

**SERVICE PLAN
FOR
EASTERN HILLS METROPOLITAN DISTRICT NOS. 21-23
CITY OF AURORA, COLORADO**

Prepared

by

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I. INTRODUCTION

A. Purpose and Intent.

The Districts are independent units of local government, separate and distinct from the City, and, except as may otherwise be provided for by State or local law or this Service Plan, their activities are subject to review by the City only insofar as they may deviate in a material matter from the requirements of the Service Plan. It is intended that the Districts will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements.

The Districts are not being created to provide ongoing operations and maintenance services other than as specifically set forth in this Service Plan.

B. Need for the District.

There are currently no other governmental entities, including the City, located in the immediate vicinity of the Districts that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project. Formation of the Districts is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. Objective of the City Regarding Districts' Service Plan.

The City's objective in approving the Service Plan for the Districts is to authorize the Districts to provide for the planning, design, acquisition, construction, installation, relocation and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the Districts. All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term for residential properties and at a tax mill levy no higher than the Maximum Debt Mill Levy for commercial and residential properties, and/or repaid by Fees, as long as such Fees are not imposed upon or collected from Taxable Property owned or occupied by an End User for the purpose of creating a capital cost payment obligation as further described in Section V.A.11. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax and Fee burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

This Service Plan is intended to establish a limited purpose for the Districts and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with development and regional needs. Operational activities are allowed, but only through an intergovernmental agreement with the City.

It is the intent of the Districts to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of

all Debt, and if the Districts have authorized operating functions under an intergovernmental agreement with the City, to retain only the power necessary to impose and collect taxes or Fees to pay for these costs.

The Districts shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from Fees or from tax revenues collected from a mill levy which shall not exceed the Maximum Debt Mill Levy on commercial and residential properties and which shall not exceed the Maximum Debt Mill Levy Imposition Term on residential properties. It is the intent of this Service Plan to assure to the extent possible that no commercial or residential property bear an economic burden that is greater than that associated with the Maximum Debt Mill Levy in amount and that no property developed for a residential use bear an economic burden that is greater than that associated with the Maximum Debt Mill Levy Imposition Term in duration even under bankruptcy or other unusual situations. Generally, the cost of Public Improvements that cannot be funded within these parameters are not costs to be paid by the Districts. With regard to Regional Improvements, this Service Plan also provides for the Districts to pay a portion of the cost of regional infrastructure as part of ensuring that development and those that benefit from development pay for the associated costs.

II. DEFINITIONS

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Agreed Upon Procedures Engagement: means an attestation engagement in which a certified public accountant performs specific procedures on subject matter and reports the findings without providing an opinion or conclusion. The subject matter may be financial or nonfinancial information. Because the needs of an engaging party vary, the nature, timing, and extent of the procedures may vary, as well.

Approved Development Plan: means a Framework Development Plan or other process established by the City for identifying, among other things, Public Improvements necessary for facilitating development for property within the Service Area as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time.

ARI or Regional Improvements: means Aurora Regional Improvements.

ARI Authority: means one or more Authorities established by an ARI Authority Establishment Agreement.

ARI Establishment Agreement: means an intergovernmental agreement establishing an ARI Authority which has, at minimum, Title 32 special districts from three (3) or more Approved Development Plan areas as parties to the Agreement.

ARI Master Plan: means one or more master plans adopted by an ARI Authority establishing Regional Improvements which will benefit the taxpayers and service users of the Districts which constitute such ARI Authority, which master plan will change from time to time.

ARI Mill Levy: means the following:

A. For districts with property within their boundaries developed with any residential uses means the mill levy imposed for payment of the costs of the planning, design, permitting, construction, acquisition and financing of the improvements described in the ARI Master Plan, which: (i) shall be one (1) mill for collection beginning for each district in the first year of collection of a debt service mill levy by such district and continuing in each year thereafter through the twentieth (20th) year; and (ii) shall be five (5) mills from the twenty-first (21st) year through the fortieth (40th) year or the date of repayment of the debt incurred for Public Improvements, other than Regional Improvements, which ever first occurs; and (iii) for an additional ten (10) years, the mill levy shall be equal to the average debt service mill levy imposed by such district in the ten (10) years prior to the date of repayment of the debt incurred for Public Improvements other than Regional Improvements; and

B. For districts with property within their boundaries developed solely for commercial uses means the mill levy imposed for payment of the costs of the planning, design, permitting, construction, acquisition and financing of the improvements described in the ARI Master Plan, which: (i) shall be one (1) mill for collection beginning for each district in the first year of collection of a debt service mill levy by such district and continuing in each year thereafter through the twentieth (20th) year; (ii) shall be one and one-half (1.5) mills from the twenty-first (21st) year through the date of repayment of debt incurred for Public Improvements, other than Regional Improvements; and (iii) for five (5) years thereafter, the mill levy shall be the lesser of twenty (20) mills or a mill levy equal to the average debt service mill levy imposed by such district in the ten (10) years prior to the date of repayment of debt issued for Public Improvements, other than Regional Improvements; and

C. Any district may, pursuant to any intergovernmental agreement with the City, extend the term for application of the ARI Mill Levy beyond the years set forth in A and B above. The Maximum Mill Levy Imposition Term shall include the terms set forth in A and B above and any extension of the term as approved in an intergovernmental agreement as described herein.

D. All mills described in this ARI Mill Levy definition shall be subject to adjustment as follows: On or after January 1, 2004, if there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the one (1) mill levy described above may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Boards in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2004, are neither diminished nor enhanced as a result of such changes, for purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

Boards: means the boards of directors of the Districts.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which a District has promised to impose an *ad valorem* property tax mill levy, and/or collect Fee revenue.

City: means the City of Aurora, Colorado.

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

City Council: means the City Council of the City of Aurora, Colorado.

C.R.S.: means the Colorado Revised Statutes, as the same may be amended from time to time.

District: means Eastern Hills Metropolitan District No. 21, Eastern Hills Metropolitan District No. 22, and Eastern Hills Metropolitan District No. 23, individually.

Districts: means Eastern Hills Metropolitan District No. 21, Eastern Hills Metropolitan District No. 22, and Eastern Hills Metropolitan District No. 23, collectively.

End User: means any owner, or tenant of any owner, of any taxable improvement within the Districts who is intended to become burdened by the imposition of ad valorem property taxes subject to the Maximum Debt Mill Levy. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an End User. The business entity that constructs homes or commercial structures is not an End User.

External Financial Advisor: means a consultant that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) is not an officer or employee of the Districts and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Fee(s): means any fee imposed by the Districts for services, programs or facilities provided by the Districts, as described in Section V.A.11. below.

Financial Plan: means the combined Financial Plan of the Districts as described in Section VII which describes (i) how the Public Improvements are to be financed; (ii) how the Debt is expected to be incurred; and (iii) the estimated operating revenue derived from property taxes for the first budget year.

Inclusion Area Boundaries: means the boundaries of the area described in the Inclusion Area Boundary Map.

Inclusion Area Boundary Map: means the map attached hereto as **Exhibit C-2**, describing the property proposed for inclusion within one, but not any more than one, of the boundaries of the Districts.

Initial District Boundaries: means the boundaries of the areas described in the Initial District Boundary Maps.

Initial District Boundary Maps: means the maps attached hereto as **Exhibit C**, describing the Districts' initial boundaries.

Maximum Debt Mill Levy: means the maximum mill levy each District is permitted to impose for payment of Debt as set forth in Section VII.C below.

Maximum Debt Mill Levy Imposition Term: means the maximum term for imposition of a mill levy on a particular property developed for residential uses as set forth in Section VII.D below.

Operations and Maintenance Mill Levy: means the mill levy each District projects to impose for payment of administration, operations, and maintenance costs as set forth in the Financial Plan in Section VII below.

Project: means the development or property commonly referred to as Eastern Hills.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Special District Act, except as specifically limited in Section V below to serve the future taxpayers and inhabitants of the Service Area as determined by the Boards of the Districts.

Regional Improvements: means Public Improvements and facilities that benefit the Service Area and which are to be financed pursuant to Section VI below.

Service Area: means the property within the Initial District Boundary Maps and Inclusion Area Boundary Map.

Service Plan: means this service plan for the Districts approved by City Council.

Service Plan Amendment: means an amendment to the Service Plan approved by City Council in accordance with the City's ordinance and the applicable state law.

Special District Act: means Section 32-1-101, et seq., of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

Taxable Property: means real or personal property within the Service Area subject to ad valorem taxes imposed by the Districts.

