

SERVICE PLAN
FOR
HORSE CREEK METROPOLITAN DISTRICT

RESUBMITTED: January 9, 2004
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the District and a schedule indicating the year or years during which proposed indebtedness is scheduled to be issued;

3. A preliminary engineering analysis showing how the proposed services are to be provided;

4. A map of the proposed special district boundaries and an estimate of the population and valuation for assessment of the proposed special district;

5. A general description of the facilities to be constructed and the standards of such construction, including a statement of how the facility and service standards of the proposed special district are compatible with the facility and service standards of any county or municipality within which all or any portion of the proposed special district is to be located; and of municipalities and special districts which are interested parties pursuant to Section 32-1-204(1), C.R.S.; and

6. A general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the organization and initial operation of the District.

II. DESCRIPTION OF PROPOSED SERVICES

Upon formation, the proposed Horse Creek Metropolitan District (“District”) plans to provide for the acquisition, construction, completion, and/or installation of parks and recreational facilities including, but not limited to, parks, hiking trails, regional trails, water bodies, community recreation centers, tennis courts, common areas, weed control, outdoor lighting, event facilities, lakes, irrigation facilities, gardens, bike paths, and pedestrian ways, open space, landscaping, cultural activities, and other active and passive recreational facilities, and all necessary, incidental and appurtenant facilities,

land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the District. The parks and recreational facilities described in this Service Plan will be maintained by a homeowners association. In no event will the District maintain any park or recreational facility without the prior written agreement of the Town of Parker (the "Town").

The District also intends to provide for the acquisition, construction, completion, and/or installation of street improvements, both on-site and off-site, including, but not limited to, curbs, gutters, culverts and other drainage facilities, underground conduits, sidewalks, trails, bridges, bike paths and pedestrian ways, retaining walls, bridges, overpasses, underpasses, interchanges, parking areas, parking facilities, median islands, paving, lighting, grading, landscaping, irrigation, and a system of traffic and safety controls and devices on streets, including but not limited to signalization, signage and striping, area identification, driver information and directional assistance signs, access gates, entry monumentation, together with all necessary, incidental, and appurtenant facilities, land and easements together with extensions of and improvements to said facilities within and without the boundaries of the District. The street improvements described herein shall be dedicated to and maintained by the Town as provided in this Service Plan. In no event will the District maintain any street improvements without the prior written agreement of the Town.

After the Developer conveys or grants street rights-of-way or appropriate easements to the District or Town, the District is expected to construct curbs, gutters, culverts, drainage ditches, sidewalks, box culverts, tunnels, paving, lighting, landscaping, and other road, street, and drainage facilities improvements which the project will require, as well as necessary traffic and safety protection devices and controls.

The District also intends to provide for the acquisition, construction, completion, reimbursement, relocation, and/or installation of a complete potable and non-potable local water

supply, storage, transmission, and distribution system, which may include, but shall not be limited to, water pumps, pump stations, transmission lines, distribution mains and laterals, irrigation facilities, storage facilities, land and easements, and all necessary, incidental, and appurtenant facilities, together with extensions of and improvements to said system within and without the boundaries of the District. The water improvements described herein shall be dedicated to and maintained by the Parker Water and Sanitation District (“PWSD”) as provided in this Service Plan. In no event will the District maintain any water improvements without the prior written agreement of the Town and PWSD.

The proposed District also intends to provide for the acquisition, construction, completion, reimbursement, relocation and/or installation of a complete local sanitary sewage collection and transmission system which may include, but shall not be limited to, lift stations, collection mains and laterals, transmission lines, and/or storm sewer, flood and surface drainage facilities and systems, including detention/retention ponds and associated irrigation facilities, and all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said system within and without the boundaries of the District. The sanitary sewer improvements described herein, except for storm and drainage facilities, shall be dedicated to and maintained by the PWSD as provided in this Service Plan. The storm sewer improvements described herein shall be dedicated to and maintained by the Town as provided in this Service Plan. In no event will the District maintain any sewer improvements without the prior written agreement of the Town and PWSD.

Construction of any improvements or the provision of any service not described herein, without the prior written approval of the Town, shall be a material modification of this Service Plan. Notwithstanding anything to the contrary contained herein, the extension of any service or facility

outside the boundaries of the District without the prior written approval of the Town shall be a material modification of this Service Plan. Although the District reserves the right to enter into contractual arrangements, intergovernmental agreements and/or other operational documents, no specific arrangements are currently contemplated.

III. NEED FOR THE DISTRICT

The land in the District (the "Subject Property") is entirely within the boundaries of the Town and the boundaries of the PWSD.

The Town does not consider it feasible or practical to provide the Subject Property with the certain park and recreation, water, sanitation, street, safety and drainage facilities described in this Service Plan. The reference to "safety" service in this Service Plan shall be limited to the construction, and not the operation and maintenance, of traffic signalization, stop signs and related devices. Similarly, pursuant to Section 32-1-1006(1)(b)(I), C.R.S., as amended, the PWSD does not consider it feasible, practical or desirable for the good of the entire PWSD to fund the extension of the water or sewer lines or facilities to the area of the District or to provide the water and sanitation services described in this Service Plan. Therefore, it is necessary that the District be organized to provide its inhabitants with those parks and recreational facilities and services, street, safety and drainage services, and water and sanitation services, which the Town and PWSD have determined they cannot feasibly or practically provide within the area of the District.

IV. PROPOSED DISTRICT BOUNDARIES/MAP

The area to be served by the District is located within the development known as Douglas 234 and is in the Town, County of Douglas, generally south of the southeast one-half of Section 29

T-65, R66W, west of Jordan Road, east of Newlin Gulch Road and north of Hess Road. A legal description of the District is attached hereto as **Exhibit A**. A map of the boundaries of the District is attached hereto as **Exhibit B**. The total area to be included in the District is approximately 220 acres.

