. The sanitary sewer collection system is expected to consist of buried sewer mains, manholes and related appurtenances located outside and within the District's boundaries. The configuration of the sanitary sewer collection system is set forth at Exhibit F-2. The District shall dedicate to Aurora all public wastewater facilities traditionally owned, operated and maintained by Aurora, including all appropriate easements necessary for ownership and operation of the water facilities and appurtenances, where such facilities are not located within dedicated rights-of-way. Aurora will charge system users for its services in accordance with the City's policy.

b. Design Criteria for Sanitary Sewer. The proposed sanitary sewer collection system is expected to include sewer mains designed to collect sewage from the development areas within the Southlands development. The sewer system components will be designed and installed in accordance with the applicable standards of all entities with jurisdiction over the District including the Colorado Department of Public Health and Environment. A sanitary sewer system analysis as part of a master utility plan for the Southlands project has been prepared identifying the appropriate line sizes and slopes. The minimum line size of a sewer main is expected to be eight inches (8").

c. Wastewater Treatment. Wastewater will be collected and transported to Aurora or the Metro Wastewater Reclamation District as appropriate.

d. Storm Drainage. After conveyance by the landowner of the street rights-of-way or appropriate easements to the District, the District, in cooperation with the City, 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 for the Southlands development. The storm drainage facilities will be owned by the District and will be operated and maintained by the District (or by contract with another entity) except for those storm drainage facilities specifically dedicated to and accepted by Aurora (such as those located within Aurora Parkway). The configuration of the storm drainage collection system is set forth at Exhibit F-3.

3. Street Improvements. After conveyance by the landowner of the appropriate street rights-of-way or easements to the District, the District is expected to construct curbs, gutters, culverts, drainage ditches, sidewalks, box culverts, tunnels, paving, lighting, landscaping, utility relocation necessitated by public rights-of-way and other road, street and drainage facility improvements which the project will require, as well as necessary traffic and safety protection devices and controls. The configuration of the street improvements is set forth at Exhibit F-4.

a. Roadway Infrastructure. The roadway infrastructure is anticipated to include the construction of the proposed Aurora Parkway, a major arterial that will extend from south of Smoky Hill Road, at Tallyn's Reach, through the Southlands site, to the proposed residential development north and east of the project site. The alignment of

Aurora Parkway through the Southlands development will establish a boundary between the retail/commercial property of the District to its west and residential property of the Southlands Metropolitan District No. 2 to its east. The District expects to share the costs of the proposed Aurora Parkway improvements on an equitable basis with Southlands Metropolitan District No. 2. Also included within the roadway infrastructure is the improvement of Smoky Hill Road as a major arterial roadway, and the Smoky Hill bridge widening improvements over E-470, in participation and cooperation with other landowners fronting the roadway. The District expects to share its costs of the Smoky Hill Road and bridge widening improvements on an equitable basis with Southlands Metropolitan District No. 2. The proposed Aurora Parkway, Smoky Hill Road, and bridge-widening improvements are expected to be dedicated by plat and conveyed to the City for ownership, operation, and maintenance (excluding street landscaping), following their completion and upon final acceptance by Aurora. In addition, the District expects to finance, construct, install, own, operate and maintain the additional public roadway infrastructure designed within the District's perimeters, bounded by the proposed Aurora Parkway, Smoky Hill Road, and E-470 Highway, as shown in Exhibit F-4. These internal roadways will be owned and operated by the District and not by Aurora. In addition, the Developer may petition for the creation of a business improvement district (BID) within the boundaries of the District, at some later date and subject to compliance with all state statutory and City Code requirements. A BID will allow for property owners to take advantage of a higher level of public service capable of being provided by a BID, specifically designed to promote the business interests of the commercial area, benefiting the BID's taxpayers and property owners.

The major streets are anticipated to include street landscaping as more particularly described below. With the exception of private roads within the District, snow removal and other roadway maintenance on roads within the District that are dedicated to and accepted by Aurora will be Aurora's responsibility.

4. Park and Recreation Improvements; Landscaping.

a. Parks, Open Space and Recreation Improvements. The park, open space and recreation improvements anticipated to be constructed and maintained within the District include neighborhood parks, plazas, courtyards, common area landscaping, an irrigation system, monumentation, walkways, trail improvements and all types of lighting associated with the landscaping features. The park, open space and recreation improvements for the Southlands development have been planned and incorporated into this Service Plan, taking into consideration their location, acreage, design and other elements necessary to meet the requirements of the Southlands FDP, which are unique as a designated urban regional activity center. Landscaping improvements may consist of irrigated turf, hardscape, bike paths, walkways, shrubs, planting beds, amenity features such as park shelters and benches, picnic tables and playground equipment, public foundations and sculpture, banners, performing arts facilities, water fountains, signage and other uses consistent with open spaces, neighborhood parks and recreational areas. All public parks shall be open and available to the general public free of charge. The configuration of the park and recreation improvements is set forth at Exhibit F-5.

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

5. Transportation System. It is anticipated that public transportation facilities and improvements of various types described in Section II.C.1.f. may be a part of the Southlands project. Transportation facilities are expected to be constructed, leased or acquired, operated and maintained by the District.

6. Description of Cost Estimates. The cost estimates for all improvements summarized in Exhibit E are based on quantities taken from preliminary development plans and preliminary utility and drainage plans. The unit prices, based on recent bids or contracts, were multiplied by the individual quantities. A contingency is added to the subtotals for each system for unforeseen matters, engineering, staking, and for construction management to arrive at the total cost estimates. Costs for transportation have not been negotiated with the appropriate agencies and therefore are generally described as shown in Exhibit E.

B. City of Aurora Construction Standards. The District shall ensure that any proposed improvements set forth in this Section IV will be designed and constructed solely in accordance with the standards and specifications set forth by Aurora, if applicable, except to the extent provided below, or in the event that a waiver for such improvement has been granted and approved by the City. Those roadway improvements which are not intended to be dedicated to the City shall be designed and constructed in accordance with the Southlands FDP, as approved by Aurora. The District will obtain approval of civil engineering plans and a permit for construction and installation of improvements from Aurora.

C. Dedication of Improvements to Aurora. Other than as set forth within this Service Plan, the District shall dedicate or cause to be dedicated, all of the public water improvements, storm and sanitary sewers, all public streets and streets (except as otherwise provided in Subsection IV.A.3) dedicated by plat, all drainage facilities, and all public sidewalks as well as all rights-of-way and easements necessary for access to facilities to be conveyed to Aurora upon completion of construction and installation. Failure to comply with the dedication of improvements set forth in this Section shall be deemed to be a material modification of this Service Plan.

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

D. Dedication to Other Entities or Ownership/Operation of Facilities by District. Except for facilities and improvements described in this Section, the District shall not be authorized to own or operate facilities to be provided pursuant to this Service Plan, other than as necessary to permit the financing and construction thereof, except through approval by Aurora of an amendment to this Service Plan. The District shall have authority to own, operate and maintain the following facilities and improvements not otherwise dedicated to or accepted by Aurora: internal roadway facilities; the park, open space and recreation facilities; detention pond facilities; street landscaping facilities; and transportation facilities. 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 building owners' associations or other appropriate entity. If the District elects to operate and maintain the facilities itself, the expenses associated with such activities may be paid from fees lawfully imposed by the District upon its taxpayers or other legally available revenues of the District. Approval of this Service Plan by Aurora constitutes Aurora's agreement that the District may perform these functions.

E. Acquisition of Land for Public Improvements. The District, at its sole cost and expense, agrees to acquire all property required by Aurora for the construction of public improvements being provided by the District pursuant to this Service Plan. In accordance with § 32-1-1001(1)(f), C.R.S., the District shall not pay for any interest in real property which 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 to comply with this Section shall be deemed to be a material modification of this Service Plan.

The District agrees to acquire all land for construction of normal street improvements required by Aurora through dedication by Petitioners at no cost. Exceptions must be approved by Aurora in writing. Failure to acquire all land needed by Aurora for such construction of street improvements shall be deemed to be a material modification of this Service Plan.

F. Services of District. The District will require operating funds to plan and cause the facilities contemplated herein to be constructed, operated and maintained as permitted herein. Such costs are expected to include reimbursement of organizational costs, legal, engineering, accounting, bond issuance costs and compliance with state reporting and other administrative requirements. The first year's operating budget is estimated to be \$175,000. An overall financing plan showing the anticipated operating costs, phasing of bond issues, and related matters is attached as Exhibit J. Operating costs may increase depending upon the entity designated responsible for operations and maintenance of the facilities as set forth in Section IV.D. Notwithstanding the projections set forth in the Financial Plan, such amounts are therefore subject to increase and may be paid from any legally available revenues including but not limited to fees or charges legally imposed by the District. Organizational costs and capital costs expended for public infrastructure prior to the date of organization will be reimbursed to the landowners by the District out of its initial revenue sources including bond issue proceeds. The District is expected to acquire completed improvements from the landowners or to pay for the construction of improvements with bond proceeds. The District's acquisition of improvements shall be performed in compliance with the applicable statutes regarding procurement of property,

including § 32-1-1001(1)(d)(I), (II) and (1)(f), C.R.S.; the District's purchase of the public improvements shall not exceed their actual costs. The District will then convey certain of those improvements to Aurora.

G. Limitation on Use of Funds. The District agrees that no District revenues will be used to pay water transmission development fees (with the exception of irrigation water taps necessary for the irrigation of those public lands which are intended to be owned, operated and maintained by the District on behalf of its taxpayers), sewer interceptor development fees, storm drainage development fees, park development fees, E-470 impact fees, traffic impact fees or any other development fee imposed by Aurora.

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 the applicable standards of the City. 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 above-ground facilities and improvements.

I. Regional Improvements. The District acknowledges its responsibility for participating in the costs of constructing, installing and acquiring public regional infrastructure improvements that benefit the taxpayers and residents of the District. In lieu of a regional improvement financial contribution, the District agrees 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 District. Regional improvements creating benefit to taxpayers and residents of the District include the proposed Aurora Parkway, Smoky Hill Road and bridge widening improvements and are described in the infrastructure cost estimates, attached hereto as Exhibit E. In addition, the District may share in a reimbursement arrangement with other surrounding development(s) such as the Vistas at Senac, for regional improvements. Failure to comply with this Section shall be a material modification of this Service Plan.

V. FINANCIAL PLAN

A. General Plan of Finance. The District shall be responsible for construction of the facilities described herein to the extent it has the financial resources to provide funding for construction of such facilities. It is currently anticipated that the District 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 will be adjusted from time to time to meet development requirements. The District will be seeking initial voter approval for general obligation debt issuance, exclusive of Developer Debt, in the approximate amount of \$63,000,000 ("Voted Authorization"), which amount is higher than the anticipated costs of the public improvements identified herein, but is appropriate to maintain the flexibility required for the special uses of development involved with an urban regional activity center such as the Southlands. Despite the amount of Voted Authorization, the Service Plan Debt Limit (defined in paragraph B below)

serves as the ultimate cap for the Debt the District may incur. State Constitutional requirements necessitate that voted debt be in such amounts to allow the District sufficient flexibility to fund all public improvements contemplated herein. The general form of question or questions for the Voted Authorization and the levying of taxes proposed to be submitted by the District to its voters is attached hereto as Exhibit G, which may be modified upon advice of the District's legal counsel. For purposes of applicable state laws, Aurora requirements and this Service Plan, such revisions to the ballot questions shall not be considered a modification of this Service Plan and shall not require Aurora approval.

B. Service Plan Debt Limit. The Service Plan Debt Limit is a limitation on the total cumulative Debt that the District may incur (the "Debt Limit"). For purposes of this Service Plan, "Debt" shall be considered 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* taxes for the purposes of financing, acquiring, constructing or improving any of the improvements contemplated herein. All Debt shall be classified as either Developer Debt (defined in paragraph C below) or Non-Developer Debt (defined in paragraph D below). Notwithstanding anything contained herein to the contrary, all Debt incurred by the District 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 Southlands FDP has been approved by Aurora.

The total Debt Limit, which shall include without limitation both Non-Developer Debt and Developer Debt, shall be \$38,700,000 inclusive of costs of issuance, organizational costs, inflation, and other similar costs. Increases in Non-Developer Debt necessary to accomplish a refunding, re-issuance or restructuring of Non-Developer Debt, and obligations payable solely from sources other than *ad valorem* property taxes (Revenue Obligations), shall not count against the Debt Limit. The issuance of Non-Developer Debt which may repay Developer Debt shall not count against the Debt Limit to the extent that the total amount of Non-Developer Debt does not exceed the principal amount of Developer Debt being repaid. 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 this Financial 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 change in Debt Limit shall be considered a material modification of the Service Plan, unless otherwise permitted herein.

Revenue Obligations shall be considered any bonds, notes, contracts or other financial obligations, whether of a multiple fiscal year or annually appropriated nature, incurred by the District and payable solely from sources other than *ad valorem* taxes for the purposes of financing, acquiring, constructing or improving any of the improvements contemplated herein. Districts that wish to incur Revenue Obligations 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.

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

C. Developer Debt. Developer Debt will be comprised of any Debt which, upon its issuance, is more than 50% owned by the Developer, Petitioners or a related person. For purposes of this Service Plan, a person is a related person to the Developer or Petitioners if (i) the relationship between such person and the Developer or Petitioners 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 or Petitioners 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.

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-year term and shall have a maximum interest rate of 300 basis points above the twenty-year AAA-rated Municipal Market Data (MMD) index.

Developer Debt shall count against the Debt Limit. It is estimated that any and all Developer Debt shall be repaid by the District 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 City approval, except to the extent that such Developer Debt is subject to the provisions of paragraph I below. Developer Debt which refunds Developer Debt shall not lengthen the maturity beyond the twenty-year term as required in this section. Additionally, Developer Debt which is of an annually-appropriated nature (i.e. not a multiple-fiscal year obligation) which refunds Developer Debt, shall not bear interest at a rate that exceeds the interest rate of the Debt being refunded. Any such refunding debt issued by the District above and beyond the principal amount of the Developer Debt and any compounded interest thereon refunded shall count against the Debt Limit of the District. 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 \$24,609,953.

D. Non-Developer Debt. Any debt not considered Developer Debt shall be deemed to constitute Non-Developer Debt. The District anticipates it will issue Non-Developer Debt in the amount of \$23,500,000 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* taxes to be imposed upon all taxable property within the District, subject to the limitations described below. Substantial or otherwise material deviations from the bond amortization schedules provided in the Financial Plan will be considered a material modification of this Service Plan.

E. Developer Contributions. Developer Contributions are defined as that portion of the funds used to pay for the improvements contemplated herein which are not eligible for repayment or reimbursement by the District in accordance with the requirements of Sec. 122-31(c)(11)c. & e. of Aurora's City Code. Developer Contributions are anticipated to be \$8,873,863.

F. Mill Levy Cap. The maximum mill levy the District can impose for all purposes, including without limitation the payment of Debt and for operations and maintenance shall be 45.29 mills (the "Mill Levy Cap").

1. For that portion of the District's outstanding Non-Developer Debt which equals or exceeds fifty percent (50%) of the District's assessed valuation, the District may impose a mill levy not to exceed the Mill Levy Cap reduced by the number of mills necessary to pay valid mill levy Non-Developer Debt described in F.2. below. The Mill Levy Cap shall be subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes, or other similar changes occur. In any of these events, the Mill Levy Cap shall be automatically adjusted so that the tax liability of individual property owners neither increases nor decreases as a result of any such changes. If the mill levy is adjusted in accordance with this paragraph, the District will provide Aurora with written notice that such an adjustment has been made pursuant to the annual report required in Section VI.

2. For that portion of the District's Non-Developer Debt which is less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the maximum mill levy the District can promise to impose for the payment of such Debt shall be such amount as may be necessary to pay the debt service on such Debt, without limitation of rate.

3. For purposes of the foregoing, once Non-Developer Debt has been determined to be within F.2 above so that the District is entitled to pledge to its payment an unlimited *ad valorem* mill levy, the District may provide that such debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the debt to assessed ratio.

4. Any Debt exceeding fifty percent (50%) of the valuation for assessment of the taxable property in the District must be issued in compliance with Colorado law, and specifically, Section 32-1-1101(6), C.R.S.

G. Identification of District Revenue. In addition to revenues from the District's mill levy, the District anticipates revenue from the following sources in the following amounts over time:

<u>Revenue</u>	<u>Est. Years Collected</u>	<u>Total Amount</u>
Facility Fees	2003 – 2007	\$ 3,049,200
Specific Ownership Taxes	2004 – 2040	\$ 8,063,318
Landowner/Developer Advances	2002 – 2011	\$24,609,953
Roadway Cost Sharing	2002 – 2040	\$0
Interest Income	2004 – 2040	\$ 760,274
Interest on Bond Reserves and Capitalized Interests	2005 – 2040	approx. \$ 3,766,000
Developer Contributions	2010 – 2040	\$ 8,873,863

It is expected that the District shall be entitled to certain reimbursements from other landowners participating in the proposed Aurora Parkway, Smoky Hill Road, and bridge widening improvements in accordance with the City's Ordinance regarding such cost sharing. The District shall have the authority to use all available revenues in any legally permissible manner.

The District will also rely upon various other revenue sources authorized by law. These will include the power to assess fees, rates, tolls, penalties, or charges as provided in § 32-1-1001(I), C.R.S., as amended from time to time. All financing sources shown in the Financial 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 District shall not pledge any revenue or property of Aurora as security for the indebtedness set forth in the Financial Plan of the proposed District.

I. Refinancing of District Bonds. The District agrees that any refinancing of outstanding bonds of the District 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 Non-Developer Debt of the District is being undertaken for the purpose of preventing or averting a default or terminating a condition of default on such 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, the City 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 District is in Substantial Quinquennial Compliance with its Financial Plan, in which case an administrative review will not be conducted by the City. The District shall be deemed in Substantial Quinquennial Compliance for purposes of this Section if the District demonstrates that at least 50% of the amount projected to be expended on the Improvements in the Financial Plan up to the date of the report has been expended at the time of the report. In the event Aurora determines an administrative review is necessary under this Section, the District shall pay an administrative fee for any review required by Aurora under this Section. In the event that Aurora determines that a public hearing is necessary on such application, such hearing shall be held in accordance with Section 32-1-1101.5(2)(a), C.R.S., and a determination for continuation of the authority of the boards of the District to incur any remaining authorized Debt shall be made at that time.

K. Description of Existing Conditions. There is currently no ongoing development of property within the District. The current assessed value of land within the District is approximately \$81,280. Approximately \$6,136 has been or is expected to be paid in 2002, and approximately \$1,247 was paid in 2001, in property taxes on all properties within the District. All of the property within the District has historically been zoned for agricultural purposes but is currently zoned as a regional activity center.

L. Anticipated Development. The future development projections of the District are set forth in the Market Report, submitted herewith. A summary of the Market Report is attached hereto as Exhibit I. 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 District.

M. Financial Analysis. The proposed Financial Plan of the District is attached hereto as Exhibit J. Such Exhibit includes a complete forecasted statement of sources and uses of District revenue, extending through the discharge of all proposed indebtedness. Separate amortization schedules showing annual principal and interest payments are provided for each proposed debt issue. Insofar as different classes of debt are proposed, the total debt service for each class of debt is shown.

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

The Financial Plan demonstrates one method that may be used by the District to finance the cost of facilities. Alternative financial plans may be employed and utilized by the District. Such alternative financial plans shall be submitted to the City in advance for administrative review regarding overall consistency of the plan with this Service Plan. An alternative financial plan may be one which 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* 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 which cannot reasonably be expected to be fully amortized by its final maturity date.

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

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

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

N. Coordination of Debt Issuance with Southlands Metropolitan District No. 2. In order to ensure consistency in the development of the District with its sister residential district Southlands Metropolitan District No. 2, the District shall not finance its initial phase of improvements until such time as the Southlands Metropolitan District No. 2 commences the financing of its initial phase of improvements, as evidenced by Board official action authorizing the employment of consultants to effect such financing. The initial phase of improvements for both Districts includes the construction and installation of the proposed Aurora Parkway onsite and offsite improvements, the costs of which are to be shared on an equitable basis by both Districts. It is anticipated that the financing for the initial phase of improvements for both Districts shall occur simultaneously and in approximately the same proportionate amounts. Failure of the District to comply with this provision shall be considered to be a Material Economic Deviation.

O. Risk Disclosure. The following statement discloses the various risks associated with implementation of the Service Plan as presented: The ability of the District 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 District's boundaries and the sale of lots/construction of buildings as might occur within the area and actual market valuation of property within the District's 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.

VI. ANNUAL REPORT

A. The District shall be responsible for submitting an annual report to Aurora no later than March 1st of each year. 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 the current assessed valuation in the District.

B. 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. The District's indebtedness (stated separately for each class of debt).
4. The District's debt service (stated separately for each class of debt).
5. The District's 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; and Variance. For purposes of this Section, "projected" means as originally projected in the District's 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.