III. BOUNDARIES

The area of the Initial District Boundaries includes approximately Four Hundred Twelve (412) acres and the total area proposed to be included in the Inclusion Area Boundaries is approximately Five Hundred Sixty One (561) acres. Legal descriptions of the Initial District Boundaries and the Inclusion Area Boundaries are attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B**. Maps of the Initial District Boundaries are attached hereto as **Exhibit C-1** and a map of the Inclusion Area Boundaries is attached hereto as **Exhibit C-2**. It is anticipated that the Districts' boundaries may change from time to time as they undergo inclusions and exclusions pursuant to Section 32-1-401, et seq., C.R.S., and Section 32-1-501, et seq., C.R.S., subject to the limitations set forth in Article V below.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately Nine Hundred Seventy Three (973) acres of agricultural and farm ranch/residence land. The current assessed valuation of the Service Area is \$0.00 for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The population within the Project at build-out is estimated to be approximately Four Thousand Nine Hundred Seventy Five (4,975) people.

Approval of this Service Plan by the City does not imply approval of the development of a specific area within the Districts, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto, unless the same is contained within an Approved Development Plan.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the District and Service Plan Amendment.

The Districts shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the Districts as such power and authority are described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

In connection with the performance of all acts or activities hereunder, the Districts shall not violate any protection clauses of the United States or Colorado State Constitutions. The Districts shall not discriminate against any person because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability, and further shall insert the foregoing provision in contracts or subcontracts let by the Districts to accomplish the purposes of this Service Plan.

1. Operations and Maintenance Limitation. The purpose of the Districts is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The Districts shall dedicate the Public Improvements to the City or other appropriate jurisdiction or owner's association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City

Code. The Districts shall be authorized, but not obligated, to own, operate and maintain Public Improvements not otherwise required to be dedicated to the City or other public entity, including, but not limited to street improvements (including roads, curbs, gutters, culverts, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, and other street improvements), traffic and safety controls, retaining walls, park and recreation improvements and facilities, trails, open space, landscaping, drainage improvements (including detention and retention ponds, trickle channels, and other drainage facilities), irrigation system improvements (including wells, pumps, storage facilities, and distribution facilities), and all necessary equipment and appurtenances incident thereto. Any Fee imposed by the Districts for access to such park and recreation improvements shall not result in Non-District Aurora residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the Districts. However, the Districts shall be entitled to impose an administrative Fee as necessary to cover additional expenses associated with Non-District Aurora residents to ensure that such costs are not the responsibility of Districts residents. All such Fees shall be based upon the Districts' determination that such Fees do not exceed reasonable annual market fees for users of such facilities. Notwithstanding the foregoing, all parks and trails owned by the Districts shall be open to the general public and Non-District Aurora residents, subject to the rules and regulations of the Districts as adopted from time to time. Trails which are interconnected with a city or regional trail system shall be open to the public free of charge and on the same basis as residents and owners of taxable property within the Districts.

2. Fire Protection Limitation. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

3. Television Relay and Translation Limitation. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City.

4. Golf Course Construction Limitation. Acknowledging that the City has financed public golf courses and desires to coordinate the construction of public golf courses in the City's boundaries, the Districts shall not be authorized to plan, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain a golf course unless such activity is pursuant to an intergovernmental agreement with the City.

5. Construction Standards Limitation. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction. The Districts will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

6. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt, the Districts shall obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

7. Inclusion Limitation. The Districts shall not include within any of their boundaries any property outside the Service Area without the prior written consent of the City. The Districts shall not include within any of their boundaries any property inside the Inclusion Area Boundaries without the prior written consent of the City except upon petition of the fee owner or owners of 100 percent of such property as provided in Section 32-1-401(1)(a), C.R.S.

8. Overlap Limitation. The boundaries of the Districts shall not overlap unless the aggregate mill levy for payment of Debt of the overlapping Districts will not at any time exceed the Maximum Debt Mill Levy of the Districts. Additionally, the Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the Districts.

9. Initial Debt Limitation. On or before the effective date of approval by the City of an Approved Development Plan, the Districts shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any Fees used for the purpose of repayment of Debt.

10. Total Debt Issuance Limitation. The Districts shall not issue Debt in excess of One Hundred Fifty Million Dollars (\$150,000,000) in the aggregate; provided however, that any Debt issued by the Districts for Regional Improvements shall not be included within this limitation and shall be subject to the limitations set forth in Section VI.

11. Fee Limitation. Each of the Districts may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for operations and maintenance. No Fee related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User which has the effect, intentional or otherwise, of creating a capital cost payment obligation in any year on any Taxable Property owned or occupied by an End User. Notwithstanding any of the foregoing, the

restrictions in this definition shall not apply to any Fee imposed upon or collected from Taxable Property for the purpose of funding operation and maintenance costs of the Districts.

12. Monies from Other Governmental Sources. The Districts shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the Districts without any limitation.

13. Consolidation Limitation. The Districts shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City, unless such consolidation is by and between two or all three of the Districts.

14. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy, Maximum Debt Mill Levy Imposition Term and the Fees have been established under the authority of the City to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Service Plan Amendment.

15. Website. When a district is required to have a website in accordance with the requirements of C.R.S. Section 32-1- 104.5, the Districts shall establish, maintain and annually update a public website or provide information on a shared community website, on which the Districts will timely post all information and documents required by C.R.S. § 32-1- 104.5.

16. Service Plan Amendment Requirement. 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. Actions of the Districts which violate the limitations set forth in V.A.1-14 above or in VII.B-G. shall be deemed to be material modifications to this Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

B. Preliminary Engineering Survey.

The Districts shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public Improvements within and without the boundaries of the Districts, to be more specifically defined in an Approved Development Plan. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the zoning on the property in the Service Area and is approximately Seventy Five Million Dollars (\$75,000,000).

All of the Public Improvements will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the City and shall be in accordance with the requirements of the Approved Development Plan. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

C. Multiple District Structure.

It is anticipated that the Districts, collectively, will undertake the financing and construction of the improvements contemplated herein. Specifically, the Districts shall enter into an Intergovernmental Cost Sharing and Recovery Agreement which shall govern the relationships between and among the Districts with respect to the financing, construction and operation of the improvements contemplated herein. The Districts will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the improvements.

VI. REGIONAL IMPROVEMENTS

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements incurred as a result of participation in the alternatives set forth in Section VI.A, B or C below.

The Districts shall impose the ARI Mill Levy and shall convey it as follows:

A. If the Districts have executed an ARI Authority Establishment Agreement and the City has been offered the opportunity to execute an ARI Authority Establishment Agreement, the terms of which provide for the City to appoint no less than thirty percent (30%) and no more than forty-nine percent (49%) of the board members who will serve as the board of directors of the ARI Authority to be established by such ARI Authority Establishment Agreement, regardless as to whether the City approves the execution of such ARI Authority Establishment Agreement, the revenue from the ARI Mill Levy shall be conveyed to the ARI Authority for the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements in the ARI Master Plan and for the operations of such ARI Authority; or

B. If the City and the Districts have executed an intergovernmental agreement then the revenue from the ARI Mill Levy shall be conveyed to the City for use in planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users and taxpayers of the Districts in accordance with such agreement; or

C. If neither Section VI.A nor VI.B above is applicable then the revenue shall be conveyed to the City and (i) the City shall place in a special account all revenues received from the ARI Mill Levy imposed in the Service Area under this Section VI and shall not expend such revenue until an intergovernmental agreement is executed between the Districts establishing the terms and conditions for the provision of the Regional Improvements; and (ii) if the intergovernmental agreement is not executed within two (2) years from the date of the approval of the Service Plan by the City and neither Section VI.A nor VI.B above have occurred within two (2) years from the date of the approval of the Service Plan by the City, then the revenue from the ARI Mill Levy shall be conveyed to the City for use by the City in the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users or taxpayers of the Districts as prioritized and determined by the City.

As set forth in the definition of the ARI Mill Levy, the Districts may, pursuant to any intergovernmental agreement with the City, extend the terms for application of the ARI Mill Levy beyond the years set forth in Sections VI.A and VI. B above. The Maximum Mill Levy Imposition Term shall include the terms and any extension of such terms, as set forth in Sections A, B and C of the definition of the ARI Mill Levy.

The Regional Improvements shall be limited to the provision of the planning, design, acquisition, construction, installation, relocation and/or redevelopment of street and transportation related improvements as defined in the Special District Act and the administration and overhead costs incurred as a result of participation in the alternative set forth in Section VI.A, B or C set forth above, unless the City has agreed otherwise in writing; provided, however in no event shall the Regional Improvements include water or sanitary sewer improvements unless such improvements are necessary as a part of completing street and transportation related improvements. A District shall cease to be obligated to impose, collect and convey to the City the revenue from the ARI Mill Levy described in this Section VI at such time as the area within such District's boundaries is included within a different district organized under the Special District Act, or a General Improvement District organized under Section 31-25-601, et seq., C.R.S., or Business Improvement District organized under Section 31-25-1201, et seq., C.R.S., which other district has been organized to fund a part or all of the Regional Improvements.

The Districts shall have the authority to issue Debt for the Regional Improvements, in an amount not to exceed One Hundred Fifty Million Dollars (\$150,000,000) pursuant to agreements as described in VI.A, B or C above. Such limit is not subject to the Total Debt Issuance Limitation described in section VII below.