V. PROPOSED LAND USE/POPULATION PROJECTIONS

At present, property within the District is zoned Planned Development (“PD”) by the Town, which allows for single-family residential attached and detached uses. The property is not presently served with the facilities and/or services proposed to be provided by the District, nor does the Town or any other special district have any plans to provide such services within a reasonable time and on a comparable basis. The proposed Financial Plan assumes approximately 429 single-family residential units to be constructed, which is less than the total units allowable under the current zoning. Based upon an estimated three (3) persons per residential unit, the projected population within the District at final build out is approximately 1,287 persons. In order to facilitate the development of the property as planned, organized provision of facilities and services proposed to be provided by the District will be necessary.

VI. ASSESSED VALUATION

The present assessed valuation of the Subject Property is de minimus and is assumed for purposes of the Financial Plan to be zero dollars (\$0). The projected assessed valuation of the Subject Property, based upon the land use expectations heretofore noted, is included in the Financial Plan section of this Service Plan.

VII. PRELIMINARY ENGINEERING ANALYSIS

A. Facilities to be Constructed and/or Acquired.

The District proposes to provide and/or acquire those facilities generally described in the Description of Proposed Services section above. A general description and preliminary engineering survey of the facilities to be constructed and/or acquired are shown on **Exhibits C-1 through C-3** attached hereto (the “Improvements”).

B. Standards of Construction/Statement of Compatibility.

The District’s water system will be constructed and maintained in accordance with the standards of the Colorado Department of Health, the Town, PWSD and other jurisdictions, as appropriate.

The wastewater treatment and/or collection facilities will be designed and constructed and maintained in accordance with the standards of the Colorado Department of Health, the Town, PWSD, the Tri-County Health Department and other applicable local, state or federal rules and regulations.

All streets and safety protection facilities to be dedicated to the Town will be constructed in accordance with the standards and specifications of the Town. All other such facilities will be constructed in accordance with engineering and design requirements appropriate for the terrain, and shall comply with standards of the Town, the Colorado Department of Transportation, or other local public entities, as appropriate.

All storm sewers and facilities will be constructed in accordance with the standards and specifications of the Town, the Urban Drainage and Flood Control District, and other local jurisdictions, as appropriate.

Based on an analysis of jurisdictions which are interested parties in the Service Plan proceedings according to Colorado statutes, the District's engineers have determined that the standards by which the facilities are to be constructed are compatible with the facilities of such other jurisdictions.

C. Estimated Costs of Facilities.

The estimated costs of the facilities to be constructed, installed and/or acquired by the proposed District are set forth in **Exhibits C-1 through C-3** attached hereto. **A map and a table of estimated costs for each type of service or facility to be provided by the District are included.** The total estimated cost for all facilities to serve the Subject Property including contingencies is in excess of Five Million Dollars (\$5,000,000). Any additional facilities required will be designed, constructed and paid for by the Developer. The District does not expect the Town to assume any costs for the construction of the Improvements. The District agrees to post Letter(s) of Credit, if required by the Town, to guarantee construction of public improvements. The Developer's obligations to design and construct the facilities shall be defined as provided in the Land Development Code which is contained in the Parker Colorado Municipal Code, as amended, and secured in the manner provided by Section 13.07.120 of the Land Development Code, as amended. Therefore, the total estimated cost of capital improvements to be constructed by the District is not projected to exceed Five Million Five Hundred Thousand Dollars (\$5,500,000).

D. Operation and Maintenance/Estimated Costs.

Subject to a one-year or two-year warranty, as applicable, and after acceptance, the District intends to dedicate all facilities to the appropriate jurisdiction for operations and maintenance. The District shall not have the authority to provide maintenance of any facility that is to be dedicated as provided by this Service Plan without the prior written approval of the Town.

The dedication of facilities shall be made to the appropriate jurisdiction free and clear of all liens and encumbrances not otherwise accepted by such jurisdiction. If the District assumes the obligation for the construction or operation and maintenance of facilities beyond that described herein, such action shall constitute a material modification of this Service Plan. Estimated costs for administrative functions are shown on **Exhibit D** attached hereto in 2003 dollars.

E. Annual Information.

No later than September 1 of each calendar year, the District shall provide the following information and documents on an annual basis to the Town, the requirements of which may be waived in whole or in part by the Town: (a) a narrative summary of the progress of the District in implementing its Service Plan for the report year; (b) except when exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year including a balance statement as of December 31 of the report year and the statements of operations for the report year; (c) unless disclosed within a separate schedule to the financial statement, a summary of the capital expenditures incurred by the District in development of public facilities in the report year, as well as any capital improvements or projects proposed to be undertaken in the five (5) years following the report year; (d) unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the District at the end of the report year, including: (i) the amount of outstanding indebtedness; (ii) the amount and terms of any new District indebtedness or long-term obligations issued in the report year; (iii) the amount of payment or retirement of existing indebtedness of the District in the report year; (iv) the total assessed valuation of all taxable properties within the District as of January 1 of the report year; and (v) the current mill levy of the District pledged to debt retirement in the report year; (e) the District's budget for the calendar year in which the annual report is submitted; (f) a summary of

residential development in the District for the report year; (g) a summary of all fees, charges and assessments imposed by the District as of January 1 of the report year; (h) certification by the Board that no action, event or condition enumerated in Section 10.11.060 of the Parker Colorado Municipal Code, as amended, has occurred in the report year; and (i) the name, business address and telephone number of each Board member and its chief administrative officer and general counsel, together with the date, place and time of the regular Board meeting.

Annually, the District shall notify by mail every property owner in the District of a scheduled meeting of the Board of Directors of the District. Such noticed meeting shall occur at least thirty (30) days and not more than sixty (60) days following the date of mailing of the notice. Such notification shall include names and addresses of the Board of Directors of the District and reference the existence of a District file at the Town.

The District shall also provide to the Town a notice of a change in bond ratings on outstanding bonds or the failure of a credit enhancement (letter of credit) securing outstanding bonds within thirty (30) days of the District receiving notice of such change or failure.

If the aforementioned meetings are not held and information is not provided as set forth above, the Town may request in writing that such information be provided. If the District does not hold the meetings or provide the requested information within thirty (30) days of receipt of the written request from the Town, such failure shall constitute a material modification of this Service Plan, unless prior written approval of the Town is obtained.

