

RESOLUTION #R-95-2007

**A RESOLUTION OF THE LOVELAND CITY COUNCIL
APPROVING THE CONSOLIDATED SERVICE PLAN FOR
THE LAKES AT CENTERRA METROPOLITAN DISTRICTS NOS. 1-3**

WHEREAS, pursuant to Section 32-1-204.5, C.R.S., as amended, the Consolidated Service Plan for The Lakes at Centerra Metropolitan Districts Nos. 1-3, (collectively the "Districts") has been submitted to the City Council (the "City Council") of the City of Loveland, Colorado (the "City"); and

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

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

WHEREAS, notice of the hearing before the City Council for its consideration of the Service Plan was duly published in the *Loveland Reporter-Herald* on August 15, 2007, as required by law, as evidenced by the "Affidavit of Publication", attached hereto as Exhibit "B" and incorporated herein by reference; and

WHEREAS, notice of the hearing before the City Council was also duly mailed by first class mail, on August 15, 2007, to interested persons, defined as follows: (1) the Colorado Division of Local Government; and (2) the governing body of any municipality or special district which has levied an ad valorem tax within the next preceding tax year, and which has boundaries within a radius of three (3) miles of the proposed Districts' boundaries, as evidenced by the Certificate of Service attached hereto as Exhibit "C" and incorporated herein by reference; and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, the City Council held a public hearing on the Service Plan for the proposed Districts on September 4, 2007; and

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

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

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

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

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

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

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

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

6. That the City Council's findings in this Resolution and its approval of the Service Plan are conditioned upon the proponents of the Service Plan having reimbursed the City for all

the charges and fees it has incurred with its bond counsel and public finance consultant relating to their review of the Service Plan and creation of the Districts.

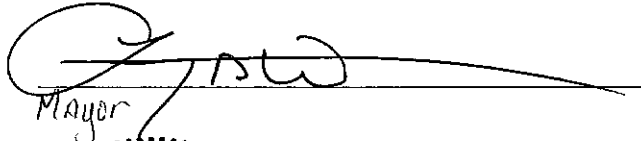
7. That this approval of the Service Plan shall be further conditioned upon the owner of the real property contained within The Lakes at Centerra Metropolitan Districts Nos. 1, 2, and 3 and the Future Inclusion Area as defined and provided for in the Service Plan (the "Owner") providing to the Loveland City Attorney a mill levy disclosure statement signed by the Owner in a form acceptable to the City Attorney, which statement shall be recorded with the Larimer County Clerk and Recorder, and further conditioned upon an agreement between the City and the Owner requiring the Owner to provide the mill levy disclosure statement to all prospective purchasers of lots in The Lakes at Centerra Metropolitan Districts Nos. 1, 2, and 3 and the Future Inclusion Area prior to any purchaser entering into the contract to purchase a lot from the owner, or its successors and assigns.

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

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


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

Adopted this 4 day of September, 2007.


Mayor


City Clerk

APPROVED AS TO FORM:


City Attorney, *Asst.*



**CONSOLIDATED SERVICE PLAN
FOR
THE LAKES AT CENTERRA METROPOLITAN DISTRICTS NOS. 1, 2, AND 3**

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As submitted to the City of Loveland on August 2, 2007

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EXHIBIT F - Statutory Contents of Service Plan

I. INTRODUCTION

A. General Overview

1. Scope of Service Plan. This consolidated service plan ("Service Plan") for The Lakes at Centerra Metropolitan Districts Nos. 1, 2, and 3, City of Loveland, Larimer County, Colorado, (the "Districts") constitutes a combined Service Plan for three special districts proposed for organization to serve the needs of a new community known as The Lakes at Centerra in the City of Loveland, Colorado (the "City") in Larimer County (the "County"). The Districts' boundaries will contain approximately 255 acres for primarily residential development. Construction is scheduled over the next one to eight years with build-out expected to occur in 2015.

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

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

2. Multiple District Structure. This Service Plan is submitted in accordance with Part 2 of the Special District Act (§ 32-1-201, *et seq.*, C.R.S.). It defines the powers and authorities of, as well as the limitations and restrictions on, the Districts. The use of a consolidated Service Plan for the Districts will help assure proper coordination of the powers and authorities of the independent Districts and will help avoid confusion regarding the separate, but coordinated, purposes of the Districts which could arise if separate service plans were used. Unless otherwise specifically noted herein, general provisions of this Service Plan apply to all Districts. Where possible, however, specific reference is made to an individual District to help distinguish the powers and authorities of each District. The "Financing Plan" discussed in Section VII refers to a consolidated preliminary financial plan for the Districts which may be used for public improvements for the Districts. The Lakes at Centerra Metropolitan District No. 1 shall be referred to as the "Service District," and The Lakes at Centerra Metropolitan Districts Nos. 2 and 3 shall be referred to as the "Financing Districts." The Service District and the Financing Districts are sometimes collectively referred to as the "Districts" and individually as the "District."

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

Various agreements are expected to be executed by the Districts clarifying the nature of the functions and services to be provided by each District. The agreements will be designed to

help assure the orderly development of essential services and facilities resulting in a community which will be both an aesthetic and economic asset to the City.

The establishment of The Lakes at Centerra Metropolitan District No. 1 as the Service District which will initially own and operate the public facilities throughout the development, and the establishment of The Lakes at Centerra Metropolitan Districts Nos. 2 and 3 as the Financing Districts which will generate the majority of the tax revenue sufficient to pay the costs of the capital improvements, will create several benefits for the inhabitants of the community, the City and for other affected municipalities. In general, those benefits are: (a) coordinated administration of construction and operation of public improvements, and delivery of those improvements in a timely manner; (b) maintenance of reasonably uniform mill levies and reasonable tax burdens on all areas of the Districts through proper management of the financing and operation of public improvements; and (c) assurance that improvements required by the City are constructed in a timely and cost effective manner by which to protect residents, bondholders, and the City from the risk of development. Each of these concepts is addressed in greater detail in the following paragraphs.

3. Benefits of Multiple District Structure.

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

The multiple district structure also will help assure that facilities and services needed for future build-out of the development will be provided when they are needed, and not sooner. Absent an appropriate mechanism to assure timely completion of future improvements, the Developer (as hereinafter defined) might be influenced to cause improvements to be completed well before they are needed simply to assure that they can be provided with tax exempt financing. Appropriate development agreements between the Service District and the Developer will allow the postponement of financing for improvements which are not needed until well into the future, thereby helping residents avoid the long term carrying costs associated with financing improvements too early. This, in turn, allows the full costs of public improvements to be allocated over the full build-out of the Districts and helps avoid disproportionate cost burdens being imposed on the early phases of development.

b. Uniform Mill Levy. Allocation of the responsibility for paying debt for capital improvements will be managed through development of a unified financing plan for those improvements and through development of an integrated operating plan for long-term operations and maintenance. Use of the Service District to manage these functions will help assure that no area within the development becomes obligated for more than its share of the costs of capital improvements and operations. Low-density areas will not bear a disproportionate burden of debt

and operating costs, nor will high valued areas bear disproportionate burdens. Intergovernmental agreements between the Districts will assure that mill levies remain reasonably uniform throughout the Districts.

c. Bond Interest Rates. The use of the Service District and the Financing Districts in tandem to issue bonds to provide for the cost of infrastructure in the Districts will allow for the issuance of bonds at competitive interest rates. The multiple district structure allows the Service District to coordinate the timing and issuance of bonds in such a way as to assure that improvements required by the City are constructed in conformance with the time and in the manner desired by the City. The combination of appropriate management and control of the timing of financing, and the ability of the Districts to obtain attractive interest rates, will benefit residents and the City. Consequently, the multiple district structure is less risky and will allow bonds to be issued to finance public improvements at lower rates than if a single special district is organized.

4. Configuration of Districts. In order to implement the multiple district structure, the boundaries of the Service District and the Financing Districts need to be carefully configured. The Service District will contain approximately 1 acre, and the Financing Districts will contain approximately 254 acres. Housing types within the development will include single-family attached and single-family detached residences, with average prices from \$220,000 to greater than \$600,000, and are anticipated to total approximately 1,000 units. The estimated projected population of the Districts at full build-out is approximately 3100 persons.

The “service area” (the area legally permitted to be served) for the Districts will consist of the entire area of the development community, including the property within the Districts’ boundaries. The Districts will have power to impose taxes only within their respective legal boundaries, but will be permitted to provide public services to the entire community as well as to property or individuals outside of the development. The Districts will have power to levy taxes and other charges permitted by law.

The Developer of The Lakes at Centerra has contracted to purchase, but has not yet closed the purchase, of certain property that will ultimately be located within the boundaries of the Financing Districts. The Developer anticipates closing the purchase of this property in November, 2007. This property is more particularly described on Exhibit C as the “Future Inclusion Area.” The Future Inclusion Area may be included within the Districts’ boundaries, without further approval by the City, upon compliance with the procedures set forth in Section 32-1-401, *et seq.*, C.R.S.

It is possible that in the future additional property may be included within the Districts’ boundaries. Other than the inclusion of the Future Inclusion Area, as provided for above, all boundary adjustments which add to, or subtract from, the total acreage of the Districts shall be considered a material modification of this Service Plan and shall require the prior written approval of the City Council.

5. Long-Term District Plan. After all bonds or other Debt (as hereinafter defined) instruments have been issued by the Districts and adequate provision has been made for payment of all of the Districts’ Debt, the electorate of the Districts will have the opportunity to

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

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

7. Dedication of Improvements. The Districts shall, in accordance with City Policy, dedicate, or cause to be dedicated on their behalf, all public improvements customarily dedicated to the City. These improvements include, but are not limited to: public water and wastewater improvements, all public streets and those streets dedicated by plat, storm drainage and detention improvements, all public sidewalks as well as all rights-of-way and easements necessary for access to facilities. Improvements which are to be dedicated to the City shall be designed and constructed in accordance with state and federal laws, regulations and standards, and in accordance with City Policy. It is anticipated that the Districts shall own and maintain or cause to be maintained all neighborhood parks, all recreational improvements, and any potable or non-potable irrigation systems. However, in accordance with City Policy, and upon agreement by the City and the Districts, the City may accept, but shall not be required to accept, dedication of neighborhood parks, recreational improvements, and potable and non-potable irrigation systems. Any parking lots, parking structures, and other off-street parking facilities shall not be dedicated to the City, but shall be owned, operated, and maintained by the Districts.

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

Storm drainage and detention improvements shall be conveyed to the City for purposes of reporting on Municipal Separate Storm Sewer System (MS4) Reports. The Districts

shall retain such easements as are necessary to operate and maintain landscaping and related improvements associated with such storm drainage and detention areas.

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

In the event that the City determines that public improvements have been constructed in accordance with City Policy, an initial acceptance letter shall be issued by the City specifying that the public improvements dedicated to the City shall be warranted for a period of two calendar years from the date of such initial acceptance, or such other warranty period as may be required by City Policy. Should the public improvements conform to the City's specifications and standards, the City shall issue a "Final Acceptance" form letter to the Districts at the completion of the applicable warranty period. The City shall not unreasonably withhold or delay Final Acceptance of District improvements, provided that such improvements are in conformance with City Policy. At the City's discretion, dedication of public improvements may take place after the expiration of the applicable warranty period.

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

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

In order to minimize the proliferation of new governmental structures and personnel, the Service District intends to utilize existing entities, to the extent possible for operations and maintenance of public improvements. Consequently, while the Districts will finance capital improvements and coordinate the provision of services, they are expected to utilize existing entities and personnel as much as possible. Double taxation will be avoided by the Districts undertaking the necessary capital financing with Debt levies, and existing service providers furnishing day-to-day operations and maintenance with service charges and operating levies. As described above, public improvements, including sanitary sewer and water improvements (other than potable or non-potable irrigation systems), storm drainage, streets, and traffic safety and signalization, will be conveyed to the City by the Service District and subsequent operations and

maintenance of these improvements shall rest with the City. Park and recreation improvements may be conveyed to the City or may be owned, operated and maintained by the Service District, as described in greater detail above. The timing for conveyance of the improvements will be developed by mutual agreement between the Service District and the appropriate party as generally described above and in Section V hereof.

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

B. General Financial Information and Assumptions

The 2006 certified assessed valuation of all taxable property within the boundaries of the Districts was approximately \$75,000. The initial assessed valuation of property within the Service District is expected to be approximately \$1,000, and the initial assessed valuation within the Financing Districts is expected to be approximately \$74,000. At build-out, the total assessed valuation within the Districts is estimated to be approximately \$27,000,000.

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

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

C. Contents of Service Plan

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

The assumptions contained within this Service Plan were derived from a variety of sources. Information regarding the present status of property within the Districts, as well as the current status and projected future level of similar services was obtained from the Developer. Construction cost estimates were assembled by Northern Engineering and Pinnacle Consulting Group, Inc., which have experience in the costing and construction of similar facilities. Legal advice in the preparation of this Service Plan was provided by Pogue & Early, P.C., which represents numerous special districts. Preparation of the Financing Plan was provided by Stan Bernstein and Associates. The owner and Developer of the real property comprising the Districts is Centerra Residential, LLC, an affiliate of McWhinney Real Estate Services, Inc., a real estate development company with experience in residential and commercial development in Southern California and Northern Colorado. For purposes of this Service Plan, the term "Developer" shall mean Centerra Residential, LLC, its affiliates, and their respective successors and assigns. McWhinney Real Estate Services, Inc., is the managing member of the developer of Centerra, a local mixed-use development with office, retail, dining and entertainment components, as well as multi-family residential units, located adjacent to The Lakes at Centerra development.

D. Modification of Service Plan

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

II. NEED FOR NEW DISTRICTS AND GENERAL POWERS

A. Need for Metropolitan Districts

The property within the Districts' boundaries currently is undeveloped. No other entities exist which will finance the construction of the facilities needed for the Districts. The intergovernmental agreements referred to in Section V hereof will address and define the activities to be undertaken by various entities with regard to public improvements. In order to make the most efficient utilization of existing governmental entities, the Districts may enter into cost share agreements for the financing and construction of certain improvements and for operations and maintenance of certain improvements.

B. General Powers of Districts

Each District will have power and authority to provide the services and facilities described in this Section both within and outside its boundaries in accordance with state law. The powers and authorities of each District will be allocated and further refined in one or more intergovernmental

agreements among the Districts, which may be voted upon and approved by their respective electorates. For purposes of the Special District Control Act, such intergovernmental agreements shall not constitute an amendment of this Service Plan. The intergovernmental agreements will, however, constitute binding agreements among the Districts regarding implementation of the powers contained in this Service Plan.

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

1. Sanitation. The design, acquisition, installation, construction, financing, operation, and maintenance of storm or sanitary sewers, or both, flood and surface drainage improvements including but not limited to, culverts, dams, retaining walls, access ways inlets, detention ponds and paving, roadside swales and curb and gutter, wastewater lift stations, force mains and wetwell storage facilities, and all necessary or proper equipment and appurtenances incident thereto, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems. The Districts shall not design, acquire, install, construct, finance, operate or maintain any sewer treatment or disposal works or facilities.

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

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

4. Traffic and Safety Controls. The design, acquisition, installation, construction, financing, operation, and maintenance of traffic and safety protection facilities and services through traffic and safety controls and devices on arterial streets and highways, as well as other facilities and improvements including but not limited to, signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, together with all

necessary, incidental, and appurtenant facilities, land easements, together with extensions of and improvements to said facilities.

5. Parks and Recreation. The design, acquisition, installation, construction, financing, operation, and maintenance of public park and recreation facilities or programs including, but not limited to, grading, soil preparation, sprinkler systems, playgrounds, playfields, bike and hiking trails, pedestrian trails, pedestrian bridges, picnic areas, swimming pools, basketball courts, fitness centers, resident clubhouse facilities, volleyball courts, 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.

6. Transportation. The design, acquisition, installation, construction, financing, operation, and maintenance of public transportation system improvements, including transportation equipment, park and ride facilities and parking lots, parking structures, roofs, covers, and facilities, including structures for repair, operations and maintenance of such facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems.

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

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

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

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

11. Legal Powers. The powers of the Districts will be exercised by their boards of directors to the extent necessary to provide the services contemplated in this Service Plan. The

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

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

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

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

c. Except as otherwise limited herein, to exercise all necessary and implied powers under Title 32, C.R.S. in the reasonable discretion of the boards of directors of the Districts as necessary to further the exercise of the powers expressly authorized by this Service Plan.

13. Condemnation. Absent the prior written approval of the City Council, the Districts shall not exercise their statutory power of eminent domain and dominant eminent domain for the purpose of condemning property outside of the Districts' boundaries; nor shall the Districts exercise their statutory power of dominant eminent domain to condemn property owned by the City, and located outside of the Districts' boundaries, without the prior written consent of the City Council. Additional approval from the City Council shall not be required prior to the Districts' exercise of their statutory power of eminent domain and dominant eminent domain with respect to property within the Districts' boundaries; provided, however, that the Districts shall not exercise their statutory power of dominant eminent domain to condemn property owned by the City, and located within the Districts' boundaries, without the prior written consent of the City Council.