VII. FINANCIAL PLAN

A. General.

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from their revenues and by and through the proceeds of Debt to be issued by the Districts. The Financial Plan for the Districts shall be to issue such Debt as the Districts can reasonably pay within the Maximum Debt Mill Levy Imposition Term from revenues derived from the Maximum Debt Mill Levy and other legally available revenues. The total Debt that the Districts shall be permitted to issue shall not exceed One Hundred Fifty Million Dollars (\$150,000,000) (exclusive of Debt issued for Regional Improvements described in Section VI above) and shall be permitted to be issued on a schedule and in such year or years as the Districts determine shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs. All Bonds and other Debt issued by the Districts may be payable from any and all legally available revenues of the Districts, including general ad valorem taxes and Fees to be imposed upon all Taxable Property within the Districts. The Districts will also rely upon various other revenue sources authorized by law. These will include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed eighteen percent (18%). The proposed maximum underwriting discount will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

C. Maximum Debt Mill Levy.

The “Maximum Debt Mill Levy” shall be the maximum mill levy each District is permitted to impose upon the taxable property within such District for payment of Debt, and shall be determined as follows:

1. For the portion of any aggregate District’s Debt which exceeds fifty percent (50%) of the District’s assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VII.C.2 below; provided that if, on or after January 1, 2004, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board of such District in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2004, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

2. For the portion of any aggregate District's Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

3. For purposes of the foregoing, once Debt has been determined to be within Section VII.C.2 above, so that a District is entitled to pledge to its payment an unlimited ad valorem mill levy, such District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the District's Debt to assessed ratio. All Debt issued by the Districts must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

To the extent that a District is composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to a District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

The Maximum Debt Mill Levy shall not apply to a District's Operations and Maintenance Mill Levy for the provision of operation and maintenance services to a District's taxpayers and service users as set for in Section VII.K below.

D. Maximum Debt Mill Levy Imposition Term.

Each District shall have the authority to impose the ARI Mill Levy for the terms as set forth in Section VI. Other than the ARI Mill Levy, a District shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds forty (40) years after the year of the initial imposition of such mill levy unless a majority of the Board of Directors of such District are residents of the District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, et seq., C.R.S.

E. Debt Repayment Sources.

Each District may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service and for operations and maintenance. The Districts may also rely upon various other revenue sources authorized by law. At the Districts' discretion, these may include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(I), C.R.S., as amended from time to time. In no event shall the debt service mill levy in a District exceed the Maximum Debt Mill Levy or, for residential property within a District, the Maximum Debt Mill Levy Imposition Term, except pursuant to an intergovernmental agreement between a District and the City for Regional Improvements.

F. Debt Instrument Disclosure Requirement.

In the text of each Bond and any other instrument representing and constituting Debt, a District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the District.

G. Security for Debt.

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

H. TABOR Compliance.

The Districts will comply with the provisions of TABOR. In the discretion of the Boards, the Districts may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the Districts will remain under the control of the Boards.

I. District's Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the Districts' organization and initial operations, are anticipated to be Seventy Five Thousand Dollars (\$75,000.00), which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year's operating budget is estimated to be One Hundred Thousand Dollars (\$100,000.00) which is anticipated to be derived from property taxes and other revenues.

The Maximum Debt Mill Levy for the repayment of Debt shall not apply to a District's ability to increase its Operations and Maintenance Mill Levy as necessary for provision of operation and maintenance services to its taxpayers and service users.

J. Agreed Upon Procedures Examination.

For districts with property within their boundaries developed with any residential uses, at such time that a majority of the Board of Directors of a District are residents of such District, such District is encouraged to engage the services of a certified public accountant for an Agreed Upon Procedures Engagement. Such Board, in its discretion, will set the scope and the procedures for the engagement.

VIII. ANNUAL REPORT

A. General.

The Districts shall be responsible for submitting an annual report to the Manager of the Office of Development Assistance of the City Manager's Office no later than August 1st of each year following the year in which the Orders and Decrees creating the Districts have been issued. The annual report shall include all information required pursuant to the Special District Act.

B. Reporting of Significant Events.

The annual report shall include information as to any of the following:

1. Boundary changes made or proposed to the Districts' boundaries as of December 31 of the prior year.
2. Intergovernmental Agreements with other governmental entities, either entered into or proposed as of December 31 of the prior year.
3. Copies of the Districts' rules and regulations, if any as of December 31 of the prior year.
4. A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year.
5. Status of the Districts' construction of the Public Improvements as of December 31 of the prior year.
6. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City as of December 31 of the prior year.
7. The final assessed valuations of the Districts as of December 31 of the reporting year.
8. Current year budgets including a description of the Public Improvements to be constructed in such year.

9. Audits of the Districts' financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

10. Notice of any uncured events of default by the Districts, which continue beyond a ninety (90) day period, under any Debt instrument.

11. Any inability of a District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

IX. DISSOLUTION

Upon an independent determination of the City Council that the purposes for which a District was created have been accomplished, such District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until such District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State statutes.

X. DISCLOSURE NOTICES AND MEETINGS

1. The Districts will provide the City with written notice of the date of hearing on their petitions for organization filed with the district court.

2. The Districts will use reasonable efforts and due diligence to cause each developer and home builder to provide written notice of disclosure to all initial purchasers of property in the Districts that describes the general purpose of the Districts and financial impact on each residential property at the time of entering into the purchase contract. The form of notice shall be filed with the City prior to the initial issuance of the Debt of a District imposing the mill levy which is the subject of the Maximum Debt Mill Levy. The form of notice shall be substantially in the form of **Exhibit E** attached hereto; provided that such notice may be modified by a District so long as a new notice is submitted to and approved by the City prior to using such modified notice. Any modified notice will be expected to provide the following information for a District:

- a. General description and purpose(s) of the District.
- b. Contact information for the District.
- c. Website address for the District (once established per Section V.A.15).
- d. District boundary map showing all lots within the District.
- e. The Maximum Debt Mill Levy that may be imposed on the residential property for each year the District is in existence and a calculation of the associated taxes that the homeowner will pay.
- f. List of all other taxing entities within the District boundaries and their current mill levies and associated taxes.
- g. The District's Total Debt Issuance Limitation and a description of the Public Improvements that the District Debt is being issued to pay for.
- h. The Maximum Debt Mill Levy Imposition Term, providing an understanding of the duration for which the property will be taxed to pay off Debt.

- i. A description of what the Operations and Maintenance Mill Levy is, pays for, and the duration that the property will be taxed to pay for the eligible Operations and Maintenance Mill Levy expenses.
- j. Any and all Fees currently imposed on each residential property for each year the District is in existence.
- k. Any additional information required by the Colorado Revised Statutes, including without limitation C.R.S. § 38-35.7-110, as amended from time to time.

The Districts will use reasonable efforts and due diligence to cause each developer and home builder to require that each home buyer is asked to acknowledge receipt of such notice of disclosure at the time of entering into the purchase contract.

3. To ensure that potential residential buyers are educated about the Districts, the Districts will provide the information identified in Section X.2 above to the developer or home builders for prominent display at all sales offices, and by inspecting the sales offices within the District Boundaries on a quarterly basis to assure the information provided is accurate and prominently displayed.

4. The Districts shall provide annual notice to all eligible electors of the Districts, in accordance with Section 32-1-809, C.R.S. In addition, the Districts shall record a District public disclosure document and a map of the District boundaries with the Clerk and Recorder of each County in which District property is located, in accordance with Section 32-1-104.8, C.R.S. The Districts shall use reasonable efforts to ensure that copies of the annual notice, public disclosure document and map of the District boundaries are provided to potential purchasers of real property within the District as part of the seller's required property disclosures.

5. All special and regular District meetings shall be open to the public and shall be held at a location within the District boundaries, or virtually with participation via teleconference, webcast, video conference or other technological means. If a Board meeting is held virtually, the Districts shall provide information on the Districts' website accessible to all residents on how to access and participate in the virtual meeting. If the Districts utilize email to communicate with residents, the Districts shall also send notification of the virtual meeting by email. The Districts shall provide notification via the District website and, if applicable, email, at least ten (10) days prior to the virtual Board meeting. If the Boards schedule a virtual special meeting that will be convened in fewer than ten (10) days, the Districts shall provide notification via the District website and, if applicable, email, as soon as possible after scheduling the special meeting.

XI. INTERGOVERNMENTAL AGREEMENT

The form of the intergovernmental agreement required by the City Code, relating to the limitations imposed on the Districts' activities, is attached hereto as **Exhibit E**. The Districts shall approve the intergovernmental agreement in the form attached as **Exhibit E** at their first Board meeting after their organizational election. Failure of the Districts to execute the intergovernmental agreement as required herein shall constitute a material modification and shall

require a Service Plan Amendment. The City Council shall approve the intergovernmental agreement in the form attached as **Exhibit E** at the public hearing approving the Service Plan.