VIII. FINANCIAL PLAN

The following is a detailed Financial Plan pursuant to Section 10.11.150(a) - (h) of the Parker Colorado Municipal Code, as amended, describing how the proposed facilities and/or services are

to be financed, including the estimated costs of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the organization and initial operation of the District. The Financial Plan demonstrates that, at the projected level of development, the District has the ability to finance the facilities identified herein, and will be capable of discharging the proposed indebtedness on a reasonable basis. Any issuance of debt in excess of the limitations set forth in this section, entitled FINANCIAL PLAN, shall constitute a material modification of this Service Plan, unless prior written approval of the Town is obtained.

A. Financial Plan/Proposed Indebtedness.

The Financial Plan attached hereto as **Exhibit E** describes how the proposed facilities and/or services are to be financed, including the estimated costs of engineering services, legal services, administrative services, proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the organization and operation of the District. The Financial Plan demonstrates the issuance of the debt and the anticipated repayment based on the projected development in the District's boundaries.

The funds and assets of the Town shall not be pledged as security for the repayment of debt issued by the District.

B. General Discussion.

The provision of facilities by the District will be primarily financed by the issuance of general obligation bonds, secured by the *ad valorem* taxing authority of the District with limitations as discussed below. The Financial plan demonstrates the issuance of the debt and the anticipated repayment based on the projected development in the District boundaries. It is anticipated that the first bond issue will occur in 2008. Prior to that time, the construction costs for

necessary improvements will be advanced by the developer(s) within the District, subject to subsequent acquisition by the District of the completed improvements and reimbursement to the developer(s) of such advanced construction costs. Any obligations issued or otherwise contracted for to reimburse the developer(s) for advanced construction costs shall be included within the debt limits described below.

The proposed maximum voted interest rate is twelve percent (12%) and the maximum underwriter's discount is four percent (4%). The exact term of the bonds, interest rates and discounts will be determined at the time the bonds are sold by the proposed district and will reflect market conditions at the time of sale. The District may also issue notes, certificates, debentures, or other multiple fiscal year obligations, which issuances shall be subject to the limitations set forth in this Service Plan, including the debt limits described below.

It is proposed that the total maximum amount of Five Million Five Hundred Thousand Dollars (\$5,500,000) of bonds that are secured by *ad valorem* property taxes (including general obligation and any bonds issued, the repayment of which is from the pledge of revenue from a capped debt service mill levy) for various purposes be submitted to the electors of the District for their approval at an election. The amount to be voted exceeds the amount of bonds anticipated to be sold, as shown in the Financial Plan, to allow for unforeseen contingencies and increases in construction costs due to inflation, and to cover all issuance costs, including capitalized interest, reserve funds, discounts, legal fees and other incidental costs of issuance; provided, however, in no event shall the amount of the bonds which are secured by *ad valorem* property taxes outstanding at any one time exceed Five Million Five Hundred Thousand Dollars (\$5,500,000). Such limitation shall not be applicable to refundings of the bonds authorized to be issued hereunder. Based upon construction cost estimates and financing cost estimates as computed during the preparation of this

Service Plan, it is anticipated that a total of approximately Four Million Four Hundred Thousand Dollars (\$4,400,000) of bonds will be issued. The bonds will contain adequate call provisions to allow for the prior redemption or refinancing of bonds sold by the District. In no event will the final maturity date of any bond issuance, including any refunding or refinancing thereof, extend the amortization schedule for repayment more than 35 years after the date of the original issuance of such bonds.

The District will have a mill levy assessed on all taxable property in the District as a primary source of revenue for repayment of debt service and for operations and maintenance. Set forth in **Exhibit F** attached hereto is a sampling of overlapping mill levies of competing projects and a comparison with the District assuming a 35 mill levy for the District. The proponents of the organization of the District are comfortable with the reasonableness of the overlapping mill levies for the proposed District when compared with competing projects. Although the mill levy may vary depending upon the elected Board's decision to fund the projects contemplated in this Service Plan, it is estimated that a mill levy of 35 mills will produce revenue sufficient to support the operations and maintenance and debt retirement throughout the bond repayment period. In addition, the District may capitalize interest to permit payment of interest during the time lapse between development of taxable properties and the collection of tax levies therefrom. Interest income through the reinvestment of construction funds, capitalized interest and annual tax receipts will provide additional funds. These revenue sources should be sufficient to retire the proposed indebtedness if growth occurs as projected; otherwise, increases in the mill levy and/or the imposition of rates, tolls, fees and charges may be necessary; but in no event shall the mill levy exceed the Mill Levy Cap defined below.

The District will not have the authority to issue revenue bonds and the issuance of such bonds shall constitute a material modification of this Service Plan, unless prior written approval of the Town is obtained.

C. Mill Levy Cap. Bonds shall be issued subject to the following limitations:

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

a. For that portion of any general obligation debt, inclusive of general obligation refunding debt, which exceeds fifty percent (50%) of the District's assessed valuation, the maximum mill levy the District can promise to impose for the payment of such debt shall be: 40.23 mills reduced by (i) the number of mills necessary to pay unlimited mill levy general obligation debt described in C.1.b. below; and (ii) any amount necessary to pay operations and maintenance expenses of the District; provided, however, the mill levy limitation applicable to such debt may be increased or decreased to reflect changes in the method of calculating assessed valuation with tax year 2003 as the base year for calculation of any such adjustments, such increases or decreases to be determined by the Board of Directors of the 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, are neither diminished nor enhanced as a result of such changes ("Mill Levy Cap"). For purposes of the foregoing, a change

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

- b. At such time as the District's assessed value is equal to or greater than \$3,500,000 and any general obligation debt, including general obligation refunding debt, 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 maximum mill levy the District can promise to impose for the payment of such debt shall be such amount as may be necessary to pay the debt service on such debt, without limitation of rate.

For purposes of the foregoing, once general obligation debt has been determined to be within C.1.b. above so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent reduction in the assessed valuation of the District.