VII. CONSERVATION TRUST FUND

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

VIII. DISSOLUTION

In the event there is reason to believe that the purposes for which the District was created have been accomplished, a public hearing shall be conducted before the Aurora City Council to determine whether the District should be dissolved. Prior written notice of such hearing shall be provided to the Board of Directors of the District. Upon an independent determination of the Aurora City Council that the purposes for which the District was created have been accomplished, the District agrees to file a petition in the Arapahoe County District Court for dissolution in accordance with §§ 32-1-701, *et seq.*, C.R.S. In any event, such dissolution shall not occur until the District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations; provided, however, that the failure of the District to provide for the payment or discharge of all or any portion of its Developer Debt shall not serve as a bar to filing a petition for dissolution.

IX. CONSOLIDATION

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

X. MODIFICATION OF SERVICE PLAN

The District 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 increases in the Debt Limit, changes in the revenue type, or increases in the maximum mill levy of the District, 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 Service Plan.

XI. FAILURE TO COMPLY WITH SERVICE PLAN

In accordance with the authority contained in the Aurora City Code, should the District 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 District:

XII. RESOLUTION OF APPROVAL

The District agrees 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 Arapahoe District Court. A copy of the Resolution is attached hereto as Exhibit A.

XIII. DISCLOSURE

The Petitioners and the District will use their best efforts to assure that all landowners 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 District. The form of disclosure shall be submitted to Aurora for administrative approval within ninety (90) days following the organization of the District and prior to the issuance of any debt by the District. Such disclosure shall include, but not necessarily be limited to the following matters:

1. The authorized debt of the District, anticipated issuance schedule, and terms thereof;
2. The facilities to be operated and maintained by the District;
3. The maximum mill levy of the District and the procedure for any adjustment thereto;

4. An estimate of the annual *ad valorem* property tax to be paid by a representative property within the District; and

5. Any applicable District fees and a statement that such fees are separate from any applicable homeowners' association fees.

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

XIV. INTERGOVERNMENTAL AGREEMENT

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

XV. CONCLUSION

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

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

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

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

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

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

6. The facility and service standards of the District are compatible with the facility and service standards of Aurora;

7. The proposal is in substantial compliance with the comprehensive plan adopted pursuant to Section 146-206 of the Aurora City Code;

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

9. The creation of the District is in the best interests of the area proposed to be served;

10. The development application required by Chapter 146 of the Aurora City Code for the area to be included in the District has been filed; and

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

Therefore, it is requested that the Aurora City Council, which has jurisdiction to approve this Service plan by virtue of §§ 32-1-201, *et seq.*, C.R.S., as amended, adopt a resolution which approves this Service Plan for the District as submitted.

Respectfully submitted,

SETER & VANDER WALL, P.C.

By:



Barbara T. Vander Wall
Counsel to Petitioners

SOUTHLANDS/SERVICEPLAN
JVE1412
0643.0003

EXHIBIT A
City Council Resolution of Approval
RESOLUTION NO. R2002 - _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AURORA,
COLORADO, APPROVING THE SERVICE PLAN FOR SOUTHLANDS
METROPOLITAN DISTRICT NO. 1 AND AUTHORIZING THE
EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT
BETWEEN THE CITY AND THE DISTRICT**

WHEREAS, pursuant to Sections 32-1-204 and 207, C.R.S., as amended, and Section 122-30 of the Aurora City Code, the Service Plan (the "Service Plan") for the Southlands Metropolitan District No. 1 (the "District") 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 Aurora City Code, the City Council held a public hearing on the Service Plan for the District on September 9, 2002; and

WHEREAS, notice of the hearing before the City Council was duly published in the *Aurora Sentinel*, a newspaper of general circulation within the City, on August 15, 2002 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 which has levied an ad valorem tax within the next preceding tax year and which has boundaries within a radius of three miles of the District; 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 should be approved unconditionally, as permitted by Section 32-1-203(1), C.R.S., as amended, and Section 122-35(a) of the Aurora 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 District at the time of its formation for the purpose of assigning the relative rights and responsibilities between the City and the District with respect to certain functions, operations, and obligations of the District; and

WHEREAS, Section 10-12 of the Aurora 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:

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 Aurora City Code relating to the

filing of a Service Plan for the Southlands Metropolitan District No. 1 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 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 District;
- b. The existing service in the area to be served by the proposed District 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 District is capable of providing economical and sufficient services to the area it intends upon serving;
- e. The area to be included within the proposed District 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 District 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 for the area;
- i. The creation of the proposed District will be in the best interests of the area to be served;
- j. The development application required by chapter 146 or 147 of the Aurora City Code for the area to be included in the proposed District has been filed with the City; and
- k. The development proposed for the area to be included within the proposed District will enhance the quality of the entire community.

Section 3. The City Council hereby approves the Service Plan for the Southlands Metropolitan District No. 1 as submitted.

Section 4. The City Council acknowledges that the boundaries of the Southlands Metropolitan District No. 1 may overlap with those of the E. Cherry Creek Valley Water & Sanitation District, and has further reviewed the evidence of consent to such overlapping boundaries provided by the E. Cherry Creek Valley Water & Sanitation District, and City Council hereby approves the inclusion of the water and sewer services to be provided by the Southlands Metropolitan District No. 1 in accordance with its Service Plan, pursuant to Section 32-1-107(3)b), C.R.S..

Section 5. 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 the Southlands Metropolitan District No. 1 (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 6. The performance of the IGA by the City shall be contingent upon the formation of and the issuance of debt by the proposed District for the purpose of securing sufficient funds for their obligations under the IGA.

Section 7. The proposed District shall not be authorized to incur any indebtedness until such time as the District has approved and executed the IGA.

Section 8. 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 9. All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

Section 10. Any reconsideration of this Resolution is hereby waived.

RESOLVED AND PASSED this ____ day of _____, 2002.

PAUL E. TAUER, Mayor

ATTEST:

DEBRA JOHNSON, City Clerk

APPROVED AS TO FORM: _____

SHEET 1 OF 1
EXHIBIT B-1
LEGAL DESCRIPTION
SOUTHLANDS METROPOLITAN DISTRICT NO. 1
INITIAL BOUNDARIES

PARCEL 1

A PARCEL OF LAND IN THE NORTHEAST QUARTER OF SECTION 19, TOWNSHIP 5 SOUTH, RANGE 65 WEST OF THE 6TH PRINCIPAL MERIDIAN, ARAPAHOE COUNTY, COLORADO, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 19; THENCE NORTH 89 DEGREES 16 MINUTES 25 SECONDS EAST ALONG THE NORTH LINE OF SAID NORTHEAST QUARTER, A DISTANCE OF 711.82 FEET; TO A POINT ON THE CENTERLINE OF THE PROPOSED AURORA PARKWAY; THENCE THE FOLLOWING THREE (3) COURSES ALONG SAID CENTERLINE; 1) SOUTH 32 DEGREES 05 MINUTES 09 SECONDS EAST, A DISTANCE OF 666.42 FEET ; 2) ALONG THE ARC OF A 1,000.00 FOOT RADIUS CURVE TO RIGHT, THROUGH A CENTRAL ANGLE OF 31 DEGREES 21 MINUTES 21 SECONDS, AN ARC DISTANCE OF 547.26 FEET, WITH A CHORD BEARING OF SOUTH 16 DEGREES 24 MINUTES 29 SECONDS EAST, A DISTANCE OF 540.46 FEET; 3) SOUTH 00 DEGREES 43 MINUTES 48 SECONDS EAST, A DISTANCE OF 1,341.82 FEET TO A POINT ON THE NORTH LINE OF A 210.00 FOOT WIDE PUBLIC SERVICE COMPANY RIGHT OF WAY; THENCE SOUTH 89 DEGREES 21 MINUTES 35 SECONDS WEST ALONG SAID NORTH LINE, A DISTANCE OF 1,238.81 FEET TO A POINT ON THE WEST LINE OF SAID NORTHEAST QUARTER; THENCE NORTH 00 DEGREES 04 MINUTES 15 SECONDS EAST ALONG SAID WEST LINE, A DISTANCE OF 2,429.61 FEET TO THE POINT OF BEGINNING, CONTAINING 2,762,621 SQUARE FEET OR 63.4210 ACRES, MORE OR LESS.

PARCEL 1.1

A PARCEL OF LAND BEING IN THE SOUTHWEST QUARTER OF SECTION 19, TOWNSHIP 5 SOUTH, RANGE 65 WEST OF THE 6TH PRINCIPAL MERIDIAN, ARAPAHOE COUNTY, COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 19; THENCE SOUTH 00 DEGREES 04 MINUTES 50 SECONDS WEST, ALONG THE EASTERLY LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 859.87 FEET TO THE NORTHEAST CORNER OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 19 AND THE POINT OF BEGINNING; THENCE CONTINUING SOUTHERLY ALONG SAID EAST LINE OF THE SOUTHWEST QUARTER OF SECTION 19 SOUTH 00 DEGREES 04 MINUTES 50 SECONDS WEST, A DISTANCE OF 787.79 FEET TO A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY OF SMOKY HILL ROAD; THENCE ALONG SAID NORTHEASTERLY RIGHT-OF-WAY NORTH 59 DEGREES 32 MINUTES 29 SECONDS WEST, A DISTANCE OF 1,068.12 FEET TO THE EASTERLY RIGHT-OF-WAY OF E-470 AS DESCRIBED IN BOOK 8118 AT PAGE 601 OF THE RECORDS OF THE ARAPAHOE COUNTY CLERK AND RECORDER; THENCE THE FOLLOWING THREE (3) COURSES ALONG SAID EASTERLY RIGHT-OF-WAY OF E-470:

- 1) THENCE NORTH 29 DEGREES 24 MINUTES 51 SECONDS EAST, A DISTANCE OF 31.21 FEET;
- 2) THENCE NORTH 60 DEGREES 33 MINUTES 37 SECONDS WEST, A DISTANCE OF 161.97 FEET;
- 3) THENCE NORTH 28 DEGREES 37 MINUTES 23 SECONDS EAST, A DISTANCE OF 123.91 FEET TO A POINT ON THE NORTH LINE OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SOUTHWEST QUARTER OF SECTION 19;

THENCE NORTH 89 DEGREES 22 MINUTES 31 SECONDS EAST, A DISTANCE OF 988.22 FEET TO THE POINT OF BEGINNING, CONTAINING 468,091 SQUARE FEET OR 10.75 ACRES, MORE OR LESS.

GARY LEAK, REGISTERED LAND SURVEYOR
 COLORADO REGISTRATION NO. 26600
 FOR AND ON BEHALF OF CLC ASSOCIATES INC.



PROJ #: 00.0199
 DATE: 08-15-02
 REV #: XXX
 ASI #: XXX

EXHIBIT B-1
SOUTHLANDS METROPOLITAN
DISTRICT NO. 1

8480 E. ORCHARD RD.
 SUITE 3000
 GREENWOOD VILLAGE
 COLORADO 80111
 P 303 770 5600
 F 303 770 2349
 CLC@300.COM
 ARCHITECTURE
 ENGINEERING PLANNING
 LANDSCAPE ARCHITECTURE
 LAND SURVEYING



SHEET 1 **SOUTHLANDS DISTRICT EXHIBIT**

SHEET 1 OF 1

EXHIBIT B-2
LEGAL DESCRIPTION
SOUTHLANDS METROPOLITAN DISTRICT NO. 1
FUTURE BOUNDARIES

PARCEL 1

A PARCEL OF LAND IN SECTION 19, TOWNSHIP 5 SOUTH, RANGE 65 WEST OF THE 6TH PRINCIPAL MERIDIAN, ARAPAHOE COUNTY, COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 19; THENCE ALONG THE NORTH LINE OF SAID NORTHEAST QUARTER, NORTH 89 DEGREES 16 MINUTES 25 SECONDS EAST, A DISTANCE OF 711.86 FEET TO THE CENTERLINE OF THE PROPOSED AURORA PARKWAY; THENCE THE FOLLOWING THREE (3) COURSES ALONG SAID CENTERLINE;

- 1) THENCE SOUTH 32 DEGREES 05 MINUTES 09 SECONDS EAST, A DISTANCE OF 666.42 FEET;
- 2) THENCE ALONG THE ARC OF A CURVE TO THE RIGHT, WITH A RADIUS OF 1000.00 FEET AND A CENTRAL ANGLE OF 31 DEGREES 21 MINUTES 21 SECONDS, AN ARC DISTANCE OF 547.26 FEET WITH A CHORD BEARING OF SOUTH 16 DEGREES 24 MINUTES 28 SECONDS EAST, A DISTANCE OF 540.46 FEET;
- 3) THENCE SOUTH 00 DEGREES 43 MINUTES 48 SECONDS EAST, A DISTANCE OF 1551.82 FEET TO A POINT ON THE SOUTH LINE OF THE NORTHEAST QUARTER; THENCE ALONG SAID SOUTH LINE, SOUTH 89 DEGREES 21 MINUTES 35 SECONDS WEST, A DISTANCE OF 301.46 FEET; THENCE SOUTH 00 DEGREES 04 MINUTES 50 SECONDS WEST, A DISTANCE OF 2,011.36 FEET TO THE NORTHERLY PRESCRIPTIVE RIGHT OF WAY LINE OF SMOKY HILL ROAD; THENCE ALONG SAID RIGHT OF WAY LINE THE FOLLOWING ELEVEN (11) COURSES

- 1) THENCE NORTHWESTERLY, ALONG THE ARC OF A 7,969.88 FEET RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 02 DEGREES 13 MINUTES 02 SECONDS, AN ARC DISTANCE OF 308.42 FEET WITH A CHORD BEARING OF NORTH 60 DEGREES 06 MINUTES 58 SECONDS WEST, A DISTANCE OF 308.40 FEET;
- 2) THENCE NORTH 58 DEGREES 54 MINUTES 50 SECONDS WEST, A DISTANCE OF 275.65 FEET TO A POINT OF NON TANGENT CURVATURE;

- 3) THENCE NORTHWESTERLY, ALONG THE ARC OF A 4970.00 FEET RADIUS CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 00 DEGREES 34 MINUTES 57 SECONDS, AN ARC DISTANCE OF 50.53 FEET WITH A CHORD BEARING OF NORTH 58 DEGREES 37 MINUTES 22 SECONDS WEST, A DISTANCE OF 50.53;

- 4) THENCE NORTH 58 DEGREES 19 MINUTES 53 SECONDS WEST, A DISTANCE OF 214.76 FEET;
- 5) THENCE NORTH 56 DEGREES 38 MINUTES 31 SECONDS WEST, A DISTANCE OF 251.19 FEET;
- 6) THENCE NORTH 59 DEGREES 32 MINUTES 29 SECONDS WEST, A DISTANCE OF 1,068.12 FEET;
- 7) THENCE NORTH 29 DEGREES 24 MINUTES 51 SECONDS EAST, A DISTANCE OF 31.21 FEET;
- 8) THENCE NORTH 60 DEGREES 33 MINUTES 37 SECONDS WEST, A DISTANCE OF 161.97 FEET;
- 9) THENCE NORTH 28 DEGREES 37 MINUTES 23 SECONDS EAST, A DISTANCE OF 123.91 FEET;
- 10) THENCE SOUTH 89 DEGREES 22 MINUTES 31 SECONDS WEST, A DISTANCE OF 65.45 FEET;
- 11) THENCE NORTH 54 DEGREES 56 MINUTES 31 SECONDS WEST, A DISTANCE OF 500.45 FEET TO THE EASTERLY RIGHT OF WAY OF E-470; THENCE, ALONG SAID EASTERLY RIGHT OF WAY, THE FOLLOWING ELEVEN (11) COURSES:

- 1) THENCE NORTH 27 DEGREES 27 MINUTES 22 SECONDS EAST, A DISTANCE OF 36.36 FEET; 2) THENCE ALONG THE ARC OF A 971.47 FEET RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 29 DEGREES 20 MINUTES 05 SECONDS, AN ARC DISTANCE OF 497.38 FEET, WITH A CHORD BEARING OF NORTH 12 DEGREES 47 MINUTES 20 SECONDS EAST, A DISTANCE OF 491.97 FEET;

- 3) THENCE NORTH 01 DEGREES 09 MINUTES 16 SECONDS WEST, A DISTANCE OF 804.41 FEET;
- 4) THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, A DISTANCE OF 38.92 FEET;
- 5) THENCE NORTH 04 DEGREES 39 MINUTES 48 SECONDS WEST, A DISTANCE OF 664.30 FEET;
- 6) THENCE NORTH 13 DEGREES 52 MINUTES 37 SECONDS WEST, A DISTANCE OF 418.78 FEET;
- 7) THENCE NORTH 32 DEGREES 08 MINUTES 16 SECONDS WEST, A DISTANCE OF 105.75 FEET;
- 8) THENCE NORTH 17 DEGREES 40 MINUTES 38 SECONDS WEST, A DISTANCE OF 339.53 FEET;
- 9) THENCE NORTH 28 DEGREES 54 MINUTES 42 SECONDS WEST, A DISTANCE OF 151.82 FEET;
- 10) THENCE SOUTH 89 DEGREES 14 MINUTES 20 SECONDS WEST, A DISTANCE OF 105.50 FEET;
- 11) THENCE NORTH 24 DEGREES 04 MINUTES 13 SECONDS WEST, A DISTANCE OF 77.28 FEET TO THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 19;

THENCE ALONG SAID NORTH LINE, NORTH 89 DEGREES 16 MINUTES 12 SECONDS EAST, A DISTANCE OF 1,843.39 FEET TO THE POINT OF BEGINNING,

CONTAINING 9,746,657 SQUARE FEET OR 223.75 ACRES, MORE OR LESS.

GARY LEAK, REGISTERED LAND SURVEYOR
 COLORADO REGISTRATION NO. 26600
 FOR AND ON BEHALF OF CLC ASSOCIATES INC.



PROJ #: 00.0199
 DATE: 08-15-02
 REV #: XXX
 ASI #: XXX

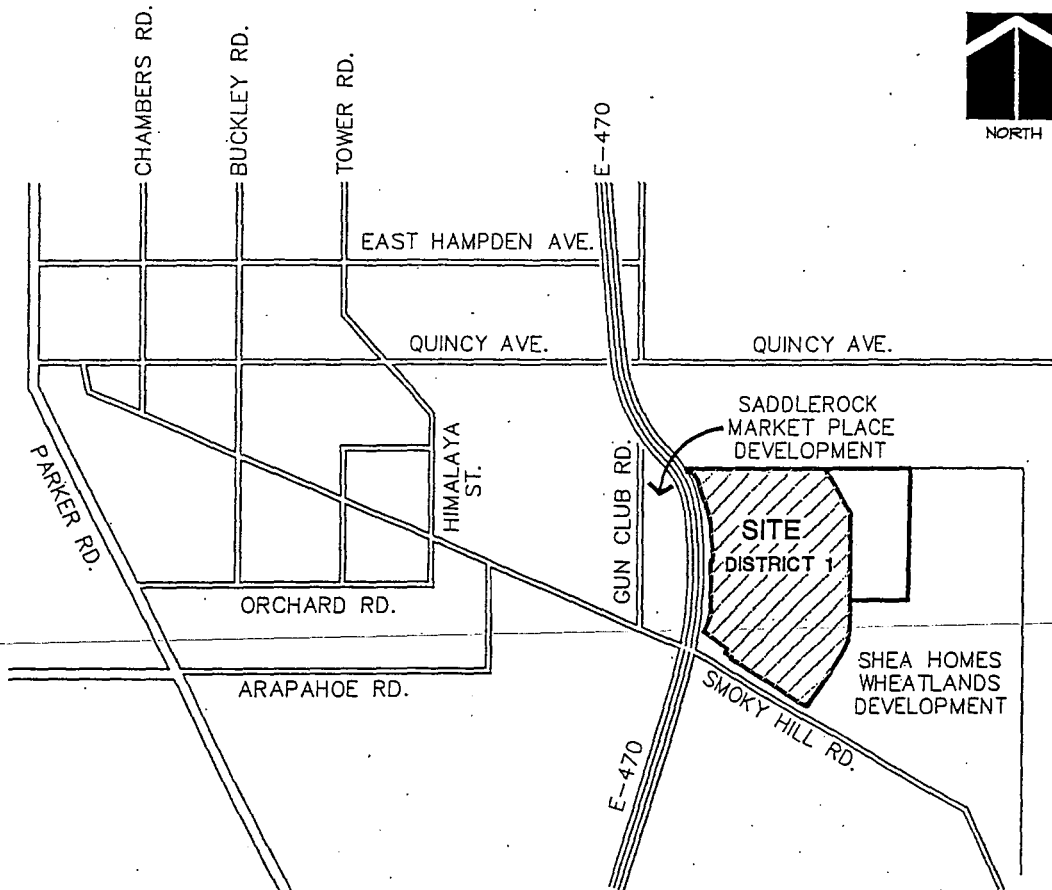
EXHIBIT B-2
SOUTHLANDS METROPOLITAN
DISTRICT NO. 1

8400 E. ORCHARD RD.
 SUITE 3000
 GREENWOOD VILLAGE
 COLORADO 80111
 P 303 770 3400
 F 303 770 3349
 CLCASSOCI.COM
 ARCHITECTURE
 ENGINEERING PLANNING
 LANDSCAPE ARCHITECTURE
 LAND SURVEYING



SHEET 1 SOUTHLANDS DISTRICT EXHIBIT

EXHIBIT C AURORA VICINITY MAP SOUTHLANDS METROPOLITAN DISTRICT NO. 1



SOUTHLANDS METROPOLITAN DISTRICT NO. 1

EXHIBIT C

NOT TO SCALE

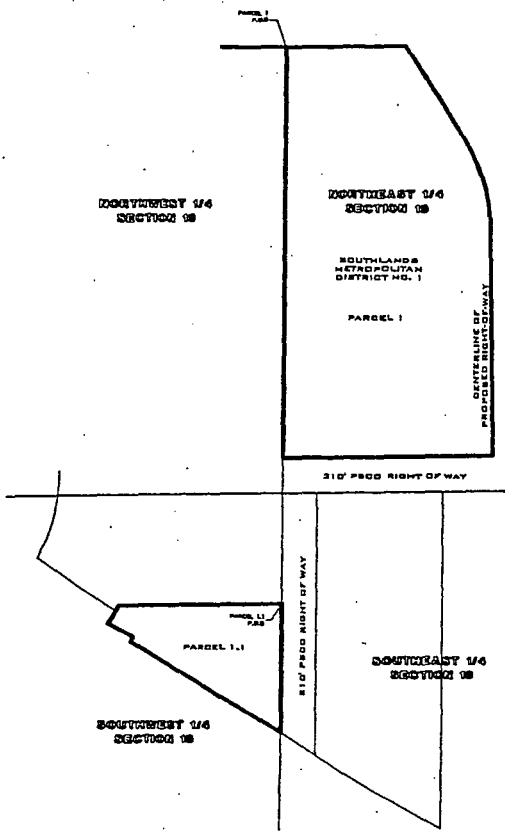
DATE: 12/24/01

2400 E. Orchard Road, Suite 200
Greenwood Village, Colorado 80111
(303) 778-8000
FAX (303) 778-8200

CLC Associates, Inc.