XII. CONCLUSION

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

1. There is sufficient existing and projected need for organized service in the area to be serviced 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 proposed boundaries.
4. The area to be included in the Districts does have, and 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 county 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 special district is to be located and each municipality which is an interested party under Section 32-1-204(1), C.R.S.
7. The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the City Code.
8. The proposal is in compliance with any duly adopted City, regional or state long-range water quality management plan for the area.
9. The creation of the Districts is in the best interests of the area proposed to be served.

EXHIBIT A

Legal Descriptions

NORTHWEST PARCEL

LEGAL DESCRIPTION

A PARCEL OF LAND BEING THE NORTHWEST QUARTER OF SECTION 17, TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ARAPAHOE, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 17;

THENCE ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, NORTH 89°52'40" EAST, A DISTANCE OF 2646.04 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 17 WITH ALL BEARINGS HEREON REFERENCED TO THIS LINE;

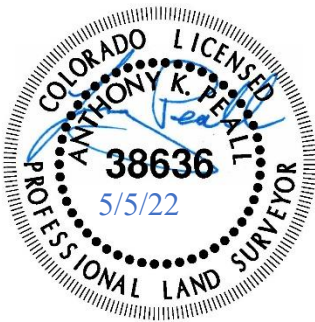
THENCE ALONG THE NORTH-SOUTH CENTERLINE OF SAID SECTION 17, SOUTH 00°21'27" EAST, A DISTANCE OF 2634.94 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 17;

THENCE ALONG THE EAST-WEST CENTERLINE OF SAID SECTION 17, SOUTH 89°31'16" WEST, A DISTANCE OF 2653.09 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 17;

THENCE ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, NORTH 00°12'18" WEST, A DISTANCE OF 2651.44 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 160.773 ACRES, (7,003,252 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.



ANTHONY K. PEALL, PLS 38636
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.
300 EAST MINERAL AVE., SUITE 1, LITTLETON, CO 80122

NORTHEAST PARCEL

LEGAL DESCRIPTION

A PARCEL OF LAND BEING A PORTION OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ARAPAHOE, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH QUARTER CORNER OF SAID SECTION 17;

THENCE ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 17, NORTH 89°37'09" EAST, A DISTANCE OF 2,441.81 FEET TO THE WESTERLY BOUNDARY OF THAT 210-FOOT-WIDE PUBLIC SERVICE COMPANY PARCEL (PSCo), WITH ALL BEARINGS HEREON REFERENCED TO THIS LINE;

THENCE ALONG SAID WESTERLY BOUNDARY, SOUTH 00°26'23" EAST, A DISTANCE OF 1,430.15 FEET;

THENCE DEPARTING SAID WESTERLY BOUNDARY, SOUTH 89°45'15" WEST, A DISTANCE OF 775.57 FEET;

THENCE SOUTH 00°14'58" EAST, A DISTANCE OF 471.00 FEET;

THENCE SOUTH 88°35'37" WEST, A DISTANCE OF 77.09 FEET;

THENCE SOUTH 00°31'43" EAST, A DISTANCE OF 521.35 FEET;

THENCE SOUTH 70°38'32" EAST, A DISTANCE OF 243.67 FEET;

THENCE SOUTH 89°03'02" EAST, A DISTANCE OF 548.77 FEET;

THENCE SOUTH 89°12'10" EAST, A DISTANCE OF 75.54 FEET TO SAID WESTERLY PSCo BOUNDARY;

THENCE ALONG SAID WESTERLY BOUNDARY SOUTH 00°26'23" EAST, A DISTANCE OF 112.12 FEET TO A POINT ON THE EAST-WEST CENTERLINE OF SAID SECTION 17;

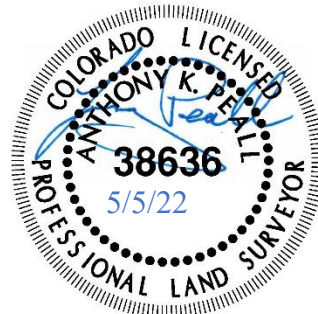
THENCE ALONG SAID EAST-WEST CENTERLINE, SOUTH 89°31'16" WEST, A DISTANCE OF 2445.59 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 17;

THENCE ALONG THE NORTH-SOUTH CENTERLINE OF SAID SECTION 17, NORTH 00°21'27" WEST, DISTANCE OF 2634.94 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 127.580 ACRES, (5,557,370 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.

ANTHONY K. PEALL, PLS 38636
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.
300 EAST MINERAL AVE., SUITE 1, LITTLETON, CO 80122



SOUTHEAST PARCEL

LEGAL DESCRIPTION

A PARCEL OF LAND BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ARAPAHOE, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE CENTER QUARTER CORNER OF SAID SECTION 17;

THENCE ALONG THE EAST-WEST CENTERLINE OF SAID SECTION 17, NORTH 89°31'16" EAST, A DISTANCE OF 2,445.59 FEET TO THE WESTERLY BOUNDARY OF THAT 210-FOOT-WIDE PUBLIC SERVICE COMPANY PARCEL (PSCo), WITH ALL BEARINGS HEREON REFERENCED TO THIS LINE;

THENCE ALONG SAID WESTERLY PSCo BOUNDARY, SOUTH 00°26'20" EAST, A DISTANCE OF 1,125.39 FEET;

THENCE DEPARTING SAID WESTERLY BOUNDARY, SOUTH 89°16'56" WEST, A DISTANCE OF 225.01 FEET;

THENCE NORTH 00°26'20" WEST, A DISTANCE OF 64.50 FEET;

THENCE SOUTH 89°16'56" WEST, A DISTANCE OF 125.86 FEET;

THENCE NORTH 00°43'04" WEST, A DISTANCE OF 74.65 FEET;

THENCE SOUTH 89°20'54" WEST, A DISTANCE OF 304.94 FEET;

THENCE SOUTH 00°31'46" EAST, A DISTANCE OF 75.00 FEET;

THENCE SOUTH 89°30'57" WEST, A DISTANCE OF 221.64 FEET;

THENCE SOUTH 00°23'14" EAST, A DISTANCE OF 615.10 FEET;

THENCE NORTH 89°16'11" EAST, A DISTANCE OF 803.24 FEET;

THENCE NORTH 89°16'08" EAST, A DISTANCE OF 75.01 FEET TO SAID WESTERLY PSCo BOUNDARY;

THENCE ALONG SAID WESTERLY BOUNDARY, SOUTH 00°26'20" EAST, A DISTANCE OF 746.03 FEET TO THE NORTHERLY BOUNDARY OF THAT 210-FOOT-WIDE PUBLIC SERVICE COMPANY PARCEL (PSCo);

THENCE ALONG SAID NORTHERLY BOUNDARY, SOUTH 89°16'54" WEST, A DISTANCE OF 2,449.06 FEET TO A POINT ON THE NORTH-SOUTH CENTERLINE OF SAID SECTION 17:

THENCE ALONG SAID NORTH-SOUTH LINE, NORTH 00°21'27" WEST, A DISTANCE OF 2,431.16 FEET TO THE **POINT OF BEGINNING**.

CONTAINING AN AREA OF 123.730 ACRES, (5,389,688 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.

ANTHONY K. PEALL, PLS 38636
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.
300 EAST MINERAL AVE., SUITE 1, LITTLETON, CO 80122