III. DESCRIPTION OF FACILITIES AND IMPROVEMENTS

The Service District and the Financing Districts will be permitted to exercise their statutory powers and their respective authority as set forth herein to finance, construct, acquire, operate and maintain the public facilities and improvements described in Section II of this Service Plan either directly or by contract. Where appropriate, the Districts will contract with various public and/or private entities to undertake such functions. The Districts also may petition existing governmental entities for inclusion of part or all of the property within the Districts into an existing service area. There are currently no other entities within the boundaries of the proposed Districts providing the following services, nor shall the services provided by the Districts duplicate or interfere with those

services provided by the City. Improvements which are to be dedicated to the City shall be designed and constructed in accordance with City Policy and applicable State and Federal laws, regulations and standards.

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

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

A. General

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

B. General Design Standards

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

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

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

2. Storm Drainage.

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

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

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

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

3. Potable Water System.

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

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

4. Non-Potable Irrigation Water System

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

b. Overall Plan. The Districts may, in the discretion of their respective boards of directors, choose to provide for a non-potable irrigation water system, which may ultimately serve both public and private property. At this time, the Districts have not developed a finance plan which contemplates the provision of a non-potable irrigation water system and the Districts shall not be obligated to provide such a system. If ultimately constructed, the non-potable irrigation water system will be constructed in accordance with City Policy and financed through the Districts to service the greenbelts, open spaces, landscaping and common areas within the Districts. In addition, the Districts may choose to construct and/or finance a non-potable irrigation water system designed to serve individual units within the development. If a non-potable irrigation water system is provided, the Districts shall have the right to purchase any and all raw water necessary for proper operation of the system from the Developer, or any other entity or individual as the Districts deem appropriate.

5. Street System and Traffic Safety

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

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

Traffic controls and signage may be provided along streets to enhance the flow of traffic within the project. Street lights may be installed by the Districts along collector roadways. Lighting of local roadways will be the responsibility of the individual Developers of the residential parcels.

c. Landscaping. Landscaping may be installed by the Districts along the roadway rights-of-way and trail easements in accordance with City Policy. The Service District may also install and maintain landscaped highlights along the internal streets and entry features at

major entrances. Additional features may be installed and maintained by the developers of the individual parcels.

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

6. Park and Recreation

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

C. Services of Districts. The Districts will require operating funds to plan and cause the facilities contemplated herein to be completed. Such costs are expected to include reimbursement of organizational costs, legal, engineering, accounting, bond issuance costs and compliance with state reporting and other administrative requirements. The first year's operating budget is estimated to be approximately \$75,000. An overall Financing Plan showing the anticipated operating costs for the first budget year and thereafter, phasing of bond issues, and related matters is attached as Exhibit E. Operating costs may increase depending upon the entity designated responsible for operations and maintenance of the facilities as set forth in Section III. Notwithstanding the projections set forth in the financing plan such amounts are therefore subject to increase and may be paid from any legally available revenues including but not limited to fees or charges legally imposed by the Districts. Organizational costs and capital costs expended for public infrastructure prior to the date of organization, if any, will be reimbursed to the developer by the Districts out of their initial revenue sources including bond issue proceeds. The Districts may acquire completed improvements from the developer with bond proceeds. Certain of those improvements will then be conveyed by the Districts to the City. Alternatively, the developer may dedicate certain improvements directly to the City, with reimbursement to the developer to come from the Districts.

As discussed herein, it is anticipated that the Districts will enter into one or more intergovernmental agreements which are expected to provide that the obligation of the Financing District to pay the Service District for operating expenses incurred for the provision of services shall constitute "debt" of the Financing District. Accordingly, mill levies certified to make necessary payments to the Service District will be characterized as debt service mill levies notwithstanding that they are imposed to pay contractual obligations for operations and maintenance services provided by the Service District. As provided in Section VII.A. herein, the obligations of the Districts under the intergovernmental agreements described in this paragraph shall not constitute "Debt" of any District, as the term Debt is defined herein. The Service District shall be permitted to borrow its initial service funds from private entities until such time as it is able to generate operating revenues from the Districts.

D. Estimated Cost of Facilities

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

IV. DEVELOPMENT PROJECTIONS

The Developer is targeting several prominent home-builders as candidates to purchase individual parcels within the Districts' boundaries. The Developer's goal is to create the pre-eminent master-planned community in Northern Colorado. The absorption rates for The Lakes at Centerra are incorporated into the Financing Plan attached hereto.

V. PROPOSED AND EXISTING AGREEMENTS

A. Intergovernmental Agreements

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

B. Other Agreements/Authority

To the extent practicable, the Service District may enter into additional intergovernmental and private agreements to better ensure long-term provision of the improvements and services and effective management. Agreements may also be executed with property owner associations and other service providers. All such agreements are authorized pursuant to Colorado Constitution, Article XIV, Section 18 (2)(a) and § 29-1-201, et seq., C.R.S.

VI. OPERATION AND MAINTENANCE COSTS

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

VII. FINANCIAL PLAN

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

A. Debt Limitation. To enable the Districts to finance, construct, operate, and maintain the public improvements contemplated by this Service Plan, it is anticipated that the Districts will incur debt. For purposes of this Service Plan, "Debt" shall be defined to mean principal on general obligation or revenue bonds, notes, contracts, agreements, certificates of indebtedness, interim certificates or receipts, or other documents or instruments evidencing loans or advances to the Districts. The maximum amount of Debt which may be incurred by the Districts, in 2007 dollars, shall be \$50,000,000 ("Debt Limit"). Debt may be restructured to accomplish a refunding or reissuance, provided the principal amount of Debt does not exceed the Debt Limit set forth above. Refundings of existing Debt shall not count against the Debt Limit; so as to avoid the "double-counting" of any Debt. Obligations of the Districts set forth in the intergovernmental agreements among the Districts discussed herein will not count against the Debt Limit. The Debt Limit shall not be increased unless first approved by the City Council and as permitted by statute. Any change in Debt Limit shall be considered a material modification of the Service Plan.

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

C. Identification of District Revenue. All bonds issued by the Districts may be payable from any and all legally available revenues of the Districts, including general ad valorem taxes to be imposed upon all taxable property within the Districts; subject to the following limitations:

1. The maximum mill levy the Districts may impose for the payment of Debt, operations and maintenance expenses shall be 70 mills ("the "Mill Levy Cap"). The Mill

Levy Cap shall be subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes, or other similar changes occur. In any of these events, the Mill Levy Cap shall be automatically adjusted so that the collective tax liability of property owners within the Districts neither increases nor decreases as a result of any such changes, thereby maintaining a constant level of tax receipts of the Districts and overall tax payments from property owners. The Districts shall not impose or attempt to impose a mill levy on any of the property conveyed or dedicated to the City as provided in this Service Plan. Except as otherwise provided in this Section VII.C.1, the Mill Levy Cap shall not be increased unless first approved by the City Council and as permitted by statute. Any such increase in the Mill Levy Cap shall be considered a material modification of the Service Plan.

2. Any Debt issued by the Districts must be issued in compliance with the requirements of § 32-1-1101(6), C.R.S., as amended. The Districts anticipate issuing Debt that is exempt from registration by virtue of being credit enhanced or issued exclusively to “accredited investors” as such term is defined under Sections 3(b) and (4)(2) of the Federal Securities Act of 1933. This will ensure that appropriate development risk associated with current and future development within The Lakes at Centerra remains with the Developer until such time as the assessed valuation within the Districts is sufficient to support the Debt service requirements of the Districts with the imposition of the maximum allowable Mill Levy Cap. It is anticipated that the initial funding for both capital and ongoing administrative requirements of the Districts will be provided by the Developer in the form of advances in exchange for bonds or for promissory notes, short-term reimbursement agreements or other acceptable agreements, which will provide for repayment to the Developer from general obligation bond proceeds or other legally available sources of revenue, and refinancing of the same shall not require prior City approval, except that prior to the issuance of any such bonds, the City Attorney shall receive the opinion of nationally recognized bond counsel required by Section VII.B hereof.

In addition to revenues from the Districts’ mill levy, the Districts may receive revenue from specific ownership taxes, Developer advances, interest income, oversizing and reimbursement agreements with the City, fees and charges levied by the Districts, and other legally permissible sources. The Districts shall have the authority to use all available revenues in any legally permissible manner.

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

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

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

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

E. Filings with City and Quinquennial Review.

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

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

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

F. Other Financial Information

The balance of the information contained in this Article VII is preliminary in nature. Upon approval of this Service Plan, the Districts will continue to develop and refine cost estimates contained herein and prepare for bond issues. 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.

In addition to ad valorem property taxes, and in order to offset the expenses of the anticipated construction as well as operations and maintenance, the Districts will also rely upon various other revenue sources authorized by law. These will include the power to assess fees, rates, tolls, penalties, or charges as provided in § 32-1-1001(j), C.R.S., as amended from time to time. It is anticipated that a system of user charges may also be established for any recreation improvements and other improvements not owned and operated by the City. The Districts shall be permitted to assess a one-time development or impact fee, not to exceed \$2,000 per residential lot, without further approval from the City Council. Any additional development or impact fees may be assessed only upon the prior written approval of the City Council. The Districts shall not be required to obtain any additional City Council approval prior to assessing any other fees, rates, tolls, penalties, or charges authorized pursuant to § 32-1-1001(j), C.R.S., as the same may be amended from time to time.

The Financing Plan does not project any significant accumulation of fund balances which might represent receipt of revenues in excess of expenditures under the TABOR Amendment. To the extent annual District revenues exceed expenditures in this manner, the Districts will comply with the provisions of TABOR and either refund the excess or obtain voter approval to retain such amounts. Initial spending and revenue limits of the Districts, as well as mill levies, will be established by elections which satisfy TABOR requirements.

The estimated costs of the facilities and improvements to be constructed and installed by the Districts, including the costs of engineering services, legal services, administrative services, initial proposed indebtedness, and other major expenses related to the facilities and improvements to be constructed and installed, are set forth in Exhibit D of this Service Plan. The maximum net effective interest rate on bonds shall be twelve percent (12%). The proposed maximum underwriting discount shall be five percent (5%). The general obligation bonds, when issued, shall mature not more than forty (40) years from date of issuance, and the first maturity shall be not later than three (3) years from the date of its issuance, as required by statute. The estimated costs of the organization of the Districts, including legal, engineering, administrative and financial services, are expected to be approximately \$100,000. Organizational costs will be reimbursed to the Developer by the Districts out of their initial revenue sources including bond issue proceeds.

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

Districts. Additionally, the Districts and the Boards may not establish 63-20 Corporations without the prior written consent of the City.

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

I. Elections; Other Requirements

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

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

Ballot issues may be consolidated as approved in Court orders. The City should be assured that the Districts intend to follow both the letter and the spirit of the Special District Act, the Uniform Election Code of 1992, and the TABOR Amendment and any City requirements. Future elections to comply with the TABOR Amendment are anticipated, and may be held as determined by the elected boards of directors of the Districts.

VIII. ANNUAL REPORT

A. General.

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

B. Reporting of Significant Events.

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

- (1) Boundary changes made or proposed.
- (2) Intergovernmental Agreements entered into or proposed to be entered into.
- (3) Changes or proposed changes in the Districts' policies.
- (4) Changes or proposed changes in the Districts' operations.

- (5) Any changes in the financial status of the Districts including revenue projections, or operating costs.
- (6) A summary of any litigation involving the Districts.
- (7) Proposed plans for the year immediately following the year summarized in the annual report.
- (8) Status of the Districts' public improvement construction schedule.
- (9) A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City.

C. Summary of Financial Information.

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

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

IX. CONCLUSIONS

It is submitted that this Consolidated Service Plan for The Lakes at Centerra Metropolitan Districts Nos. 1, 2, and 3 as required by § 32-1-203(2), C.R.S., has established that:

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


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

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

9. The ongoing existence of the Districts is in the best interests of the area proposed to be served.

Therefore, it is requested that the Loveland City Council, which has jurisdiction to approve this Service Plan by virtue of § 32-1-204.5, et seq., C.R.S., as amended, adopt a resolution which approves this “Consolidated Service Plan for The Lakes at Centerra Metropolitan Districts Nos. 1, 2, and 3” as submitted.

Respectfully submitted,

By: 

Alan D. Pogue

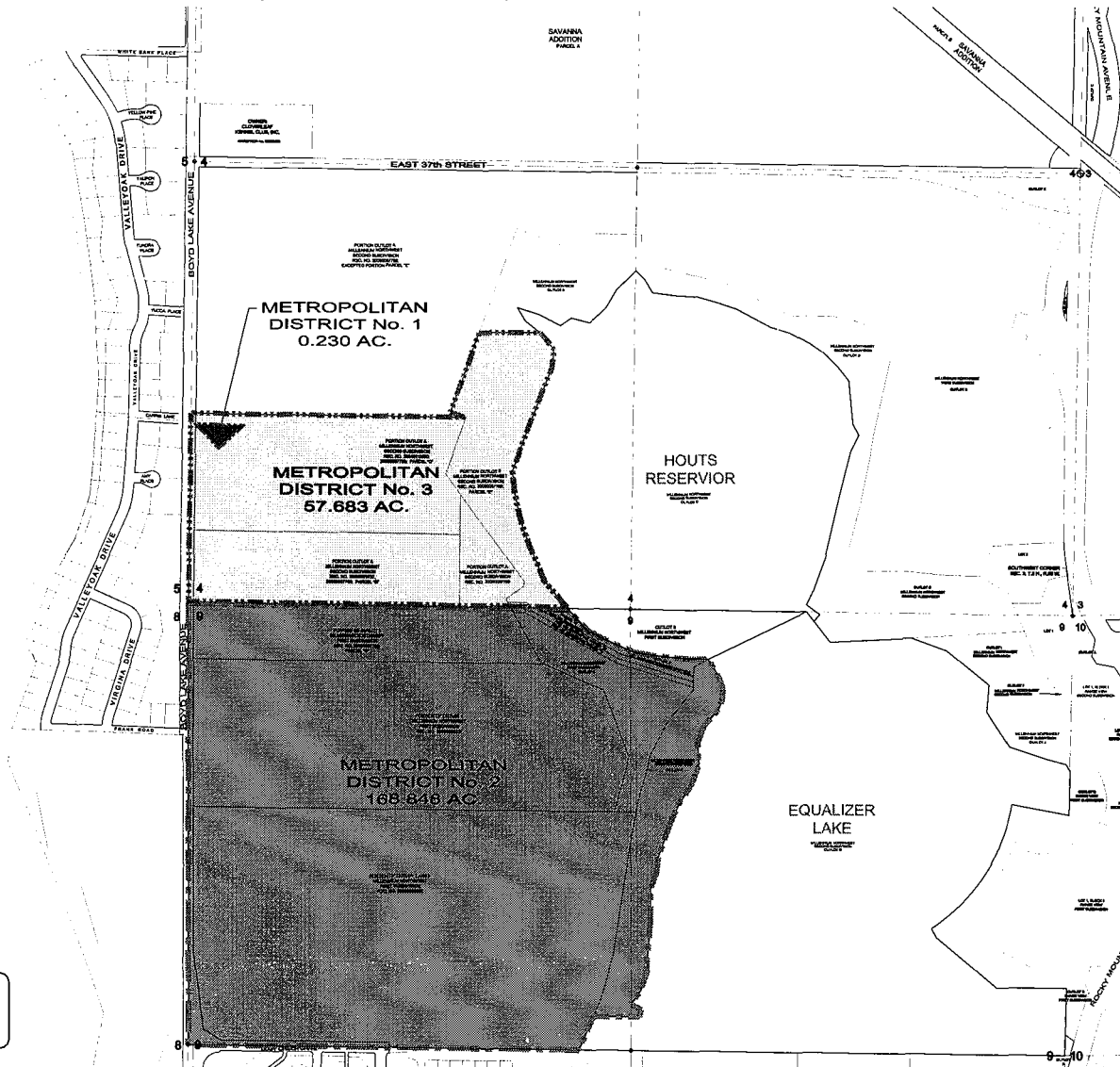
Pogue & Early, P.C.

Counsel to Proponents of the Districts

EXHIBIT A
Map of Districts

THE LAKES AT CENTERRA METRO DISTRICTS 1-3 MAP

SECTIONS 4 AND 9 TOWNSHIP 5 NORTH, RANGE 68 WEST,
CITY OF LOVELAND, COUNTY OF LARIMER, STATE OF COLORADO



LEGEND:

- 12
13 **-Section Corner**
- Metro District No. 1
- Metro District No. 2
- Metro District No. 3

DISTRICT ACREAGE:

THE LAKES AT CENTERRA METRO DISTRICTS 1-3 LAND DISTRIBUTION TABLE

PARCEL	SF	AC	% OF TOTAL
METRO DIST #1	10,000	0.230	0.10
METRO DIST #2	7,355,015	168,848	74.46
METRO DIST #3	2,612,654	57,683	25.44
SUM =	9,877,669	226,761	100.0

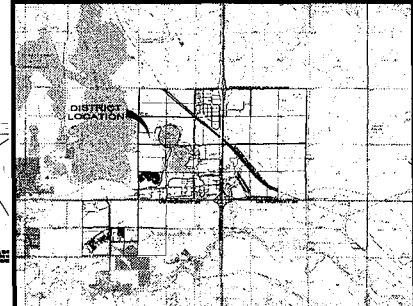


0 100 200 300 Feet

(IN FEET)

1 INCH = 300 FT.

August 1, 2007



VICINITY MAP
N.T.S.