2. Bonds may be privately placed in accordance with either Section 11-59-110(1)(g), C.R.S., or the regulations for placement of securities with an accredited investor in accordance with the Rules promulgated under the Colorado Municipal Bond Supervision Act, Section 59-10.3, as either is in effect on April 1, 2002; or may be issued to the Developer without regard to such statute or regulations; provided that such private placement or issuance shall be subject only to the Mill Levy Cap.

3. If the Developer advances funds to the District for the purpose of payment of principal and/or interest on any bonds, the obligation of the District to repay the Developer shall be subject to the limits set forth above and may be amortized over time so long as each payment

obligation is subordinate to the annual debt service payments required to any third party bondholders. In addition, the interest rate applicable to developer reimbursements shall be capped at 7%.

Although the District reserves the right to impose a system of fees, rates, tolls, penalties or charges, the District does not anticipate the imposition of any recurring fees. If the District determines the imposition of recurring fees is necessary, it may only impose such fees with the prior consent of the Town.

The Financial Plan reflects the total amount of bonds to be sold to finance the completion, construction, acquisition and/or installation of the proposed facilities, including all costs and expenses related to the anticipated bond issuances. The amount of bonds sold will be based upon the final engineering estimates and/or actual construction contracts. Organizational costs, including legal fees, and capitalized engineering costs are to be paid from the proceeds of each bond issue. The interest rates as set forth in the Financial Plan are based upon the advice of George K. Baum & Company, investment bankers for the proposed District.

The Financial Plan projects the anticipated flow of funds and is based upon estimates of construction and project needs for bond proceeds to finance the District's Improvements. The District's engineer has evaluated the timing and cost estimate of the proposed District's Improvements which are necessary to support the proposed absorptions of development as projected in the Financial Plan and has concurred with the assumptions. The Financial Plan sets forth the most reasonable estimate of growth within the District and allows the Board of Directors a measure of flexibility such that the District need not incur debt in excess of what it needs to meet a growing population's demands for facilities and services.

The ability of the District to meet the projections upon which the Financial Plan is premised is subject to various risks and uncertainties, including but not necessarily limited to, actual

development that occurs within the District's boundaries and the sale of lots/construction of homes as might occur within the area and actual market valuation of property within the District's boundaries. Development in the District will be impacted by many factors including governmental policies regarding land development, the availability of utilities, construction costs, interest rates, competition from other developments and other political, legal and economic conditions.

D. Operations.

Annual administrative, operational and maintenance expenses are estimated as shown in **Exhibit D** attached hereto. Any expenses associated with the above items shall be included within the Mill Levy Cap. If necessary, however, the District reserves the right to supplement these revenues with additional revenue sources as described in this Service Plan.

The Mill Levy Cap proposed herein for repayment of the bonds applies to the District's ability to increase its mill levy as necessary for provision of operation and maintenance services to its taxpayers and service users to the extent provided in this Service Plan. In addition, there are statutory and constitutional limits on the District's ability without an election to increase its mill levy for provision of operation and maintenance services. The District will not reimburse the Developer for any funds advanced by the Developer to the District for payment of operation expenses.

E. Economic Viability.

The Financial Plan illustrates the estimated income and expenses for the District over a 34-year period presuming issuance of one series of bonds, maturing within a 30-year period. The analysis reflects a total build-out period of eight years, and a mill levy of 35 mills. The Financial Plan contained in this Service Plan demonstrates the economic viability of the District.

IX. MATERIAL MODIFICATION

The occurrence of any of the following actions, events or conditions, subsequent to the date of approval of the Service Plan or most recent amendment thereto, shall constitute material modifications requiring a service plan amendment:

1. Default in the payment of principal or interest of any District bonds, notes, certificates, debentures, contracts or other evidences of indebtedness or borrowing issued or incurred by the District which:

- a. Persists for a period of one hundred twenty (120) days or more;
- b. The defaulted payment aggregates either fifty thousand dollars (\$50,000.00) or ten percent (10%) of the outstanding principal balance of the indebtedness;
and
- c. The creditors have not agreed in writing with the District to forbear from pursuit of legal remedies.

2. The failure of the District to develop, cause to be developed or consent to the development by others of any capital facility proposed in its service plan when necessary to service approved development within the District.

3. The development of any capital facility in excess of one hundred thousand dollars (\$100,000.00) in cost, which is not identified in the Service Plan or authorized by the Town in the course of a separate development approval, excluding bona fide cost projection miscalculations, and state or federally mandated improvements, particularly water or sanitation facilities.

4. The occurrence of any event or condition which is defined under the service plan or intergovernmental agreement as necessitating a service plan amendment.

5. The material default by the District under any intergovernmental agreement with the Town.

6. Any of the events or conditions enumerated in Section 32-1-207(2), C.R.S., as amended.

X. DISSOLUTION/CONSOLIDATION

In accordance with Section 32-1-701, C.R.S., et seq., the District may pursue dissolution or it may pursue consolidation, pursuant to Section 32-1-601, C.R.S. et seq. Consolidation of the District with another Title 32 special district shall constitute a material modification of this Service Plan, unless prior written approval by the Town is obtained.

Upon the repayment of all principal and interest of all debt incurred, as anticipated to be issued by this Service Plan, the District shall initiate proceedings to dissolve the District in accordance with the statutes in effect at that time. Prior to the repayment of all debt issued, the District shall cooperate with the Town in the event the Town initiates a dissolution of the District so long as adequate provision has been made for the repayment of the debt outstanding.

Notwithstanding anything to the contrary above, the continued existence of the District after December 31, 2047 shall constitute a material modification of this Service Plan, unless prior approval by the Town is obtained.

XI. CONCLUSION

It is submitted that this Service Plan for the proposed Horse Creek Metropolitan District, as required by Section 32-1-203(2) C.R.S., establishes that:

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

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

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

D. The area to be included in the proposed District does have and will have the financial ability to discharge the proposed indebtedness on a reasonable basis.