Planning, Engineering, Architecture, Landscape Architecture, Land Planning

EXHIBIT D-1
SOUTHLANDS METROPOLITAN DISTRICT NO. 1
INITIAL BOUNDARIES



STEVE M. OLSON, REGISTERED LAND SURVEYOR
 COLORADO REGISTRATION NO. 24670
 FOR AND ON BEHALF OF CLC ASSOCIATES INC.

PROJ #: 00.0199
 DATE: 08-15-02
 REV #: XXX
 ASI #: XXX

EXHIBIT D-1

SOUTHLANDS METROPOLITAN
DISTRICT NO. 1

8480 E. ORCHARD RD.
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 P 303 770 5600
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 LANDSCAPE ARCHITECTURE
 LAND SURVEYING



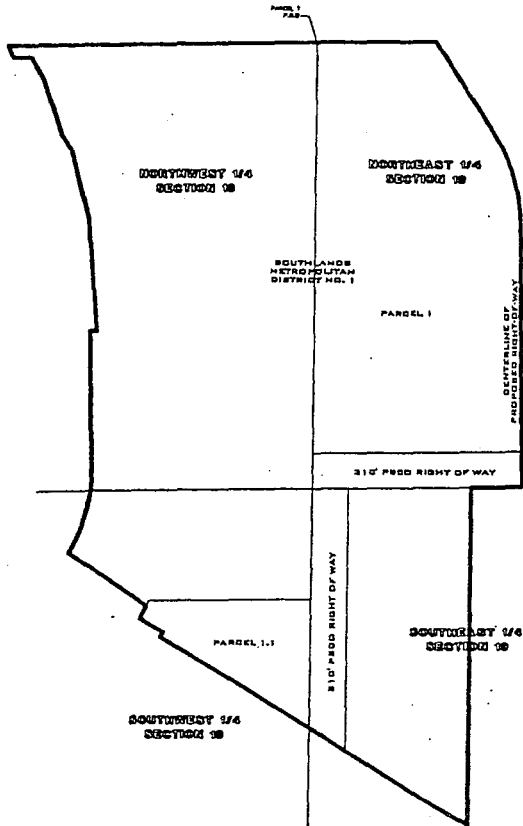
SHEET 1 **SOUTHLANDS DISTRICT EXHIBIT**

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SHEET 1 OF 1

EXHIBIT D-2

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
FUTURE BOUNDARIES



PROJ #: 00.0199
DATE: 08-15-02
REV #: XXX
ASI #: XXX

EXHIBIT D-2

SOUTHLANDS METROPOLITAN
DISTRICT NO. 1

8480 E. ORCHARD RD.
SUITE 2000
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ENGINEERING PLANNING
LANDSCAPE ARCHITECTURE
LAND SURVEYING



SHEET 1 SOUTHLANDS DISTRICT EXHIBIT

SOUTHLANDS - DISTRICT 1
PHASE I

Item	Units	Quantity	Unit Price	Sub-Total Cost
I. ONSITE East Aurora Parkway (construct initial 4 of 6 lanes)				
Median Curb	LF	4,700	\$8.50	\$39,950
Vertical Curb & Gutter	LF	4,700	\$10.00	\$47,000
11" Full Depth Asphalt	SY	12,530	\$22.00	\$275,660
Street Lights	EA	16	\$2,500.00	\$40,000
Sidewalk	LF	4,700	\$22.50	\$105,750
Landscape incl' 30' Buffer	SF	169,200	\$3.50	\$592,200
Roadway Grading	LS	1	\$200,000.00	\$200,000
Traffic Signal	EA	1	\$160,000.00	\$160,000
TOTAL ONSITE East Aurora Parkway				\$1,460,560
1% Public Art Fee				\$14,606
15.5% Contingency				\$228,651
15% Engineering Fee				\$255,572
5% Construction Management Fee				\$85,191
Sub-Total				\$2,044,580
II. OFFSITE East Aurora Parkway (construct initial 4 of 6 lanes)				
Median Curb	LF	3,600	\$8.50	\$30,600
Vertical Curb & Gutter	LF	3,600	\$10.00	\$36,000
11" Full Depth Asphalt	SY	9,600	\$22.00	\$211,200
Street Lights	EA	12	\$2,500.00	\$30,000
Sidewalk	LF	3,600	\$22.50	\$81,000
Landscape within R.O.W.	SF	75,200	\$3.50	\$263,200
Roadway Grading	LS	1	\$200,000.00	\$200,000
TOTAL OFFSITE East Aurora Parkway				\$852,000
1% Public Art Fee				\$8,520
15.5% Contingency				\$133,381
15% Engineering Fee				\$149,085
5% Construction Mangement Fee				\$49,695
Sub-Total				\$1,192,681
III. Smoky Hill Road (construct initial 4 of 6 lanes)				
Median Curb	LF	4,800	\$8.50	\$40,800
Vertical Curb & Gutter	LF	4,800	\$10.00	\$48,000
11" Full Depth Asphalt	SY	12,800	\$22.00	\$281,600
Street Lights	EA	16	\$2,500.00	\$40,000
Sidewalk	LF	4,800	\$22.50	\$108,000
Landscape incl' 30' Buffer	SF	124,800	\$3.50	\$436,800
Roadway Grading	LS	1	\$200,000.00	\$200,000
Traffic Signal	EA	2	\$160,000.00	\$320,000
TOTAL Smoky Hill Road				\$1,475,200
1% Public Art Fee				\$14,752
15.5% Contingency				\$230,943
15% Engineering Fee				\$258,134
5% Construction Mangement Fee				\$86,045
Sub-Total				\$2,065,073

SOUTHLANDS - DISTRICT 1
PHASE I

Item	Units	Quantity	Unit Price	Sub-Total Cost
IV. Internal Roads				
Median Curb	LF	8,420	\$8.50	\$71,570
Vertical Curb & Gutter	LF	8,420	\$10.00	\$84,200
7" Full Depth Asphalt	SY	22,430	\$14.00	\$314,020
Street Lights	EA	30	\$2,500.00	\$75,000
Sidewalk	LF	8,420	\$10.00	\$84,200
Landscape	SF	109,430	\$3.50	\$383,005
Roadway Grading	LS	1	\$400,000.00	\$400,000
			TOTAL Internal Roads	\$1,411,995
			1% Public Art Fee	\$14,120
			15.5% Contingency	\$221,048
			15% Engineering Fee	\$247,074
			5% Construction Mangement Fee	\$82,358
			Sub-Total	\$1,976,595
V. Storm Sewer System				
18" RCP	LF	170	\$37.00	\$6,290
24" RCP	LF	1,800	\$45.00	\$81,000
36" RCP	LF	1,000	\$58.00	\$58,000
48" RCP	LF	1,770	\$80.00	\$141,600
60" RCP	LF	1,200	\$95.00	\$114,000
Detention Pond Construction	AC-FT	29	\$2,500.00	\$72,500
Storm Sewer Manhole	EA	20	\$3,200.00	\$64,000
Storm Sewer Inlets	EA	10	\$2,500.00	\$25,000
60" Outlet Structure	EA	1	\$7,500.00	\$7,500
			TOTAL Storm Sewer System	\$569,890
			15.5% Contingency	\$88,333
			15% Engineering Fee	\$98,733
			5% Construction Mangement Fee	\$32,911
			Sub-Total	\$789,868
VI. Water Distribution System				
8" PVC	LF	5,870	\$30.00	\$176,100
8" Fittings	LS	1	17,610	\$17,610
12" PVC	LF	5,670	\$35.00	\$198,450
12" Fittings	LS	1	19,850	\$19,850
16" DIP	LF	1,570	\$75.00	\$117,750
16" Fittings	LS	1	11,780	\$11,780
24" DIP	LF	730	\$100.00	\$73,000
24" Fittings	LS	1	7,300	\$7,300
			TOTAL Water Distribution System	\$621,840
			15.5% Contingency	\$96,385
			15% Engineering Fee	\$107,734
			5% Construction Mangement Fee	\$35,911
			Sub-Total	\$861,870

SOUTHLANDS - DISTRICT 1
PHASE I

Item	Units	Quantity	Unit Price	Sub-Total Cost
VII. Sanitary Sewer System				
8" PVC	LF	2,930	\$30.00	\$87,900
10" PVC	LF	500	\$32.00	\$16,000
Sanitary Sewer Manhole	EA	10	\$3,500.00	\$35,000
		TOTAL Sanitary Sewer System		\$138,900
			15.5% Contingency	\$21,530
			15% Engineering Fee	\$24,064
			5% Construction Mangement Fee	\$8,021
			Sub-Total	\$192,515
VIII. Utility Relocations to Public ROW's (to facilitate construction of streets and roadways)				
XCEL Transmission Lines & Towers	LS	1	\$730,393.00	\$730,393
C.I.G. High Pressure Gas	LS	1	\$2,421,870.00	\$2,421,870
		TOTAL Utility Relocations		\$3,152,263
			15.5% Contingency	\$488,601
			15% Engineering Fee	\$546,130
			5% Construction Mangement Fee	\$182,043
			Sub-Total	\$4,369,037
IX. Misc. Site Features				
200' Landscape, Slope & Utility Easement (Adjacent to East Aurora Parkway)	SF	0	\$2.50	\$0
Parking Structure	EA	0	\$15,000.00	\$0
Project ID Monument Signage	EA	0	\$120,000.00	\$0
		TOTAL Misc. Site Features		\$0
			1% Public Art Fee	\$0
			15.5% Contingency	\$0
			15% Engineering Fee	\$0
			5% Construction Mangement Fee	\$0
			Sub-Total	\$0
X. Bridge Construction (E-470)				
Bridge Improvements	LS	1	\$1,200,000.00	\$1,200,000
		TOTAL Bridge Improvements		\$1,200,000
			1% Public Art Fee	\$12,000
			15.5% Contingency	\$187,860
			15% Engineering Fee	\$209,979
			5% Construction Mangement Fee	\$69,993
			Sub-Total	\$1,679,832
		TOTAL PHASE 1		\$15,172,051

SOUTHLANDS - DISTRICT 1
PHASE II

Item	Units	Quantity	Unit Price	Sub-Total Cost
I. ONSITE East Aurora Parkway (remaining 2 lanes)				
Median Curb	LF	0	\$8.50	\$0
Vertical Curb & Gutter	LF	0	\$10.00	\$0
11" Full Depth Asphalt	SY	6,270	\$22.00	\$137,940
Street Lights	EA	0	\$2,500.00	\$0
Sidewalk	LF	0	\$22.50	\$0
Landscape incl' 30' Buffer	SF	84,600	\$3.50	\$296,100
Roadway Grading	LS	0	\$0.00	\$0
Traffic Signal	EA	0	\$0.00	\$0
TOTAL ONSITE East Aurora Parkway				\$434,040
1% Public Art Fee				\$4,340
15.5% Contingency				\$67,949
15% Engineering Fee				\$75,949
5% Construction Mangement Fee				\$25,316
Sub-Total				\$607,595
II. OFFSITE East Aurora Parkway (remaining 2 lanes)				
Median Curb	LF	0	\$8.50	\$0
Vertical Curb & Gutter	LF	0	\$10.00	\$0
11" Full Depth Asphalt	SY	4,800	\$22.00	\$105,600
Street Lights	EA	0	\$2,500.00	\$0
Sidewalk	LF	0	\$22.50	\$0
Landscape within R.O.W.	SF	37,600	\$3.50	\$131,600
Roadway Grading	LS	0	\$0.00	\$0
TOTAL OFFSITE East Aurora Parkway				\$237,200
1% Public Art Fee				\$2,372
15.5% Contingency				\$37,134
15% Engineering Fee				\$41,506
5% Construction Mangement Fee				\$13,835
Sub-Total				\$332,047
III. Smoky Hill Road (remaining 2 lanes)				
Median Curb	LF	0	\$8.50	\$0
Vertical Curb & Gutter	LF	0	\$10.00	\$0
11" Full Depth Asphalt	SY	6,400	\$22.00	\$140,800
Street Lights	EA	0	\$2,500.00	\$0
Sidewalk	LF	0	\$22.50	\$0
Landscape incl' 30' Buffer	SF	62,400	\$3.50	\$218,400
Roadway Grading	LS	0	\$0.00	\$0
Bridge Improvements	LS	0	\$0.00	\$0
Traffic Signal	EA	0	\$160,000.00	\$0
TOTAL Smoky Hill Road				\$359,200
1% Public Art Fee				\$3,592
15.5% Contingency				\$56,233
15% Engineering Fee				\$62,854
5% Construction Mangement Fee				\$20,951
Sub-Total				\$502,830

SOUTHLANDS - DISTRICT 1
PHASE II

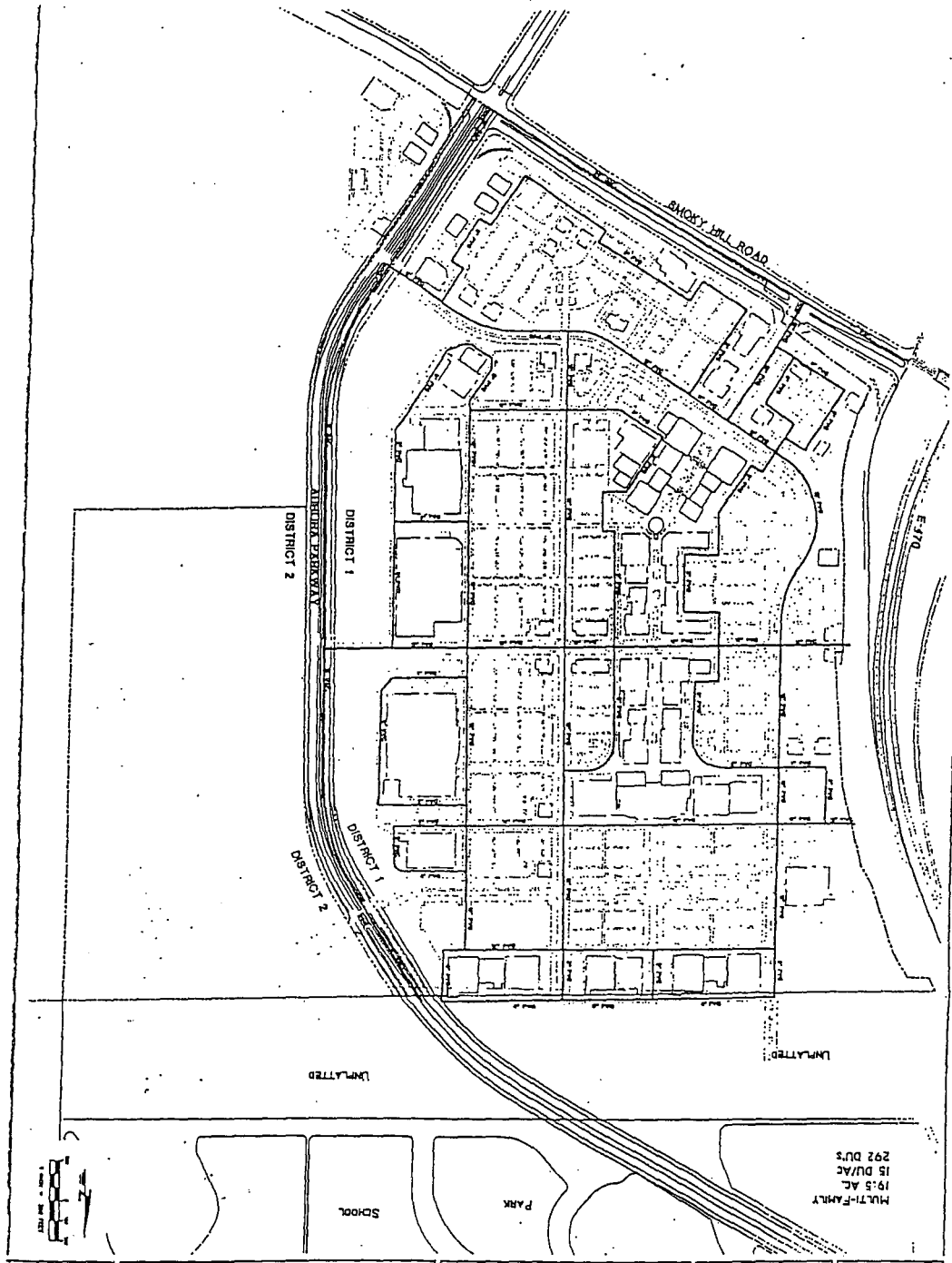
Item	Units	Quantity	Unit Price	Sub-Total Cost
IV. Internal Roads				
Median Curb	LF	16,830	\$8.50	\$143,055
Vertical Curb & Gutter	LF	16,830	\$10.00	\$168,300
7" Full Depth Asphalt	SY	44,870	\$14.00	\$628,180
Street Lights	EA	60	\$2,500.00	\$150,000
Sidewalk	LF	16,830	\$10.00	\$168,300
Landscape	SF	218,870	\$3.50	\$766,045
Roadway Grading	LS	1	\$400,000.00	\$400,000
		TOTAL Internal Roads		\$2,423,880
		1% Public Art Fee		\$24,239
		15.5% Contingency		\$379,458
		15% Engineering Fee		\$424,137
		5% Construction Mangement Fee		\$141,379
		Sub-Total		\$3,393,093
V. Storm Sewer System				
18" RCP	LF	330	\$37.00	\$12,210
24" RCP	LF	3,600	\$45.00	\$162,000
36" RCP	LF	2,000	\$58.00	\$116,000
48" RCP	LF	3,530	\$80.00	\$282,400
60" RCP	LF	2,400	\$95.00	\$228,000
Detention Pond Construction	AC-FT	0	\$2,500.00	\$0
Storm Sewer Manhole	EA	30	\$3,200.00	\$96,000
Storm Sewer Inlets	EA	20	\$2,500.00	\$50,000
60" Outlet Structure	EA	0	\$7,500.00	\$0
		TOTAL Storm Sewer System		\$946,610
		15.5% Contingency		\$146,725
		15% Engineering Fee		\$164,000
		5% Construction Mangement Fee		\$54,667
		Sub-Total		\$1,312,001
VI. Water Distribution System				
8" PVC	LF	11,730	\$30.00	\$351,900
8" Fittings	LS	1	35,190	\$35,190
12" PVC	LF	11,330	\$35.00	\$396,550
12" Fittings	LS	1	39,660	\$39,660
16" DIP	LF	3,130	\$75.00	\$234,750
16" Fittings	LS	1	23,480	\$23,480
24" DIP	LF	1,470	\$100.00	\$147,000
24" Fittings	LS	1	14,700	\$14,700
		TOTAL Water Distribution System		\$1,243,230
		15.5% Contingency		\$192,701
		15% Engineering Fee		\$215,390
		5% Construction Mangement Fee		\$71,797
		Sub-Total		\$1,723,117