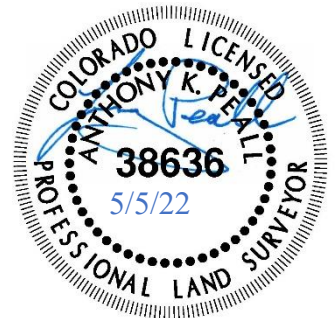
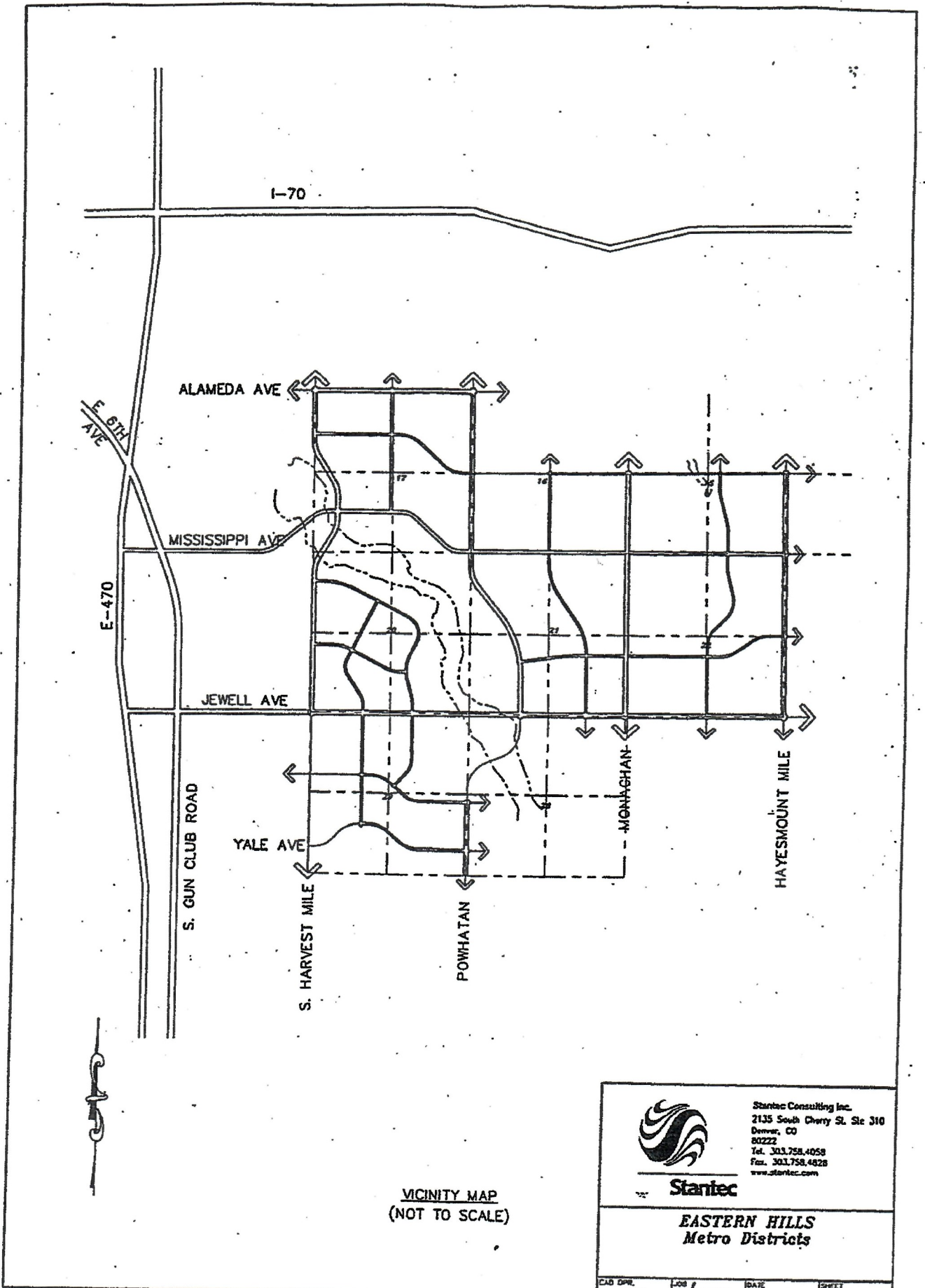



EXHIBIT B

Aurora Vicinity Map



VICINITY MAP
(NOT TO SCALE)



Stantec Consulting Inc.
2135 South Cherry St. Ste 310
Denver, CO
80222
Tel. 303.758.4058
Fax. 303.758.4828
www.stantec.com

Stantec

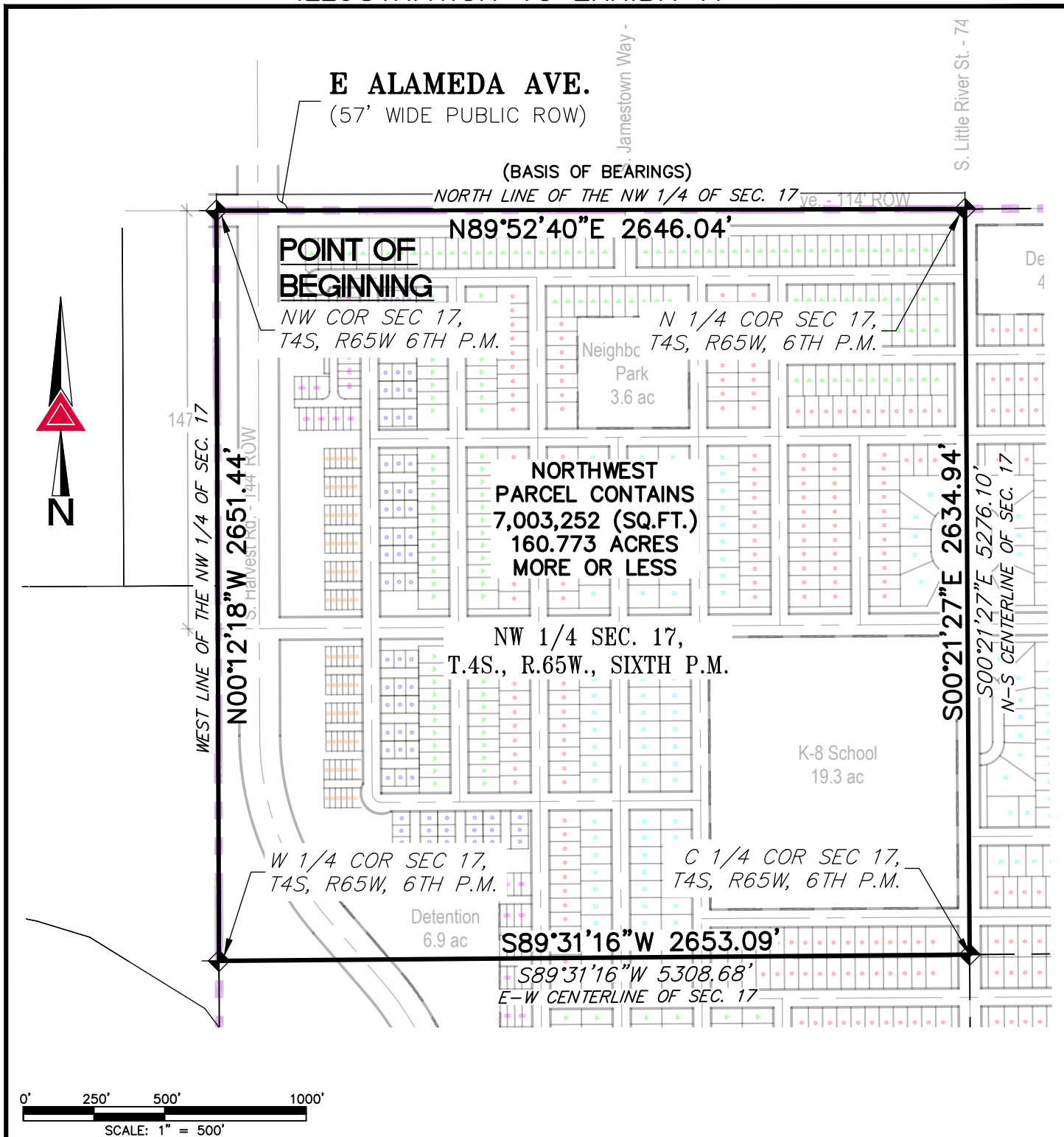
**EASTERN HILLS
Metro Districts**

CAD DRW CRC	JOB # 87002370	DATE April, 2002	SHEET 1 of 1
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EXHIBIT C-1

Initial District Boundary Maps

ILLUSTRATION TO EXHIBIT A



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

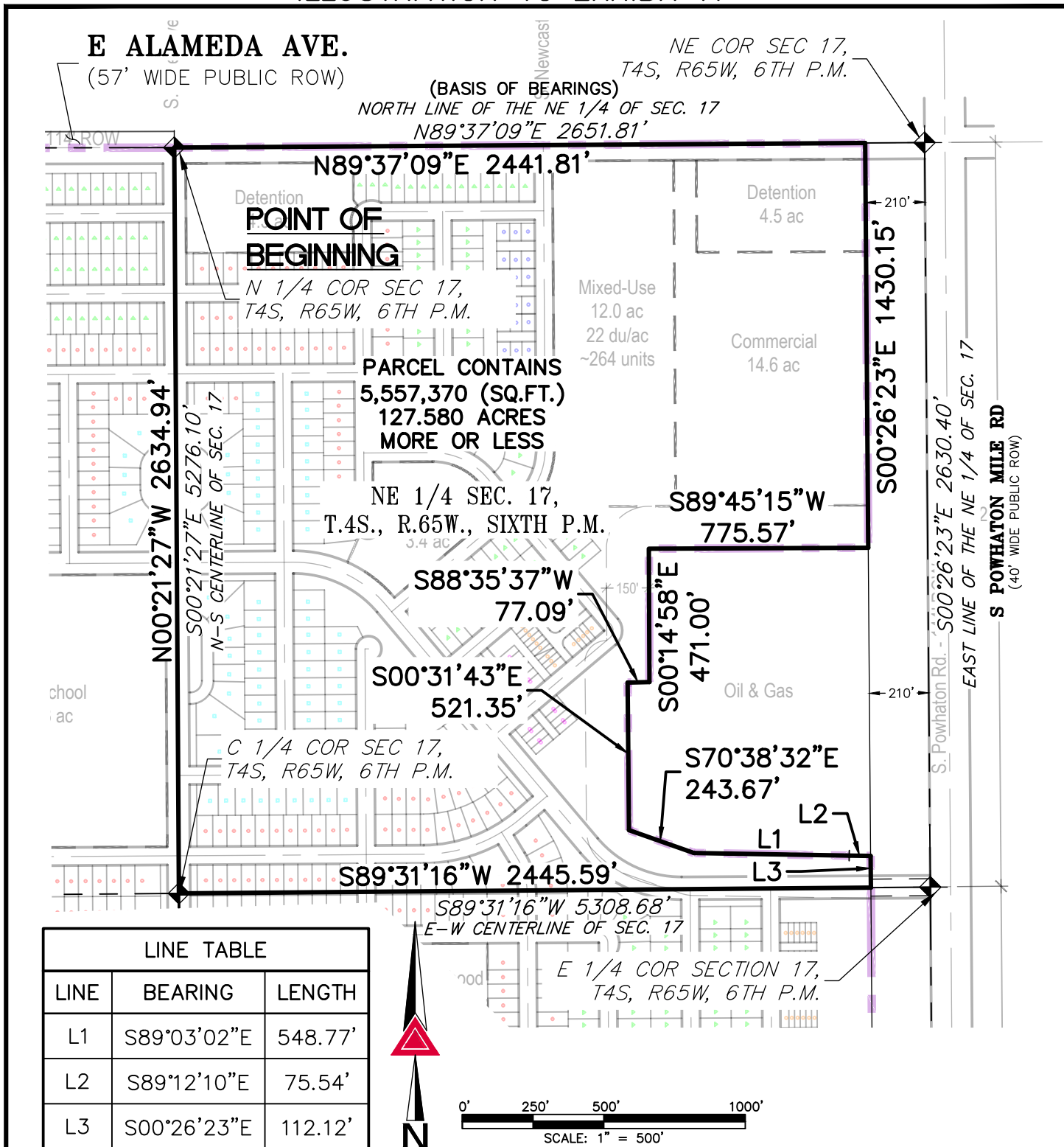
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 DWG: TP CHK: AKP
 DATE: 5/5/2022
 SCALE: 1" = 500'