**THE LAKES AT
CENTERRA
METROPOLITAN DISTRICTS 1-3**

DISTRICT MAP



EXHIBIT B
District Legal Descriptions



**NORTHERN
ENGINEERING**

ADDRESS:
200 S. College Ave. Suite 100
Fort Collins, CO 80524

PHONE: 970.221.4158

FAX: 970.221.4159

WEBSITE:
www.northernengineering.com

DESCRIPTION: THE LAKES AT CENTERRA METROPOLITAN DISTRICTS 1-3; DISTRICT NO. 1

A tract of land located in the Southwest Quarter of Section 4, Township 5 North, Range 68 West of the 6th Principal Meridian, City of Loveland, County of Larimer, State of Colorado being more particularly described as follows:

Considering the West line of the Southwest Quarter of Section 4 as bearing North 01°03'10" East and with all bearings contained herein relative thereto:

Commencing at the Southwest Corner of said Section 4; thence along the West line of the Southwest Quarter of said Section 4, North 01°03'10" East, 1049.55 feet; thence departing said West line, South 88°56'50" East, 70.00 feet to the **POINT OF BEGINNING**; thence, South 88°56'50" East, 200 feet; thence, South 46°03'10" West, 141.42 feet; thence, North 43°56'50" West, 141.42 feet to the **POINT OF BEGINNING**.

The above described tract of land contains 10,000 square feet or 0.230 acres, more or less.

August 1, 2007

R.Ott

750-038.02

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**NORTHERN
ENGINEERING**

ADDRESS: 200 S. College Ave. Suite 100 Fort Collins, CO 80524	PHONE: 970.221.4158	WEBSITE: www.northernengineering.com
	FAX: 970.221.4159	

DESCRIPTION: THE LAKES AT CENTERRA METROPOLITAN DISTRICTS 1-3; DISTRICT NO. 2

A tract of land located in Section 9, Township 5 North, Range 68 West of the 6th Principal Meridian, City of Loveland, County of Larimer, State of Colorado being more particularly described as follows:

Considering the West line of the Northwest Quarter of said Section 9 as bearing North 00°24'03" East and with all bearings contained herein relative thereto:

BEGINNING at the Northwest Corner of said Section 9; thence along the North line of the Northwest Quarter of said Section 9, South 89°09'01" East, 2247.59 feet to the Northwest corner of Outlot 3, Millennium Northwest First Subdivision; thence along the Southwesterly line of said Outlot 3 the following 6 courses and distances, South 42°19'00" East, 178.99 feet; thence, South 60°53'52" East, 88.16 feet; thence, South 66°04'34" East, 202.99 feet; thence, South 78°20'56" East, 103.80 feet; thence, South 84°15'18" East, 204.89 feet; thence, South 87°36'53" East, 146.72 feet; thence departing said Southwesterly line and along the Westerly line of Outlot G, Millennium Northwest Second Subdivision the following 23 courses and distances, South 63°55'34" West, 1.79 feet; thence, South 29°37'37" East, 119.77 feet; thence, South 20°13'18" East, 78.33 feet; thence, South 05°55'18" West, 62.93 feet; thence, South 20°13'14" West, 60.81 feet; thence, South 40°44'18" West, 136.95 feet; thence, South 18°58'06" West, 103.43 feet; thence, South 02°26'46" East, 118.69 feet; thence, South 20°13'14" West, 137.06 feet; thence, South 33°36'04" West, 130.14 feet; thence, South 23°26'49" West, 136.63 feet; thence, South 19°27'32" West, 211.51 feet; thence, South 08°36'29" West, 100.21 feet; thence, South 20°30'13" West, 100.90 feet; thence, South 00°49'47" East, 81.52 feet; thence, South 01°18'27" West, 116.23 feet; thence, South 04°52'44" West, 299.89 feet; thence, South 18°23'12" West, 107.86 feet; thence, South 34°03'04" West, 101.20 feet; thence, South 61°23'00" East, 68.82 feet; thence, South 14°58'46" West, 44.69 feet; thence, North 89°17'39" West, 274.60 feet; thence, South 23°26'38" West, 216.89 feet to a point on the South line of the Northwest Quarter of said Section 9; thence along said South line, North 89°16'54" West, 2316.20 feet to the West Quarter Corner of said Section 9; thence along the West line of said Northwest Quarter, North 00°24'03" East, 2637.54 feet to the POINT OF BEGINNING.

The above described tract of land contains 7,355,015 square feet or 168.848 acres, more or less.

August 1, 2007

R.Ott

750-038.02

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**NORTHERN
ENGINEERING**

ADDRESS: 200 S. College Ave. Suite 100 Fort Collins, CO 80524	PHONE: 970.221.4158	WEBSITE: www.northernengineering.com
	FAX: 970.221.4159	

DESCRIPTION: THE LAKES AT CENTERRA METROPOLITAN DISTRICTS 1-3; DISTRICT NO. 3

A tract of land located in Section 4, Township 5 North, Range 68 West of the 6th Principal Meridian, City of Loveland, County of Larimer, State of Colorado being more particularly described as follows:

Considering the West line of the Southwest Quarter of said Section 4 as bearing North 01°03'10" East and with all bearings contained herein relative thereto:

BEGINNING at the Southwest Corner of said Section 4; thence along the West line of the Southwest Quarter of said Section 4, North 01°03'10" East, 1133.81 feet; thence departing said West line, South 89°10'45" East, 1628.46 feet to a point on the West line of Outlot B, Millennium Northwest Second Subdivision; thence along said West line the following 2 courses and distances, North 70°00'00" West, 95.43 feet; thence, North 20°00'00" East, 505.27 feet; thence departing said West line, South 90°00'00" East, 362.79 feet to a point on the Westerly line of Outlot C, Millennium Northwest Second Subdivision; thence along said West line the following 11 courses and distances, South 50°57'32" East, 0.94 feet; thence, South 39°22'40" East, 125.43 feet; thence, South 07°51'28" West, 112.46 feet; thence, South 21°08'17" West, 324.76 feet; thence, South 20°19'21" West, 341.57 feet; thence, South 05°02'35" East, 105.24 feet; thence, South 10°48'10" East, 119.97 feet; thence, South 14°38'21" East, 114.71 feet; thence, South 20°07'00" East, 117.16 feet; thence, South 21°45'31" East, 228.10 feet; thence, South 40°03'07" East, 213.41 feet to a point on the South line of the Southwest Quarter of said Section 4, thence along said South line, North 89°09'01" West, 2247.39 feet; to the POINT OF BEGINNING.

EXCEPT:

A tract of land located in the Southwest Quarter of Section 4, Township 5 North, Range 68 West of the 6th Principal Meridian, City of Loveland, County of Larimer, State of Colorado being more particularly described as follows:

Considering the West line of the Southwest Quarter of Section 4 as bearing North 01°03'10" East and with all bearings contained herein relative thereto:

Commencing at the Southwest Corner of said Section 4; thence along the West line of the Southwest Quarter of said Section 4, North 01°03'10" East, 1049.55 feet; thence departing said West line, South 88°56'50" East, 70.00 feet to the **POINT OF BEGINNING**; thence, South 88°56'50" East, 200 feet; thence, South 46°03'10" West, 141.42 feet; thence, North 43°56'50" West, 141.42 feet to the POINT OF BEGINNING.

The above described tract of land contains 2,512,654 square feet or 57.683 acres, more or less.

August 1, 2007

R.Ott

750-038.02

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EXHIBIT C

Future Inclusion Area



**NORTHERN
ENGINEERING**

ADDRESS: 200 S. College Ave. Suite 100 Fort Collins, CO 80524	PHONE: 970.221.4158	WEBSITE: www.northernengineering.com
	FAX: 970.221.4159	

DESCRIPTION: THE LAKES AT CENTERRA METROPOLITAN DISTRICTS 1-3 FUTURE INCLUSION AREA;

AREA 1:

A tract of land located in Section 4, Township 5 North, Range 68 West of the 6th Principal Meridian, City of Loveland, County of Larimer, State of Colorado being more particularly described as follows:

Considering the West line of the Southwest Quarter of said Section 4 as bearing North 01°03'10" East and with all bearings contained herein relative thereto:

Commencing at the Southwest Corner of said Section 4; thence along the West line of the Southwest Quarter of said Section 4, North 01°03'10" East, 1133.81 feet to the **POINT OF BEGINNING**; thence continuing along said West line, North 01°03'10" East, 1508.24 feet to the Northwest corner of said Southwest Quarter; thence, along the North line of said Southwest Quarter, South 89°18'02" East, 2624.85 feet to the Northeast corner of said Southwest Quarter; thence, along the East line of said Southwest Quarter, South 01°09'07" West, 619.77 feet to a point on the Westerly line of Outlot C, Millennium Northwest Second Subdivision; thence along said Westerly line the following 9 courses and distances, South 45°10'31" West, 161.74 feet; thence, South 30°14'20" West, 128.48 feet; thence, South 46°58'26" West, 125.98 feet; thence, North 75°25'13" West, 115.32 feet; thence, South 53°55'04" West, 77.92 feet; thence, North 62°25'12" West, 141.58 feet; thence, North 72°35'12" West, 136.15 feet; thence, South 31°10'56" East, 92.81 feet; thence, South 50°57'32" East, 113.40 feet; thence departing said Westerly line, North 90°00'00" West, 362.79 feet to a point on the West line of Outlot B, Millennium Northwest Second Subdivision; thence along said West line the following 2 courses and distances, South 20°00'00" West, 505.27 feet; thence, South 70°00'00" East, 95.43 feet; thence departing said West line, North 39°10'45" West, 1628.46 feet to the POINT OF BEGINNING.

The above described tract of land contains 3,358,651 square feet or 77.104 acres, more or less.

August 1, 2007

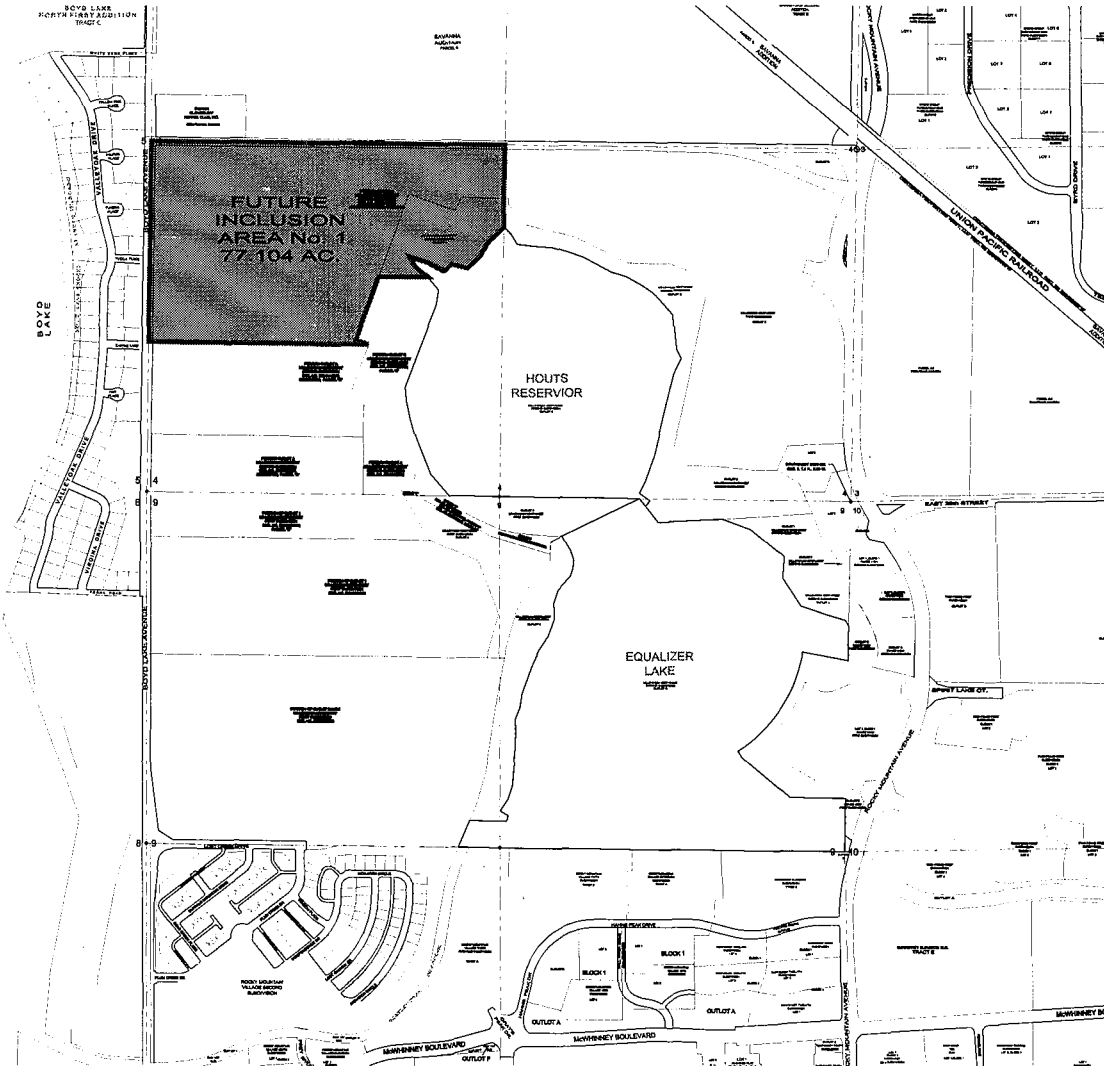
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THE LAKES AT CENTERRA METRO DISTRICTS 1-3 FUTURE INCLUSION AREA MAP

SECTION 4, TOWNSHIP 5 NORTH, RANGE 68 WEST, CITY OF LOVELAND, COUNTY OF LARIMER, STATE OF COLORADO



LEGEND:

- 12
18 **-Section Corner**
- Future Inclusion Area No. 1**

FUTURE INCLUSION- AREA ACREAGE:

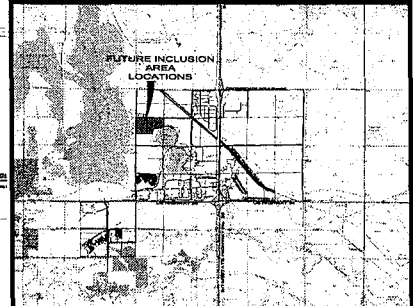
THE LAKES AT CENTERRA METRO DISTRICTS 1-3 FUTURE INCLUSION AREA;
LAND DISTRIBUTION TABLE

PARCEL	SF	AC	% OF TOTAL
AREA #1	3,355,651	77.104	100.00
SUM =	3,355,651	77.104	100.0



1" = 400.0'
1" IN FEET = 400.0' HOR.

August 24, 2007



VICINITY MAP
N.T.S.

**THE LAKES AT
CENTERRA
METROPOLITAN DISTRICTS 1-3
FUTURE INCLUSION AREA**

DISTRICT MAP



**NORTHERN
ENGINEERING**

3800 South Federal Avenue, Suite 100
Fort Collins, Colorado 80525
PHONE: 970.221.4200 FAX: 970.221.4210
WWW.NORTHERNENGINEERING.COM

EXHIBIT D
Cost Estimates

The Lakes at Centerra Metropolitan District		
Estimated District Capital Improvement Costs		
No.	Capital Improvement Description	Improvement Cost
1.00	Project Infrastructure	
1.10	Engineering and Design	\$ 2,119,831
1.20	Collector Entrance Roadway	\$ 918,500
	Sanitary sewer	
	Domestic Water	
	Storm Sewer	
1.30	Local Entrance Roadway	\$ 1,886,600
	Sanitary sewer	
	Domestic Water	
	Storm Sewer	
1.40	Grading	\$ 3,176,000
1.50	Landscaping	\$ 4,351,106
	(Entry, Medians, Parks, Trails and Natural Areas)	
1.60	Club House and Pool	\$ 3,800,000
1.70	Contingency	\$ 2,798,177
	Sub-total	\$ 19,050,214

2.00	Off-Site Infrastructure	
2.10	Engineering and Design	\$ 1,336,650
2.20	Arterial Roadway	\$ 5,779,000
	Sanitary sewer	
	Domestic Water	
	Storm Sewer	
2.30	Sanitary Sewer	\$ 1,108,000
2.40	Landscaping	\$ 1,824,000
	(Entry, Medians, Parks, Trails and Natural Areas)	
2.50	Water Quality Pond System	\$ 200,000
2.60	Contingency	\$ 1,764,378
	Sub-total	\$ 12,012,028

3.00	Local Street Infrastructure		
3.10	Engineering and Design	\$	258,107
3.20	Roadway	\$	3,262,014
3.30	Sanitary sewer	\$	1,216,969
3.40	Domestic Water	\$	892,405
3.50	Storm Sewer	\$	796,351
3.60	Landscaping	\$	2,549,582
	(Site Landscaping, Natural Areas, Pocket Parks)		
3.70	Irrigation System	\$	848,983
3.80	Contingency	\$	1,945,234
	Sub-total	\$	11,769,646
	District Infrastructure Cost Total	\$	42,831,888