SOUTHLANDS - DISTRICT 1
PHASE II

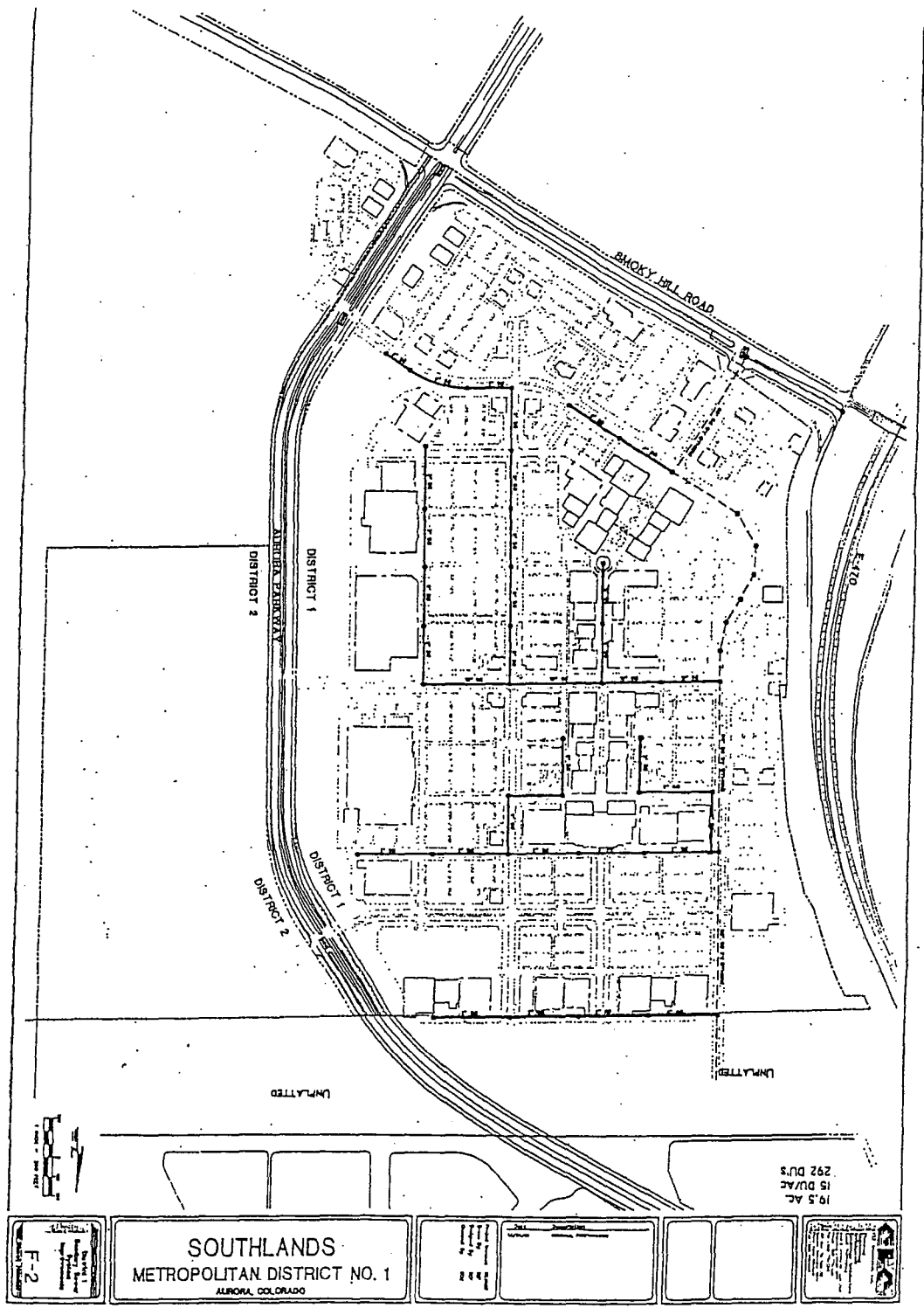
Item	Units	Quantity	Unit Price	Sub-Total Cost
VII. Sanitary Sewer System				
8" PVC	LF	5,870	\$30.00	\$176,100
10" PVC	LF	1,000	\$32.00	\$32,000
Sanitary Sewer Manhole	EA	30	\$3,500.00	\$105,000
		TOTAL Sanitary Sewer System		\$313,100
			15.5% Contingency	\$48,531
			15% Engineering Fee	\$54,245
			5% Construction Mangement Fee	\$18,082
			Sub-Total	\$433,957
VIII. Utility Relocations to Public ROW's (to facilitate construction of streets and roadways)				
XCEL Transmission Lines & Towers	LS	0	\$0.00	\$0
C.I.G. High Pressure Gas	LS	0	\$0.00	\$0
		TOTAL Utility Relocations		\$0
			15.5% Contingency	\$0
			15% Engineering Fee	\$0
			5% Construction Mangement Fee	\$0
			Sub-Total	\$0
IX. Misc. Site Features				
200' Landscape, Slope & Utility Easement (Adjacent to East Aurora Parkway)	SF	940,000	\$2.50	\$2,350,000
Parking Structure	EA	0	\$15,000.00	\$0
Project ID Monument Signage	EA	6	\$120,000.00	\$720,000
		TOTAL Misc. Site Features		\$3,070,000
			1% Public Art Fee	\$30,700
			15.5% Contingency	\$480,609
			15% Engineering Fee	\$537,196
			5% Construction Mangement Fee	\$179,065
			Sub-Total	\$4,297,570
		TOTAL PHASE 2		\$12,602,209

SOUTHLANDS - DISTRICT 1
PHASE III

Item	Units	Quantity	Unit Price	Sub-Total Cost
I. Misc. Parking Structure				
Parking Structure	EA	350	\$15,000.00	\$5,250,000
			TOTAL Parking Structure	\$5,250,000
			1% Public Art Fee	\$52,500
			15.5% Contingency	\$821,888
			15% Engineering Fee	\$918,658
			5% Construction Mangement Fee	\$306,219
			Sub-Total	\$7,349,265
II. Misc. Transportation Improvements				
Transportation Improvements (RTD shelters/parking structures)	LS	1	\$1,000,000.00	\$1,000,000
			TOTAL Transportation Improvements	\$1,000,000
			1% Public Art Fee	\$10,000
			15.5% Contingency	\$156,550
			15% Engineering Fee	\$174,983
			5% Construction Mangement Fee	\$58,328
			Sub-Total	\$1,399,860
			TOTAL PHASE 3	\$8,749,125
			TOTAL PHASE 1, 2 AND 3 COMBINED	\$36,523,385



	<p>SOUTHLANDS METROPOLITAN DISTRICT NO. 1 ALPORA, COLORADO</p>			
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SOUTHLANDS
METROPOLITAN DISTRICT NO. 1
 AURORA, COLORADO

19.5 AC
 15 DU/AC
 292 DU'S

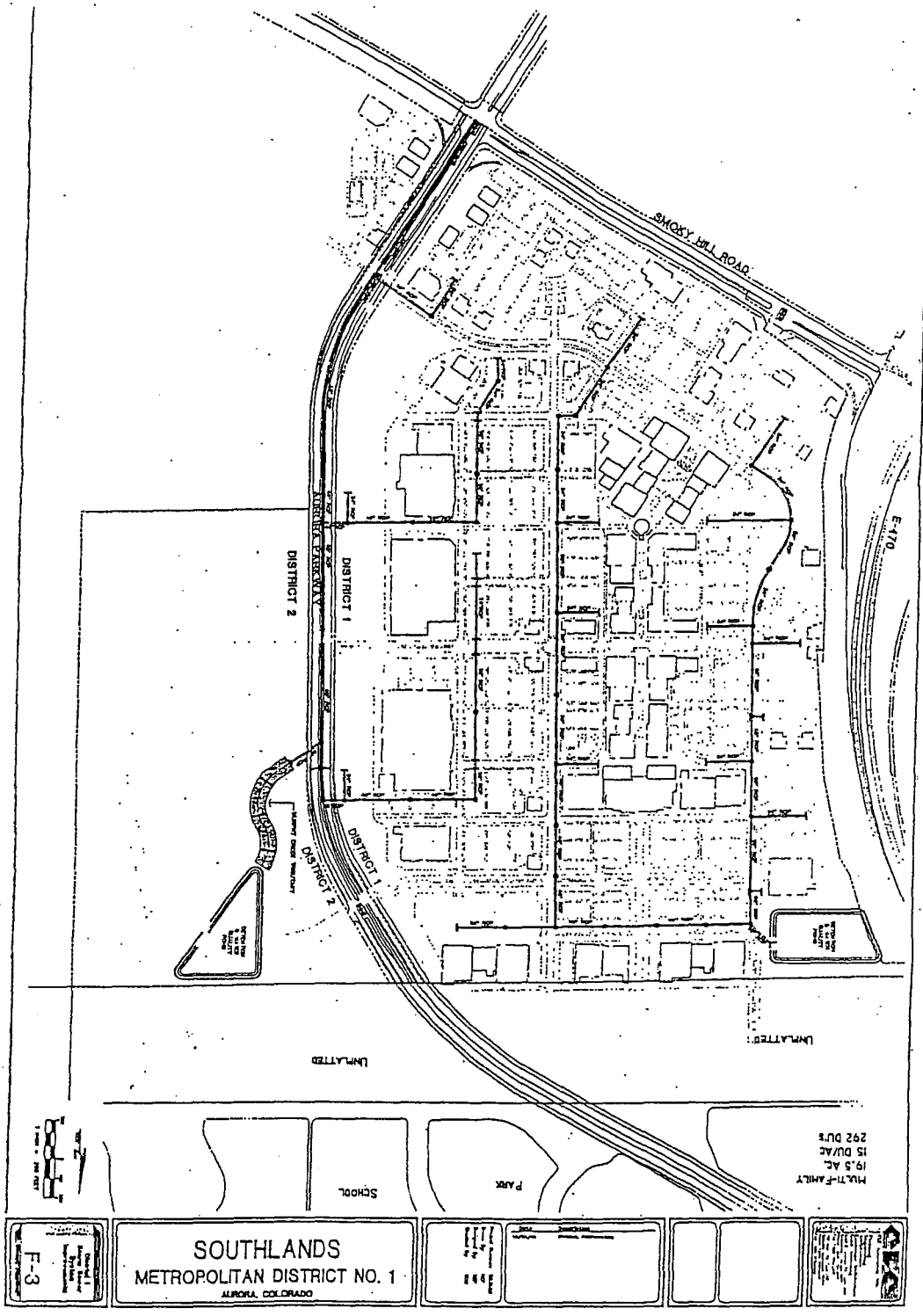
City of Aurora
 Planning Department
 1234 East 1st Avenue
 Aurora, CO 80012
 Phone: (303) 741-3000
 Fax: (303) 741-3001
 Website: www.aurora.org

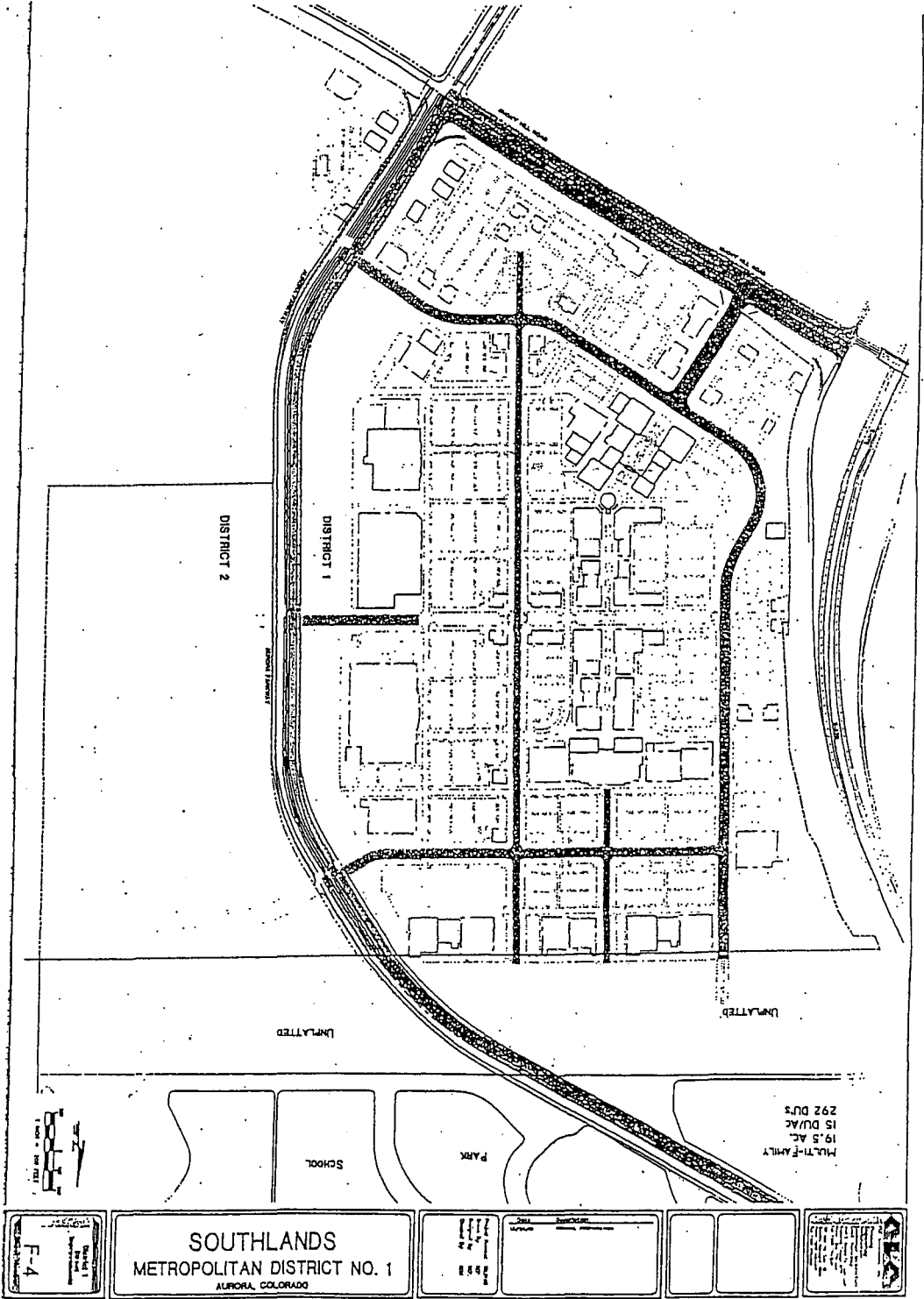
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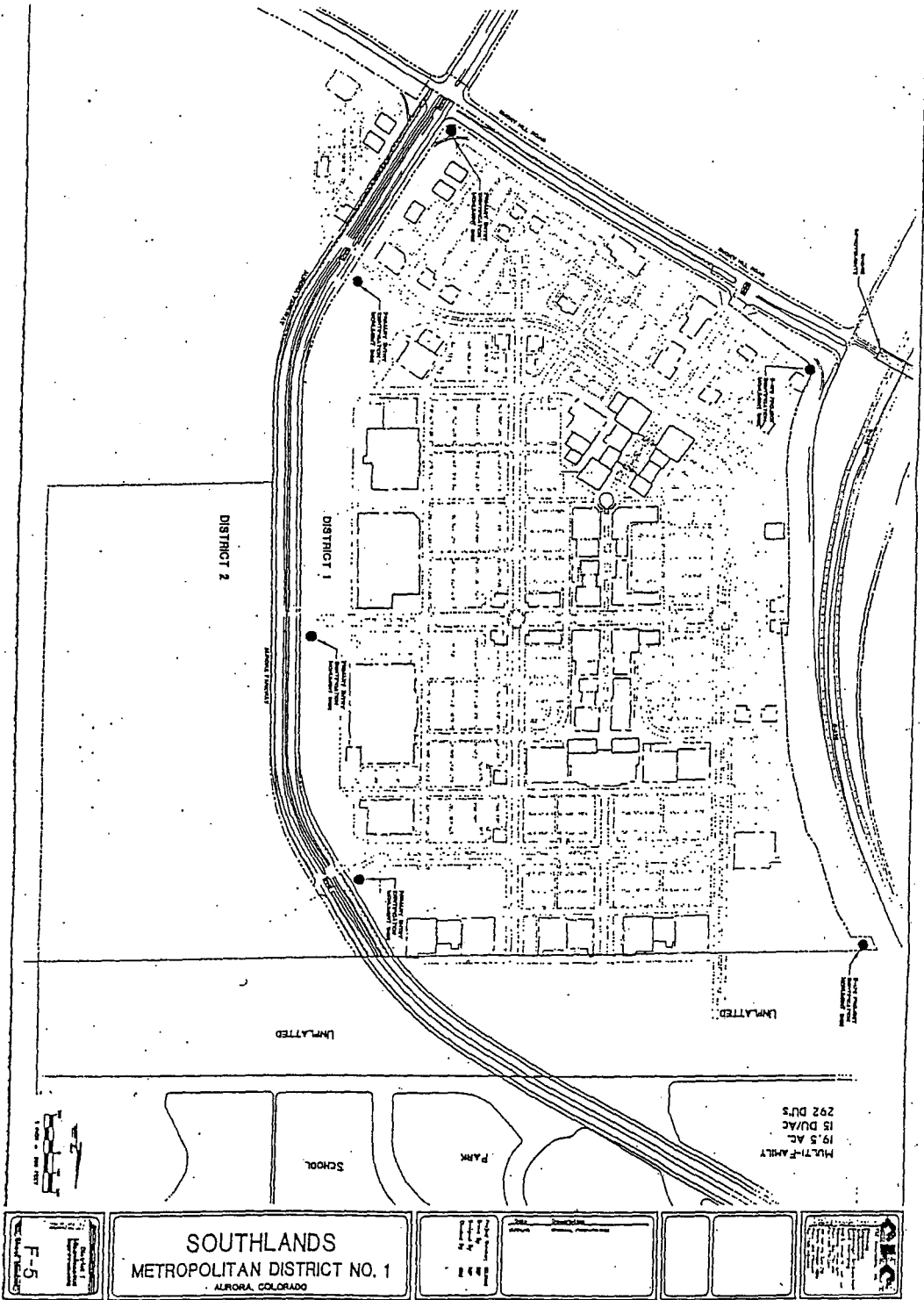
Project Manager [Name]	Designer [Name]	Checker [Name]
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Scale 1" = 100'	North Arrow
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City of Aurora
 Planning Department
 1234 East 1st Avenue
 Aurora, CO 80012
 Phone: (303) 741-3000
 Fax: (303) 741-3001
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**SOUTHLANDS METROPOLITAN DISTRICT NO. 1
BALLOT QUESTIONS**

DE-BRUCING

SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1 BE AUTHORIZED TO COLLECT, RETAIN, AND SPEND THE FULL AMOUNT OF ALL TAXES, TAP FEES, FACILITY FEES, 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 OR INCOME LAWFULLY RECEIVED BY THE DISTRICT DURING 2002 AND EACH YEAR THEREAFTER, WITHOUT LIMITATION BY THE REVENUE AND SPENDING LIMITS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, THE LIMITS IMPOSED ON INCREASES IN PROPERTY TAXATION BY SECTION 29-1-301 C.R.S., OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES?