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EXHIBIT A

Legal Description

LEGAL DESCRIPTION
TOTAL PARCEL LESS THE COMMERCIAL PROPERTY

PART OF THE SOUTH HALF OF SECTION 29, TOWNSHIP 6 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN, TOWN OF PARKER, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 29, WHENCE THE SOUTH QUARTER CORNER OF SAID SECTION 29 BEARS NORTH 89°24'37" EAST A DISTANCE OF 2666.72 FEET, SAID LINE FORMING THE BASIS OF BEARINGS FOR THIS DESCRIPTION;

THENCE NORTH 00°12'23" WEST ALONG THE WESTERLY LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 29 A DISTANCE OF 2687.69 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 29;

THENCE NORTH 89°31'04" EAST ALONG THE NORTHERLY LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 2655.44 FEET TO THE CENTER $\frac{1}{4}$ CORNER OF SAID SECTION 29 ALSO BEING THE NORTHWEST CORNER OF THAT PARCEL OF LAND AS DESCRIBED IN BOOK 1738 AT PAGE 2332, IN THE DOUGLAS COUNTY CLERK AND RECORDER'S OFFICE;

THENCE ALONG THE WESTERLY AND SOUTHERLY BOUNDARY OF SAID PARCEL DESCRIBED IN BOOK 1738 AT PAGE 2332 THE FOLLOWING EIGHT (8) COURSES:

1. SOUTH 00°26'48" EAST ALONG THE EASTERLY LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 1364.23 FEET;
2. THENCE NORTH 89°32'04" EAST A DISTANCE OF 472.40 FEET;
3. THENCE SOUTH 12°51'11" EAST ALONG A LINE NONTANGENT WITH THE FOLLOWING DESCRIBED CURVE A DISTANCE OF 296.33 FEET TO A POINT ON SAID CURVE;
4. THENCE ALONG THE ARC OF SAID CURVE TO RIGHT THROUGH A CENTRAL ANGLE OF 47°30'00" AN ARC DISTANCE OF 580.32 FEET, A RADIUS OF 700.00 FEET, A CHORD BEARING OF NORTH 77°53'47" EAST A DISTANCE OF 563.85 FEET;
5. THENCE SOUTH 78°21'13" EAST ALONG A LINE TANGENT WITH THE PREVIOUSLY AND FOLLOWING DESCRIBED CURVES A DISTANCE OF 300.00 FEET;
6. THENCE ALONG THE ARC OF SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 24°00'00" AN ARC DISTANCE OF 418.88 FEET, A RADIUS OF 1000.00 FEET, A CHORD BEARING OF NORTH 89°38'47" EAST A DISTANCE OF 415.82 FEET;
7. THENCE NORTH 77°38'47" EAST ALONG A LINE TANGENT WITH THE PREVIOUSLY AND FOLLOWING DESCRIBED CURVES A DISTANCE OF 397.20 FEET;
8. THENCE ALONG THE ARC OF SAID CURVE TO RIGHT THROUGH A CENTRAL ANGLE OF 12°00'00" AN ARC DISTANCE OF 458.32 FEET, A RADIUS OF 2188.30 FEET, A CHORD BEARING OF NORTH 83°38'47" EAST A DISTANCE OF 457.48 FEET TO THE EASTERLY LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 29;

THENCE SOUTH 00°21'13" EAST ALONG SAID EASTERLY LINE OF THE SOUTHEAST QUARTER AND NONTANGENT WITH THE PREVIOUSLY DESCRIBED CURVE A DISTANCE OF 1194.81 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 29;

THENCE SOUTH 89°15'13" WEST ALONG THE SOUTHERLY LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 29 A DISTANCE OF 2639.25 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 29;

THENCE SOUTH 89°24'37" WEST ALONG THE SOUTHERLY LINE OF SAID SOUTHWEST QUARTER OF SECTION 29 A DISTANCE OF 2666.72 FEET TO THE POINT OF BEGINNING.

THE GROSS AREA BEING 234.008 ACRES MORE OR LESS.

EXCEPTING THERE FROM THE FOLLOWING DESCRIBED PARCEL:

PART OF THE SOUTHEAST QUARTER OF SECTION 29, TOWNSHIP 6 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN, TOWN OF PARKER, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 29, WHENCE THE SOUTHWEST CORNER OF SAID SECTION 29 BEARS SOUTH 89°24'37" WEST A DISTANCE OF 2666.72 FEET, SAID LINE FORMING THE BASIS OF BEARINGS FOR THIS DESCRIPTION; THENCE NORTH 82°25'41" EAST A DISTANCE OF 527.04 FEET TO THE POINT OF BEGINNING;