The Lakes at Centerra
Construction Cost Estimates

Category	Factor	2008		2009		2010		2011		2012		Totals	
		Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost	Quantity	Cost
PRIVATE PROJECTS													
Dry Utilities	Cost per linear foot for all roadways (Boyd Lake Avenue and Kendall Parkway)	175	3450			2300	402,500	700	122,500				1,128,750
		\$235						1550	364,250			1,550	364,250
Demolition and Env. Cleanup Grading	Cost per acre inc. erosion control & seeding (3 feet x \$2.50)				85,000								85,000
		\$16,000	110		1,750,000		56.3		900,800		32.2		515,200
					2,448,750				1,001,950				1,001,950
SUBTOTAL PROJECTS													
PUBLIC PROJECTS													
Community Center			\$3,800,000	1	\$3,800,000								\$3,800,000
Arterial Roads	Cost per linear foot for 1/2 cross section (\$468*2 x 1.3)												
Boyd Lake Ave. - Phase 1	\$800	2,900	\$2,320,000										
Boyd Lake Ave. - Phase 2	\$800					1,750	\$1,400,000						
Boyd Lake Ave. - Phase 3	\$800							700	\$560,000				\$4,280,000
Kendall Parkway	\$580							1550	\$899,000			6,900	\$899,000
Boyd Lake Traffic Signals	\$300,000									2	\$600,000		\$600,000
Collector Roads	Cost per linear foot for full cross section + water (\$290 + 65 x 1.3)												
Frank Road	\$835	550	\$459,250										
Carrie Lane	\$835					550	\$459,250					1100	\$918,500
Builder Streets & Utilities													
Phase 1	\$933,000	1	\$933,000										
Phase 2	\$608,000					1	\$608,000						
Phase 3	\$345,600							1	\$345,600				\$1,886,600
Sanitary Sewer Trunk Line	Cost per linear foot for 12" PVC deep bury (\$80 x 1.3)	\$200	2,540	\$508,000									
						1615	\$323,000	1385	\$277,000			5,540	\$1,108,000
Neighborhood Parks	Cost per acre (\$5.50 per sf x 1.3)												
Main Park	n/a - City finances and builds												
North Park	\$7							130,680	\$934,362			130,680	\$934,362
Water Quality Control Ponds	Cost per pond	\$50,000	2	\$100,000									
						1	\$50,000	1	\$50,000			4	\$200,000
Boyd Lake Ave. Berm/Buffer	Cost per ac w/Earthwork @ \$16,667/ac; Landscape @ 2.00/sf; Trail @ \$48 lf; Well for 1/2 @ \$120 lf.	\$285,000	3.47	\$988,950									
						2.05	\$95,650	0.84	\$239,400			6.4	\$1,824,000
Entries	Cost per one corner entry (\$80,000 x 1.3)	\$110,000	3	\$330,000									
						2	\$220,000	3	\$330,000			8	\$880,000
Open Space	Cost per acre (\$1.95 per sf x 1.3)	\$140,000	3.5	\$490,000									
						5.2	\$728,000	2.2	\$308,000			10.9	\$1,526,000
Trails	Cost per linear foot (6" concrete walk @ \$44 x 1.3)	\$57	2770	\$157,890									
						1900	\$108,300	922	\$52,554			5592	\$318,744
Ponds	Cost per decorative pond	\$25,000	5	\$125,000									
						4	\$100,000					9	\$225,000
Streams	Cost per linear foot	\$100	2770	\$277,000									
						1900	\$190,000					4670	\$467,000
SUBTOTAL PUBLIC PROJECTS					\$10,489,090		\$4,782,200		\$3,995,916				\$19,867,206
TOTAL PROJECTS					\$12,937,840		\$6,085,500		\$4,997,866				\$24,621,206
Total					\$12,937,840		\$6,085,500		\$4,997,866				\$24,621,206

The Lakes at Centerra Metropolitan District
Estimated District Local Street Capital Improvement Costs

No.	Capital Improvement Description	Improvement Cost
1.00	Local Infrastructure	
1.10	Engineering and Design	\$ 258,107
1.20	Roadway	\$ 3,262,014
1.30	Sanitary sewer	\$ 1,216,969
1.40	Domestic Water	\$ 892,405
1.50	Storm Sewer	\$ 796,351
1.60	Landscaping (Site Landscaping, Natural Areas, Pocket Parks)	\$ 2,549,582
1.70	Irrigation System	\$ 848,983
1.80	Contingency	\$ 1,945,234
	Sub-total	\$ 11,769,646
	District Infrastructure Cost Total	\$ 11,769,646

EXHIBIT E
Financing Plan

Stan Bernstein and Associates, Inc.

Financial Planners and Consultants

For Local Governments, Municipal Bond Underwriters, and Real Estate Developers

8400 East Prentice Ave., Penthouse

Greenwood Village, Colorado 80111

Phone: 303-409-7611 Fax: 303-409-7612 Email: Stanplan@Earthlink.net

MEMORANDUM

TO: Joe Knopinski, McWhinney Enterprises
Peggy Dowswell, Pinnacle Consulting Group, Inc.

FROM: Stan Bernstein
Amy Bernstein

DATE: August 23, 2007

SUBJECT: Draft 14 – Financial Model – The Lakes at Centerra Metropolitan Districts
#1 - #3

INTRODUCTION AND SCOPE

Stan Bernstein and Associates, Inc. has assembled preliminary (for discussion purposes only) Financial Models for The Lakes at Centerra Metropolitan District #1 (Service District) and The Lakes at Centerra Metropolitan District #2 - #3 (Combined Financing Districts) based upon key assumptions provided by officials of McWhinney Enterprises its consultants Pinnacle Consulting Group, Inc. The Financial Models were assembled in order to provide a conceptual understanding of (i) the amount of Limited Tax General Obligation Bonds that could ultimately be supported by the Combined Financing Districts (as presented on Exhibit II page 5); (ii) how the Service District could fund its administrative and operating expenditures (as presented on Exhibit I page 1; and (iii) how the Service District could fund its infrastructure requirements (as presented on Exhibit III page 16). Detailed land use, values, and buildout assumptions (as well as related assessed valuation estimates) for the Combined Financing Districts were provided by McWhinney Enterprises (the Developer) and Pinnacle Consulting Group, Inc., and are presented on Schedule 2, page 14. Detailed assumed Limited Tax General Obligation Bond issues, and related debt service requirements, are presented on Schedule 1, page 10.

It is important that officials of the District, the Developer, and Pinnacle Consulting Group, Inc. understand and feel comfortable with the key assumptions that the Financial Models are based upon. It is also important that all parties understand that Stan Bernstein and Associates, Inc. has not been engaged to independently review or evaluate these key assumptions and, consequently, disclaims any opinion on their accuracy or achievability.

FUTURE RATES OF RESIDENTIAL BUILDOUT AND RELATED ASSESSED VALUATION, AND BONDING CAPACITY

The financial planning concept is that as the construction of future residential real estate product occurs within the boundaries of the Financing Districts, incremental assessed valuation will generate property tax revenues for the Financing Districts.

For financial planning purposes it is assumed that a portion (approximately 10.0 mills) of the property tax revenues generated from the 60.0 mills assumed to be levied by each Financing District will be used to fund administrative, operating, maintenance, and management expenses as provided by Pinnacle Consulting Group, Inc. The property tax revenues not used to pay administrative and other costs (assumed to be 50.0 mills) will be available to make annual interest and principal payments on outstanding limited tax General Obligation Bonds. The Financing Districts will have the authority to levy as much as 70.0 mills – 60.0 for Debt Service – which will provide sufficient debt service coverage for potential purchasers of the limited tax General Obligation Bonds.

This draft indicates that the Combined Financing Districts could support limited tax General Obligation Bonds as presented below (based upon buildout and assessed valuation presented on Schedule 2, page 14):

- December 1, 2010 \$ 4,635,000
- December 1, 2012 \$ 8,150,000
- December 1, 2014 \$ 7,000,000
- December 1, 2019 \$ 2,000,000
- December 1, 2029 \$ 5,000,000

Total Bonds Issued \$26,785,000

It is possible that the timing of these bond issues could be accelerated by using various forms of credit enhancement. These alternative financing structures can be modeled in future drafts based upon input from the Districts' investment bankers. The above bond issues are assumed to be issued as non-rated bonds. All Bonds are assumed to be marketed as privately placed bonds to institutional investors because they exceed the statutory 50% Debt to Assessed Valuation requirements.

Memorandum
August 23, 2007
Page iii

For financial planning purposes, we have assumed that bonds are issued when they can be supported by net property tax revenues generated from the Financing Districts. It is assumed that the bonds would be issued at average interest rates of 6.50% and mature serially for as long as a 30 year period. Costs of Bond Issuance have been estimated to be 3.0% of the par amount of the bonds.

It is assumed that the net proceeds of the limited tax General Obligation Bonds will be used to reimburse the Developer for a portion of the infrastructure costs expected to be originally funded by the Developer (as presented on Exhibit III, page 16).

The key assumptions with respect to future residential buildout, and related assessed valuation buildup, within the boundaries of the Combined Financing Districts are presented in detail on Schedule 2 on page 14. These assumptions were provided by officials of the Developer. It is assumed that any decrease in assessed valuation caused by The Gallagher Amendment will be offset by increases to the assumed 60.0 mill levy. The assessed valuation estimates do assume average annual inflationary increases of approximately 2% (4% biennially).

The Financial Models are based upon a total of 978 residential units being completed by the end of 2015. McWhinney Enterprises has provided the information contained in Schedule 2, and believes these assumptions to be reasonable and appropriate to use for financial modeling purposes at this time.

SERVICE DISTRICT GENERAL FUND - CASH FLOW – EXHIBIT I, PAGE 1

Exhibit I presents the estimated revenues and expenditures for the Service District's General Fund.

The primary ongoing general fund revenue source is assumed to be property tax revenues transferred from the Combined Financing Districts based upon a 10.0 mill levy. Additional revenue sources include Developer Contributions totaling \$785,000 during years 2007 – 2013 (a portion of which are assumed to be repaid in later years).

Service District General Fund expenditures (which were developed by Pinnacle Consulting Group, Inc.) are presented on Exhibit I, and include allowances for administration, legal, and overhead, operations and maintenance, organization costs, and a contingency allowance. Administrative costs have been inflated 3% annually in years 2012 through 2019 and 2% annually beginning in year 2020. Operating and maintenance costs have been inflated 3% annually beginning in 2012.

Memorandum
August 23, 2007
Page iv

COMBINED FINANCING DISTRICTS – CASH FLOW – EXHIBIT II, PAGE 5

Exhibit II presents the estimated revenues and expenditures for the Combined Financing Districts (ultimately a separate Exhibit II and Schedule 2 will be assembled for each individual Financing District, but for now all Financing Districts have been combined into Exhibit II and Schedule 2).

The primary revenue source consists of property tax revenues generated from a 60.0 mill levy. Other sources of revenue include specific ownership tax revenues, and interest earnings.

Exhibit II expenditures include a 10.0 mill annual transfer of property taxes to the Service District. A 2.0% County Treasurer's collection fee has also been assumed. The annual debt service requirements relating to the Combined Financing Districts Series 2010, 2012, 2014, 2019, and 2029 limited tax General Obligation Bonds are also presented on this Exhibit (and are shown in detail on Schedule 1). Average interest rates of 6.5% and up to 30 year amortization have been assumed.

SERVICE DISTRICT CAPITAL PROJECTS FUND – CASH FLOW – EXHIBIT III, PAGE 16

Exhibit III presents the capital infrastructure requirements, and the funding plan, for the public infrastructure required to service property within the boundaries of the Combined Financing Districts. Pursuant to an Intergovernmental Agreement (IGA) the Service District, through its Capital Projects Fund, will account for these capital expenditures and related funding sources.

The detailed capital expenditure requirements are presented by year. It is assumed that all capital expenditures will initially be funded from Developer Contributions. It is assumed that these Developer Contributions (the cumulative amount of the Developer Contributions without interest appears on the bottom line of Exhibit III) will be reimbursed to the Developer from net limited tax general obligation bond proceeds and from available revenues transferred from the Financing Districts' Debt Service Fund.

Memorandum
August 23, 2007
Page v

DISCLAIMER AND LIMITATIONS

The Financial Models were assembled by Stan Bernstein and Associates, Inc. based upon key assumptions provided by officials of the Districts, Pinnacle Consulting Group, Inc. and the Developer. Stan Bernstein and Associates, Inc. has not independently evaluated or reviewed these key assumptions and, consequently, does not vouch for the achievability of the information presented on Exhibits I - III and on Schedules 1 and 2. Furthermore, because of the inherent nature of future events, which are subject to change and variation as events and circumstances change, the actual results may vary materially from the results presented on Exhibit I and on Schedule 1. For example, in the event that actual price points, rates of buildout and rates of inflation differ from those assumed, the results projected on Exhibits I – III could vary materially. Stan Bernstein and Associates, Inc. has no responsibility or obligation to update this information or these Financial Models for events occurring after the date of this memorandum.

The actual amount of the limited tax general obligation bonds that could be supported by the Combined Financing Districts will depend on the rate of buildout and the related increases in assessed valuation, interest rates, debt service coverage requirements, and the actual amounts needed to pay for the Districts' administrative, operating and maintenance expenses. In the event that the Districts' actual administrative, operating, and maintenance expenses are more than anticipated on Exhibit I, the amount of bonds that could actually be supported by the Districts will likely be less than shown.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT #1 (SERVICE DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2030

WORKING DRAFT DATED 8-23-07
 SUBJECT TO CHANGE & REVISION

EXHIBIT I - CASH FLOW FORECAST - GENERAL FUND

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1 INCREMENTAL HOMES DEVELOPED (SCHEDULE 1)	<u>0</u>	<u>0</u>	<u>0</u>	<u>127</u>	<u>220</u>	<u>188</u>	<u>214</u>	<u>145</u>
2 CUMULATIVE HOMES DEVELOPED	<u>0</u>	<u>0</u>	<u>0</u>	<u>127</u>	<u>347</u>	<u>535</u>	<u>749</u>	<u>894</u>
3 COMMUNITY IMPROVEMENT FEE (ONE TIME AT LOT SALE)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
4 ASSUMED MILL LEVY TRANSFER FROM LCMD #2	<u>0</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
5 ASSESSED VALUATION	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>100,000</u>	<u>100,000</u>	<u>6,648,280</u>	<u>12,676,536</u>	<u>18,206,985</u>
6 REVENUES:								
7 COMMUNITY IMPROVEMENT FEE	0	0	0	0	0	0	0	0
8 DEVELOPER CONTRIBUTION (REPAYMENT)	0	100,000	75,000	150,000	180,000	145,000	95,000	40,000
9 TRANSFER FROM LCMD #2	0	0	750	1,000	1,000	66,483	126,765	182,070
10 INTEREST INCOME - OTHER @ 3%	<u>0</u>	<u>0</u>	<u>0</u>	<u>23</u>	<u>53</u>	<u>145</u>	<u>311</u>	<u>605</u>
11 TOTAL REVENUES	<u>0</u>	<u>100,000</u>	<u>75,750</u>	<u>151,023</u>	<u>181,053</u>	<u>211,628</u>	<u>222,076</u>	<u>222,675</u>
12 EXPENDITURES - (PER PINNACLE CONSULTING GROUP, INC.)								
13 ALLOWANCE FOR ADMIN, LEGAL, OVERHEAD (Note 1 Below)	0	0	75,000	100,000	103,000	106,090	109,273	112,551
14 OPERATIONS AND MAINTENANCE (Note 2 Below)	0	0	0	50,000	75,000	100,000	103,000	106,090
15 ORGANIZATION COSTS	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16 TOTAL EXPENDITURES	<u>0</u>	<u>100,000</u>	<u>75,000</u>	<u>150,000</u>	<u>178,000</u>	<u>206,090</u>	<u>212,273</u>	<u>218,641</u>
17 EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>0</u>	<u>0</u>	<u>750</u>	<u>1,023</u>	<u>3,053</u>	<u>5,538</u>	<u>9,804</u>	<u>4,034</u>
18 FUND BALANCE - JANUARY 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>750</u>	<u>1,773</u>	<u>4,826</u>	<u>10,363</u>	<u>20,167</u>
19 FUND BALANCE - DECEMBER 31	<u>0</u>	<u>0</u>	<u>750</u>	<u>1,773</u>	<u>4,826</u>	<u>10,363</u>	<u>20,167</u>	<u>24,201</u>

Note 1: Assumes 3% annual increases 2010-2019; 2% thereafter.
 Note 2: Assumes 3% annual increases after 2011.