STREET IMPROVEMENTS

SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S DEBT BE INCREASED \$41,400,000 WITH A REPAYMENT COST OF \$339,480,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S TAXES BE INCREASED \$48,852,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS, REVENUE BONDS, OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, STREETS THROUGH THE CONSTRUCTION AND INSTALLATION OF CURBS, GUTTERS, CULVERTS, AND INSTALLING OR RELOCATING OTHER DRAINAGE FACILITIES, SIDEWALKS, BRIDGES, PARKING FACILITIES, PAVING, LIGHTING, GRADING, LANDSCAPING, MONUMENTATION, SIGNAGE, UTILITY LINES, AND OTHER STREET IMPROVEMENTS AND, AS NECESSARY OR CONVENIENT THEREFOR, THE ACQUISITION OF PROPERTY THROUGH CONDEMNATION OR OTHERWISE AND THE INSTALLATION OF TRAFFIC AND SAFETY CONTROLS AND DEVICES, SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION, WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF

DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT, IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

SEWER IMPROVEMENTS

SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S DEBT BE INCREASED \$4,885,000 WITH A REPAYMENT COST OF \$40,057,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S TAXES BE INCREASED \$5,764,300 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, STORM OR SANITARY SEWER SYSTEM IMPROVEMENTS, INCLUDING STORAGE FACILITIES, COLLECTION AND TRANSMISSION LINES, PUMPING STATIONS, RETENTION AND SETTLING PONDS OR BASINS, SLUDGE DRYING BEDS, COMPOSTING FACILITIES, TREATMENT WORKS, FACILITIES AND EQUIPMENT, AND RELATED LANDSCAPING, IRRIGATION AND BEAUTIFICATION IMPROVEMENTS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, EASEMENTS AND SEWER TAPS ACQUIRED BY CONDEMNATION OR OTHERWISE, AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION, WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HERewith, AS THE BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT, IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS,

THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUE USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

PARK AND RECREATION IMPROVEMENTS

SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S DEBT BE INCREASED \$7,625,000 WITH A REPAYMENT COST OF \$65,525,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S TAXES BE INCREASED \$8,997,500 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS, REVENUE BONDS, OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF PAYING, LEASING, FINANCING, OR REIMBURSING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, PARKS AND RECREATION IMPROVEMENTS AND FACILITIES; INCLUDING THE ACQUISITION OF EASEMENTS OR OTHER INTERESTS IN LAND FOR THE PRESERVATION OR CONSERVATION OF SITES, SCENES, OPEN SPACE, AND VISTAS OF RECREATIONAL, SCIENTIFIC, HISTORIC, AESTHETIC, OR OTHER PUBLIC INTEREST; THE CONSTRUCTION OR INSTALLATION OF PARK AND RECREATION FACILITIES, INCLUDING SPORTS FIELDS AND FACILITIES, A GOLF COURSE, TENNIS FACILITIES, A CLUBHOUSE AND MEETING AREAS, SWIMMING AND BOATING FACILITIES, EQUESTRIAN FACILITIES, PICNIC FACILITIES, ICE SKATING FACILITIES, AND FACILITIES FOR ANY OTHER ACTIVE OR PASSIVE RECREATIONAL USE, WITH ALL NECESSARY, INCIDENTAL, DECORATIVE OR APPURTENANT EQUIPMENT, ARTWORK, MONUMENTATION, LAND AND EASEMENTS, AND EXTENSIONS OR EXPANSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION, WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S AD VALOREM PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT, IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-

APPROVED REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

TRAFFIC AND SAFETY PROTECTION IMPROVEMENTS

SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S DEBT BE INCREASED \$1,995,000 WITH A REPAYMENT COST OF \$16,359,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S TAXES BE INCREASED \$2,345,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING AGREEMENTS WITH ANY COUNTY, THE DEPARTMENT OF TRANSPORTATION, TRANSPORTATION DISTRICT, OR RAILROAD COMPANY, CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF PAYING, LEASING, FINANCING, OR REIMBURSING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING WITHIN OR WITHOUT THE DISTRICT'S BOUNDARIES A SYSTEM OF TRAFFIC AND SAFETY CONTROLS AND DEVICES ON STREETS AND HIGHWAYS AND AT RAILROAD CROSSINGS, INCLUDING TRAFFIC SIGNALS AND SIGNAGE, AND CONSTRUCTING UNDERPASSES OR OVERPASSES AT RAILROAD CROSSINGS AND, AS NECESSARY OR CONVENIENT THEREFOR, THE ACQUISITION OF PROPERTY OR EASEMENTS THROUGH CONDEMNATION OR OTHERWISE, SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION, WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HERewith, AS THE BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S AD VALOREM PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT, IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

PUBLIC TRANSPORTATION

SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1 DEBT BE INCREASED \$2,505,000 WITH A REPAYMENT COST OF \$20,541,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S TAXES BE INCREASED \$2,955,900 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSE OF PAYING, LEASING, FINANCING OR REIMBURSING ALL OR ANY PART OF THE COSTS OF ESTABLISHING, MAINTAINING OR OPERATING A SYSTEM TO TRANSPORT THE PUBLIC BY BUS, RAIL, OR ANY OTHER MEANS OF CONVEYANCE INCLUDING, WITHOUT LIMITATION ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING WITHIN OR WITHOUT THE DISTRICT'S BOUNDARIES EQUIPMENT AND FACILITIES COMPRISING A TRANSPORTATION SYSTEM AND, AS NECESSARY OR CONVENIENT THEREFOR, THE ACQUISITION OF PROPERTY OR EASEMENTS THROUGH CONDEMNATION OR OTHERWISE, SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF SUCH MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION, WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HERewith, AS THE BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S AD VALOREM PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT, IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

WATER IMPROVEMENTS

SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S DEBT BE INCREASED \$4,590,000 WITH A REPAYMENT COST OF \$37,638,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S TAXES BE INCREASED \$5,416,600 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS,

REVENUE BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSES OF PAYING, LEASING, FINANCING, OR REIMBURSING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, WATER SYSTEM IMPROVEMENTS, INCLUDING WATER RIGHTS, PROPERTIES, AND FACILITIES, INCLUDING STORAGE FACILITIES, TRANSMISSION AND DISTRIBUTION LINES, PUMPING STATIONS, WELLS, RESERVOIRS, LAKES, TREATMENT WORKS, FIRE HYDRANTS, METERS, FACILITIES AND EQUIPMENT, AND RELATED LANDSCAPING AND BEAUTIFICATION IMPROVEMENTS, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, EASEMENTS AND WATER TAPS ACQUIRED BY CONDEMNATION OR OTHERWISE (EXCEPT THAT WATER RIGHTS CANNOT BE CONDEMNED), AND EXTENSIONS OF AND IMPROVEMENTS TO SUCH FACILITIES, SUCH BONDS TO BEAR INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 18%, BE REFINANCED AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE WITHOUT ADDITIONAL VOTER APPROVAL AND MATURE, BE SUBJECT TO REDEMPTION, WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AND AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HERewith, AS THE BOARD OF DIRECTORS MAY DETERMINE; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT, IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

REFUNDING

SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S DEBT BE INCREASED \$49,000,000 WITH A REPAYMENT COST OF \$401,800,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S TAXES BE INCREASED \$57,820,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT TO BE GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS, LEASES, AND INTERGOVERNMENTAL AGREEMENTS (THE "BONDS"), ALL FOR THE PURPOSE OF REFUNDING, REFINANCING OR DEFEASING ANY OR ALL OF THE DISTRICT'S DEBT OR OTHER

OBLIGATIONS AT AN INTEREST RATE THAT IS EQUAL TO, LOWER OR HIGHER THAN THE INTEREST RATE ON THE REFUNDED BONDS, BUT IS NOT IN EXCESS OF THE MAXIMUM NET EFFECTIVE INTEREST RATE OF 18%, SUCH BONDS TO MATURE, BE SUBJECT TO REDEMPTION, WITH OR WITHOUT PREMIUM, AND BE ISSUED, DATED AND SOLD AT, ABOVE OR BELOW PAR, AT SUCH TIME OR TIMES AND IN SUCH MANNER AND CONTAINING SUCH TERMS, NOT INCONSISTENT HEREWITH, AS THE BOARD OF DIRECTORS MAY DETERMINE, AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT, IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND SPENDING OF THE PROCEEDS OF THE BONDS, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE BONDS AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

OPERATIONS AND MAINTENANCE DEBT

SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S DEBT BE INCREASED \$1,000,000 WITH A REPAYMENT COST OF \$8,200,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S TAXES BE INCREASED \$1,180,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT OR MULTIPLE FISCAL YEAR OBLIGATION TO CONSIST OF GENERAL OBLIGATION BONDS, REVENUE BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS AND AGREEMENTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, FINANCING OR REFINANCING ALL OR ANY PART OF THE DISTRICT'S OPERATING EXPENSES, OR ADVANCES OF OPERATING EXPENSES MADE TO THE DISTRICT, SUCH DEBT OR MULTIPLE FISCAL YEAR OBLIGATION TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 18% PER ANNUM, SUCH INTEREST TO ACCRUE UNTIL PAID AND TO COMPOUND ANNUALLY OR SEMIANNUALLY AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS, SUCH DEBT OR MULTIPLE FISCAL YEAR OBLIGATION TO BE INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE, BE SUBJECT TO REDEMPTION OR PREPAYMENT, WITH OR WITHOUT PREMIUM, AND TO CONTAIN SUCH TERMS, NOT INCONSISTENT HEREWITH AS THE BOARD OF DIRECTORS MAY DETERMINE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE REVENUES DERIVED FROM INTEREST EARNINGS AND FROM THE OPERATION OF ANY OF THE DISTRICT'S FACILITIES OR PROPERTIES; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT, IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, AND INTEREST ON THE DEBT OR MULTIPLE FISCAL YEAR OBLIGATION WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION AND

SPENDING OF ANY PROCEEDS OF THE DEBT OR MULTIPLE FISCAL YEAR OBLIGATION, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE DEBT OR MULTIPLE FISCAL YEAR OBLIGATION AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?

OPERATIONS AND MAINTENANCE

SHALL SOUTHLANDS METROPOLITAN DISTRICT NO. 1'S TAXES BE INCREASED \$500,000 ANNUALLY OR SUCH LESSER AMOUNT AS NECESSARY TO PAY THE DISTRICT'S ADMINISTRATION, OPERATIONS, MAINTENANCE, LANDSCAPE MAINTENANCE AND OTHER EXPENSES, AND SHALL PROPERTY TAXES BE IMPOSED IN ANY YEAR AT A RATE AND IN AN AMOUNT NECESSARY TO RAISE THE NECESSARY REVENUES TO PAY SUCH EXPENSES UP TO THE VOTER AUTHORIZED AMOUNT OF \$500,000 AND SHALL THE PROCEEDS OF SUCH TAXES AND ANY INVESTMENT INCOME THEREON BE COLLECTED AND SPENT BY THE DISTRICT IN FISCAL YEAR 2003 AND IN 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 AND WITHOUT REGARD TO THE LIMITATION ON PROPERTY TAXATION IN 29-1-301 C.R.S. OR ANY OTHER STATUTORY OR CONSTITUTIONAL PROVISION THAT PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES?



KIRKPATRICK PETTIS

A Mutual of Omaha Company

Investments Since 1925

December 27, 2001

Dianne Truwe
Director of Development Services
City of Aurora
1470 South Havana Street
Aurora, CO 80012


RE: *Proposed Southlands Metropolitan District No. 1 & No. 2*

To Whom It May Concern:

As part of the service plan approval process, you have asked about the relationship between the investment bankers and the proposed Southlands Metropolitan District No. 1 and No. 2. We are engaged with the petitioners of the proposed Districts as described by the attached Letter of Intent. We have the intention of serving as underwriters for the Districts' voter authorized debt once sufficient credit support can be identified based on assessed value or guarantees provided by the landowners. The structure represented in the financing plan involves non-rated bonds issued to a third party, which we believe will be marketable based on the growth assumptions also included in this plan. In this example, the debt would be sold to institutional investors.

We hope this letter helps to clarify the financing alternative represented in the financing plan. Please call if you have any questions or require further clarification.

Sincerely,


Thomas R. Bishop
Senior Vice President



KIRKPATRICK PETTIS

A Mutual of Omaha Company

Investments Since 1925

December 27, 2001

Petitioners for the Southlands Metropolitan District No. 1
c/o Joel Farkas
Deutsch, Spillane & Reutzel, P.C.
9145 E. Kenyon Avenue, Suite 200
Denver, CO 80237

RE: *Letter of Intent – Proposed Southlands Metropolitan District No. 1*

Dear Petitioners:

The petitioners are in the process of organizing the proposed Southlands Metropolitan District No. 1 (the "District"). Once the District is organized it is anticipated that the District will authorize and issue general obligation improvement and refunding bonds (the "Bonds") pursuant to voter-approved election questions. The Petitioners desire to engage the services of Kirkpatrick Pettis regarding the sale of those bonds. This letter confirms the basis upon which we intend to submit an offer to purchase the Bonds from the District after it is organized.

Section I. Arrangements Before Sale. There are several arrangements, which must be made before any sale of bonds can occur. These arrangements include, but are not limited to:

Developing a Plan of Finance. In concert with bond counsel and District management, Kirkpatrick Pettis will prepare a plan of expected development, future capital improvements, revenues, expenses, and debt repayment. Once such a plan is prepared and approved by the Proposed Board, various debt structures can be analyzed within the plan to determine what will work best for the District.

Structuring. Once a financing structure has been selected by the Proposed Board, the terms of the debt (such as the sources of payment, the nature of the security, maturity schedule, the rights of redemption prior to maturity, etc.) must be determined, taking into account both the interests of the District and the expectations of investors.

Legal Counsel. Legal counsel will be selected and engaged by the District to prepare the legal proceedings necessary to authorize the debt, to assist in the

preparation of disclosure documents necessary to sell the securities, and to render certain approving opinions when the securities are delivered. All fees and expenses of legal counsel selected hereunder shall be paid only from the proceeds derived upon sale of the Bonds.

Ratings. The ratings which may be obtained for the bonds are likely to have a significant effect on the rates of interest at which the bonds can be sold. If it is determined to be in the District's best interest to obtain these ratings, Kirkpatrick Pettis will assist the District in preparing and submitting applications to the rating agencies along with detailed information about the District, the debt and any credit enhancement.

Credit Enhancement. By providing investors with a guarantee of timely payments on the debt, for even a limited time period, the purchase of credit enhancement can produce a net reduction in financing costs. Kirkpatrick Pettis will assist the District in investigating the availability of bond insurance, letters of credit or other forms of credit enhancement and assist the District in determining the cost effectiveness of these products.

Disclosure to Investors. In connection with the issuance of bonds by the District and the sale and delivery of securities to ultimate investors, material information about the District and the transaction must be compiled in a disclosure document for distribution to prospective purchasers. As set forth above under Legal Counsel, the District will engage the services of counsel to assist in the preparation of such disclosure documents and advise the District and Underwriter about sales practices, regulatory requirements, and security matters. If disclosure counsel is engaged as the District's counsel, Kirkpatrick Pettis, will expect to receive the benefit of their 10(b)-5 opinion as well.

In contemplation of submitting an offer to underwrite the bonds, we will assist the District in making these arrangements. By accepting this letter and accepting our assistance in making these arrangements, the District will not incur any obligation except to pay from the Bond proceeds the expenses as provided in Sections 4 and 6 of this letter. Our active participation in making these arrangements should not and cannot be construed by the District as a promise to underwrite the bonds or as an assurance that the bonds can be sold.

Section 2. Underwriting. At such time as the arrangements for the sale of the securities have been successfully completed, it is our intention to submit for consideration by the Petitioner our offer to underwrite the bonds. Our offer will be submitted in the form of a bond purchase agreement and will set forth terms of the purchase such as the rates of interest, the amount of any original issue premium or discount, our underwriting compensation (not to exceed 2 percent of the principal amount of the bonds), and the date

and conditions for delivery of the bonds. Until the District accepts our offer, there will be no obligation for this firm to purchase the bonds from the District. In consideration for our work performed pursuant to Section 1, above, the District agrees that it will not consider other underwriting proposals unless Kirkpatrick Pettis has first declined to underwrite the transaction on terms and conditions acceptable to the District.

Section 3. Remarketing. In the event that the District issues bonds that are remarketed within their term, the District will have to engage a remarketing agent qualified to remarket the bonds on each remarketing date. If an underwriting agreement is reached between Kirkpatrick Pettis and the District, Kirkpatrick Pettis will submit an offer to serve as remarketing agent to the District for compensation not to exceed .25 percent of the amount of bonds annually remarketed. In further consideration for our work performed pursuant to Section 1, above, the District agrees that as long as Kirkpatrick Pettis is the lead underwriter, it will provide Kirkpatrick Pettis with the option to submit a proposal to act as remarketing agent and that it will not consider other proposals to act as remarketing agent unless and until the Kirkpatrick Pettis proposal for remarketing has been rejected.

Section 4. Payment of Expenses. Expenses will be incurred to make the arrangements for the sale of the bonds before their delivery and the receipt of proceeds by the District but such expenses will not be obligations of the District unless advance authorization has been obtained from the District. All of the expenses incurred in connection with the authorization, sale, and delivery of the bonds, including rating application, letter of credit fees and related expenses, insurance premiums, bond, disclosure and underwriter's counsel and our out-of-pocket expenses for any travel outside of Colorado shall be paid only from the proceeds derived upon sale of the Bonds.

Section 5. Not an Offer to Buy. This letter of intent is not an offer to purchase or a guarantee that we will make an offer to purchase the District's bonds in the future. Our offer to purchase, if made, will only be made by a bond purchase agreement prepared by our counsel and reviewed by the District and its counsel after the successful conclusion of the pre-sale arrangements described in Section 1 and the completion of other preliminary matters. This letter serves to summarize the steps we hope will lead to an underwriting of bonds at a future date at which time both Kirkpatrick Pettis and the District will incur and assume additional obligations as set forth in the bond purchase agreement.

Section 6. Private Placement of Debt. If the District determines that a private placement of debt to developers or other parties would be in its best interest, the District agrees it will utilize the services of Kirkpatrick Pettis as an advisor for a fee not to exceed 1% of the debt distributed.

Section 7. Term of Letter Agreement. This letter agreement shall remain in full force and effect until such time as the petitioners notify Kirkpatrick Pettis in writing of their

intent to terminate this letter agreement, provided that any such action or notice shall provide no less than 30 days notice of such termination and such notice will include a breakup fee of \$25,000 to Kirkpatrick Pettis for services rendered the petitioners from the Service Plan application to the termination date. Kirkpatrick Pettis may resign as investment banker to the District by providing written notification with no less than 30 days notice to the petitioners.

Section 8. Acceptance. The petitioners or other authorized officers of the developer may indicate their desire to proceed with the delivery of these investment banking services upon the basis set forth in this letter by executing one copy of this letter and returning it to us.

Respectfully submitted,

Kirkpatrick, Pettis, Smith, Polian Inc.



Thomas R. Bishop
Senior Vice President

Samuel R. Sharp
Assistant Vice President

ACCEPTED this 28th day of December 2001.

Proposed Southlands Metropolitan District No. 1



Authorized Officer

SOUTHLANDS
METROPOLITAN
DISTRICT NO. 1

FORECASTED CASH SURPLUS BALANCES
AND
CASH RECEIPTS AND DISBURSEMENTS

AUGUST 30, 2002



**The Petitioners for Formation of
Southlands Metropolitan District No. 1
Arapahoe County, Colorado**

**Members of City Council
City of Aurora
Arapahoe County, Colorado**

We have compiled the accompanying forecasted cash surplus balances and cash receipts and disbursements of Southlands Metropolitan District No. 1 ("District No. 1" or "the District") (in the Formation Stage of Development) as of the date of formation and for the 39 subsequent calendar years, in accordance with attestation guidelines 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 the Petitioners for Formation of District No. 1 (collectively, "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. However, we did become aware of a departure from the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, which is described in the following paragraph. 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.

As discussed in Note 4, the forecast is presented on the cash basis of accounting, whereas the historical financial statements for the forecast period are expected to be presented in conformity with generally accepted accounting principles on the modified accrual basis. Guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants require disclosure of the differences resulting from the use of a different basis of accounting in the forecast than that expected to be used in the historical financial statements for the period. If the AICPA presentation guidelines were followed, the forecast would indicate that the presentation reflects the cash received and disbursed rather than the revenue and expenditures that would be recognized under generally accepted accounting principles based on the modified accrual basis of accounting.

As discussed in Note 1, the forecast takes into account events and circumstances that were not anticipated at August 12, 2002, the date a previous forecast was issued for the same period, and that forecast should no longer be relied on. We previously compiled and reported on the previous forecast. Our report on that forecast is withdrawn and should no longer be relied on for any purpose.