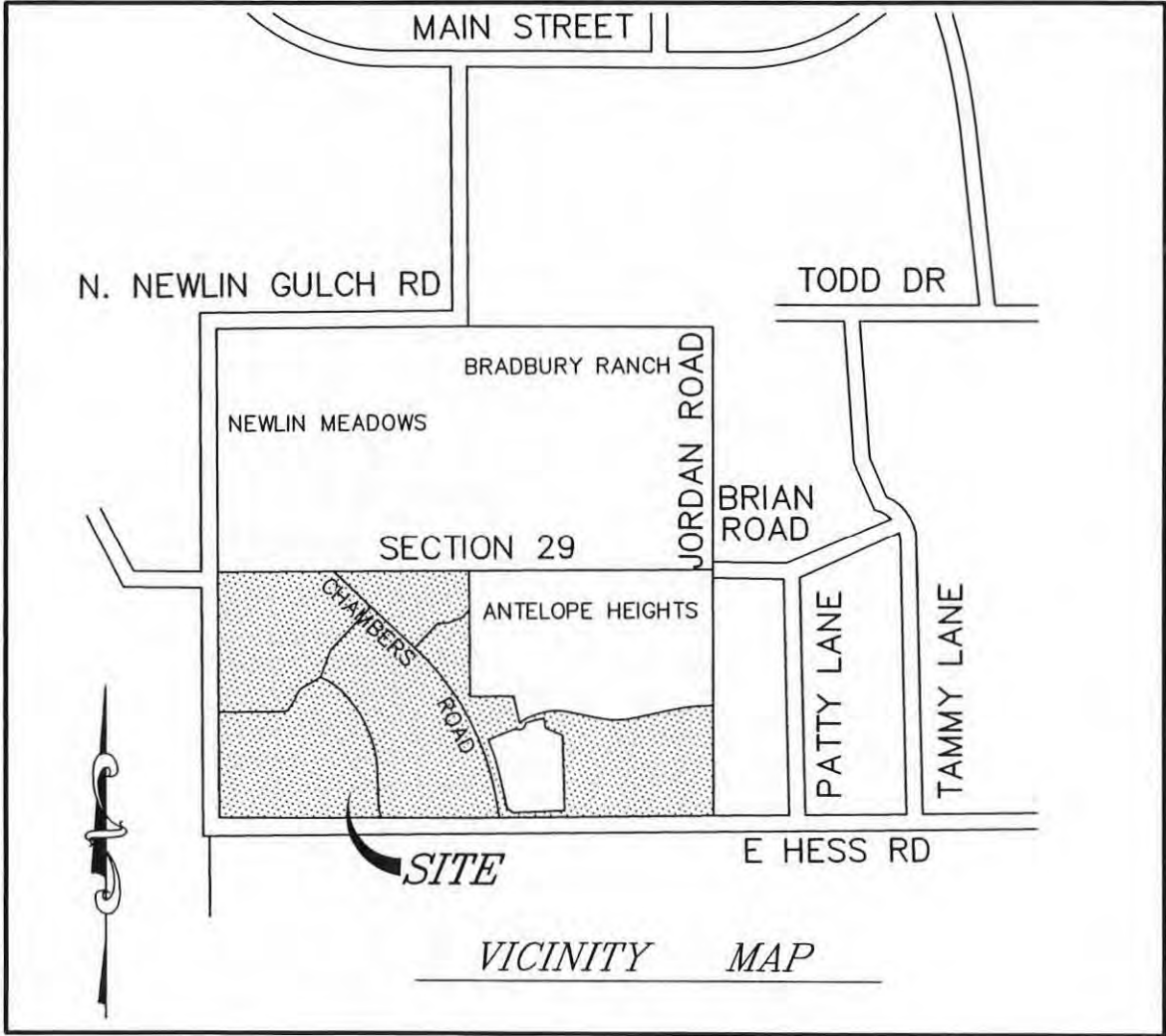
THENCE NORTH 53°05'57" WEST A DISTANCE OF 77.99 FEET;
THENCE NORTH 10°51'05" WEST ALONG A LINE TANGENT WITH THE FOLLOWING DESCRIBED CURVE A DISTANCE OF 170.63 FEET;
THENCE ALONG THE ARC OF SAID CURVE TO THE LEFT A DISTANCE OF 563.43 FEET THROUGH A CENTRAL ANGLE OF 10°27'51" HAVING A RADIUS OF 3085.00 FEET AND A CHORD BEARING NORTH 16°05'00" WEST AND A DISTANCE OF 562.65 FEET;
THENCE NORTH 21°50'47" EAST ALONG A LINE NON-TANGENT WITH THE PREVIOUSLY DESCRIBED CURVE A DISTANCE OF 15.32 FEET;
THENCE NORTH 67°44'14" EAST ALONG A LINE NON-TANGENT WITH THE FOLLOWING DESCRIBED CURVE A DISTANCE OF 288.93 FEET;
THENCE ALONG THE ARC OF SAID CURVE TO THE RIGHT A DISTANCE OF 17.48 FEET THROUGH A CENTRAL ANGLE OF 21°32'17" HAVING A RADIUS OF 46.50 FEET AND A CHORD BEARING SOUTH 77°57'51" EAST AND A DISTANCE OF 17.38 FEET TO A POINT OF REVERSE CURVE;
THENCE ALONG THE ARC OF SAID CURVE TO THE LEFT A DISTANCE OF 136.49 FEET THROUGH A CENTRAL ANGLE OF 110°55'25" HAVING A RADIUS OF 70.50 FEET AND A CHORD BEARING NORTH 57°20'35" EAST AND A DISTANCE OF 116.15 FEET TO A POINT ON A CURVE;
THENCE ALONG THE ARC OF SAID CURVE TO THE RIGHT A DISTANCE OF 9.00 FEET THROUGH A CENTRAL ANGLE OF 17°11'35" HAVING A RADIUS OF 30.00 FEET AND A CHORD BEARING NORTH 60°09'45" EAST AND A DISTANCE OF 8.97 FEET TO A POINT OF COMPOUND CURVE;
THENCE ALONG THE ARC OF SAID CURVE TO THE RIGHT A DISTANCE OF 200.37 FEET THROUGH A CENTRAL ANGLE OF 11°48'18" HAVING A RADIUS OF 972.50 FEET AND A CHORD BEARING NORTH 74°39'41" EAST AND A DISTANCE OF 200.02 FEET;
THENCE SOUTH 08°15'28" EAST ALONG A LINE NON-TANGENT WITH THE PREVIOUSLY DESCRIBED CURVE A DISTANCE OF 107.11 FEET;
THENCE SOUTH 66°27'14" EAST A DISTANCE OF 195.03 FEET;
THENCE SOUTH 01°02'54" EAST A DISTANCE OF 790.17 FEET;
THENCE SOUTH 87°46'51" WEST A DISTANCE OF 547.23 FEET TO THE POINT OF BEGINNING;

CONTAINING 13.803 ACRES MORE OR LESS.

RESULTING IN A NET ACREAGE OF 220.205 ACRES MORE OR LESS.