300 East Mineral Ave,
 Suite 1
 Littleton, Colorado 80122
 Phone: (303)713-1898
 Fax: (303)713-1897
www.aztecconsultants.com

NW DISTRICT PARCEL
 PARKLANDS 4
 ARAPAHOE COUNTY

ILLUSTRATION TO EXHIBIT A



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

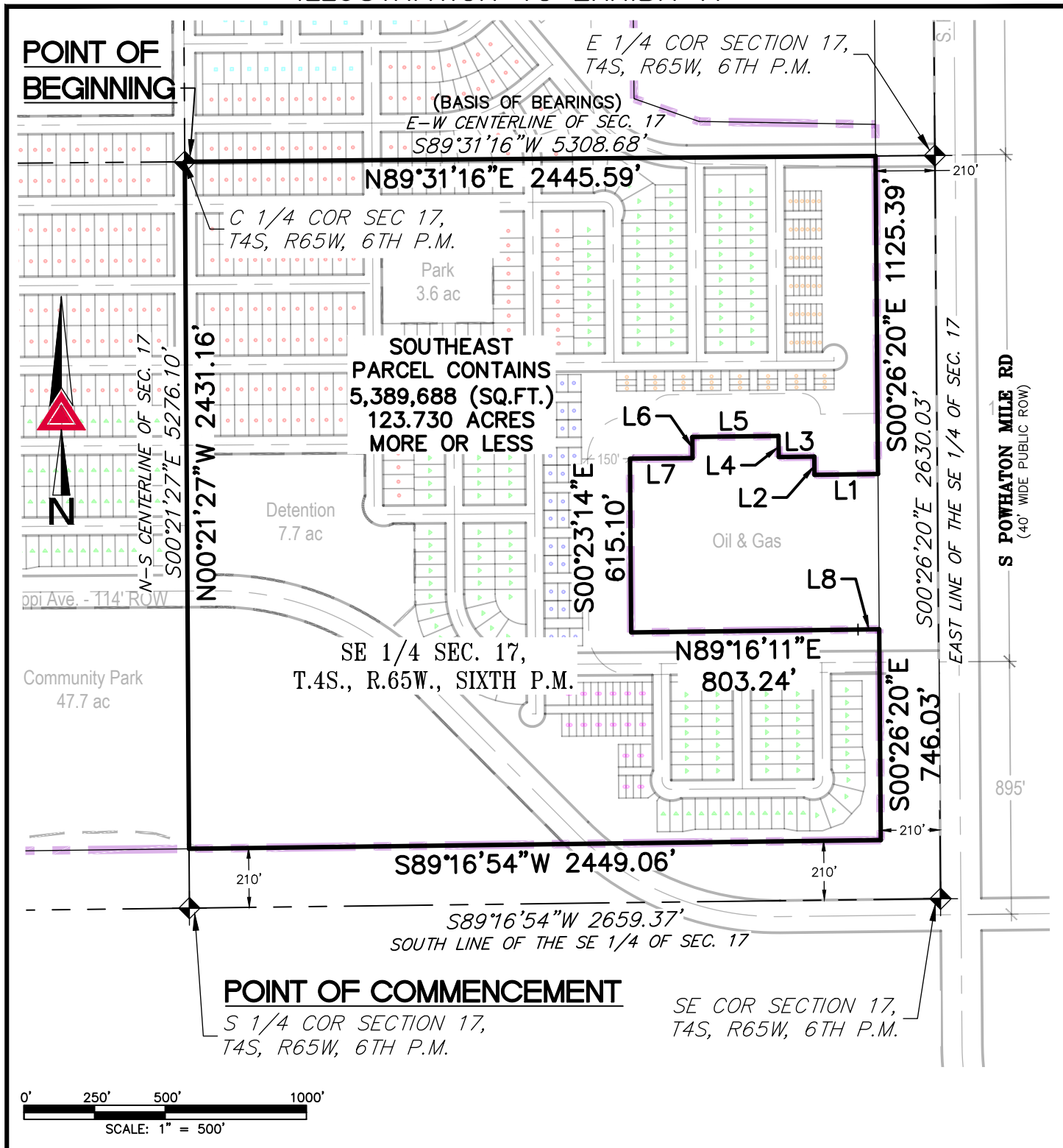
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NE DISTRICT PARCEL
 PARKLANDS 4
 ARAPAHOE COUNTY

ILLUSTRATION TO EXHIBIT A



NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

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 SCALE: 1" = 500'

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SE DISTRICT PARCEL
 PARKLANDS 4
 ARAPAHOE COUNTY

ILLUSTRATION TO EXHIBIT A

LINE TABLE		
LINE	BEARING	LENGTH
L1	S89°16'56"W	225.01'
L2	N00°26'20"W	64.50'
L3	S89°16'56"W	125.86'
L4	N00°43'04"W	74.65'
L5	S89°20'54"W	304.94'
L6	S00°31'46"E	75.00'
L7	S89°30'57"W	221.64'
L8	N89°16'08"E	75.01'

NOTE: THIS ILLUSTRATION DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND IS ONLY INTENDED TO DEPICT THE ATTACHED LEGAL DESCRIPTION.

PATH: Q:\DWG\EXHIBITS\
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SE DISTRICT PARCEL
PARKLANDS 4
ARAPAHOE COUNTY

EXHIBIT C-2

Inclusion Area Boundary Map

PARCEL A

LEGAL DESCRIPTION

A PARCEL OF LAND BEING A PORTION OF SECTION 17, TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, IN THE COUNTY OF ARAPAHOE, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 17;

THENCE ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, NORTH 89°52'40" EAST, A DISTANCE OF 2646.04 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 17 WITH ALL BEARINGS HEREON REFERENCED TO THIS LINE;

THENCE ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 17, NORTH 89°37'09" EAST, A DISTANCE OF 2,441.81 FEET TO THE WESTERLY BOUNDARY OF THAT 210-FOOT-WIDE PUBLIC SERVICE COMPANY PARCEL (PSCo);

THENCE ALONG SAID WESTERLY BOUNDARY, SOUTH 00°26'23" EAST, A DISTANCE OF 1,430.15 FEET;

THENCE DEPARTING SAID WESTERLY BOUNDARY, SOUTH 89°45'15" WEST, A DISTANCE OF 775.57 FEET;

THENCE SOUTH 00°14'58" EAST, A DISTANCE OF 471.00 FEET;

THENCE SOUTH 88°35'37" WEST, A DISTANCE OF 77.09 FEET;

THENCE SOUTH 00°31'43" EAST, A DISTANCE OF 521.35 FEET;

THENCE SOUTH 70°38'32" EAST, A DISTANCE OF 243.67 FEET;

THENCE SOUTH 89°03'02" EAST, A DISTANCE OF 548.77 FEET;

THENCE SOUTH 89°12'10" EAST, A DISTANCE OF 75.54 FEET TO SAID WESTERLY PSCo BOUNDARY;

THENCE ALONG SAID WESTERLY BOUNDARY SOUTH 00°26'23" EAST, A DISTANCE OF 112.12 FEET TO A POINT ON THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 17;

THENCE ALONG SAID WESTERLY PSCo BOUNDARY, SOUTH 00°26'20" EAST, A DISTANCE OF 1,125.39 FEET;