Clifton Gunderson LLP
Greenwood Village, Colorado
August 30, 2002

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SUMMARY

(Page 1 of 2)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2040

Year	Assessed Value (See Page 5)	Mill Levy	CASH RECEIPTS							Total Receipts	Total Disbursements (See Page 3)	Annual Cash Surplus / (Deficit)	Cumulative Cash Surplus Balances	Year
			Net Property Taxes 98.00%	Specific Ownership Taxes 10.00%	Commercial Facility Fees Per Acre @ \$15,248	Total Annual Developer Advances (See Page 10)	Bond Proceeds Available	Developer Contributions	Interest Income at 3.00%					
2002	0	0.000	0	0	0	125,000	0	50,000	0	175,000	175,000	0	0	2002
2003	81,279	0.000	0	0	0	1,517,206	0	65,000	0	1,582,206	1,582,206	0	0	2003
2004	81,279	39.000	3,106	311	782,300	6,068,819	0	9,196,900	0	16,031,436	14,302,450	1,728,986	1,728,986	2004
2005	2,537,500	39.000	96,983	9,698	381,150	5,556,457	0	0	51,870	6,096,158	7,653,652	(1,557,494)	171,492	2005
2006	16,138,955	39.000	616,831	61,683	381,150	4,840,883	0	0	5,145	5,905,692	5,960,794	(55,102)	116,390	2006
2007	23,992,942	39.000	917,010	91,701	762,300	3,030,663	0	10,535,900	3,492	15,341,066	15,352,854	(11,788)	104,602	2007
2008	33,165,548	39.000	1,267,587	126,759	762,300	1,680,663	0	2,000,000	3,138	5,840,447	5,760,085	80,363	184,965	2008
2009	48,029,561	39.000	1,835,690	183,569	0	1,774,562	0	2,400,000	5,549	6,199,370	6,357,756	(158,386)	26,579	2009
2010	62,672,686	39.000	2,395,350	239,535	0	15,700	0	3,046,494	797	18,184,076	15,134,452	3,049,625	3,076,203	2010
2011	62,672,686	39.000	2,395,350	239,535	0	0	0	1,312,369	92,286	4,039,540	4,241,863	(202,323)	2,873,880	2011
2012	63,926,139	39.000	2,443,257	244,326	0	0	0	0	86,216	2,773,799	3,084,217	(310,418)	2,563,462	2012
2013	63,926,139	39.000	2,443,257	244,326	0	0	0	0	76,904	2,764,487	3,086,609	(322,122)	2,241,341	2013
2014	65,204,662	39.000	2,492,122	249,212	0	0	0	0	67,240	2,808,574	3,086,444	(277,870)	1,963,471	2014
2015	65,204,662	39.000	2,492,122	249,212	0	0	0	0	58,904	2,800,238	3,088,722	(288,484)	1,674,987	2015
2016	66,508,755	39.000	2,541,965	254,197	0	0	0	0	50,250	2,846,412	3,088,096	(241,684)	1,433,303	2016
2017	66,508,755	39.000	2,541,965	254,197	0	0	0	0	42,999	2,839,161	3,089,553	(250,392)	1,182,911	2017
2018	67,838,930	39.000	2,592,804	259,280	0	0	0	0	35,487	2,887,571	3,092,743	(205,172)	977,739	2018
2019	67,838,930	39.000	2,592,804	259,280	0	0	0	0	29,332	2,881,418	3,092,281	(210,865)	766,875	2019
2020	69,195,709	39.000	2,644,660	264,466	0	0	0	0	23,006	2,932,132	3,093,166	(161,034)	605,841	2020
2021	69,195,709	39.000	2,644,660	264,466	0	0	0	0	18,175	2,927,301	3,095,036	(167,735)	438,107	2021
2022	70,579,623	39.000	2,697,553	269,755	0	0	0	0	13,143	2,980,451	3,097,518	(117,067)	321,040	2022
2023	70,579,623	39.000	2,697,553	269,755	0	0	0	0	9,631	2,976,939	3,105,249	(128,310)	192,730	2023
2024	71,991,216	39.000	2,751,504	275,150	0	0	0	0	5,782	3,032,436	3,102,481	(70,045)	122,685	2024
2025	71,991,216	39.000	2,751,504	275,150	0	0	0	0	3,681	3,030,335	3,104,576	(74,241)	48,444	2025
2026	73,431,040	39.000	2,806,534	280,653	0	0	0	0	1,453	3,088,640	3,110,824	(22,184)	26,261	2026
2027	73,431,040	39.000	2,806,534	280,653	0	0	0	0	788	3,087,975	3,105,474	(17,499)	8,762	2027
2028	74,899,661	39.000	2,862,665	286,267	0	0	0	0	263	3,149,195	3,108,890	40,306	49,068	2028
2029	74,899,661	39.000	2,862,665	286,267	0	0	0	0	1,472	3,150,404	3,109,973	40,432	89,499	2029
2030	76,397,654	39.000	2,919,918	291,992	0	0	0	0	2,685	3,214,595	3,118,360	96,235	185,734	2030
2031	76,397,654	39.000	2,919,918	291,992	0	0	0	0	5,572	3,217,482	3,117,929	99,553	285,287	2031
2032	77,925,607	38.000	2,901,950	290,195	0	0	0	0	8,559	3,200,704	3,123,680	77,025	362,312	2032
2033	77,925,607	38.000	2,901,950	290,195	0	0	0	0	10,869	3,203,014	3,124,539	78,476	440,787	2033
2034	79,484,119	36.000	2,804,200	280,420	0	0	0	0	13,224	3,097,844	3,127,144	(29,300)	411,488	2034
2035	79,484,119	23.500	1,830,519	183,052	0	0	0	0	12,345	2,025,916	2,166,864	(140,748)	270,740	2035
2036	81,073,802	23.500	1,867,130	186,713	0	0	0	0	8,122	2,061,965	2,165,784	(103,799)	166,942	2036
2037	81,073,802	23.500	1,867,130	186,713	0	0	0	0	5,008	2,058,851	2,168,688	(109,837)	57,105	2037
2038	82,695,278	14.000	1,134,579	113,458	0	0	0	0	1,713	1,249,750	1,229,963	19,787	76,892	2038
2039	82,695,278	14.000	1,134,579	113,458	0	0	0	0	2,307	1,250,344	1,231,663	18,681	95,573	2039
2040	84,349,183	14.000	1,157,271	115,727	0	0	0	0	2,867	1,275,865	1,233,415	42,450	138,023	2040
			80,633,179	8,063,318	3,049,200	24,609,953	32,219,000	8,873,863	760,274	158,208,787	158,070,764	138,023		

Note 1: Net Property Taxes assumes a 1.5% County Treasurer's Collection Fee and a .5% Allowance for Uncollectible Accounts.

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SUMMARY

(Page 2 of 2)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2040

Year	Total Receipts (See Page 2)	CASH DISBURSEMENTS					Net Debt Service Payments			Total Disbursements	Annual Cash Surplus / (Deficit)	Cumulative Cash Surplus Balances	Year
		Administrative Disbursements 2.00%	Construction Costs (See Page 9)	Total Annual Developer Advance Repayments (See Page 10)	Available for Bond Debt Service	Series	Series	Series					
						2004 Bonds (See Page 6)	2007 Bonds (See Page 6)	2010 Bonds (See Page 7)					
2002	175,000	175,000	0	0	0				175,000	0	0	2002	
2003	1,582,206	65,000	1,517,206	0	0				1,582,206	0	0	2003	
2004	16,031,436	66,300	6,068,819	8,167,331	1,728,986	0			14,302,450	1,728,986	1,728,986	2004	
2005	6,096,158	67,626	7,586,026	0	(1,557,494)	0			7,653,652	(1,557,494)	171,492	2005	
2006	5,905,692	68,979	5,040,883	0	795,830	850,932			5,960,794	(55,102)	116,390	2006	
2007	15,341,066	70,359	3,780,663	10,535,900	954,144	965,932	0		15,352,854	(11,788)	104,602	2007	
2008	5,840,447	71,766	3,780,663	0	1,988,018	967,020	940,636		5,760,085	80,363	184,965	2008	
2009	6,199,370	73,201	4,374,562	0	1,751,607	967,332	942,661		6,357,756	(158,386)	26,579	2009	
2010	18,184,076	74,665	3,062,194	10,086,762	4,960,455	966,870	943,961	0	15,134,452	3,049,625	3,076,203	2010	
2011	4,039,540	76,158	1,312,369	0	2,651,013	965,632	939,536	948,168	4,241,863	(202,323)	2,873,880	2011	
2012	2,773,799	77,681	0	0	2,696,118	963,620	944,749	1,098,168	3,084,217	(310,418)	2,563,462	2012	
2013	2,764,487	79,235	0	0	2,685,252	965,832	943,874	1,097,668	3,086,609	(322,122)	2,241,341	2013	
2014	2,808,574	80,820	0	0	2,727,754	966,882	942,274	1,096,468	3,086,444	(277,870)	1,963,471	2014	
2015	2,800,238	82,436	0	0	2,717,802	966,770	939,949	1,099,568	3,088,722	(288,484)	1,674,987	2015	
2016	2,846,412	84,085	0	0	2,762,327	965,495	941,899	1,096,618	3,088,096	(241,684)	1,433,303	2016	
2017	2,839,161	85,767	0	0	2,753,394	963,057	942,761	1,097,968	3,089,553	(250,392)	1,182,911	2017	
2018	2,887,571	87,482	0	0	2,800,089	964,457	942,536	1,098,268	3,092,743	(205,172)	977,739	2018	
2019	2,881,416	89,232	0	0	2,792,184	964,307	941,224	1,097,518	3,092,281	(210,865)	766,875	2019	
2020	2,932,132	91,017	0	0	2,841,115	962,607	943,824	1,095,718	3,093,166	(161,034)	605,841	2020	
2021	2,927,301	92,837	0	0	2,834,464	964,357	939,974	1,097,868	3,095,036	(167,735)	438,107	2021	
2022	2,980,451	94,694	0	0	2,885,757	964,170	940,036	1,098,618	3,097,518	(117,067)	321,040	2022	
2023	2,976,939	96,588	0	0	2,880,351	967,045	943,649	1,097,968	3,105,249	(128,310)	192,730	2023	
2024	3,032,436	98,520	0	0	2,933,916	967,595	940,449	1,095,918	3,102,481	(70,045)	122,685	2024	
2025	3,030,335	100,490	0	0	2,929,845	965,820	940,799	1,097,468	3,104,576	(74,241)	48,444	2025	
2026	3,068,640	102,500	0	0	2,966,140	966,720	944,336	1,097,268	3,110,824	(22,184)	26,261	2026	
2027	3,087,975	104,550	0	0	2,983,425	964,907	940,699	1,095,318	3,105,474	(17,499)	8,762	2027	
2028	3,149,195	106,641	0	0	3,042,554	965,382	940,249	1,096,618	3,108,890	40,306	49,068	2028	
2029	3,150,404	108,774	0	0	3,041,630	962,757	942,624	1,095,818	3,109,973	40,432	89,499	2029	
2030	3,214,595	110,949	0	0	3,103,646	967,032	942,461	1,097,918	3,118,360	96,235	185,734	2030	
2031	3,217,482	113,168	0	0	3,104,314	967,432	939,761	1,097,568	3,117,829	99,553	285,287	2031	
2032	3,200,704	115,431	0	0	3,085,273	963,957	944,524	1,099,768	3,123,680	77,025	362,312	2032	
2033	3,203,014	117,740	0	0	3,085,274	966,607	941,024	1,099,168	3,124,539	78,476	440,787	2033	
2034	3,097,844	120,095	0	0	2,977,749	966,657	944,624	1,095,768	3,127,144	(29,300)	411,488	2034	
2035	2,025,916	122,497	0	0	1,903,419	0	944,599	1,099,568	2,166,664	(140,748)	270,740	2035	
2036	2,061,965	124,947	0	0	1,937,018	0	940,949	1,099,868	2,165,764	(103,799)	166,942	2036	
2037	2,058,851	127,446	0	0	1,931,405	0	944,574	1,096,668	2,168,688	(109,837)	57,105	2037	
2038	1,249,750	129,995	0	0	1,119,755	0	0	1,099,968	1,229,963	19,787	76,892	2038	
2039	1,250,344	132,595	0	0	1,117,749	0	0	1,099,068	1,231,663	18,681	95,573	2039	
2040	1,275,865	135,247	0	0	1,140,618	0	0	1,098,168	1,233,415	42,450	138,023	2040	
	158,208,787	3,822,513	36,523,385	28,789,993	89,072,896	27,887,178	28,265,205	32,782,490	158,070,764	138,023			

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
(IN THE FORMATION STAGE OF DEVELOPMENT)

**FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
SCHEDULE OF ESTIMATED ASSESSED VALUATION**

(Continued on Page 5)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2040

Construction Year	Collection Year	Commercial Development					Est. Biennial Revaluation per State Statute 2%	Cumulative Market Value of Commercial Developed Land
		Acres Developed	Square Footage Developed FAR = .20	Price Per Square Foot Inflated at 2.00%	Est. Annual Market Value Per Square Foot	Annual Market Value For Assessment 95.00%		
2001	2003	0.00	0					0
2002	2004	0.00	0		0	0		0
2003	2005	0.00	0	\$120.00	0	0		0
2004	2006	50.00	435,600	\$122.40	53,317,440	50,651,568	0	50,651,568
2005	2007	25.00	217,800	\$124.85	27,192,330	25,832,714		76,484,282
2006	2008	25.00	217,800	\$127.35	27,736,830	26,349,989	1,529,686	104,363,957
2007	2009	50.00	435,600	\$129.90	56,584,440	53,755,218		158,119,175
2008	2010	50.00	435,600	\$132.50	57,717,000	54,831,150	3,162,384	216,112,709
2009	2011	0.00	0	\$135.15	0	0		216,112,709
2010	2012	0.00	0	\$137.85	0	0	4,322,254	220,434,963
2011	2013							220,434,963
2012	2014						4,408,699	224,843,662
2013	2015							224,843,662
2014	2016						4,496,873	229,340,535
2015	2017							229,340,535
2016	2018						4,586,811	233,927,346
2017	2019							233,927,346
2018	2020						4,678,547	238,605,893
2019	2021							238,605,893
2020	2022						4,772,118	243,378,011
2021	2023							243,378,011
2022	2024						4,867,560	248,245,571
2023	2025							248,245,571
2024	2026						4,964,911	253,210,482
2025	2027							253,210,482
2026	2028						5,064,210	258,274,692
2027	2029							258,274,692
2028	2030						5,165,494	263,440,186
2029	2031							263,440,186
2030	2032						5,268,804	268,708,990
2031	2033							268,708,990
2032	2034						5,374,180	274,083,170
2033	2035							274,083,170
2034	2036						5,481,663	279,564,833
2035	2037							279,564,833
2036	2038						5,591,297	285,156,130
2037	2039							285,156,130
2038	2040						5,703,123	290,859,253
		200.00	1,742,400		222,548,040	211,420,639	79,438,614	

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHLANDS METROPOLITAN DISTRICT NO. 1

(IN THE FORMATION STAGE OF DEVELOPMENT)

FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Continued from Page 4)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2040

Construction Year	Collection Year	Undeveloped Commercial Land				Annual Market Value for Assessment	Cumulative Market Value of Undeveloped Commercial Land	Cumulative Market Value of All Commercial Land	Assessment Ratio	TOTAL ASSESSED VALUATION	Collection Year
		Commercial Acres Platted @ \$50,000	Less: Platted Acres Improved @ (\$50,000)	Improved Acres @ \$150,000	Less: Lots Taken Down @ (\$150,000)						
2001	2003	0	0	0	0	0	0	280,272	29.00%	81,279	2003
2002	2004	0	0	0	0	0	0	280,272	29.00%	81,279	2004
2003	2005	3,750,000	(2,500,000)	7,500,000	0	8,750,000	8,750,000	8,750,000	29.00%	2,537,500	2005
2004	2006	1,250,000	(1,250,000)	3,750,000	(7,500,000)	(3,750,000)	5,000,000	55,651,568	29.00%	16,138,955	2006
2005	2007	2,500,000	(1,250,000)	3,750,000	(3,750,000)	1,250,000	6,250,000	82,734,282	29.00%	23,992,942	2007
2006	2008	2,500,000	(2,500,000)	7,500,000	(3,750,000)	3,750,000	10,000,000	114,363,957	29.00%	33,165,548	2008
2007	2009	0	(2,500,000)	7,500,000	(7,500,000)	(2,500,000)	7,500,000	165,819,175	29.00%	48,029,561	2009
2008	2010	0	0	0	(7,500,000)	(7,500,000)	0	216,112,709	29.00%	62,672,686	2010
2009	2011	0	0	0	0	0	0	216,112,709	29.00%	62,672,686	2011
2010	2012	0	0	0	0	0	0	220,434,963	29.00%	63,926,139	2012
2011	2013	0	0	0	0	0	0	220,434,963	29.00%	63,926,139	2013
2012	2014	0	0	0	0	0	0	224,843,662	29.00%	65,204,662	2014
2013	2015	0	0	0	0	0	0	224,843,662	29.00%	65,204,662	2015
2014	2016	0	0	0	0	0	0	229,340,535	29.00%	66,508,755	2016
2015	2017	0	0	0	0	0	0	229,340,535	29.00%	66,508,755	2017
2016	2018	0	0	0	0	0	0	233,927,346	29.00%	67,838,930	2018
2017	2019	0	0	0	0	0	0	233,927,346	29.00%	67,838,930	2019
2018	2020	0	0	0	0	0	0	238,605,893	29.00%	69,195,709	2020
2019	2021	0	0	0	0	0	0	238,605,893	29.00%	69,195,709	2021
2020	2022	0	0	0	0	0	0	243,378,011	29.00%	70,579,623	2022
2021	2023	0	0	0	0	0	0	243,378,011	29.00%	70,579,623	2023
2022	2024	0	0	0	0	0	0	248,245,571	29.00%	71,991,216	2024
2023	2025	0	0	0	0	0	0	248,245,571	29.00%	71,991,216	2025
2024	2026	0	0	0	0	0	0	253,210,482	29.00%	73,431,040	2026
2025	2027	0	0	0	0	0	0	253,210,482	29.00%	73,431,040	2027
2026	2028	0	0	0	0	0	0	258,274,692	29.00%	74,899,661	2028
2027	2029	0	0	0	0	0	0	258,274,692	29.00%	74,899,661	2029
2028	2030	0	0	0	0	0	0	263,440,186	29.00%	76,397,654	2030
2029	2031	0	0	0	0	0	0	263,440,186	29.00%	76,397,654	2031
2030	2032	0	0	0	0	0	0	268,708,990	29.00%	77,925,607	2032
2031	2033	0	0	0	0	0	0	268,708,990	29.00%	77,925,607	2033
2032	2034	0	0	0	0	0	0	274,083,170	29.00%	79,484,119	2034
2033	2035	0	0	0	0	0	0	274,083,170	29.00%	79,484,119	2035
2034	2036	0	0	0	0	0	0	279,564,833	29.00%	81,073,802	2036
2035	2037	0	0	0	0	0	0	279,564,833	29.00%	81,073,802	2037
2036	2038	0	0	0	0	0	0	285,156,130	29.00%	82,695,278	2038
2037	2039	0	0	0	0	0	0	285,156,130	29.00%	82,695,278	2039
2038	2040	0	0	0	0	0	0	290,859,253	29.00%	84,349,183	2040
		10,000,000	(10,000,000)	30,000,000	(30,000,000)	0					

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
(IN THE FORMATION STAGE OF DEVELOPMENT)

FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
SCHEDULE of ESTIMATED BOND DEBT SERVICE REQUIREMENTS

(Continued on Page 7)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2040

Series 2004 Bond Issue				Average Life of Bonds: 21.830 Years		Net 2004 Bonds Debt Service	Year
Issued: December 1, 2004 Interest Rate: 7.75%				\$11,500,000 Ratio of Avg. Life to Term: 72.767%			
Year	Principal	Coupon	Interest	Total Debt Service	Reduce Debt Service By:		2004 Bonds Debt Service
					Debt Service Reserve Fund	Capitalized Interest (See Page 8)	
2004							
2005	0	7.75%	891,250	891,250	(40,318)	(850,932)	0
2006	0	7.75%	891,250	891,250	(40,318)		850,932
2007	115,000	7.75%	891,250	1,006,250	(40,318)		965,932
2008	125,000	7.75%	882,338	1,007,338	(40,318)		967,020
2009	135,000	7.75%	872,650	1,007,650	(40,318)		967,332
2010	145,000	7.75%	862,188	1,007,188	(40,318)		966,870
2011	155,000	7.75%	850,950	1,005,950	(40,318)		965,632
2012	165,000	7.75%	838,938	1,003,938	(40,318)		963,620
2013	180,000	7.75%	826,150	1,008,150	(40,318)		965,832
2014	195,000	7.75%	812,200	1,007,200	(40,318)		966,882
2015	210,000	7.75%	797,088	1,007,088	(40,318)		966,770
2016	225,000	7.75%	780,813	1,005,813	(40,318)		965,495
2017	240,000	7.75%	763,375	1,003,375	(40,318)		963,057
2018	260,000	7.75%	744,775	1,004,775	(40,318)		964,457
2019	280,000	7.75%	724,625	1,004,625	(40,318)		964,307
2020	300,000	7.75%	702,925	1,002,925	(40,318)		962,607
2021	325,000	7.75%	679,675	1,004,675	(40,318)		964,357
2022	350,000	7.75%	654,488	1,004,488	(40,318)		964,170
2023	380,000	7.75%	627,363	1,007,363	(40,318)		967,045
2024	410,000	7.75%	597,913	1,007,913	(40,318)		967,595
2025	440,000	7.75%	566,138	1,006,138	(40,318)		965,820
2026	475,000	7.75%	532,038	1,007,038	(40,318)		966,720
2027	510,000	7.75%	495,225	1,005,225	(40,318)		964,907
2028	550,000	7.75%	455,700	1,005,700	(40,318)		965,382
2029	590,000	7.75%	413,075	1,003,075	(40,318)		962,757
2030	640,000	7.75%	367,350	1,007,350	(40,318)		967,032
2031	690,000	7.75%	317,750	1,007,750	(40,318)		967,432
2032	740,000	7.75%	264,275	1,004,275	(40,318)		963,957
2033	800,000	7.75%	206,925	1,006,925	(40,318)		966,607
2034	1,870,000	7.75%	144,925	2,014,925	(1,048,268)		966,657
2035							
2036							
2037							
2038							
2039							
2040							
			19,455,600	30,955,600	(2,217,490)	(850,932)	27,887,178

USE OF PROCEEDS:			
Construction Costs	9,196,900	Interest Earnings at @ 2.50%	
Capitalized Interest	835,150	Interest Earnings at @ 4.00%	
Debt Service Reserve Fund	1,007,950		
Issuance Costs	460,000		
	<u>\$11,500,000</u>		

Series 2007 Bond Issue				Average Life of Bonds: 21.184 Years		Net 2007 Bonds Debt Service	Year
Issued: December 1, 2007 Interest Rate: 7.25%				\$12,000,000 Ratio of Avg. Life to Term: 70.613%			
Year	Principal	Coupon	Interest	Total Debt Service	Reduce Debt Service By:		2007 Bonds Debt Service
					Debt Service Reserve Fund	Capitalized Interest	
2004							
2005							
2006							
2007							
2008	110,000	7.25%	870,000	980,000	(39,364)		940,636
2009	120,000	7.25%	862,025	982,025	(39,364)		942,661
2010	130,000	7.25%	853,325	983,325	(39,364)		943,961
2011	135,000	7.25%	843,900	978,900	(39,364)		939,536
2012	150,000	7.25%	834,113	984,113	(39,364)		944,749
2013	160,000	7.25%	823,238	983,238	(39,364)		943,874
2014	170,000	7.25%	811,638	981,638	(39,364)		942,274
2015	180,000	7.25%	799,313	979,313	(39,364)		939,949
2016	195,000	7.25%	786,263	981,263	(39,364)		941,899
2017	210,000	7.25%	772,125	982,125	(39,364)		942,761
2018	225,000	7.25%	756,900	981,900	(39,364)		942,536
2019	240,000	7.25%	740,588	980,588	(39,364)		941,224
2020	260,000	7.25%	723,188	983,188	(39,364)		943,824
2021	275,000	7.25%	704,338	979,338	(39,364)		939,974
2022	295,000	7.25%	684,400	979,400	(39,364)		940,036
2023	320,000	7.25%	663,013	983,013	(39,364)		943,649
2024	340,000	7.25%	639,813	979,813	(39,364)		940,449
2025	365,000	7.25%	615,163	980,163	(39,364)		940,799
2026	395,000	7.25%	588,700	983,700	(39,364)		944,336
2027	420,000	7.25%	560,063	980,063	(39,364)		940,699
2028	450,000	7.25%	529,613	979,613	(39,364)		940,249
2029	485,000	7.25%	496,988	981,988	(39,364)		942,624
2030	520,000	7.25%	461,825	981,825	(39,364)		942,461
2031	555,000	7.25%	424,125	979,125	(39,364)		939,761
2032	600,000	7.25%	383,888	983,888	(39,364)		944,524
2033	640,000	7.25%	340,388	980,388	(39,364)		941,024
2034	690,000	7.25%	293,988	983,988	(39,364)		944,624
2035	740,000	7.25%	243,963	983,963	(39,364)		944,599
2036	790,000	7.25%	190,313	980,313	(39,364)		940,949
2037	1,835,000	7.25%	133,038	1,968,038	(1,023,464)		944,574
2038							
2039							
2040							
			18,430,225	30,430,225	(2,165,020)	0	28,265,205