SEE CONSULTANT'S REPORT AND DISCLAIMER.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT #1 (SERVICE DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2030

EXHIBIT I - CASH FLOW FORECAST - GENERAL FUND

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1 INCREMENTAL HOMES DEVELOPED (SCHEDULE 1)	<u>80</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2 CUMULATIVE HOMES DEVELOPED	<u>974</u>	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>
3 COMMUNITY IMPROVEMENT FEE (ONE TIME AT LOT SALE)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
4 ASSUMED MILL LEVY TRANSFER FROM LCMD #2	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
5 ASSESSED VALUATION	<u>23,739,723</u>	<u>26,502,143</u>	<u>28,358,100</u>	<u>28,509,273</u>	<u>29,649,644</u>	<u>29,649,644</u>	<u>30,835,630</u>	<u>30,835,630</u>
6 REVENUES:								
7 COMMUNITY IMPROVEMENT FEE	0	0	0	0	0	0	0	0
8 DEVELOPER CONTRIBUTION (REPAYMENT)	0	0	(30,000)	(30,000)	(30,000)	(30,000)	(40,000)	(40,000)
9 TRANSFER FROM LCMD #2	237,397	265,021	283,581	285,093	296,496	296,496	308,356	308,356
10 INTEREST INCOME - OTHER @ 3%	<u>726</u>	<u>1,114</u>	<u>2,139</u>	<u>2,643</u>	<u>2,993</u>	<u>3,474</u>	<u>3,741</u>	<u>3,877</u>
11 TOTAL REVENUES	<u>238,123</u>	<u>266,135</u>	<u>255,720</u>	<u>257,736</u>	<u>269,489</u>	<u>269,970</u>	<u>272,097</u>	<u>272,233</u>
12 EXPENDITURES - (PER PINNACLE CONSULTING GROUP, INC.)								
13 ALLOWANCE FOR ADMIN, LEGAL, OVERHEAD (Note 1 Below)	115,927	119,405	122,987	126,677	130,477	134,392	137,079	139,821
14 OPERATIONS AND MAINTENANCE (Note 2 Below)	109,273	112,551	115,927	119,405	122,987	126,677	130,477	134,392
15 ORGANIZATION COSTS	0	0	0	0	0	0	0	0
16 TOTAL EXPENDITURES	<u>225,200</u>	<u>231,956</u>	<u>238,915</u>	<u>246,082</u>	<u>253,465</u>	<u>261,069</u>	<u>267,557</u>	<u>274,213</u>
17 EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>12,923</u>	<u>34,179</u>	<u>16,805</u>	<u>11,654</u>	<u>16,025</u>	<u>8,901</u>	<u>4,540</u>	<u>(1,980)</u>
18 FUND BALANCE - JANUARY 1	<u>24,201</u>	<u>37,124</u>	<u>71,303</u>	<u>88,108</u>	<u>99,762</u>	<u>115,787</u>	<u>124,688</u>	<u>129,228</u>
19 FUND BALANCE - DECEMBER 31	<u>37,124</u>	<u>71,303</u>	<u>88,108</u>	<u>99,762</u>	<u>115,787</u>	<u>124,688</u>	<u>129,228</u>	<u>127,249</u>

Note 1: Assumes 3% annual increases 2010-2019; 2% thereafter.

Note 2: Assumes 3% annual increases after 2011.

SEE CONSULTANT'S REPORT AND DISCLAIMER.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT #1 (SERVICE DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2030

EXHIBIT I - CASH FLOW FORECAST - GENERAL FUND

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
1 INCREMENTAL HOMES DEVELOPED (SCHEDULE 1)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2 CUMULATIVE HOMES DEVELOPED	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>
3 COMMUNITY IMPROVEMENT FEE (ONE TIME AT LOT SALE)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
4 ASSUMED MILL LEVY TRANSFER FROM LCMD #2	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
5 ASSESSED VALUATION	<u>32,069,055</u>	<u>32,069,055</u>	<u>33,351,817</u>	<u>33,351,817</u>	<u>34,685,890</u>	<u>34,685,890</u>	<u>36,073,325</u>	<u>36,073,325</u>
6 REVENUES:								
7 COMMUNITY IMPROVEMENT FEE	0	0	0	0	0	0	0	0
8 DEVELOPER CONTRIBUTION (REPAYMENT)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
9 TRANSFER FROM LCMD #2	320,691	320,691	333,518	333,518	346,859	346,859	360,733	360,733
10 INTEREST INCOME - OTHER @ 3%	3,817	3,921	3,818	3,882	3,725	3,738	3,518	3,468
11 TOTAL REVENUES	<u>284,508</u>	<u>284,612</u>	<u>297,337</u>	<u>297,400</u>	<u>310,584</u>	<u>310,597</u>	<u>324,251</u>	<u>324,202</u>
12 EXPENDITURES - (PER PINNACLE CONSULTING GROUP, INC.)								
13 ALLOWANCE FOR ADMIN, LEGAL, OVERHEAD (Note 1 Below)	142,617	145,470	148,379	151,347	154,374	157,461	160,610	163,823
14 OPERATIONS AND MAINTENANCE (Note 2 Below)	138,423	142,576	146,853	151,259	155,797	160,471	165,285	170,243
15 ORGANIZATION COSTS	0	0	0	0	0	0	0	0
16 TOTAL EXPENDITURES	<u>281,041</u>	<u>288,046</u>	<u>295,233</u>	<u>302,606</u>	<u>310,170</u>	<u>317,932</u>	<u>325,895</u>	<u>334,066</u>
17 EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>3,467</u>	<u>(3,434)</u>	<u>2,104</u>	<u>(5,206)</u>	<u>414</u>	<u>(7,335)</u>	<u>(1,644)</u>	<u>(9,864)</u>
18 FUND BALANCE - JANUARY 1	<u>127,249</u>	<u>130,716</u>	<u>127,282</u>	<u>129,386</u>	<u>124,180</u>	<u>124,594</u>	<u>117,258</u>	<u>115,614</u>
19 FUND BALANCE - DECEMBER 31	<u>130,716</u>	<u>127,282</u>	<u>129,386</u>	<u>124,180</u>	<u>124,594</u>	<u>117,258</u>	<u>115,614</u>	<u>105,750</u>

Note 1: Assumes 3% annual increases 2010-2019; 2% thereafter.
 Note 2: Assumes 3% annual increases after 2011.

SEE CONSULTANT'S REPORT AND DISCLAIMER.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT #1 (SERVICE DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2030

EXHIBIT I - CASH FLOW FORECAST - GENERAL FUND

	<u>2030</u>	<u>TOTALS</u>
1 INCREMENTAL HOMES DEVELOPED (SCHEDULE 1)	<u>0</u>	<u>978</u>
2 CUMULATIVE HOMES DEVELOPED	<u>978</u>	<u>978</u>
3 COMMUNITY IMPROVEMENT FEE (ONE TIME AT LOT SALE)	<u>0</u>	
4 ASSUMED MILL LEVY TRANSFER FROM LCMD #2	<u>10</u>	
5 ASSESSED VALUATION	<u>37,516,259</u>	
6 REVENUES:		
7 COMMUNITY IMPROVEMENT FEE	0	0
8 DEVELOPER CONTRIBUTION (REPAYMENT)	(40,000)	225,000
9 TRANSFER FROM LCMD #2	375,163	5,757,630
10 INTEREST INCOME - OTHER @ 3%	3,172	54,903
11 TOTAL REVENUES	<u>338,335</u>	<u>6,037,533</u>
12 EXPENDITURES - (PER PINNACLE CONSULTING GROUP, INC.)		
13 ALLOWANCE FOR ADMIN, LEGAL, OVERHEAD (Note 1 Below)	167,099	3,023,861
14 OPERATIONS AND MAINTENANCE (Note 2 Below)	175,351	2,812,037
15 ORGANIZATION COSTS	0	100,000
16 TOTAL EXPENDITURES	<u>342,450</u>	<u>5,935,898</u>
17 EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(4,115)</u>	<u>101,635</u>
18 FUND BALANCE - JANUARY 1	<u>105,750</u>	<u>0</u>
19 FUND BALANCE - DECEMBER 31	<u>101,635</u>	<u>101,635</u>

Note 1: Assumes 3% annual increases 2010-2019; 2% thereafter.
 Note 2: Assumes 3% annual increases after 2011.

SEE CONSULTANT'S REPORT AND DISCLAIMER.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT # 2 (DISTRICTS #2 AND #3 COMBINED)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2039

WORKING DRAFT DATED 8-23-07
 SUBJECT TO CHANGE & REVISION

EXHIBIT ii - CASH FLOW FORECAST - DEBT SERVICE FUND
 60 MILLS (WITH 70 MILL CAP)

	2006	2007	2008	2009	2010	2011	2012	2013
1 INCREMENTAL HOMES DEVELOPED (SCHEDULE 1)	0	0	0	127	220	188	214	145
2 CUMULATIVE HOMES DEVELOPED	0	0	0	127	347	535	749	894
3 ASSESSED VALUATION (SCH. 1)	0	0	75,000	100,000	100,000	6,648,280	12,676,536	18,206,985
4 MILL LEVY	0.00	0.00	60.00	60.00	60.00	60.00	60.00	60.00
5 REVENUES:								
6 PROPERTY TAXES (70 MILLS)	0	0	4,500	6,000	6,000	398,897	760,592	1,092,419
7 SPECIFIC OWNERSHIP TAXES @ 8% OF PROP. TAXES	0	0	360	480	480	31,912	60,847	87,394
8 INTEREST INCOME - OTHER @ 3%	0	0	0	121	285	454	410	10,165
9 TOTAL REVENUES	0	0	4,860	6,601	6,765	431,263	821,850	1,189,978
10 EXPENDITURES:								
11 2.0% LARIMER COUNTY TREASURER'S COLLECTION FEE	0	0	90	120	120	7,978	15,212	21,848
12 TRANSFER TO LCMD #1 10 MILLS	0	0	750	1,000	1,000	66,483	126,765	182,070
13 SERIES 2010 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	0	0	0	0	0	356,275	352,700	354,125
14 SERIES 2012 G.O. NON-RATED DEBT SERVICE (SCH. 2) - See Note 1 Below	0	0	0	0	0	0	0	624,750
15 SERIES 2014 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	0	0	0	0	0	0	0	0
16 SERIES 2019 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	0	0	0	0	0	0	0	0
17 SERIES 2029 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	0	0	0	0	0	0	0	0
18 BOND PAYING AGENT FEES	0	0	0	0	0	2,000	2,000	4,000
19 TOTAL EXPENDITURES	0	0	840	1,120	1,120	432,736	496,677	1,186,793
20 EXCESS REVENUES OVER (UNDER) EXPENDITURES	0	0	4,020	5,481	5,645	(1,473)	325,173	3,185
21 BOND PROCEEDS AND TRANSFERS TO LCMD #1 CAPITAL PROJECTS FUND:								
22 TRANSFER OF NET G.O. BOND PROCEEDS/CASH TO LCMD #1 CAPITAL PROJECTS FUND	0	0	0	0	(4,495,950)	0	(7,905,500)	0
23 TRANSFER OF AVAILABLE CASH FOR TO LCMD #1 CAPITAL PROJECTS FUND	0	0	0	0	0	0	0	0
24 PROCEEDS FROM G.O. BONDS (SCH. 2)	0	0	0	0	4,635,000	0	8,150,000	0
25 COSTS OF BOND ISSUANCE	0	0	0	0	(139,050)	0	(244,500)	0
26 TOTAL BOND PROCEEDS AND TRANSFERS TO LCMD # 1 CAPITAL PROJECTS FUND	0	0	0	0	0	0	0	0
27 FUND BALANCE - JANUARY 1	0	0	0	4,020	9,501	15,146	13,673	338,845
28 FUND BALANCE - DECEMBER 31	0	0	4,020	9,501	15,146	13,673	338,845	342,030
29 Restricted - Bond Proceeds	0	0	0	0	0	0	0	0
30 Unrestricted	0	0	4,020	9,501	15,146	13,673	338,845	342,030
31 Capitalized Interest	0	0	0	0	0	0	0	0
32 TOTAL NON-RATED G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	4,635,000	4,580,000	12,675,000	12,520,000
33 % OF NON-RATED G.O. BONDS OUTSTANDING/ASSESSED VALUE	0.00%	0.00%	0.00%	0.00%	69.72%	36.13%	69.62%	52.74%

Note 1: Annual Debt Service Requirements Will Continue at 2039 Amounts Until All Bonds Are Paid

SEE CONSULTANT'S REPORT AND DISCLAIMER.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT # 2 (DISTRICTS #2 AND #3 COMBINED)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2039

EXHIBIT II - CASH FLOW FORECAST - DEBT SERVICE FUND
 60 MILLS (WITH 70 MILL CAP)

	2014	2015	2016	2017	2018	2019	2020	2021	2022
1 INCREMENTAL HOMES DEVELOPED (SCHEDULE 1)	80	4	0	0	0	0	0	0	0
2 CUMULATIVE HOMES DEVELOPED	974	978	978	978	978	978	978	978	978
3 ASSESSED VALUATION (SCH. 1)	23,739,723	26,502,143	28,358,100	28,509,273	29,649,644	29,649,644	30,835,630	30,835,630	32,069,055
4 MILL LEVY	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
5 REVENUES:									
6 PROPERTY TAXES (70 MILLS)	1,424,383	1,590,129	1,701,486	1,710,556	1,778,979	1,778,979	1,850,138	1,850,138	1,924,143
7 SPECIFIC OWNERSHIP TAXES @ 8% OF PROP. TAXES	113,951	127,210	136,119	136,845	142,318	142,318	148,011	148,011	153,931
8 INTEREST INCOME - OTHER @ 3%	10,261	19,258	19,129	19,482	20,024	22,542	24,989	24,911	24,811
9 TOTAL REVENUES	1,548,595	1,736,597	1,856,734	1,866,882	1,941,321	1,943,838	2,023,138	2,023,059	2,102,886
10 EXPENDITURES:									
11 2.0% LARIMER COUNTY TREASURER'S COLLECTION FEE	28,488	31,803	34,030	34,211	35,580	35,580	37,003	37,003	38,483
12 TRANSFER TO LCMD #1 10 MILLS	237,397	265,021	283,581	285,093	296,496	296,496	308,356	308,356	320,691
13 SERIES 2010 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	355,225	356,000	356,450	356,575	351,375	356,175	355,325	354,150	357,650
14 SERIES 2012 G.O. NON-RATED DEBT SERVICE (SCH. 2) - See Note 1 Below	623,575	627,075	624,925	622,450	624,650	626,200	622,100	622,675	622,600
15 SERIES 2014 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	0	455,000	540,000	544,475	543,300	541,800	539,975	542,825	545,025
16 SERIES 2019 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	0	0	0	0	0	0	155,000	153,375	151,750
17 SERIES 2029 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	0	0	0	0	0	0	0	0	0
18 BOND PAYING AGENT FEES	4,000	6,000	6,000	6,000	6,000	6,000	8,000	8,000	8,000
19 TOTAL EXPENDITURES	1,248,685	1,740,899	1,844,986	1,848,804	1,857,401	1,862,251	2,025,759	2,026,384	2,044,198
20 EXCESS REVENUES OVER (UNDER) EXPENDITURES	299,910	(4,302)	11,748	18,079	83,920	81,587	(2,621)	(3,325)	58,687
21 BOND PROCEEDS AND TRANSFERS TO LCMD #1 CAPITAL PROJECTS FUND:									
22 TRANSFER OF NET G.O. BOND PROCEEDS/CASH TO LCMD #1 CAPITAL PROJECTS FUND	(6,790,000)	0	0	0	0	(1,940,000)	0	0	0
23 TRANSFER OF AVAILABLE CASH FOR TO LCMD #1 CAPITAL PROJECTS FUND	0	0	0	0	0	0	0	0	0
24 PROCEEDS FROM G.O. BONDS (SCH. 2)	7,000,000	0	0	0	0	2,000,000	0	0	0
25 COSTS OF BOND ISSUANCE	(210,000)	0	0	0	0	(60,000)	0	0	0
26 TOTAL BOND PROCEEDS AND TRANSFERS TO LCMD #1 CAPITAL PROJECTS FUND	0	0	0	0	0	0	0	0	0
27 FUND BALANCE - JANUARY 1	342,030	641,940	637,638	649,387	667,465	751,385	832,972	830,351	827,027
28 FUND BALANCE - DECEMBER 31	641,940	637,638	649,387	667,465	751,385	832,972	830,351	827,027	885,714
29 Restricted - Bond Proceeds	0	0	0	0	0	0	0	0	0
30 Unrestricted	641,940	637,638	649,387	667,465	751,385	832,972	830,351	827,027	885,714
31 Capitalized Interest	0	0	0	0	0	0	0	0	0
32 TOTAL NON-RATED G.O. BONDS OUTSTANDING @ 12/31	19,355,000	19,175,000	18,900,000	18,605,000	18,295,000	19,960,000	19,585,000	19,185,000	18,755,000
33 % OF NON-RATED G.O. BONDS OUTSTANDING/ASSESSED VALUE	73.03%	67.62%	66.29%	62.75%	61.70%	64.73%	63.51%	59.82%	58.48%

Note 1: Annual Debt Service Requirements Will Continue at 2039 Amounts Until All Bonds Are Paid

SEE CONSULTANT'S REPORT AND DISCLAIMER.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT # 2 (DISTRICTS #2 AND #3 COMBINED)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2039

EXHIBIT II - CASH FLOW FORECAST - DEBT SERVICE FUND
 60 MILLS (WITH 70 MILL CAP)