THENCE DEPARTING SAID WESTERLY BOUNDARY, SOUTH 89°16'56" WEST, A DISTANCE OF 225.01 FEET;

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THENCE NORTH 89°16'11" EAST, A DISTANCE OF 803.24 FEET;

THENCE NORTH 89°16'08" EAST, A DISTANCE OF 75.01 FEET TO SAID WESTERLY PSCo BOUNDARY;

THENCE ALONG SAID WESTERLY BOUNDARY, SOUTH 00°26'20" EAST, A DISTANCE OF 746.03 FEET TO THE NORTHERLY BOUNDARY OF THAT 210-FOOT-WIDE PUBLIC SERVICE COMPANY PARCEL (PSCo);

THENCE ALONG SAID NORTHERLY BOUNDARY, SOUTH 89°16'54" WEST, A DISTANCE OF 2,449.06 FEET TO A POINT ON THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 17:

THENCE ALONG SAID NORTHERLY BOUNDARY, SOUTH 89°17'49" WEST, A DISTANCE OF 2,657.91 FEET TO THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 17;

THENCE DEPARTING SAID NORTHERLY BOUNDARY, ALONG SAID WEST LINE NORTH 00°14'44" WEST, A DISTANCE OF 2,441.57 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 17;

THENCE ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, NORTH 00°12'18" WEST, A DISTANCE OF 2,651.44 FEET TO THE POINT OF BEGINNING.

CONTAINING AN AREA OF 560.605 ACRES, (24,419,960 SQUARE FEET), MORE OR LESS.

ILLUSTRATION ATTACHED AND MADE A PART HEREOF.



ANTHONY K. PEALL, PLS 38636
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.
300 EAST MINERAL AVE., SUITE 1, LITTLETON, CO 80122

EXHIBIT D

Notice of Special District Disclosure

<p>ATTENTION HOMEBUYER: You are purchasing a home that is located within <i>[District name]</i> Metropolitan District. This District has the authority to issue bonds or other debt to pay for development improvements and levy taxes and fees on all properties within the District for debt repayment and ongoing operations and maintenance.</p>	
Name of District:	<i>[District name]</i> Metropolitan District
Contact Information for District:	Spencer Fane LLP, Attn: Russell Dykstra, 1700 Lincoln Street, Suite 2000, Denver, Colorado 80203, (303) 839-3800
District Website:	
District Boundaries:	See attached map.
Purpose of the District:	<p>Metropolitan district organized pursuant to C.R.S. § 32-1-101 et seq. The District was created to assist with the planning, design, acquisition, construction, installation, operation, maintenance, relocation, and financing of certain public improvements serving the Parklands Village 4, located in the City of Aurora, Colorado and described further in the District’s Service Plan.</p> <p>A copy of the District’s Service Plan can be found on the District’s website or by contacting the District at the District contact information above.</p>
Authorized Types of District Taxes:	<p>Debt Mill Levy and Operations and Maintenance Mill Levy</p> <p>These mill levies result in taxes you will owe to the District and are described further below.</p>
District’s Total Debt Issuance Authorized per District’s Service Plan:	\$150,000,000
District Improvements Financed by Debt:	The District intends to, or has already issued debt to pay for water, sewer, road and street, park and recreation, storm sewer, drainage, and landscaping facilities and improvements.
Maximum Debt Mill Levy that may be levied annually on properties within the District to pay back debt:	<p>Maximum Debt Mill Levy: 50.000 Mills</p> <p>The Maximum Debt Mill Levy may adjust based on changes in the residential assessment ratio occurring after January 1, 2004.</p> <p><i>[depending on service plan amendments, add info about the Board potentially being able to change the Debt Mill Levy]</i></p>
Ongoing Operations and Maintenance Services of the District:	<p>The District intends to impose an Operations and Maintenance Mill Levy to pay for</p> <p><i>[list eligible ongoing administration, operating and maintenance</i></p>

	<i>obligations]</i>
District Fees:	<i>[For transparency, District should indicate that the Board may choose to impose operations and maintenance fees in the future]</i>
Other Taxing Entities to which you will pay taxes to:	<i>[List all taxing entities and current mill levies within the District Boundaries as identified by the County Assessor]</i>

Sample Calculation of Taxes Owed for a Residential Property within the District:

Assumptions:

Average market value of home in

District is \$ _____ Debt Mill Levy is 50 mills

Operations and Maintenance Mill Levy is _____mills

Total Metropolitan District mill levies = 60 mills

Calculation of Metropolitan District Taxes:

\$ _____ x .0715 = \$ _____ (Assessed Valuation)

\$ _____ x .060 mills = \$ _____ per year in taxes owed solely to the Metro District

Total Additional Mill Levies from Other Taxing Entities: _____ mills = \$ _____ annual taxes

TOTAL [YEAR] PROPERTY TAXES FOR A HOME COSTING \$ _____ = \$ _____

THIS ESTIMATE ONLY PROVIDES AN ILLUSTRATION OF THE AMOUNT OF THE NEW PROPERTY TAXES THAT MAY BE DUE AND OWING AFTER THE PROPERTY HAS BEEN REASSESSED AND, IN SOME INSTANCES, RECLASSIFIED AS RESIDENTIAL PROPERTY. THIS ESTIMATE IS NOT A STATEMENT OF THE ACTUAL AND FUTURE TAXES THAT MAY BE DUE. FIRST YEAR PROPERTY TAXES MAY BE BASED ON A PREVIOUS YEAR'S TAX CLASSIFICATION, WHICH MAY NOT INCLUDE THE FULL VALUE OF THE PROPERTY AND, CONSEQUENTLY, TAXES MAY BE HIGHER IN SUBSEQUENT YEARS. A SELLER HAS COMPLIED WITH THIS DISCLOSURE STATEMENT AS LONG AS THE DISCLOSURE IS BASED UPON A GOOD-FAITH EFFORT TO PROVIDE ACCURATE ESTIMATES AND INFORMATION.

ACKNOWLEDGED AND AGREED TO BY BUYER:

Name: _____

Date: _____

EXHIBIT E

Intergovernmental Agreement between the Districts and Aurora

[MULTIPLE DISTRICT MULTIPLE SERVICE PLAN]

**INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF AURORA, COLORADO
AND
EASTERN HILLS METROPOLITAN DISTRICT NOS. 21-23**

THIS AGREEMENT is made and entered into as of this ____ day of _____, _____, by and between the CITY OF AURORA, a home-rule municipal corporation of the State of Colorado (“City”), and EASTERN HILLS METROPOLITAN DISTRICT NOS. 21-23, quasi-municipal corporations and political subdivisions of the State of Colorado (collectively, the “Districts”). The City and the Districts are collectively referred to as the Parties.

RECITALS

WHEREAS, the Districts were organized to provide those services and to exercise powers as are more specifically set forth in the Districts’ Service Plan approved by the City on _____ (“Service Plan”); and

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

WHEREAS, the City and the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement (“Agreement”).

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Operations and Maintenance. The Districts shall dedicate the Public Improvements (as defined in the Service Plan) to the City or other appropriate jurisdiction or owner’s association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. The Districts shall be authorized, but not obligated, to own, operate and maintain Public Improvements not otherwise required to be dedicated to the City or other public entity, including, but not limited to street improvements (including roads, curbs, gutters, culverts, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, and other street improvements), traffic and safety controls, retaining walls, park and recreation improvements and facilities, trails, open space, landscaping, drainage improvements (including detention and retention ponds, trickle channels, and other drainage facilities), irrigation system improvements (including wells, pumps, storage facilities, and distribution facilities), and all necessary equipment and appurtenances incident thereto.

Any Fee imposed by the Districts for access to such park and recreation improvements shall not result in Non-District City residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the District. However, the Districts shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with Non-District City residents to ensure that such costs are not the responsibility of District residents. All such Fees shall be based upon the Districts' determination that such Fees do not exceed reasonable annual market fee for users of such facilities. Notwithstanding the foregoing, all parks and trails owned by the Districts shall be open to the general public and Non-District City residents, subject to the rules and regulations of the Districts as adopted from time to time. Trails which are interconnected with a city or regional trail system shall be open to the public free of charge and on the same basis as residents and owners of taxable property within the Districts.

2. Fire Protection. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

3. Television Relay and Translation. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City.

4. Golf Course Construction. The Districts shall not be authorized to plan, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain a golf course unless such activity is pursuant to an intergovernmental agreement with the City.

5. Construction Standards. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction and of those special districts that qualify as "interested parties" under Section 32-1-204(1), C.R.S., as applicable. The Districts will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

6. Issuance of Privately Placed Debt. Prior to the issuance of any privately placed Debt, a District shall obtain the certification of an External Financial Advisor substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.

We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-

exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

7. Inclusion Limitation. The Districts shall not include within any of their boundaries any property outside the Service Area without the prior written consent of the City. The Districts shall not include within any of their boundaries any property inside the inclusion area boundaries without the prior written consent of the City except upon petition of the fee owner or owners of 100 percent of such property as provided in Section 32-1-401(1)(a), C.R.S.