USE OF PROCEEDS:			
Construction Costs	10,535,900	Interest Earnings at @ 4.00%	
Capitalized Interest	0		
Debt Service Reserve Fund	984,100		
Issuance Costs	480,000		
	<u>\$12,000,000</u>		

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
(IN THE FORMATION STAGE OF DEVELOPMENT)

FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE of ESTIMATED BOND DEBT SERVICE REQUIREMENTS

(Continued from Page 6)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2040

Series 2010 Bond Issue				Average Life of Bonds: 21.231 Years		Net 2010 Bonds Debt Service	COMBINED NET DEBT SERVICE	Year
Issued: December 1, 2010		\$14,200,000		Ratio of Avg. Life to Term: 70.770%				
Interest Rate: 7.00%				Reduce Debt Service By:				
Year	Principal	Coupon	Interest	Total Debt Service	Debt Service Reserve Fund	Capitalized Interest		
2004							0	2004
2005							0	2005
2006							850,932	2006
2007							965,932	2007
2008							1,907,656	2008
2009							1,909,993	2009
2010							1,910,831	2010
2011	0	7.00%	994,000	994,000	(45,832)		948,168	2011
2012	150,000	7.00%	994,000	1,144,000	(45,832)		1,098,168	2012
2013	160,000	7.00%	983,500	1,143,500	(45,832)		1,097,668	2013
2014	170,000	7.00%	972,300	1,142,300	(45,832)		1,096,468	2014
2015	185,000	7.00%	960,400	1,145,400	(45,832)		1,099,568	2015
2016	195,000	7.00%	947,450	1,142,450	(45,832)		1,096,618	2016
2017	210,000	7.00%	933,800	1,143,800	(45,832)		1,097,968	2017
2018	225,000	7.00%	919,100	1,144,100	(45,832)		1,098,268	2018
2019	240,000	7.00%	903,350	1,143,350	(45,832)		1,097,518	2019
2020	255,000	7.00%	886,550	1,141,550	(45,832)		1,095,718	2020
2021	275,000	7.00%	868,700	1,143,700	(45,832)		1,097,868	2021
2022	295,000	7.00%	849,450	1,144,450	(45,832)		1,098,618	2022
2023	315,000	7.00%	828,800	1,143,800	(45,832)		1,097,968	2023
2024	335,000	7.00%	806,750	1,141,750	(45,832)		1,095,918	2024
2025	360,000	7.00%	783,300	1,143,300	(45,832)		1,097,468	2025
2026	385,000	7.00%	758,100	1,143,100	(45,832)		1,097,268	2026
2027	410,000	7.00%	731,150	1,141,150	(45,832)		1,095,318	2027
2028	440,000	7.00%	702,450	1,142,450	(45,832)		1,096,618	2028
2029	470,000	7.00%	671,650	1,141,650	(45,832)		1,095,818	2029
2030	505,000	7.00%	638,750	1,143,750	(45,832)		1,097,918	2030
2031	540,000	7.00%	603,400	1,143,400	(45,832)		1,097,568	2031
2032	580,000	7.00%	565,600	1,145,600	(45,832)		1,099,768	2032
2033	620,000	7.00%	525,000	1,145,000	(45,832)		1,099,168	2033
2034	660,000	7.00%	481,600	1,141,600	(45,832)		1,095,768	2034
2035	710,000	7.00%	435,400	1,145,400	(45,832)		1,099,568	2035
2036	760,000	7.00%	385,700	1,145,700	(45,832)		1,099,868	2036
2037	810,000	7.00%	332,500	1,142,500	(45,832)		1,096,668	2037
2038	870,000	7.00%	275,800	1,145,800	(45,832)		1,099,968	2038
2039	930,000	7.00%	214,900	1,144,900	(45,832)		1,099,068	2039
2040	2,140,000	7.00%	149,800	2,289,800	(1,191,632)		1,098,168	2040
	14,200,000		21,103,250	35,303,250	(2,520,780)	0	32,782,470	
USE OF PROCEEDS:								TOTAL:
Construction Costs		12,486,200				32,219,000		
Capitalized Interest		0				835,150		
Debt Service Reserve Fund		1,145,800		Interest Earnings at @ 4.00%		3,137,850		
Issuance Costs		568,000				1,508,000		
		<u>\$14,200,000</u>				<u>\$37,700,000</u>		

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHLANDS METROPOLITAN DISTRICT NO. 1

(IN THE FORMATION STAGE OF DEVELOPMENT)

FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

CALCULATION of CAPITALIZED INTEREST on 2004 BOND ISSUE

Date	Beginning Balance	Interest 2.500%	Disbursements	Ending Balance
12/01/04	835,150			835,150
01/01/05	835,150	1,740		836,890
02/01/05	836,890	1,745		838,635
03/01/05	838,635	1,748		840,383
04/01/05	840,383	1,752		842,135
05/01/05	842,135	1,755		843,890
06/01/05	843,890	1,759	(425,466)	420,183
07/01/05	420,183	876		421,059
08/01/05	421,059	878		421,937
09/01/05	421,937	880		422,817
10/01/05	422,817	881		423,698
11/01/05	423,698	883		424,581
12/01/05	424,581	885	(425,466)	0
01/01/06	0	0		0
02/01/06	0	0		0
03/01/06	0	0		0
04/01/06	0	0		0
05/01/06	0	0		0
06/01/06	0	0		0
		15,782	(850,932)	

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES
AND ACCOUNTANT'S REPORT

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
(IN THE FORMATION STAGE OF DEVELOPMENT)

FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

CONSTRUCTION COSTS BY PHASE

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2040

FROM CLC ASSOCIATES, INC. (Engineer)
COST ESTIMATE SCHEDULE
Dated: August 29, 2002

	YEAR									TOTALS ALL YEARS
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
PHASE I:	10%	40%	50%	0%	0%	0%	0%	0%	0%	
Streets	1,071,706	4,286,823	5,358,530	0	0	0	0	0	0	10,717,059
Bridge	167,983	671,933	839,916	0	0	0	0	0	0	1,679,832
Traffic and Safety Controls	93,091	372,363	465,453	0	0	0	0	0	0	930,907
Water Distribution System	86,187	344,748	430,935	0	0	0	0	0	0	861,870
Sanitary Sewer System	19,252	77,005	96,258	0	0	0	0	0	0	192,515
Storm Sewer System	78,987	315,947	394,934	0	0	0	0	0	0	789,868
Parks and Landscaping	0	0	0	0	0	0	0	0	0	0
Subtotal - PHASE I	1,517,206	6,068,819	7,586,026	0	0	0	0	0	0	15,172,051
PHASE II:	0%	0%	0%	40%	30%	30%	0%	0%	0%	
Streets	0	0	0	1,850,234	1,387,676	1,387,676	0	0	0	4,625,586
Traffic and Safety Controls	0	0	0	83,991	62,994	62,994	0	0	0	209,979
Water Distribution System	0	0	0	689,247	516,935	516,935	0	0	0	1,723,117
Sanitary Sewer System	0	0	0	173,583	130,187	130,187	0	0	0	433,957
Storm Sewer System	0	0	0	524,800	393,600	393,600	0	0	0	1,312,000
Parks and Landscaping	0	0	0	1,719,028	1,289,271	1,289,271	0	0	0	4,297,570
Subtotal - PHASE II	0	0	0	5,040,883	3,780,663	3,780,663	0	0	0	12,602,209
PHASE III:	0%	0%	0%	0%	0%	0%	50%	35%	15%	
Streets	0	0	0	0	0	0	3,674,632	2,572,243	1,102,390	7,349,265
Traffic and Safety Controls	0	0	0	0	0	0	0	0	0	0
Transportation Improvements	0	0	0	0	0	0	699,930	489,951	209,979	1,399,860
Subtotal - PHASE III	0	0	0	0	0	0	4,374,562	3,062,194	1,312,369	8,749,125
TOTAL - ALL PHASES	1,517,206	6,068,819	7,586,026	5,040,883	3,780,663	3,780,663	4,374,562	3,062,194	1,312,369	36,523,385
ADDITIONS:	0	0	0	0	0	0	0	0	0	0
TOTAL CONSTRUCTION COSTS	\$1,517,206	\$6,068,819	\$7,586,026	\$5,040,883	\$3,780,663	\$3,780,663	\$4,374,562	\$3,062,194	\$1,312,369	\$36,523,385

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF DEVELOPER ADVANCES, INTEREST and REPAYMENTS
 AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2040

Year	TOTAL DEVELOPER ADVANCES with ACCRUED INTEREST					TOTAL DEVELOPER ADV. REPAYMENTS			ALLOCATION OF DEVELOPER ADVANCE REPAYMENTS					Cumulative Outstanding Developer Advances	Year
	Annual Developer Advances - Organizational Costs	Annual Developer Advances - Construction Costs	Total Annual Developer Advances (See Page 2)	Interest Accrued on Outstanding Advances at 8.00%	Total Annual Developer Advances (Including Interest)	Annual Developer Advance Repayments - From Bond Proceeds	Annual Developer Advance Repayments - From Surplus Cash	Total Annual Developer Advance Repayments (See Page 3)	Developer Advance Repayments From Bond Proceeds		Developer Advance Repayments From Surplus Cash		Total Developer Advance Repayments		
									Applied To Dev. Adv. Interest	Applied To Dev. Adv. Principal	Applied To Dev. Adv. Interest	Applied To Dev. Adv. Principal			
2002	125,000	0	125,000	5,000	130,000			0				0	130,000	2002	
2003	0	1,517,206	1,517,206	71,088	1,588,294			0				0	1,718,294	2003	
2004	0	6,068,819	6,068,819	380,218	6,449,037	(8,167,331)		(8,167,331)	(456,306)	(7,711,025)		(8,167,331)	0	2004	
2005	0	6,556,457	5,556,457	222,258	5,778,715			0		0		0	5,778,715	2005	
2006	0	4,840,883	4,840,883	655,933	5,496,816			0		0		0	11,275,531	2006	
2007	0	3,030,663	3,030,663	1,023,269	4,053,932	(10,535,900)		(10,535,900)	(1,679,202)	(8,856,698)	0	0	(10,535,900)	4,793,563	2007
2008	0	1,680,663	1,680,663	450,711	2,131,374			0				0	6,924,937	2008	
2009	0	1,774,562	1,774,562	624,977	2,399,539			0				0	9,324,476	2009	
2010	0	15,700	15,700	746,586	762,286	(10,086,762)		(10,086,762)	(1,822,274)	(8,264,488)	0	0	(10,086,762)	0	2010
2011	0	0	0	0	0			0				0	0	0	2011
2012	0	0	0	0	0			0				0	0	0	2012
2013	0	0	0	0	0			0				0	0	0	2013
2014	0	0	0	0	0			0				0	0	0	2014
2015	0	0	0	0	0			0				0	0	0	2015
2016	0	0	0	0	0			0				0	0	0	2016
2017	0	0	0	0	0			0				0	0	0	2017
2018	0	0	0	0	0			0				0	0	0	2018
2019	0	0	0	0	0			0				0	0	0	2019
2020	0	0	0	0	0			0				0	0	0	2020
2021	0	0	0	0	0			0				0	0	0	2021
2022	0	0	0	0	0			0				0	0	0	2022
2023	0	0	0	0	0			0				0	0	0	2023
2024	0	0	0	0	0			0				0	0	0	2024
2025	0	0	0	0	0			0				0	0	0	2025
2026	0	0	0	0	0			0				0	0	0	2026
2027	0	0	0	0	0			0				0	0	0	2027
2028	0	0	0	0	0			0				0	0	0	2028
2029	0	0	0	0	0			0				0	0	0	2029
2030	0	0	0	0	0			0				0	0	0	2030
2031	0	0	0	0	0			0				0	0	0	2031
2032	0	0	0	0	0			0				0	0	0	2032
2033	0	0	0	0	0			0				0	0	0	2033
2034	0	0	0	0	0			0				0	0	0	2034
2035	0	0	0	0	0			0				0	0	0	2035
2036	0	0	0	0	0			0				0	0	0	2036
2037	0	0	0	0	0			0				0	0	0	2037
2038	0	0	0	0	0			0				0	0	0	2038
2039	0	0	0	0	0			0				0	0	0	2039
2040	0	0	0	0	0			0				0	0	0	2040
	125,000	24,484,953	24,609,953	4,180,040	28,789,993	(28,789,993)	0	(28,789,993)	(3,957,782)	(24,832,211)	0	0	(28,789,993)		

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS
AND ACCOUNTING POLICIES**

August 30, 2002

NOTE 1) NATURE AND LIMITATION OF FORECAST

This forecast of consolidated financial information is for the purpose of a financial analysis of the proposed development plan of Southlands Metropolitan District No. 1 ("District No. 1" or "the District") (in the Formation Stage of Development). It is to display how the proposed facilities and services are to be provided and financed.

The Petitioners for formation of the District previously submitted a forecast which was dated August 12, 2002. Subsequent to that date, the Petitioners revised the forecast of estimated construction costs and the repayment of debt to conform to certain details requested by the City of Aurora. The result was an increase in costs and in contributions and a decrease in developer advances and a reduction in the total bonds and debt service payments with a lower mill levy in the later years.

This financial forecast presents, to the best knowledge and belief of Management of District No. 1, the District's expected cash position and results of cash receipts and disbursements for the forecasted periods. Accordingly, the forecast reflects Management's judgement, as of August 30, 2002, the date of this forecast, of the expected conditions and District No. 1's expected course of action.

The assumptions disclosed herein are those that Management believes are significant to the forecast, however, they are not all-inclusive. There usually may be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast includes inflation of 2% per year beginning in 2004 for administrative disbursements. The forecasted market values per square foot for commercial properties have been increased by 2% each year, compounded annually, for years beyond 2003. Also, based upon the biennial revaluation of property required by state statute, an increase in property valuation of 2% due to reassessment has been assumed every other year.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1

(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS
AND ACCOUNTING POLICIES**

August 30, 2002

NOTE 2) ORGANIZATION

The Petitioners for Formation of District No. 1, a quasi-municipal corporation, are in the process of organization. The District will be governed pursuant to provisions of the Colorado Special Districts Act (Title 32). District No. 1 will operate under a Service Plan (the "Plan") to be approved by the City of Aurora (the "City"). The District's service area is located entirely in Arapahoe County in the City. District No. 1 is being established to provide financing for the design, acquisition, installation, construction, operation and maintenance of: streets; traffic and safety controls; parks, open space, and recreational facilities and programs; public transportation facilities and improvements; and water, sanitary sewer collection and storm drainage systems. As set forth in this forecast, District No. 1 is forecasted to issue \$37,700,000 of debt from three bond issues.

However, the draft service plan may have a higher debt service amount to allow for an under estimate of valuations in this forecast.

Formation of District No. 1 is intended to be timed to allow for the proper legislative, judicial and election process to be completed in order for the District's electors to be able to vote for the authorization of debt and TABOR questions in November 2002, and tax levies for tax collections in 2004. The Petitioners expect the favorable approval at the election since they constitute the majority of the current eligible electors within the proposed District's boundaries.

NOTE 3) PETITIONERS / BOARD OF DIRECTORS

The Petitioners for Formation of District No. 1 are landowners, principals or employees of the major property owners of the land included within the boundaries of the District. The major landowners of District No. 1 are GC Property Investors, LLC, and Smoky/Aurora Investment Group, LLC. The primary developer of the Southlands Project is anticipated to be Alberta Development Partners, LLC. The landowners and the primary developer of Southlands Metropolitan District No. 1 are collectively referred to as the "Developer". The Developer anticipates developing approximately 223 acres within District No. 1, including inclusions after the District's formation.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS
AND ACCOUNTING POLICIES**

August 30, 2002

NOTE 3) PETITIONERS / BOARD OF DIRECTORS (continued)

The Developer has provided the information regarding the number of acres estimated to be developed each year, the FAR and the initial sales values per square foot for the commercial properties to be developed, based upon their knowledge and experience in developing other similar projects. The total development was restricted to 2,000,000 square feet of retail, office and other commercial development. The Developer anticipates that sales values per square foot will be increased by 2% for each year.

NOTE 4) BASIS OF ACCOUNTING

The basis of accounting for this forecast is the cash basis, which is a basis of accounting that is different from that allowed by the generally accepted accounting principles under which District No. 1 will prepare its financial statements.

NOTE 5) PROPERTY TAXES

The primary source of revenue or cash receipts will be ad valorem property taxes. Property taxes are determined annually by the District's Board of Directors and set by County Commissioners as to rate or levy based upon the assessed valuation of the property within District No. 1. The Arapahoe County Assessor determines the assessed valuation. The levy is expressed in terms of mills. A mill is 1/1,000 of the assessed valuation. The forecast assumes that District No. 1 will be able to initially set its mill levy at 39.000 mills for debt service, maintenance and administration purposes for collection in 2004 through a period in which the mill levy can be reduced. District No. 1 has set an initial maximum mill levy of 45.290 mills to be used for the payment of general obligation debt as well as for operations and maintenance (the "Mill Levy Cap"), which may be adjusted as described in the Plan. The forecast assumes that the initial mill levy has not been adjusted according to provisions of the State's Gallagher Amendment.

The Gallagher Amendment states that residential assessed values Statewide must be approximately 45% of total assessed values. When the market values of residential property increase faster than the values of nonresidential property, the residential assessment ratio must decline to keep the 45 percent/55 percent ratio. According to information as set forth in the Colorado Legislative Council Staff's Forecasts, "Assessed Values and Property Tax Projections" issued in December 2001, the residential assessment ratio is projected to decline from its current 9.15% for 2002, to 8.31% in 2003 (for collection in 2004), 7.76% in 2005, and 7.23% in 2007.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1

(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS
AND ACCOUNTING POLICIES**

August 30, 2002

NOTE 5) PROPERTY TAXES (continued)

The forecast has included the current residential assessment ratio of 9.15% throughout the term of the forecast period. Historical trends would indicate that adjustments under the State's Gallagher Amendment would continue to lower the assessment ratio and adjust the mill levy upward. The estimates of the Legislative Council Staff are projections only, do not have the force of law, and may or may not occur as projected.

The assessed valuation for District No. 1 is dependent upon the build-out schedule of the commercial property within the District. Management of District No. 1 has based the estimate of build-out on their forecasted build-out schedule. The forecasted development build-out schedule and conversion to assessed valuation is presented as a Schedule. The assessed valuation rate for raw ground and developed lots is 29% for all commercial property.

Increases to valuation for the development of infrastructure within District No. 1 for platted and finished lots held for build-out are included in the forecasted assessed valuation. No assessed valuation has been assumed for State Assessed property that may be owned by public utilities within the District.

The property taxes resultant from the above mill levy and assessed valuation has been reduced for the Arapahoe County Treasurer's 1.5% fee for collection of the taxes and further reduced by 0.5% to allow for uncollectible taxes.

NOTE 6) SPECIFIC OWNERSHIP TAXES

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that District No. 1's share will be equal to approximately 10% of the property taxes collected, which is a conservative estimate based on the experiences of other metropolitan Districts in Arapahoe County.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS
AND ACCOUNTING POLICIES**

August 30, 2002

NOTE 7) FACILITY FEES

The forecast assumes that the Board of Directors will set a Commercial Facility Fee, to be collected from the builder at the time the acreage is developed, based upon \$15,246 for each commercial acre developed.

NOTE 8) DEVELOPER ADVANCES

The forecast assumes that the Developer will advance funds to District No. 1 for organizational / administrative / operational costs and may be reimbursed from bond proceeds for the organizational costs. The forecast also assumes that the Developer will advance all funds needed for construction costs to the District. All estimated Developer advances are shown on the separate Schedule of Developer Advances, Interest and Repayments (see Page 10), with the total Developer advances as well as total Developer advance repayments being carried forward to the Summary pages of the forecast. To the extent that bond proceeds are available for construction payments in any year, the Developer advance would be reduced accordingly. In addition, to the extent that there are surplus cash balances that can be applied towards reducing any Developer advance without creating future cash deficits, the Developer advances will be reduced accordingly.