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
1 INCREMENTAL HOMES DEVELOPED (SCHEDULE 1)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2 CUMULATIVE HOMES DEVELOPED	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>	<u>978</u>
3 ASSESSED VALUATION (SCH. 1)	<u>32,069,055</u>	<u>33,351,817</u>	<u>33,351,817</u>	<u>34,685,890</u>	<u>34,685,890</u>	<u>36,073,325</u>	<u>36,073,325</u>	<u>37,516,259</u>
4 MILL LEVY	<u>60.00</u>	<u>60.00</u>	<u>60.00</u>	<u>60.00</u>	<u>60.00</u>	<u>60.00</u>	<u>60.00</u>	<u>60.00</u>
5 REVENUES:								
6 PROPERTY TAXES (70 MILLS)	1,924,143	2,001,109	2,001,109	2,081,153	2,081,153	2,164,400	2,164,400	2,250,976
7 SPECIFIC OWNERSHIP TAXES @ 8% OF PROP. TAXES	153,931	160,089	160,089	166,492	166,492	173,152	173,152	180,078
8 INTEREST INCOME - OTHER @ 3%	<u>26,571</u>	<u>28,473</u>	<u>32,482</u>	<u>36,657</u>	<u>42,907</u>	<u>49,526</u>	<u>58,516</u>	<u>67,794</u>
9 TOTAL REVENUES	<u>2,104,646</u>	<u>2,189,671</u>	<u>2,193,680</u>	<u>2,284,303</u>	<u>2,290,553</u>	<u>2,387,078</u>	<u>2,396,067</u>	<u>2,498,848</u>
10 EXPENDITURES:								
11 2.0% LARIMER COUNTY TREASURER'S COLLECTION FEE	38,483	40,022	40,022	41,623	41,623	43,288	43,288	45,020
12 TRANSFER TO LCMD #1 10 MILLS	320,691	333,518	333,518	346,859	346,859	360,733	360,733	375,163
13 SERIES 2010 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	355,500	353,025	355,225	356,775	352,675	353,250	353,175	357,450
14 SERIES 2012 G.O. NON-RATED DEBT SERVICE (SCH. 2) - See Note 1 Below	621,875	625,500	623,150	625,150	626,175	626,225	625,300	623,400
15 SERIES 2014 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	541,575	542,800	543,375	543,300	542,575	541,200	544,175	541,175
16 SERIES 2019 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	155,125	153,175	151,225	154,275	152,000	154,725	152,125	154,525
17 SERIES 2029 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	0	0	0	0	0	0	0	385,000
18 BOND PAYING AGENT FEES	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>10,000</u>
19 TOTAL EXPENDITURES	<u>2,041,248</u>	<u>2,056,040</u>	<u>2,054,515</u>	<u>2,075,982</u>	<u>2,069,907</u>	<u>2,087,421</u>	<u>2,086,796</u>	<u>2,491,732</u>
20 EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>63,398</u>	<u>133,631</u>	<u>139,165</u>	<u>208,321</u>	<u>220,646</u>	<u>299,656</u>	<u>309,271</u>	<u>7,115</u>
21 BOND PROCEEDS AND TRANSFERS TO LCMD #1 CAPITAL PROJECTS FUND:								
22 TRANSFER OF NET G.O. BOND PROCEEDS/CASH TO LCMD #1 CAPITAL PROJECTS FUND	0	0	0	0	0	0	(4,850,000)	0
23 TRANSFER OF AVAILABLE CASH FOR TO LCMD #1 CAPITAL PROJECTS FUND	0	0	0	0	0	0	0	0
24 PROCEEDS FROM G.O. BONDS (SCH. 2)	0	0	0	0	0	0	5,000,000	0
25 COSTS OF BOND ISSUANCE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(150,000)</u>	<u>0</u>
26 TOTAL BOND PROCEEDS AND TRANSFERS TO LCMD # 1 CAPITAL PROJECTS FUND	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
27 FUND BALANCE - JANUARY 1	<u>885,714</u>	<u>949,112</u>	<u>1,082,742</u>	<u>1,221,907</u>	<u>1,430,228</u>	<u>1,650,874</u>	<u>1,950,530</u>	<u>2,259,801</u>
28 FUND BALANCE - DECEMBER 31	<u>949,112</u>	<u>1,082,742</u>	<u>1,221,907</u>	<u>1,430,228</u>	<u>1,650,874</u>	<u>1,950,530</u>	<u>2,259,801</u>	<u>2,266,917</u>
29 Restricted - Bond Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
30 Unrestricted	<u>949,112</u>	<u>1,082,742</u>	<u>1,221,907</u>	<u>1,430,228</u>	<u>1,650,874</u>	<u>1,950,530</u>	<u>2,259,801</u>	<u>2,266,917</u>
31 Capitalized Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
32 TOTAL NON-RATED G.O. BONDS OUTSTANDING @ 12/31	<u>18,300,000</u>	<u>17,815,000</u>	<u>17,300,000</u>	<u>16,745,000</u>	<u>16,160,000</u>	<u>15,535,000</u>	<u>19,870,000</u>	<u>19,100,000</u>
33 % OF NON-RATED G.O. BONDS OUTSTANDING/ASSESSED VALUE	<u>54.87%</u>	<u>53.42%</u>	<u>49.88%</u>	<u>48.28%</u>	<u>44.80%</u>	<u>43.07%</u>	<u>52.96%</u>	<u>50.91%</u>

Note 1: Annual Debt Service Requirements Will Continue at 2039 Amounts Until All Bonds Are Paid

SEE CONSULTANT'S REPORT AND DISCLAIMER.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT # 2 (DISTRICTS #2 AND #3 COMBINED)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2039

EXHIBIT II - CASH FLOW FORECAST - DEBT SERVICE FUND
 60 MILLS (WITH 70 MILL CAP)

	2031	2032	2033	2034	2035	2036	2037	2038
1 INCREMENTAL HOMES DEVELOPED (SCHEDULE 1)	0	0	0	0	0	0	0	0
2 CUMULATIVE HOMES DEVELOPED	978	978	978	978	978	978	978	978
3 ASSESSED VALUATION (SCH. 1)	37,516,259	39,016,909	39,016,909	40,577,585	40,577,585	42,200,689	42,200,689	43,888,716
4 MILL LEVY	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
5 REVENUES:								
6 PROPERTY TAXES (70 MILLS)	2,250,976	2,341,015	2,341,015	2,434,655	2,434,655	2,532,041	2,532,041	2,633,323
7 SPECIFIC OWNERSHIP TAXES @ 8% OF PROP. TAXES	180,078	187,281	187,281	194,772	194,772	202,563	202,563	210,666
8 INTEREST INCOME - OTHER @ 3%	68,007	8,379	9,464	10,468	14,015	17,490	23,786	30,205
9 TOTAL REVENUES	2,499,061	2,536,675	2,537,759	2,639,895	2,643,443	2,752,095	2,758,391	2,874,194
10 EXPENDITURES:								
11 2.0% LARIMER COUNTY TREASURER'S COLLECTION FEE	45,020	46,820	46,820	48,693	48,693	50,641	50,641	52,666
12 TRANSFER TO LCMD #1 10 MILLS	375,163	390,169	390,169	405,776	405,776	422,007	422,007	438,887
13 SERIES 2010 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	355,750	353,400	355,400	356,425	356,475	355,550	353,650	355,775
14 SERIES 2012 G.O. NON-RATED DEBT SERVICE (SCH. 2) - See Note 1 Below	625,525	621,350	626,200	624,425	626,350	621,650	625,650	622,700
15 SERIES 2014 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	542,525	542,900	542,300	540,725	543,175	544,325	544,175	542,725
16 SERIES 2019 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	151,600	153,675	150,425	152,175	153,600	154,700	155,475	150,925
17 SERIES 2029 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	381,100	382,200	382,975	383,425	383,550	383,350	382,825	381,975
18 BOND PAYING AGENT FEES	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
19 TOTAL EXPENDITURES	2,486,682	2,500,514	2,504,289	2,521,644	2,527,619	2,542,223	2,544,423	2,555,654
20 EXCESS REVENUES OVER (UNDER) EXPENDITURES	12,379	36,160	33,470	118,251	115,824	209,872	213,968	318,540
21 BOND PROCEEDS AND TRANSFERS TO LCMD #1 CAPITAL PROJECTS FUND:								
22 TRANSFER OF NET G.O. BOND PROCEEDS/CASH TO LCMD #1 CAPITAL PROJECTS FUND	0	0	0	0	0	0	0	0
23 TRANSFER OF AVAILABLE CASH FOR TO LCMD #1 CAPITAL PROJECTS FUND	(2,000,000)	0	0	0	0	0	0	0
24 PROCEEDS FROM G.O. BONDS (SCH. 2)	0	0	0	0	0	0	0	0
25 COSTS OF BOND ISSUANCE	0	0	0	0	0	0	0	0
26 TOTAL BOND PROCEEDS AND TRANSFERS TO LCMD # 1 CAPITAL PROJECTS FUND	(2,000,000)	0	0	0	0	0	0	0
27 FUND BALANCE - JANUARY 1	2,266,917	279,296	315,456	348,926	467,177	583,001	792,873	1,006,841
28 FUND BALANCE - DECEMBER 31	279,296	315,456	348,926	467,177	583,001	792,873	1,006,841	1,325,381
29 Restricted - Bond Proceeds	0	0	0	0	0	0	0	0
30 Unrestricted	279,296	315,456	348,926	467,177	583,001	792,873	1,006,841	1,325,381
31 Capitalized Interest	0	0	0	0	0	0	0	0
32 TOTAL NON-RATED G.O. BONDS OUTSTANDING @ 12/31	18,285,000	17,420,000	16,495,000	15,510,000	14,455,000	13,335,000	12,140,000	10,875,000
33 % OF NON-RATED G.O. BONDS OUTSTANDING/ASSESSED VALUE	46.86%	44.65%	40.65%	38.22%	34.25%	31.60%	27.66%	24.78%

Note 1: Annual Debt Service Requirements Will Continue at 2039 Amounts Until All Bonds Are Paid

SEE CONSULTANT'S REPORT AND DISCLAIMER.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT # 2 (DISTRICTS #2 AND #3 COMBINED)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2039

EXHIBIT II - CASH FLOW FORECAST - DEBT SERVICE FUND
 60 MILLS (WITH 70 MILL CAP)

	<u>2039</u>	<u>TOTALS</u>
1 INCREMENTAL HOMES DEVELOPED (SCHEDULE 1)	0	0
2 CUMULATIVE HOMES DEVELOPED	978	978
3 ASSESSED VALUATION (SCH. 1)	43,888,716	
4 MILL LEVY	60.00	
5 REVENUES:		
6 PROPERTY TAXES (70 MILLS)	2,633,323	56,678,825
7 SPECIFIC OWNERSHIP TAXES @ 8% OF PROP. TAXES	210,666	4,534,306
8 INTEREST INCOME - OTHER @ 3%	39,761	761,345
9 TOTAL REVENUES	<u>2,883,750</u>	<u>61,974,475</u>
10 EXPENDITURES:		
11 2.0% LARIMER COUNTY TREASURER'S COLLECTION FEE	52,666	1,133,576
12 TRANSFER TO LCMD #1 10 MILLS	438,887	9,446,471
13 SERIES 2010 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	356,600	10,298,125
14 SERIES 2012 G.O. NON-RATED DEBT SERVICE (SCH. 2) - See Note 1 Below	623,125	16,854,750
15 SERIES 2014 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	539,975	13,475,400
16 SERIES 2019 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	151,375	3,061,250
17 SERIES 2029 G.O. BONDS DEBT SERVICE (SCH. 2) - See Note 1 Below	380,800	3,827,200
18 BOND PAYING AGENT FEES	10,000	222,000
19 TOTAL EXPENDITURES	<u>2,553,429</u>	<u>58,318,772</u>
20 EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>330,322</u>	<u>3,655,703</u>
21 BOND PROCEEDS AND TRANSFERS TO LCMD #1 CAPITAL PROJECTS FUND:		
22 TRANSFER OF NET G.O. BOND PROCEEDS/CASH TO LCMD #1 CAPITAL PROJECTS FUND	0	(25,981,450)
23 TRANSFER OF AVAILABLE CASH FOR TO LCMD #1 CAPITAL PROJECTS FUND	0	(2,000,000)
24 PROCEEDS FROM G.O. BONDS (SCH. 2)	0	26,785,000
25 COSTS OF BOND ISSUANCE	0	(803,550)
26 TOTAL BOND PROCEEDS AND TRANSFERS TO LCMD # 1 CAPITAL PROJECTS FUND	<u>0</u>	<u>(2,000,000)</u>
27 FUND BALANCE - JANUARY 1	<u>1,325,381</u>	<u>0</u>
28 FUND BALANCE - DECEMBER 31	<u>1,655,703</u>	<u>1,655,703</u>
29 Restricted - Bond Proceeds	0	
30 Unrestricted	<u>1,655,703</u>	
31 Capitalized Interest	0	
32 TOTAL NON-RATED G.O. BONDS OUTSTANDING @ 12/31	<u>9,530,000</u>	
33 % OF NON-RATED G.O. BONDS OUTSTANDING/ASSESSED VALUE	<u>21.71%</u>	

Note 1: Annual Debt Service Requirements Will Continue at 2039 Amounts Until All Bonds Are Paid

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THE LAKES AT CENTERRA METROPOLITAN DISTRICT # 2 (DISTRICTS #2 AND #3 COMBINED)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2039

WORKING DRAFT DATED 8-23-07
 SUBJECT TO CHANGE & REVISION

SCHEDULE 1 - LIMITED TAX GENERAL OBLIGATION BOND ISSUES
 AND DEBT SERVICE REQUIREMENTS

BOND ISSUES

SIZE OF LIMITED TAX GENERAL OBLIGATION BOND ISSUES				
BOND	NET	CAPITALIZED	OTHER	GROSS
ISSUE	PROCEEDS	INTEREST	COSTS	BOND
DATE				ISSUE
12/01/2010 NON-RATED	4,495,950	0	139,050	4,635,000
12/01/2012 NON-RATED	7,905,500	0	244,500	8,150,000
12/01/2014 NON-RATED	6,790,000	0	210,000	7,000,000
12/01/2019 NON-RATED	1,940,000	0	60,000	2,000,000
12/01/2029 NON-RATED	4,850,000	0	150,000	5,000,000
TOTALS	25,981,450	0	803,550	26,785,000

ANNUAL DEBT SERVICE REQUIREMENTS									
	2006	2007	2008	2009	2010	2011	2012	2013	2014
	0	0	0	0	0	356,275	352,700	354,125	355,225
	0	0	0	0	0	0	0	624,750	623,575
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
TOTALS	0	0	0	0	0	356,275	352,700	978,875	978,800

DETAILED ANNUAL DEBT SERVICE REQUIREMENTS:

12/01/2010 NON-RATED	NEW \$	PRINCIPAL	0	0	0	0	0	55,000	55,000	60,000	65,000
	30 YR	INTEREST @ 6.5%	0	0	0	0	0	301,275	297,700	294,125	290,225
		TOTAL DEBT SERVICE	0	0	0	0	0	356,275	352,700	354,125	355,225
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	4,635,000	4,580,000	4,525,000	4,465,000	4,400,000
12/01/2012 NON-RATED	NEW \$	PRINCIPAL	0	0	0	0	0	0	0	95,000	100,000
	30 YR	INTEREST @ 6.5%	0	0	0	0	0	0	0	529,750	523,575
		TOTAL DEBT SERVICE	0	0	0	0	0	0	0	624,750	623,575
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	8,150,000	8,055,000	7,955,000
12/01/2014 NON-RATED	NEW \$	PRINCIPAL	0	0	0	0	0	0	0	0	0
	30 YR	INTEREST @ 6.5%	0	0	0	0	0	0	0	0	0
		TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	7,000,000
12/01/2019 NON-RATED	NEW \$	PRINCIPAL	0	0	0	0	0	0	0	0	0
	30 YR	INTEREST @ 6.5%	0	0	0	0	0	0	0	0	0
		TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0
12/01/2029 NON-RATED	NEW \$	PRINCIPAL	0	0	0	0	0	0	0	0	0
	30 YR	INTEREST @ 6.5%	0	0	0	0	0	0	0	0	0
		TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0
		TOTAL LTD TAX G.O. NON-RATED BONDS OUTSTAND @ 12/31	0	0	0	0	4,635,000	4,580,000	12,675,000	12,520,000	19,355,000

Note 1: Annual Debt Service Requirements Will Continue at 2039 Amounts Until All Bonds Are Paid

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THE LAKES AT CENTERRA METROPOLITAN DISTRICT # 2 (DISTRICTS #2 AND #3 COMBINED)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2039

SCHEDULE 1 - LIMITED TAX GENERAL OBLIGATION BOND ISSUES
 AND DEBT SERVICE REQUIREMENTS

BOND ISSUES

SIZE OF LIMITED TAX GENERAL OBLIGATION BOND ISSUES					2015	2016	2017	2018	2019	2020	2021	2022	2023
BOND ISSUE DATE	NET PROCEEDS	CAPITALIZED INTEREST	OTHER COSTS	GROSS BOND ISSUE									
12/01/2010 NON-RATED	4,495,950	0	139,050	4,635,000	356,000	356,450	356,575	351,375	356,175	355,325	354,150	357,650	355,500
12/01/2012 NON-RATED	7,905,500	0	244,500	8,150,000	627,075	624,925	622,450	624,650	626,200	622,100	622,675	622,600	621,875
12/01/2014 NON-RATED	6,790,000	0	210,000	7,000,000	455,000	540,000	544,475	543,300	541,800	539,975	542,825	545,025	541,575
12/01/2019 NON-RATED	1,940,000	0	60,000	2,000,000	0	0	0	0	0	155,000	153,375	151,750	155,125
12/01/2029 NON-RATED	4,850,000	0	150,000	5,000,000	0	0	0	0	0	0	0	0	0
TOTALS	25,981,450	0	803,550	26,785,000	1,438,075	1,521,375	1,523,500	1,519,325	1,524,175	1,672,400	1,673,025	1,677,025	1,674,075

DETAILED ANNUAL DEBT SERVICE REQUIREMENTS:

12/01/2010 NON-RATED	NEW \$	PRINCIPAL	70,000	75,000	80,000	80,000	90,000	95,000	100,000	110,000	115,000		
	30 YR	INTEREST @ 6.5%	286,000	281,450	276,575	271,375	266,175	260,325	254,150	247,650	240,500		
		TOTAL DEBT SERVICE	356,000	356,450	356,575	351,375	356,175	355,325	354,150	357,650	355,500		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	4,330,000	4,255,000	4,175,000	4,095,000	4,005,000	3,910,000	3,810,000	3,700,000	3,585,000		
12/01/2012 NON-RATED	NEW \$	PRINCIPAL	110,000	115,000	120,000	130,000	140,000	145,000	155,000	165,000	175,000		
	30 YR	INTEREST @ 6.5%	517,075	509,925	502,450	494,650	486,200	477,100	467,675	457,600	446,875		
		TOTAL DEBT SERVICE	627,075	624,925	622,450	624,650	626,200	622,100	622,675	622,600	621,875		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	7,845,000	7,730,000	7,610,000	7,480,000	7,340,000	7,195,000	7,040,000	6,875,000	6,700,000		
12/01/2014 NON-RATED	NEW \$	PRINCIPAL	0	85,000	95,000	100,000	105,000	110,000	120,000	130,000	135,000		
	30 YR	INTEREST @ 6.5%	455,000	455,000	449,475	443,300	436,800	429,975	422,825	415,025	406,575		
		TOTAL DEBT SERVICE	455,000	540,000	544,475	543,300	541,800	539,975	542,825	545,025	541,575		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	7,000,000	6,915,000	6,820,000	6,720,000	6,615,000	6,505,000	6,385,000	6,255,000	6,120,000		
12/01/2019 NON-RATED	NEW \$	PRINCIPAL	0	0	0	0	0	25,000	25,000	25,000	30,000		
	30 YR	INTEREST @ 6.5%	0	0	0	0	0	130,000	128,375	126,750	125,125		
		TOTAL DEBT SERVICE	0	0	0	0	0	155,000	153,375	151,750	155,125		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	2,000,000	1,975,000	1,950,000	1,925,000	1,895,000		
12/01/2029 NON-RATED	NEW \$	PRINCIPAL	0	0	0	0	0	0	0	0	0		
	30 YR	INTEREST @ 6.5%	0	0	0	0	0	0	0	0	0		
		TOTAL DEBT SERVICE	0	0	0	0	0	0	0	0	0		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	0	0	0	0		
		TOTAL LTD TAX G.O. NON-RATED BONDS OUTSTAND @ 12/31	19,175,000	18,900,000	18,605,000	18,295,000	19,960,000	19,585,000	19,185,000	18,755,000	18,300,000		

Note 1: Annual Debt Service Requirements Will Continue at 2039 Amounts Until All Bonds Are Paid

SEE CONSULTANT'S REPORT AND DISCLAIMER.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT # 2 (DISTRICTS #2 AND #3 COMBINED)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2039

SCHEDULE 1 - LIMITED TAX GENERAL OBLIGATION BOND ISSUES
 AND DEBT SERVICE REQUIREMENTS

BOND ISSUES

SIZE OF LIMITED TAX GENERAL OBLIGATION BOND ISSUES													
BOND ISSUE DATE	NET PROCEEDS	CAPITALIZED INTEREST	OTHER COSTS	GROSS BOND ISSUE	2024	2025	2026	2027	2028	2029	2030	2031	2032
12/01/2010 NON-RATED	4,495,950	0	139,050	4,635,000	353,025	355,225	356,775	352,675	353,250	353,175	357,450	355,750	353,400
12/01/2012 NON-RATED	7,905,500	0	244,500	8,150,000	625,500	623,150	625,150	626,175	626,225	625,300	623,400	625,525	621,350
12/01/2014 NON-RATED	6,790,000	0	210,000	7,000,000	542,800	543,375	543,300	542,575	541,200	544,175	541,175	542,525	542,900
12/01/2019 NON-RATED	1,940,000	0	60,000	2,000,000	153,175	151,225	154,275	152,000	154,725	152,125	154,525	151,600	153,675
12/01/2029 NON-RATED	4,850,000	0	150,000	5,000,000	0	0	0	0	0	0	385,000	381,100	382,200
TOTALS	25,981,450	0	803,550	26,785,000	1,674,500	1,672,975	1,679,500	1,673,425	1,675,400	1,674,775	2,061,550	2,056,500	2,053,525

DETAILED ANNUAL DEBT SERVICE REQUIREMENTS:

12/01/2010 NON-RATED	NEW \$	PRINCIPAL	120,000	130,000	140,000	145,000	155,000	165,000	180,000	190,000	200,000		
	30 YR	INTEREST @ 6.5%	233,025	225,225	216,775	207,675	198,250	188,175	177,450	165,750	153,400		
		TOTAL DEBT SERVICE	353,025	355,225	356,775	352,675	353,250	353,175	357,450	355,750	353,400		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	3,465,000	3,335,000	3,195,000	3,050,000	2,895,000	2,730,000	2,550,000	2,360,000	2,160,000		
12/01/2012 NON-RATED	NEW \$	PRINCIPAL	190,000	200,000	215,000	230,000	245,000	260,000	275,000	295,000	310,000		
	30 YR	INTEREST @ 6.5%	435,500	423,150	410,150	396,175	381,225	365,300	348,400	330,525	311,350		
		TOTAL DEBT SERVICE	625,500	623,150	625,150	626,175	626,225	625,300	623,400	625,525	621,350		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	6,510,000	6,310,000	6,095,000	5,865,000	5,620,000	5,360,000	5,085,000	4,790,000	4,480,000		
12/01/2014 NON-RATED	NEW \$	PRINCIPAL	145,000	155,000	165,000	175,000	185,000	200,000	210,000	225,000	240,000		
	30 YR	INTEREST @ 6.5%	397,800	388,375	378,300	367,575	356,200	344,175	331,175	317,525	302,900		
		TOTAL DEBT SERVICE	542,800	543,375	543,300	542,575	541,200	544,175	541,175	542,525	542,900		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	5,975,000	5,820,000	5,655,000	5,480,000	5,295,000	5,095,000	4,885,000	4,660,000	4,420,000		
12/01/2019 NON-RATED	NEW \$	PRINCIPAL	30,000	30,000	35,000	35,000	40,000	40,000	45,000	45,000	50,000		
	30 YR	INTEREST @ 6.5%	123,175	121,225	119,275	117,000	114,725	112,125	109,525	106,600	103,675		
		TOTAL DEBT SERVICE	153,175	151,225	154,275	152,000	154,725	152,125	154,525	151,600	153,675		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	1,865,000	1,835,000	1,800,000	1,765,000	1,725,000	1,685,000	1,640,000	1,595,000	1,545,000		
12/01/2029 NON-RATED	NEW \$	PRINCIPAL	0	0	0	0	0	0	60,000	60,000	65,000		
	30 YR	INTEREST @ 6.5%	0	0	0	0	0	0	325,000	321,100	317,200		
		TOTAL DEBT SERVICE	0	0	0	0	0	0	385,000	381,100	382,200		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	0	5,000,000	4,940,000	4,880,000	4,815,000		
		TOTAL LTD TAX G.O. NON-RATED BONDS OUTSTAND @ 12/31	17,815,000	17,300,000	16,745,000	16,160,000	15,535,000	19,870,000	19,100,000	18,285,000	17,420,000		

Note 1: Annual Debt Service Requirements Will Continue at 2039 Amounts Until All Bonds Are Paid

SEE CONSULTANT'S REPORT AND DISCLAIMER.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT # 2 (DISTRICTS #2 AND #3 COMBINED)
 CASH FLOW FORECAST - BUDGETARY BASIS
 DEBT SERVICE FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 - 2039

SCHEDULE 1 - LIMITED TAX GENERAL OBLIGATION BOND ISSUES
 AND DEBT SERVICE REQUIREMENTS

BOND ISSUES

SIZE OF LIMITED TAX GENERAL OBLIGATION BOND ISSUES												
BOND ISSUE DATE	NET PROCEEDS	CAPITALIZED INTEREST	OTHER COSTS	GROSS BOND ISSUE	2033	2034	2035	2036	2037	2038	2039	TOTALS
12/01/2010 NON-RATED	4,495,950	0	139,050	4,635,000	355,400	356,425	356,475	355,550	353,650	355,775	356,600	10,298,125
12/01/2012 NON-RATED	7,905,500	0	244,500	8,150,000	626,200	624,425	626,350	621,650	625,650	622,700	623,125	13,854,750
12/01/2014 NON-RATED	6,790,000	0	210,000	7,000,000	542,300	540,725	543,175	544,325	544,175	542,725	539,975	13,475,400
12/01/2019 NON-RATED	1,940,000	0	60,000	2,000,000	150,425	152,175	153,600	154,700	155,475	150,925	151,375	3,061,250
12/01/2029 NON-RATED	4,850,000	0	150,000	5,000,000	382,975	383,425	383,550	383,350	382,825	381,975	380,800	3,827,200
TOTALS	25,981,450	0	803,550	26,785,000	2,057,300	2,057,175	2,063,150	2,059,575	2,061,775	2,054,100	2,051,875	47,516,725

DETAILED ANNUAL DEBT SERVICE REQUIREMENTS:

12/01/2010 NON-RATED	NEW \$ 30 YR	PRINCIPAL	215,000	230,000	245,000	260,000	275,000	295,000	315,000	4,310,000		
		INTEREST @ 6.5%	140,400	126,425	111,475	95,550	78,650	60,775	41,600	5,988,125		
		TOTAL DEBT SERVICE	355,400	356,425	356,475	355,550	353,650	355,775	356,600	10,298,125		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	1,945,000	1,715,000	1,470,000	1,210,000	935,000	640,000	325,000	325,000		
12/01/2012 NON-RATED	NEW \$ 30 YR	PRINCIPAL	335,000	355,000	380,000	400,000	430,000	455,000	485,000	6,510,000		
		INTEREST @ 6.5%	291,200	269,425	246,350	221,650	195,650	167,700	138,125	10,344,750		
		TOTAL DEBT SERVICE	626,200	624,425	626,350	621,650	625,650	622,700	623,125	16,854,750		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	4,145,000	3,790,000	3,410,000	3,010,000	2,580,000	2,125,000	1,640,000	1,640,000		
12/01/2014 NON-RATED	NEW \$ 30 YR	PRINCIPAL	255,000	270,000	290,000	310,000	330,000	350,000	370,000	4,755,000		
		INTEREST @ 6.5%	287,300	270,725	253,175	234,325	214,175	192,725	169,975	8,720,400		
		TOTAL DEBT SERVICE	542,300	540,725	543,175	544,325	544,175	542,725	539,975	13,475,400		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	4,165,000	3,895,000	3,605,000	3,295,000	2,965,000	2,615,000	2,245,000	2,245,000		
12/01/2019 NON-RATED	NEW \$ 30 YR	PRINCIPAL	50,000	55,000	60,000	65,000	70,000	70,000	75,000	900,000		
		INTEREST @ 6.5%	100,425	97,175	93,600	89,700	85,475	80,925	76,375	2,161,250		
		TOTAL DEBT SERVICE	150,425	152,175	153,600	154,700	155,475	150,925	151,375	3,061,250		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	1,495,000	1,440,000	1,380,000	1,315,000	1,245,000	1,175,000	1,100,000	1,100,000		
12/01/2029 NON-RATED	NEW \$ 30 YR	PRINCIPAL	70,000	75,000	80,000	85,000	90,000	95,000	100,000	780,000		
		INTEREST @ 6.5%	312,975	308,425	303,550	298,350	292,825	286,975	280,800	3,047,200		
		TOTAL DEBT SERVICE	382,975	383,425	383,550	383,350	382,825	381,975	380,800	3,827,200		
		TOTAL LTD TAX G.O. BONDS OUTSTANDING @ 12/31	4,745,000	4,670,000	4,590,000	4,505,000	4,415,000	4,320,000	4,220,000	4,220,000		
TOTAL LTD TAX G.O. NON-RATED BONDS OUTSTAND @ 12/31					16,495,000	15,510,000	14,455,000	13,335,000	12,140,000	10,875,000	9,530,000	9,530,000

Note 1: Annual Debt Service Requirements Will Continue at 2039 Amounts Until All Bonds Are Paid

SEE CONSULTANT'S REPORT AND DISCLAIMER.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT # 2 (DISTRICTS #2 AND #3 COMBINED)
 FORECASTED BUILDOUT AND ASSESSED VALUATION
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2022

WORKING DRAFT DATED 8-23-07
 SUBJECT TO CHANGE & REVISION

SCHEDULE 2 - DEVELOPERS ESTIMATED BUILDOUT
 AND ASSESSED VALUATION FROM BUILDOUT

BUILDOUT/LANDUSE (INCLUDING LOT VALUES):			
Description of Units/Planning Area	Planned Number Unit	Average Per Unit Price	Total Gross Unit Volume
Residential			
Townhomes	270	220,000	59,400,000
Single Family	50	280,000	14,000,000
Single Family	350	300,000	105,000,000
Single Family	30	330,000	9,900,000
Single Family	70	350,000	24,500,000
Single Family	128	450,000	57,600,000
Single Family	80	600,000	48,000,000
Total Incremental Residential	<u>978</u>	<u>325,562</u>	<u>318,400,000</u>
Total Cumulative Residential	<u>0</u>	<u>0</u>	<u>0</u>

SOURCE: McWhinney Enterprises

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Townhomes	0	0	0	2	24	27	64	90	63
Single Family	0	0	0	3	36	11	0	0	0
Single Family	0	0	0	87	65	78	102	18	0
Single Family	0	0	0	0	8	22	0	0	0
Single Family	0	0	0	4	48	18	0	0	0
Single Family	0	0	0	20	16	20	36	25	11
Single Family	0	0	0	11	23	12	12	12	6
Total Incremental Residential	<u>0</u>	<u>0</u>	<u>0</u>	<u>127</u>	<u>220</u>	<u>188</u>	<u>214</u>	<u>145</u>	<u>80</u>
Total Cumulative Residential	<u>0</u>	<u>0</u>	<u>0</u>	<u>127</u>	<u>347</u>	<u>535</u>	<u>749</u>	<u>894</u>	<u>974</u>

Estimated Values (Uninflated):

Townhomes	0	0	0	440,000	5,280,000	5,940,000	14,080,000	19,800,000	13,860,000
Single Family	0	0	0	840,000	10,080,000	3,080,000	0	0	0
Single Family	0	0	0	26,100,000	19,500,000	23,400,000	30,600,000	5,400,000	0
Single Family	0	0	0	0	2,640,000	7,260,000	0	0	0
Single Family	0	0	0	1,400,000	16,800,000	6,300,000	0	0	0
Single Family	0	0	0	9,000,000	7,200,000	9,000,000	16,200,000	11,250,000	4,950,000
Single Family	0	0	0	6,600,000	13,800,000	7,200,000	7,200,000	7,200,000	3,600,000
Improved Vacant Lots @ 75% of actual values	<u>0</u>	<u>0</u>	<u>6,201,963</u>	<u>4,541,595</u>	<u>(1,562,699)</u>	<u>1,269,693</u>	<u>(3,369,571)</u>	<u>(3,174,233)</u>	<u>(3,711,411)</u>
Estimated Value Of Buildout - Entire Project (Uninflated)	<u>0</u>	<u>0</u>	<u>6,201,963</u>	<u>48,921,595</u>	<u>73,737,301</u>	<u>63,449,693</u>	<u>64,710,429</u>	<u>40,475,767</u>	<u>18,698,589</u>

Proj. Assessed Value - Incremental:

Townhomes	0	0	0	35,024	420,288	472,824	1,120,768	1,576,080	1,103,256
Single Family	0	0	0	66,864	802,368	245,168	0	0	0
Single Family	0	0	0	2,077,560	1,552,200	1,862,640	2,435,760	429,840	0
Single Family	0	0	0	0	210,144	577,896	0	0	0
Single Family	0	0	0	111,440	1,337,280	501,480	0	0	0
Single Family	0	0	0	716,400	573,120	716,400	1,289,520	895,500	394,020
Single Family	0	0	0	525,360	1,098,480	573,120	573,120	573,120	286,560
Improved Vacant Lots @ 75% of actual values	<u>0</u>	<u>0</u>	<u>1,798,569</u>	<u>1,317,063</u>	<u>(453,183)</u>	<u>368,211</u>	<u>(977,175)</u>	<u>(920,528)</u>	<u>(1,076,309)</u>
Total Incremental Assessed Valuation - All Sources	<u>0</u>	<u>0</u>	<u>1,798,569</u>	<u>4,849,711</u>	<u>5,540,697</u>	<u>5,317,739</u>	<u>4,441,993</u>	<u>2,554,012</u>	<u>707,527</u>
Proj. Assessed Value By Year - Cumulative (Uninflated):	<u>0</u>	<u>0</u>	<u>1,798,569</u>	<u>6,648,280</u>	<u>12,188,977</u>	<u>17,506,716</u>	<u>21,948,709</u>	<u>24,502,721</u>	<u>25,210,248</u>
Proj. Assessed Value By Year - Cumulative (inflated 4% Every Other Year):	<u>0</u>	<u>0</u>	<u>1,798,569</u>	<u>6,648,280</u>	<u>12,676,536</u>	<u>18,206,985</u>	<u>23,739,723</u>	<u>26,502,143</u>	<u>28,358,100</u>

Year Assessed Valuation Certified To LCMD #2

2007	2008	2009	2010	2011	2012	2013	2014	2015
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Year Taxes Received By LCMD #2

2008	2009	2010	2011	2012	2013	2014	2015	2016
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SEE CONSULTANT'S REPORT AND DISCLAIMER.