EXHIBIT B

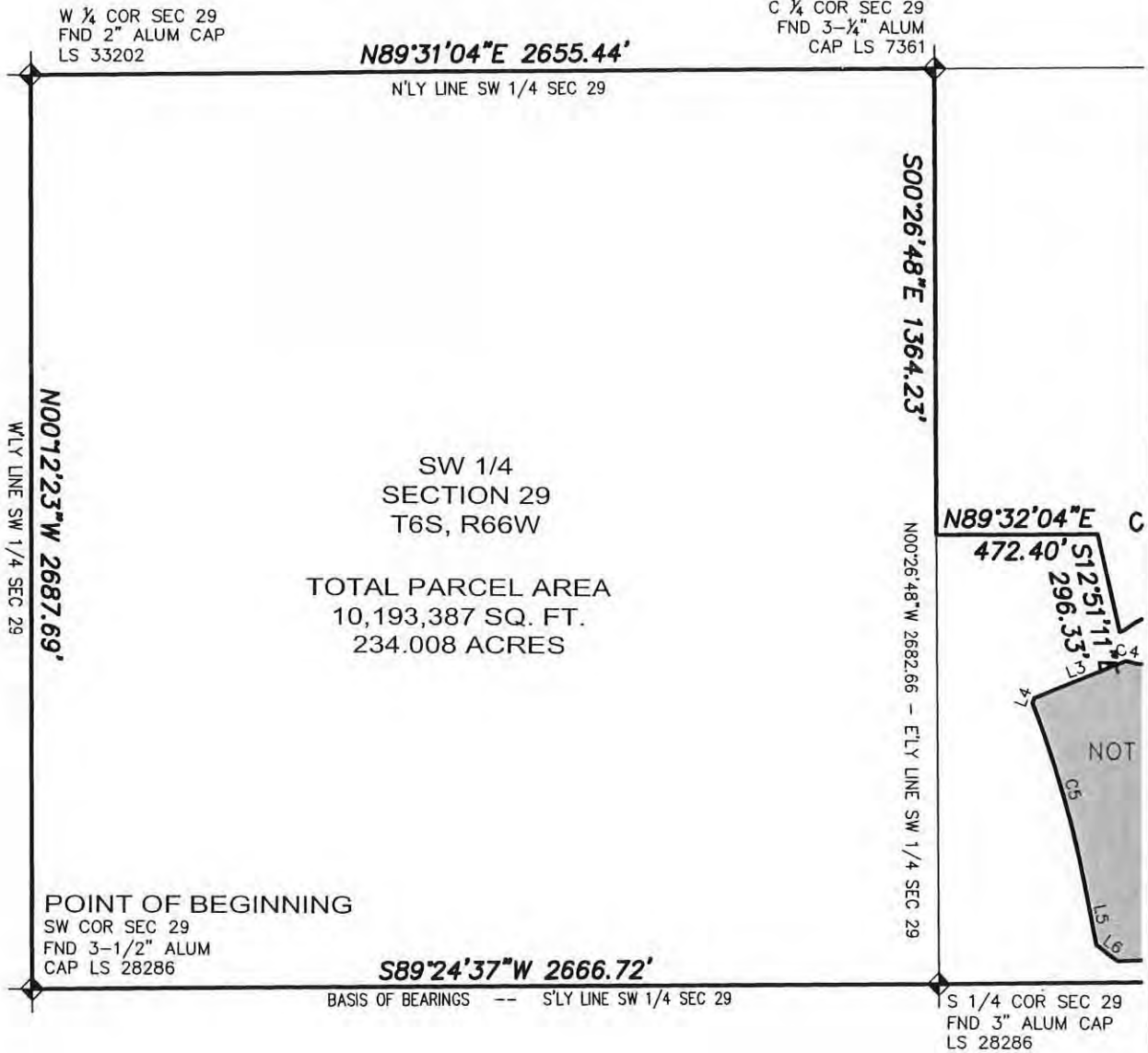
District Map



VICINITY MAP

LINE TABLE		
LINE	LENGTH	BEARING
L1	195.03	N66°27'14"W
L2	107.11	N08°15'28"W
L3	288.93	N67°44'14"E
L4	15.32	S21°50'47"W
L5	170.63	N10°51'05"W
L6	77.99	N53°05'57"W

CURVE TABLE			
CURVE	LENGTH	RADIUS	DELTA ANGLE
C1	200.37	972.50	11°48'18"
C2	9.00	30.00	17°11'35"
C3	136.49	70.50	110°55'25"
C4	17.48	46.50	21°32'17"
C5	563.43	3085.00	10°27'51"