In this forecast, Developer advances are estimated to be paid back at an interest rate of 8%. In addition to the estimated bond proceeds available for Developer advance repayments, the forecast estimates that no advances or interest would be reimbursed from surplus cash balances within the 20-year term available.

NOTE 9) DEVELOPER CONTRIBUTIONS

The forecast assumes that Developer contributions may fund capital infrastructure costs as well as administrative costs in excess of the amount estimated to be repaid to the Developer from bond proceeds and other revenue available to the District. In this forecast, the estimated amounts and timing of Developer Contributions are shown on the Summary pages of the forecast.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS
AND ACCOUNTING POLICIES**

August 30, 2002

NOTE 10) INTEREST INCOME

The forecast includes interest earned on monies that are forecasted to be on deposit or invested by District No. 1 at the prior year-end at an interest rate of 3.00%.

NOTE 11) ADMINISTRATIVE DISBURSEMENTS

Administrative expenditures include the services necessary to maintain District No. 1's administrative viability such as legal, accounting and audit, general engineering, insurance, banking, meeting expenses, and other administrative expenses. Administrative costs have been included in the forecast at \$175,000 for 2002 (which includes additional costs for organization of the District), \$65,000 for 2003, and then increasing by 2% per year throughout the term of the forecast.

NOTE 12) INFRASTRUCTURE IMPROVEMENTS

The estimated cost of the capital infrastructure improvements to be funded under this Plan is \$36,523,385. The forecast assumes that the Developer will advance funds for all infrastructure costs and be reimbursed from bond proceeds to the extent bonds can be issued, which may be less than the total eligible costs. The improvements are expected to be developed in coordination and jointly with Southlands Metropolitan District No. 2, as Management determines the appropriate allocation of the costs incurred under appropriate intergovernmental agreements.

The Petitioners expect that District No. 1 will allow the Developer to: either advance funds to the District; or to actually construct the improvements under the District's supervision for reimbursement by District No. 1 upon completion to the extent bondable; or to contribute funds to District No. 1. The reimbursement of the additional costs is subject to District No. 1's authorized indebtedness and other revenue available to the District. There may be additional construction costs in the future.

SOUTHLANDS METROPOLITAN DISTRICT NO. 1

(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS
AND ACCOUNTING POLICIES**

August 30, 2002


NOTE 12) INFRASTRUCTURE IMPROVEMENTS (Continued)

Certain improvements such as offsite road improvements may be subject to reimbursement from adjoining landowners. Such reimbursements have not been considered as part of the revenue of this forecast but would be available for capital construction or debt service as received when the adjoining property develops.

NOTE 13) DEBT SERVICE

District No. 1 anticipates issuing three series of general obligation bonds: on December 1, 2004, in the amount of \$11,500,000; on December 1, 2007, in the amount of \$12,000,000; and on December 1, 2010, in the amount of \$14,200,000. The proceeds of such debt will be used for issuance costs, to possibly establish debt service reserve funds, and to reimburse the Developer for capital infrastructure improvements and organizational costs to the extent possible. The bonds are assumed to bear interest with an estimated rate of 7.75% for the 2004 Bonds, 7.25% for the 2007 Bonds, and 7.00% for the 2010 Bonds, and will be paid over 30 year periods, with final payments on December 1 of 2034, 2037, and 2040, respectively.

Assumptions related to debt principal amounts, interest rates, issuance costs, debt service reserve funds and related interest earned at 4.00%, and other related debt service costs for the proposed Series 2004, Series 2007 and Series 2010 Bonds have been provided to Management by Kirkpatrick Pettis, the proposed underwriter of the proposed bond issues of the District.



NVC

NATIONAL VALUATION
CONSULTANTS, INC.

DENVER · BOULDER · DALLAS

August 29, 2002

950 SOUTH CHERRY STREET
SUITE 800

DENVER, COLORADO 80246

www.nvciac.com

303-753-6900

303-753-9339 FAX

Barb VanderWall
Seter & VanderWall PC
7400 E. Orchard Road, Suite 3300
Greenwood Village, Colorado 80111

**Re: Southlands Metropolitan District No. 1
Forecasted Cash Surplus Balances and Cash Receipts and Disbursements
Dated August 12, 2002**

Dear Ms. VanderWall:

As you are aware, NVC conducted detailed market studies on the Southlands project in both 2001 and 2002. At your request, we have reviewed the above referenced documents. Based on our review, it is our opinion that the commercial development schedule presented on pages 4 and 5 is reasonable and supportable.

If you have any further questions, please do not hesitate to contact me at 303-753-6900.

Respectfully submitted,

NATIONAL VALUATION CONSULTANTS, INC.



President



NATIONAL VALUATION
CONSULTANTS, INC.

DENVER • BOULDER • DALLAS

930 SOUTH CHERRY STREET
SUITE 400
DENVER, COLORADO 80244
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303-733-4900
303-733-9329 FAX

July 26, 2001

Ms. Sarah Fey
Assistant Vice President
Real Estate Credit Administration
U S Bank
918 17th Street, Fourth Floor
Denver, Colorado 80202

Re: A Consultation Assignment of The Southlands Mixed-Use Commercial Project
NVC No. A010519; RECA File No. 01-05-121

Dear Ms. Fey,

In compliance with your request, enclosed is a *consultation* assignment for the above-referenced property, which is contingent upon certain assumptions and limiting conditions. The purpose of the assignment is to determine the reasonableness of the developer's assumptions, and provide alternative assumptions, if required, in the following areas:

- Building construction costs
- Market rent for leased components
- Retail pricing on commercial parcels offered for sale
- Expenses and capital costs for leased components
- Probable investment criteria (capitalization and discount rate) for leased components
- The cash flow of future revenues for leased components and commercial land sales
- Retail pricing for residential land
- The cash flow of future gross revenues for residential land

The effective date of this consultation is July 21, 2001. The report date is July 26, 2001.

It must be noted that our analyses and conclusions are subject to other standard and typical assumptions and limiting conditions which are referenced in the accompanying report. Those assumptions that are *atypical* in nature are summarized as follows:

1. *The scope and timetable for construction of the subject, as outlined in this report, is based on materials provided by Alberta Development; and our conversations with Mr. Don Provost and Allen Lampert, representatives of the developer. The project, as described herein, is based on materials available as of mid-July 2001. It is understood the project will almost certainly change to some degree, but that the general theme and size will not change materially.*
2. *The scope of this assignment, and scenarios provided herein, were determined from our conversations with Mr. Provost and Mr. Lampert.*
3. *As of the date of this report, Alberta Development had not acquired the site that is the subject of this report. The Southlands project, as proposed, will require assemblage of the separately owned sites currently within it, and relocation of a major power line easement.*

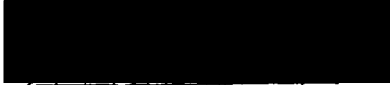
Ms. Sarah Fey
Page Two
July 26, 2001

4. *The following consultation does not represent an appraisal of the subject. The consultants did provide an estimate of the retail prices of commercial and residential sites, assuming construction of infrastructure. However, no attempt was made to discount these retail prices back to a current time which would provide a market value of the land. The reader is advised that these retail prices are based on general outlines of density provided by the developer, and that the site has not yet been platted into specific parcels.*


It is our opinion that this report complies fully with the Uniform Appraisal Instructions to Appraisers as set forth by FIRREA, and conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation.

We appreciate the opportunity to serve you, and trust you will advise us if we can be of further assistance. We also hope you will consider our firm favorably for your future valuation or consultation needs.

Respectfully submitted,



David L. Clark, MAI
Vice President/Senior Analyst
Colorado Certified General Appraiser
License No.: CG01315928



Larry W. Stark, MAI
President
Colorado Certified General Appraiser
License No.: CG01314784

EXECUTIVE SUMMARY

CLIENT: Ms. Sarah Fey
 Assistant Vice President
 Real Estate Credit Administration
 U S Bank
 918 17th Street, Fourth Floor
 Denver, Colorado 80202

PROPERTY IDENTIFICATION: The subject consists of 302.54 acres at the northeast corner of E-470 and Smoky Hill Road in the city of Aurora, Arapahoe County, Colorado. A lengthy legal description may be found in the addenda. It is informally known as The Southlands. The subject consists of the following tax parcels, plus land in a utility right-of-way and in Gun Club Road, which is to be abandoned.

Identification of Subject	
Parcel No.	Owner of Record
2071-00-0-00-012	G.C. Property Investors, LLC
2071-00-0-00-013	Public Service Co. (Power Lines)
2071-00-0-00-014	Smoky/Aurora Investment Group
2071-00-0-00-015	Smoky/Aurora Investment Group
2071-00-0-00-187	Smoky Hill Ventures, LLC
2071-00-0-00-188	Lombardi Trust, et al
2071-00-0-00-205	Smoky/Aurora Investment Group
2071-00-0-00-215	Gun Club Estates, L.P.
2071-00-0-00-222	American Property Equities
Totals	

PURPOSE OF CONSULTATION: To determine the reasonableness of the developer's assumptions, and provide alternative assumptions, if required, in the following areas:

- Building construction costs
- Market rent for leased components
- Retail pricing on commercial parcels offered for sale
- Expenses and capital costs for leased components
- Probable investment criteria (capitalization and discount rate) for leased components
- The cash flow of future revenues for leased components and commercial land sales
- Retail pricing for residential land
- The cash flow of future gross revenues for residential land

DATE OF CONSULTATION: July 21, 2001

DATE OF REPORT: July 26, 2001

**ATYPICAL ASSUMPTIONS/
 LIMITING CONDITIONS:**

1. *The scope and timetable for construction of the subject, as outlined in this report, is based on materials provided by Alberta Development; and our conversations with Mr. Don Provost and Allen Lampert, representatives of the developer.*

Subject Land Pricing Summary

Parcel	Frontage	GLA	Proposals		Assumption		Developer's Pricing			Estimated Value		
			Acres	EAR	EAR	Acres	Price	Price/SF	Per GLA	Price	Price/SF	Per GLA
<i>Lifestyle/Entertainment (Theater)</i>												
LE 24	Interior	58,000	12.00	0.11	0.11	12.00	\$3,659,040	\$7.00	\$63.09	\$3,136,320	\$6.00	\$54.07
<i>Large Format</i>												
LF 3	Aurora Pkwy	86,800	9.00	0.22	0.22	9.00	\$3,136,320	\$8.00	\$36.13	\$3,528,360	\$9.00	\$40.65
LF 2	Aurora Pkwy	150,000	15.00	0.23	0.23	15.00	\$7,840,800	\$12.00	\$52.27	\$5,553,900	\$8.50	\$37.03
LF 1	Aurora Pkwy	175,000	16.00	0.25	0.25	16.00	\$6,621,120	\$9.50	\$37.83	\$5,924,160	\$8.50	\$33.85
Subtotal		411,800				40.00				\$15,006,420	\$8.61	\$36.44
<i>High-Visibility</i>												
HV 16	E-470	3,500			0.10	0.80				\$560,000	\$16.00	\$160.00
HV 7	Interior	4,500	1.25	0.08	0.11	0.94	\$1,700,000	\$31.22	\$377.78	\$654,545	\$16.00	\$145.45
HV 8	Smoky Hill Rd.	4,500			0.11	0.94				\$736,364	\$18.00	\$163.64
HV 9	Smoky Hill Rd.	4,500			0.11	0.94				\$736,364	\$18.00	\$163.64
HV 21	E-470	4,500			0.11	0.94				\$654,545	\$16.00	\$145.45
HV 22	Interior	4,500			0.11	0.94				\$654,545	\$16.00	\$145.45
HV 29	Interior	4,500			0.11	0.94				\$654,545	\$16.00	\$145.45
HV 30	Interior	4,500			0.11	0.94				\$654,545	\$16.00	\$145.45
HV 31	Smoky Hill Rd.	4,500			0.11	0.94				\$736,364	\$18.00	\$163.64
HV 4	Interior	5,000	1.25	0.09	0.12	0.96	\$2,000,000	\$36.73	\$400.00	\$668,667	\$16.00	\$133.33
HV 10	Interior	5,400			0.12	1.03				\$630,000	\$14.00	\$116.67
HV 15	Smoky Hill Rd.	5,600			0.12	1.07				\$746,667	\$16.00	\$133.33
HV 27	Interior	5,600			0.12	1.07				\$653,333	\$14.00	\$116.67
HV 5	Interior	6,000			0.13	1.08				\$646,154	\$14.00	\$107.69
HV 6	Interior	6,000	1.15	0.12	0.13	1.08	\$1,300,000	\$25.95	\$216.67	\$646,154	\$14.00	\$107.69
HV 14	Interior	6,800	0.92	0.17	0.13	1.20	\$900,000	\$22.46	\$132.35	\$732,308	\$14.00	\$107.69
HV 17	Smoky Hill Rd./E-470	6,800			0.13	1.20				\$836,923	\$16.00	\$123.08
HV 1	Smoky Hill Rd.	7,000	1.50	0.11	0.13	1.24	\$2,000,000	\$30.61	\$285.71	\$861,538	\$16.00	\$123.08
HV 2	Interior	7,000	1.25	0.13	0.13	1.24	\$1,700,000	\$31.22	\$242.86	\$753,846	\$14.00	\$107.69
HV 3	Interior	7,000			0.13	1.24				\$753,846	\$14.00	\$107.69
HV 19	E-470	7,000	1.25	0.13	0.13	1.24	\$1,700,000	\$31.22	\$242.86	\$753,846	\$14.00	\$107.69
HV 20	E-470	7,000			0.13	1.24				\$753,846	\$14.00	\$107.69
HV 24	Interior	7,000			0.13	1.24				\$753,846	\$14.00	\$107.69
HV 25	Smoky Hill Rd.	7,000			0.13	1.24				\$861,538	\$16.00	\$123.08
HV 18	E-470	8,000	1.25	0.15	0.14	1.31	\$1,700,000	\$31.22	\$212.50	\$685,714	\$12.00	\$85.71
HV 26	Smoky Hill Rd.	10,500			0.15	1.61				\$980,000	\$14.00	\$93.33
HV 23	Interior	11,500			0.15	1.76				\$920,000	\$12.00	\$80.00
HV 28	Interior	11,500			0.15	1.76				\$920,000	\$12.00	\$80.00
HV 11	Smoky Hill Rd.	12,000	1.50	0.18	0.16	1.72	\$2,000,000	\$30.61	\$166.67	\$1,050,000	\$14.00	\$87.50
HV 13	Interior	17,000			0.18	2.17				\$1,133,333	\$12.00	\$66.67
HV 12	Smoky Hill Rd.	19,800			0.19	2.39				\$1,458,947	\$14.00	\$73.68
Subtotal		226,000				38.34				\$24,240,326	\$14.51	\$107.26
Average		7,290				1.24				\$781,946		
TOTALS		695,800				90.34				\$42,383,066	\$10.77	\$60.91

COMMERCIAL INCOME ANALYSIS ASSUMPTIONS

Summary of Market Lease Terms - The Southlands							
Tenant Type:	Base Rent/SF	Sales/SF	Term/ Years	Year of Rent Step*	Overage	Breakpoint	TU/SF
LIFESTYLE/ENTERTAINMENT DISTRICT - LOWER LEVEL							
Minor - 0-999 SF	\$45.00	\$460.00	5	-	6.0%	Natural	\$30.00
Small - 1,000-1,999 SF	\$38.00	\$415.00	5	-	6.0%	Natural	\$30.00
Medium - 2,000-4,999 SF	\$32.00	\$370.00	5	-	6.0%	Natural	\$35.00
Large - 5,000-9,999 SF	\$28.00	\$350.00	10	6	5.0%	Natural	\$50.00
Major - 10,000-19,999 SF	\$24.00	\$325.00	10	6	5.0%	Natural	\$40.00
Junior Anchor - 20,000-34,999 SF	\$20.00	\$300.00	10	6	4.0%	Natural	\$30.00
GROUP TOTAL	\$27.28	\$344.56					\$40.79
VALUE RETAIL DISTRICT							
Major - 10,000-19,999 SF	\$18.00	\$300.00	10	6	5.0%	Natural	\$10.00
Junior Anchor - 20,000-34,999 SF	\$15.00	\$270.00	10	6	4.0%	Natural	\$5.00
Natural Foods Grocery - 30,000 SF	\$11.00	\$800.00	20	6,11,16	2.0%	Natural	\$5.00
Anchor - More than 35,000 SF	\$13.00	\$250.00	15	6,11	4.0%	Natural	\$5.00
GROUP TOTAL	\$14.30	\$296.79					\$5.68
LARGE FORMAT DISTRICT							
Medium - 2,000-4,999 SF	\$25.00	\$325.00	5	-		Natural	\$10.00
Large - 5,000-9,999 SF	\$21.00	\$300.00	10	6		Natural	\$10.00
Junior Anchor - 20,000-34,999 SF	\$18.00	\$280.00	10	6		Natural	\$5.00
Anchor - More than 35,000 SF	\$15.00	\$260.00	15	6,11		Natural	\$5.00
GROUP TOTAL	\$17.08	\$273.76					\$5.85
CENTER TOTAL	\$21.32	\$319.50					\$23.98

* 10% straight line escalation each five years

Market Rent: Second Story:

Gross rate of \$22.00/SF level, an average five-year term, and \$20.00/SF finish-out allowance on first-generation space.

Stabilized Current Subject Expenses			
Center	CAM	Tax	Insurance
Focal Point & Lifestyle/Entertainment Districts	\$5.50	\$4.25	\$0.15
Value Retail & Large Format Districts	\$1.50	\$4.25	\$0.15

Other Expenses:

Management fees are estimated at 3% of effective gross income. Advertising/promotion expenses are estimated at \$2.00/SF for the Focal Point and Lifestyle/Entertainment districts and \$1.00/SF for the balance of the center.

Commercial Land Pricing:

See facing page

DCF Assumptions	
Active Leasing/Sell-Out Period	2003-2009
Stabilized Capitalization Rate	9.5%
Terminal Capitalization Rate	9.75%
Discount Rate	11.5%
Sales/Rent Escalation	3.5%/year
General Expense Escalation	3.5%/year
Land Price Escalation	5%/yr - 2002 & 2003 4%/yr - 2004 & 2005 3.5%/yr - Thereafter

RESIDENTIAL INCOME ANALYSIS ASSUMPTIONS

Current Retail Pricing Summary Subject Residential Land	
Category	Price/Unit
Apartment	\$10,500
Condominium	\$13,500
Townhome	\$20,000

Sell-Out Period: 2003-2009

Retail Value Escalation: 3.5%/year

INTERGOVERNMENTAL AGREEMENT

BETWEEN

THE CITY OF AURORA, COLORADO

AND

SOUTHLANDS METROPOLITAN DISTRICT NO. 1

THIS AGREEMENT is made and entered into as of this ____ day of _____, 200__, by and between the CITY OF AURORA, a home-rule municipal corporation of the State of Colorado ("City"), and SOUTHLANDS METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"). The City and the District are collectively referred to as the Parties.

RECITALS

WHEREAS, the District was organized to provide these services and to exercise powers as are more specifically set forth in the District's Service Plan dated August 29, 2002, and approved by the City on _____ ("Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the City and the District, as required by the Aurora City Code; and

WHEREAS, the City and the District 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. 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. 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. Refinancing of District Bonds. The District agrees that any refinancing of outstanding bonds of the District 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 Non-Developer Debt (as such term is defined in the Service Plan) of the District is being undertaken for the purpose of preventing or averting a default or terminating a condition of default on such Debt.

4. Ownership and Operation of Facilities. The Parties agree that the District shall be permitted to undertake ownership and operation of those public facilities and services as set forth in Section IV.D. of the Service Plan.

5. Consolidation. District agrees that the consolidation of the District 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. 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(c)(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 District.

7. Notice of Meetings. 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, e-mail, facsimile, or by hand, to be received at least three (3) days prior to such meeting.

8. Annual Report. The District shall be responsible for submitting an 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, changes, 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 no 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 District, 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 its rights or delegate its 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 District shall provide and install such exterior works of art as may be administratively approved by Aurora, which works of art shall comply with the applicable standards of the City. 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 above-ground facilities and improvements.

18. Regional Improvements. The District acknowledges its responsibility for participating in the costs of constructing, installing and acquiring public regional infrastructure improvements that benefit the taxpayers and residents of the District. In lieu of a regional improvement financial contribution, the District agrees 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 District. Regional improvements creating benefit to taxpayers and residents of the District include the proposed Aurora Parkway, Smoky Hill Road and bridge widening improvements and are described in the infrastructure cost estimates, attached hereto as Exhibit E. In addition, the District may share in a reimbursement arrangement with other surrounding development(s) such as the Vistas at Senac, for regional improvements. Failure to comply with this Section shall be a breach of this Agreement and a material modification of this Service Plan.

SOUTHLANDS METROPOLITAN
DISTRICT NO. 1

By: _____
Its: _____

ATTEST:

By: _____
Its: _____

CITY OF AURORA, COLORADO

By: _____
Its: _____

ATTEST:

By: _____
Its: _____

APPROVED AS TO FORM:

By: _____
Its: _____

SOUTHLANDS/AGRT
BGR1137
0643.0003

EXHIBIT L
Statutory Contents of Service Plan

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

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

(g) The proposal is in substantial compliance with any master plan adopted pursuant to § 32-28-106, C.R.S.;

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

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