**THE LAKES AT CENTERRA METROPOLITAN DISTRICT # 2 (DISTRICTS #:
 FORECASTED BUILDOUT AND ASSESSED VALUATION
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2022**

**SCHEDULE 2 - DEVELOPERS ESTIMATED BUILDOUT
 AND ASSESSED VALUATION FROM BUILDOUT**

BUILDOUT/LANDUSE (INCLUDING LOT VALUES):													
Description of Units/Planning Area	Planned Number Unit	Average Per Unit Price	Total Gross Unit Volume	2015	2016	2017	2018	2019	2020	2021	2022	TOTALS	
Residential													
Townhomes	270	220,000	59,400,000	0	0	0	0	0	0	0	0	270	
Single Family	50	280,000	14,000,000	0	0	0	0	0	0	0	0	50	
Single Family	350	300,000	105,000,000	0	0	0	0	0	0	0	0	350	
Single Family	30	330,000	9,900,000	0	0	0	0	0	0	0	0	30	
Single Family	70	350,000	24,500,000	0	0	0	0	0	0	0	0	70	
Single Family	128	450,000	57,600,000	0	0	0	0	0	0	0	0	128	
Single Family	80	600,000	48,000,000	4	0	0	0	0	0	0	0	80	
Total Incremental Residential	978	325,562	318,400,000	4	0	0	0	0	0	0	0	978	
Total Cumulative Residential				978	978	978	978	978	978	978	978	978	
SOURCE: McWhinney Enterprises													

Estimated Values (Uninflated):												
Townhomes	0	0	0	0	0	0	0	0	0	0	59,400,000	
Single Family	0	0	0	0	0	0	0	0	0	0	14,000,000	
Single Family	0	0	0	0	0	0	0	0	0	0	105,000,000	
Single Family	0	0	0	0	0	0	0	0	0	0	9,900,000	
Single Family	0	0	0	0	0	0	0	0	0	0	24,500,000	
Single Family	0	0	0	0	0	0	0	0	0	0	57,600,000	
Single Family	2,400,000	0	0	0	0	0	0	0	0	0	48,000,000	
Improved Vacant Lots @ 75% of actual values	(195,337)	0	0	0	0	0	0	0	0	0	0	
Estimated Value Of Buildout - Entire Project (Uninflated)	<u>2,204,663</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>318,400,000</u>

Proj. Assessed Value - Incremental:											
Townhomes	0	0	0	0	0	0	0	0	0	0	4,728,240
Single Family	0	0	0	0	0	0	0	0	0	0	1,114,400
Single Family	0	0	0	0	0	0	0	0	0	0	8,358,000
Single Family	0	0	0	0	0	0	0	0	0	0	788,040
Single Family	0	0	0	0	0	0	0	0	0	0	1,950,200
Single Family	0	0	0	0	0	0	0	0	0	0	4,584,960
Single Family	191,040	0	0	0	0	0	0	0	0	0	3,820,800
Improved Vacant Lots @ 75% of actual values	(56,648)	0	0	0	0	0	0	0	0	0	0
Total Incremental Assessed Valuation - All Sources	134,392	0	0	0	0	0	0	0	0	0	25,344,640
Proj. Assessed Value By Year - Cumulative (Uninflated):	<u>25,344,640</u>	<u>25,344,640</u>	<u>25,344,640</u>	<u>25,344,640</u>	<u>25,344,640</u>	<u>25,344,640</u>	<u>25,344,640</u>	<u>25,344,640</u>	<u>25,344,640</u>	<u>25,344,640</u>	<u>25,344,640</u>
Proj. Assessed Value By Year - Cumulative (inflated 4% Every Other Year):	<u>28,509,273</u>	<u>29,649,644</u>	<u>29,649,644</u>	<u>30,835,630</u>	<u>30,835,630</u>	<u>32,069,055</u>	<u>32,069,055</u>	<u>33,351,817</u>	<u>33,351,817</u>	<u>33,351,817</u>	<u>33,351,817</u>

Year Assessed Valuation Certified To LCMD #2	2016	2017	2018	2019	2020	2021	2022	2023
Year Taxes Received By LCMD #2	2017	2018	2019	2020	2021	2022	2023	2024

SEE CONSULTANT'S REPORT AND DISCLAIMER.

THE LAKES AT CENTERRA METROPOLITAN DISTRICT #1 (SERVICE DISTRICT)
 CASH FLOW FORECAST - BUDGETARY BASIS
 CAPITAL PROJECTS FUND
 FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2036

WORKING DRAFT DATED 8-23-07
 SUBJECT TO CHANGE & REVISION

EXHIBIT III - CAPITAL PROJECTS FUND

	TOTALS	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1 CAPITAL EXPENDITURES (PINACLE CONSULTING GROUP, INC):											
2											
3 PROJECT INFRASTRUCTURE											
4 ENGINEERING AND DESIGN	2,119,831	0	0	0	0	0	0	0	0	0	0
5 COLLECTOR ENTRANCE ROADWAY	918,500	0	0	0	0	0	0	0	0	0	0
6 LOCAL ENTRANCE ROADWAY	1,886,600	0	0	0	0	0	0	0	0	0	0
7 GRADING	3,176,000	0	0	0	0	0	0	0	0	0	0
8 LANDSCAPING	4,351,106	0	0	0	0	0	0	0	0	0	0
9 CLUBHOUSE AND POOL	3,800,000	0	0	0	0	0	0	0	0	0	0
10 CONTINGENCY	2,798,177	0	0	0	0	0	0	0	0	0	0
11 SUBTOTAL PROJECT INFRASTRUCTURE	19,050,214	0	0	0	0	0	0	0	0	0	0
12											
13 OFF SITE INFRASTRUCTURE											
14 ENGINEERING AND DESIGN	1,336,650	0	0	0	0	0	0	0	0	0	0
15 ARTERIAL ROADWAY	5,779,000	0	0	0	0	0	0	0	0	0	0
16 SANITARY SEWER	1,108,000	0	0	0	0	0	0	0	0	0	0
17 LANDSCAPING	1,824,000	0	0	0	0	0	0	0	0	0	0
18 WATER QUALITY POND SYSTEM	200,000	0	0	0	0	0	0	0	0	0	0
19 CONTINGENCY	1,784,378	0	0	0	0	0	0	0	0	0	0
20 SUBTOTAL OFF SITE INFRASTRUCTURE	12,012,028	0	0	0	0	0	0	0	0	0	0
21											
22 LOCAL STREET INFRASTRUCTURE											
23 ENGINEERING AND DESIGN	258,107	0	0	0	0	0	0	0	0	0	0
24 ROADWAY	3,262,014	0	0	0	0	0	0	0	0	0	0
25 SANITARY SEWER	1,216,969	0	0	0	0	0	0	0	0	0	0
26 DOMESTIC WATER	892,405	0	0	0	0	0	0	0	0	0	0
27 STORM SEWER	796,351	0	0	0	0	0	0	0	0	0	0
28 LANDSCAPING	2,549,582	0	0	0	0	0	0	0	0	0	0
29 IRRIGATION SYSTEM	848,983	0	0	0	0	0	0	0	0	0	0
30 CONTINGENCY	1,945,234	0	0	0	0	0	0	0	0	0	0
31 SUBTOTAL STREET INFRASTRUCTURE	11,789,645	0	0	0	0	0	0	0	0	0	0
22 TOTAL CAPITAL EXPENDITURES	42,831,887	0	0	0	0	0	0	0	0	0	0
23											
24 CAPITAL EXPENDITURE FUNDING SOURCES:											
25 DEVELOPER CAPITAL LOANS	42,831,887	0	0	0	0	0	0	0	0	0	0
26 REPAYMENT OF DEVELOPER CAPITAL LOANS	(27,981,450)	0	0	0	0	(4,495,950)	0	(7,905,500)	0	(6,790,000)	0
27 NET G.O. BOND PROCEEDS TRANSFERRED FROM DIST. 2	25,981,450	0	0	0	0	4,495,950	0	7,905,500	0	6,790,000	0
28 AVAILABLE CASH TRANSFERRED FROM DIST. 2	2,000,000	0	0	0	0	0	0	0	0	0	0
29 TOTAL CAPITAL EXPENDITURE FUNDING SOURCES	42,831,887	0	0	0	0	0	0	0	0	0	0
30											
31											
32 EXCESS FUNDING SOURCES OVER CAPITAL EXPENDITURES		0	0	0	0	0	0	0	0	0	0
33											
34 FUND BALANCE - JANUARY 1		0	0	0	0	0	0	0	0	0	0
35											
36 FUND BALANCE - DECEMBER 31		0	0	0	0	0	0	0	0	0	0
37											
38											
39 CUMULATIVE DEVELOPER CAPITAL LOANS OUTSTANDING	14,850,437	42,831,887	42,831,887	42,831,887	42,831,887	38,335,937	38,335,937	30,430,437	30,430,437	23,640,437	23,640,437

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**THE LAKES AT CENTERRA METROPOLITAN DISTRICT #1 (SERVICE DIS
CASH FLOW FORECAST - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2036**

EXHIBIT III - CAPITAL PROJECTS FUND

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
CAPITAL EXPENDITURES (PINACLE CONSULTING GROUP, INC):												
PROJECT INFRASTRUCTURE												
ENGINEERING AND DESIGN	0	0	0	0	0	0	0	0	0	0	0	0
COLLECTOR ENTRANCE ROADWAY	0	0	0	0	0	0	0	0	0	0	0	0
LOCAL ENTRANCE ROADWAY	0	0	0	0	0	0	0	0	0	0	0	0
GRADING	0	0	0	0	0	0	0	0	0	0	0	0
LANDSCAPING	0	0	0	0	0	0	0	0	0	0	0	0
CLUBHOUSE AND POOL	0	0	0	0	0	0	0	0	0	0	0	0
CONTINGENCY	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL PROJECT INFRASTRUCTURE	0	0	0	0	0	0	0	0	0	0	0	0
OFF SITE INFRASTRUCTURE												
ENGINEERING AND DESIGN	0	0	0	0	0	0	0	0	0	0	0	0
ARTERIAL ROADWAY	0	0	0	0	0	0	0	0	0	0	0	0
SANITARY SEWER	0	0	0	0	0	0	0	0	0	0	0	0
LANDSCAPING	0	0	0	0	0	0	0	0	0	0	0	0
WATER QUALITY POND SYSTEM	0	0	0	0	0	0	0	0	0	0	0	0
CONTINGENCY	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL OFF SITE INFRASTRUCTURE	0	0	0	0	0	0	0	0	0	0	0	0
LOCAL STREET INFRASTRUCTURE												
ENGINEERING AND DESIGN	0	0	0	0	0	0	0	0	0	0	0	0
ROADWAY	0	0	0	0	0	0	0	0	0	0	0	0
SANITARY SEWER	0	0	0	0	0	0	0	0	0	0	0	0
DOMESTIC WATER	0	0	0	0	0	0	0	0	0	0	0	0
STORM SEWER	0	0	0	0	0	0	0	0	0	0	0	0
LANDSCAPING	0	0	0	0	0	0	0	0	0	0	0	0
IRRIGATION SYSTEM	0	0	0	0	0	0	0	0	0	0	0	0
CONTINGENCY	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL STREET INFRASTRUCTURE	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL EXPENDITURES	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL EXPENDITURE FUNDING SOURCES:												
DEVELOPER CAPITAL LOANS	0	0	0	0	0	0	0	0	0	0	0	0
REPAYMENT OF DEVELOPER CAPITAL LOANS	0	0	0	(1,940,000)	0	0	0	0	0	0	0	0
NET G.O. BOND PROCEEDS TRANSFERRED FROM DIST. 2	0	0	0	1,940,000	0	0	0	0	0	0	0	0
AVAILABLE CASH TRANSFERRED FROM DIST. 2	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL EXPENDITURE FUNDING SOURCES	0	0	0	0	0	0	0	0	0	0	0	0
EXCESS FUNDING SOURCES OVER CAPITAL EXPENDITURES	0	0	0	0	0	0	0	0	0	0	0	0
FUND BALANCE - JANUARY 1	0	0	0	0	0	0	0	0	0	0	0	0
FUND BALANCE - DECEMBER 31	0	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE DEVELOPER CAPITAL LOANS OUTSTANDING	23,640,437	23,640,437	23,640,437	21,700,437	21,700,437	21,700,437	21,700,437	21,700,437	21,700,437	21,700,437	21,700,437	21,700,437

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**THE LAKES AT CENTERRA METROPOLITAN DISTRICT #1 (SERVICE DIS
CASH FLOW FORECAST - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE YEARS ENDING DECEMBER 31, 2006 THROUGH 2036**

EXHIBIT III - CAPITAL PROJECTS FUND

	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>TOTALS</u>
CAPITAL EXPENDITURES (PINACLE CONSULTING GROUP, INC):										
PROJECT INFRASTRUCTURE										
ENGINEERING AND DESIGN	0	0	0	0	0	0	0	0	0	2,119,831
COLLECTOR ENTRANCE ROADWAY	0	0	0	0	0	0	0	0	0	918,500
LOCAL ENTRANCE ROADWAY	0	0	0	0	0	0	0	0	0	1,886,600
GRADING	0	0	0	0	0	0	0	0	0	3,176,000
LANDSCAPING	0	0	0	0	0	0	0	0	0	4,351,106
CLUBHOUSE AND POOL	0	0	0	0	0	0	0	0	0	3,800,000
CONTINGENCY	0	0	0	0	0	0	0	0	0	2,798,177
SUBTOTAL PROJECT INFRASTRUCTURE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,050,214</u>
OFF SITE INFRASTRUCTURE										
ENGINEERING AND DESIGN	0	0	0	0	0	0	0	0	0	1,336,650
ARTERIAL ROADWAY	0	0	0	0	0	0	0	0	0	5,779,000
SANITARY SEWER	0	0	0	0	0	0	0	0	0	1,108,000
LANDSCAPING	0	0	0	0	0	0	0	0	0	1,824,000
WATER QUALITY POND SYSTEM	0	0	0	0	0	0	0	0	0	200,000
CONTINGENCY	0	0	0	0	0	0	0	0	0	1,764,378
SUBTOTAL OFF SITE INFRASTRUCTURE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,012,028</u>
LOCAL STREET INFRASTRUCTURE										
ENGINEERING AND DESIGN	0	0	0	0	0	0	0	0	0	258,107
ROADWAY	0	0	0	0	0	0	0	0	0	3,262,014
SANITARY SEWER	0	0	0	0	0	0	0	0	0	1,216,969
DOMESTIC WATER	0	0	0	0	0	0	0	0	0	892,405
STORM SEWER	0	0	0	0	0	0	0	0	0	796,351
LANDSCAPING	0	0	0	0	0	0	0	0	0	2,549,582
IRRIGATION SYSTEM	0	0	0	0	0	0	0	0	0	848,983
CONTINGENCY	0	0	0	0	0	0	0	0	0	1,945,234
SUBTOTAL STREET INFRASTRUCTURE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,769,645</u>
TOTAL CAPITAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,831,887</u>
CAPITAL EXPENDITURE FUNDING SOURCES:										
DEVELOPER CAPITAL LOANS	0	0	0	0	0	0	0	0	0	42,831,887
REPAYMENT OF DEVELOPER CAPITAL LOANS	0	(4,850,000)	0	(2,000,000)	0	0	0	0	0	(27,981,450)
NET G.O. BOND PROCEEDS TRANSFERRED FROM DIST. 2	0	4,850,000	0	0	0	0	0	0	0	25,981,450
AVAILABLE CASH TRANSFERRED FROM DIST. 2	0	0	0	2,000,000	0	0	0	0	0	2,000,000
TOTAL CAPITAL EXPENDITURE FUNDING SOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,831,887</u>
EXCESS FUNDING SOURCES OVER CAPITAL EXPENDITURES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - JANUARY 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - DECEMBER 31	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CUMULATIVE DEVELOPER CAPITAL LOANS OUTSTANDING	<u>21,700,437</u>	<u>16,850,437</u>	<u>16,850,437</u>	<u>14,850,437</u>	<u>14,850,437</u>	<u>14,850,437</u>	<u>14,850,437</u>	<u>14,850,437</u>	<u>14,850,437</u>	<u>14,850,437</u>

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EXHIBIT F
Statutory Contents of this 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 description of how the proposed services are to be provided;
4. A map of the Districts' boundaries and an estimate of the population and valuation for a assessment of the Districts;
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 Districts are compatible with facility and service standards of the City 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 Districts;
7. A description of any arrangement or proposed agreement with any political subdivision for the performance of any services between the Districts and such other political subdivisions;
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 served by the Districts;
 - b. That the existing service in the area to be served by the Districts is inadequate for the present and projected needs;
 - c. That the Districts are capable of providing economical and sufficient service to the area within their boundaries;
 - d. That the area to be included in the Districts 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 the City, 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 Districts are compatible with the facility and service standards of the City within which the Districts are to be located;

g. The proposal is in substantial compliance with any master plan adopted pursuant to § 31-23-206, 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 continued existence of the Districts will be in the best interests of the area proposed to be served.