8. Overlap Limitation. The boundaries of the Districts shall not overlap unless the aggregate mill levy for payment of Debt of the overlapping Districts will not at any time exceed the Maximum Debt Mill Levy of such Districts. Additionally, the Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for payment of Debt of such proposed districts will not any time exceed the Maximum Debt Mill Levy of the Districts.

9. Initial Debt. On or before the effective date of approval by the City of an Approved Development Plan (as defined in the Service Plan), the Districts shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any fees used for the purpose of repayment of Debt.

10. Total Debt Issuance. The Districts shall not issue Debt in excess of One Hundred Fifty Million Dollars (\$150,000,000) in the aggregate; provided, however, that any Debt issued by the Districts for ARI Regional Improvements shall not be included within this limitation and shall be subject to the limitations set forth in Section VI of the Service Plan.

11. Fee Limitation. Each of the Districts may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for operations and maintenance. No Fee related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User which has the effect, intentional or otherwise, of creating a capital cost payment obligation in any year on any Taxable Property owned or occupied by an End User. Notwithstanding any of the foregoing, the restrictions in this definition shall not apply to any Fee imposed upon or collected from Taxable Property for the purpose of funding operation and maintenance costs of the Districts.

12. Debt Issuance Limitation. The Districts shall not be authorized to incur any indebtedness until such time as the Districts have approved and executed the IGA and approved the imposition of the Aurora Regional Improvement Mill Levy (as defined in the Service Plan) upon all taxable property located within the boundaries of the Districts.

13. Monies from Other Governmental Sources. The Districts shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from

or through governmental or non-profit entities that the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the Districts without any limitation.

14. Consolidation. The Districts shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City, unless such consolidation is by and between the Districts.

15. Bankruptcy. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term have been established under the authority of the City to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Service Plan Amendment.

16. Website. When a district is required to have a website in accordance with the requirements of C.R.S. Section 32-1- 104.5, the Districts shall establish, maintain and annually update a public website or provide information on a shared community website, on which the Districts will timely post all information and documents required by C.R.S. § 32-1- 104.5.

17. Dissolution. Upon an independent determination of the City Council that the purposes for which a District was created have been accomplished, such District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

18. Disclosure to Purchasers. The Districts will use reasonable efforts to assure that all developers of the property located within the Districts provide written notice to all purchasers of property in the Districts regarding the Maximum Debt Mill Levy, as well as a general description of the Districts’ authority to impose and collect rates, Fees, tolls and charges. The notice shall conform with the City’s standard model disclosure attached as Exhibit D to the Service Plan as

may be amended from time to time. The City shall be provided a copy of the notice prior to the initial issuance of the Debt of a District imposing the mill levy which is the subject of the Maximum Debt Mill Levy.

19. Service Plan Amendment Requirement. Actions of the Districts which violate the limitations set forth in V.A.1-14 or VII.B-G of the Service Plan shall be deemed to be material modifications to the Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

20. Multiple District Structure. It is anticipated that the Districts, collectively, will undertake the financing and construction of the improvements contemplated herein. Specifically, the Districts shall enter into an Intergovernmental Agreement which shall govern the relationships between and among the Districts with respect to the financing, construction and operation of the improvements contemplated herein. The Districts will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the improvements.

21. Annual Report. The Districts shall be responsible for submitting an annual report to the Manager of the Office of Development Assistance of the City Manager's Office no later than August 1st of each year following the year in which the Orders and Decrees creating the Districts have been issued, pursuant to the City Code and containing the information set forth in Section VIII of the Service Plan.

22. Regional Improvements. The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements incurred as a result of participation in the alternatives set forth in Section VI.A, B or C of the Service Plan.

The Districts shall impose the ARI Mill Levy and shall convey it as follows:

(a) If the Districts have executed an ARI Authority Establishment Agreement and the City has been offered the opportunity to execute an ARI Authority Establishment Agreement, the terms of which provide for the City to appoint no less than thirty percent (30%) and no more than forty-nine percent (49%) of the board members who will serve as the board of directors of the ARI Authority to be established by such ARI Authority Establishment Agreement, regardless as to whether the City approves the execution of such ARI Authority Establishment Agreement, the revenue from the ARI Mill Levy shall be conveyed to the ARI Authority for the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements in the ARI Master Plan and for the operations of such ARI Authority;
or

(b) If the City and the Districts have executed an intergovernmental agreement then the revenue from the ARI Mill Levy shall be conveyed to the City for use in planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users and taxpayers of the Districts in accordance with such agreement; or

(c) If neither Section VI.A nor VI.B of the Service Plan is applicable then the revenue shall be conveyed to the City and (i) the City shall place in a special account all revenues received from the ARI Mill Levy imposed in the Service Area under Section VI of the Service Plan and shall not expend such revenue until an intergovernmental agreement is executed between the Districts establishing the terms and conditions for the provision of the Regional Improvements; and (ii) if the intergovernmental agreement is not executed within two (2) years from the date of the approval of the Service Plan by the City and neither Section VI.A nor VI.B of the Service Plan have occurred within two (2) years from the date of the approval of the Service Plan by the City, then the revenue from the ARI Mill Levy shall be conveyed to the City for use by the City in the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of the Regional Improvements which benefit the service users or taxpayers of the Districts as prioritized and determined by the City.

As set forth in the definition of the ARI Mill Levy, the Districts may, pursuant to any intergovernmental agreement with the City, extend the terms for application of the ARI Mill Levy beyond the years set forth in Sections VI.A and VI. B of the Service Plan. The Maximum Mill Levy Imposition Term shall include the terms and any extension of such terms, as set forth in Sections A, B and C of the definition of the ARI Mill Levy.

The Regional Improvements shall be limited to the provision of the planning, design, acquisition, construction, installation, relocation and/or redevelopment of street and transportation related improvements as defined in the Special District Act and the administration and overhead costs incurred as a result of participation in the alternative set forth in Section VI.A, B or C of the Service Plan, unless the City has agreed otherwise in writing; provided, however in no event shall the Regional Improvements include water or sanitary sewer improvements unless such improvements are necessary as a part of completing street and transportation related improvements. A District shall cease to be obligated to impose, collect and convey to the City the revenue from the ARI Mill Levy described in Section VI of the Service Plan at such time as the area within such District's boundaries is included within a different district organized under the Special District Act, or a General Improvement District organized under Section 31-25-601, et seq., C.R.S., or Business Improvement District organized under Section 31-25-1201, et seq., C.R.S., which other district has been organized to fund a part or all of the Regional Improvements.

23. Maximum Debt Mill Levy. The "Maximum Debt Mill Levy" shall be the maximum mill levy each District is permitted to impose upon the taxable property within the District for payment of Debt, and shall be determined as follows:

(a) For the portion of any aggregate District's Debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VII.C.2 of the Service Plan; provided that if, on or after January 1, 2004, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2004, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a

change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

(b) For the portion of any aggregate District's Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

(c) For purposes of the foregoing, once Debt has been determined to be within Section VII.C.2 of the Service Plan, so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the District's Debt to assessed ratio. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

To the extent that a District is composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to a District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

The Maximum Debt Mill Levy shall not apply to a District's Operations and Maintenance Mill Levy for the provision of operation and maintenance services to such District's taxpayers and service users.

24. Maximum Debt Mill Levy Imposition Term. The Districts shall have the authority to impose the ARI Mill Levy for the terms as set forth in Section VI of the Service Plan. Other than the ARI Mill Levy, a District shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds forty (40) years after the year of the initial imposition of such mill levy unless a majority of the Board of Directors of such District are residents of the District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, et seq., C.R.S.

25. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via United Parcel Service or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the Districts: Eastern Hills Metropolitan District Nos. 21-23
c/o Spencer Fane LLP
1700 Lincoln Street, Suite 2000
Denver, CO 80203
Attn: Russell Dykstra

Phone: (303) 839-3800
Fax: (303) 839-3838

To the City:

City of Aurora
15151 E. Alameda Pkwy., 5th Floor
Aurora, CO 80012
Attn: Daniel L. Brotzman, City Attorney
Phone: (303) 739-7030
Fax: (303) 739-7042

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States mail. By giving the other party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

26. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan.

27. Assignment. Neither Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of the other Party, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

28. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Party shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

29. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado.

30. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

31. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

32. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the Districts and the City any right, remedy, or claim under or by reason of this Agreement or any covenants, terms,

conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Districts and the City shall be for the sole and exclusive benefit of the Districts and the City.

33. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

34. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

35. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

36. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plan.

SIGNATURE PAGES TO INTERGOVERNMENTAL AGREEMENT

EASTERN HILLS METROPOLITAN
DISTRICT NOS. 21-23

By: _____
President

Attest:

Secretary

CITY OF AURORA, COLORADO

By: _____
MIKE COFFMAN, Mayor

ATTEST:

KADEE RODRIGUEZ, City Clerk

APPROVED AS TO FORM:

BRIAN J. RULLA, Assistant City Attorney