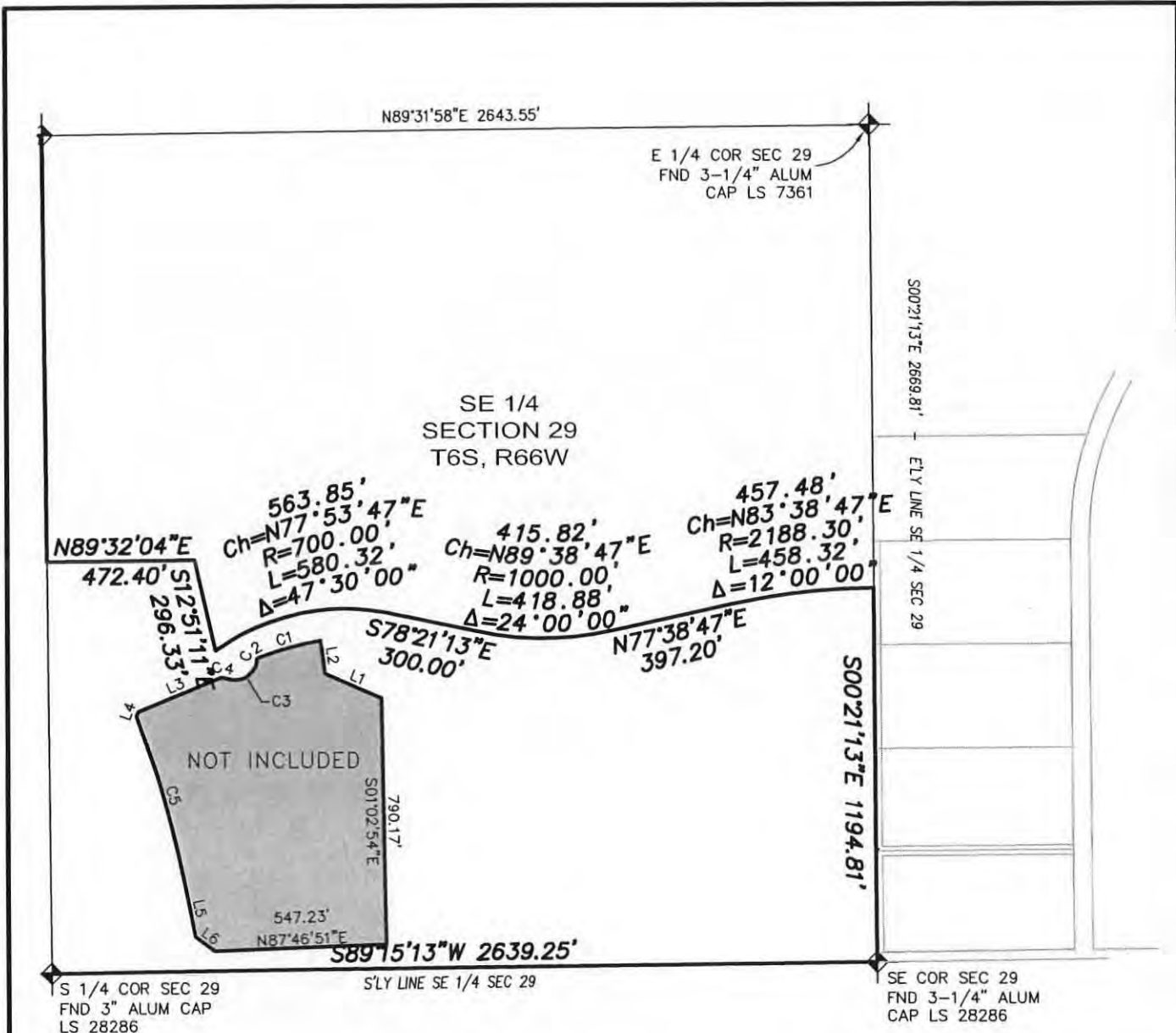
DRFT: JVH
PAGE: 3 OF 4
JOB#: 01804102
DATE: JANUARY 8, 2004

SCALE: 1" = 500'



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Fax: (720) 482-9546



LINE TABLE		
LINE	LENGTH	BEARING
L1	195.03	N66°27'14"W
L2	107.11	N08°15'28"W
L3	288.93	N67°44'14"E
L4	15.32	S21°50'47"W
L5	170.63	N10°51'05"W
L6	77.99	N53°05'57"W

CURVE TABLE			
CURVE	LENGTH	RADIUS	DELTA ANGLE
C1	200.37	972.50	11°48'18"
C2	9.00	30.00	17°11'35"
C3	136.49	70.50	110°55'25"
C4	17.48	46.50	21°32'17"
C5	563.43	3085.00	10°27'51"



DRFT: JVH
 PAGE: 4 OF 4
 01804102
 DATE: JANUARY 8, 2004

SCALE: 1" = 500'

CYL

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 Englewood, Colorado 80111
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Douglas 234 ENGINEER'S ESTIMATE OF ANTICIPATED COSTS

PROJECT: Douglas 234 Metropolitan District

ACREAGE:

234.0 Ac.

LOTS:

428

CLIENT: Melody Homes

JOB NUMBER:

01804102

FILE:

metro-district.xls

ESTIMATE PREPARED BY: Melinda Lundquist & Norris Dullea

DATE:

20-Oct-03

REV. DATE:

28-Oct-03

4-Nov-03

WATER

ITEM	DESCRIPTION	QUANTITY	UNIT	COST/UNIT	TOTAL COST
	24" DIP WATER MAIN	6,285	L.F.	120.00	754,200.00
	16" DIP WATER MAIN	4,393	L.F.	55.00	241,615.00
	12" PVC WATER MAIN	7,720	L.F.	27.25	210,370.00
	2" BLOWOFF ASSEMBLY AND PLUG	5	EA.	1,100.00	5,500.00
	12" GATE VALVE	13	EA.	1,590.00	20,670.00
	16" BUTTERFLY VALVE	17	EA.	5,500.00	93,500.00
	24" BUTTERFLY VALVE	17	EA.	8,500.00	144,500.00
	24" x 24" TEE	5	EA.	4,600.00	23,000.00
	16" X 16" TEE	5	EA.	3,500.00	17,500.00
	12" X 12" TEE	3	EA.	550.00	1,650.00
	12" x 12" CROSS	3	EA	700.00	2,100.00
	16" x 16" CROSS	1	EA	800.00	800.00
	BENDS	22	EA	2,500.00	55,000.00
	16" X 8" REDUCER	5	EA	1,500.00	7,500.00
	24" X 8" REDUCER	2	EA	1,700.00	3,400.00
	12" X 8" REDUCER	4	EA	300.00	1,200.00
	24" X 12" REDUCER	1	EA	1,900.00	1,900.00
	16" X 24" REDUCER	3	EA	2,200.00	6,600.00
	16" X 12" REDUCER	4	EA	1,700.00	6,800.00
	AIR VACUUM VALVE	4	EA	4,000.00	16,000.00
	BLOW OFF VALVE	1	EA	2,000.00	2,000.00
	12" x 4" PRESSURE REGULATING VALVE	1	EA.	40,000.00	40,000.00
	12" x 6" PRESSURE REGULATING VALVE	1	EA.	53,000.00	53,000.00
	6" FIRE HYDRANT ASSEMBLY	12	EA	2,000.00	24,000.00
					\$1,732,805.00

JORDAN RD.

ITEM	DESCRIPTION	QUANTITY	UNIT	COST/UNIT	TOTAL COST
	6" VERTICAL CURB AND GUTTER	2,307	L.F.	10.00	23,070.00
	4" CONCRETE SIDEWALK - 5' DETACHED	5,944	S.F.	2.78	16,524.32
	HANDICAP RAMP	3	EA	400.00	1,200.00
	7" PAVEMENT	3,240	S.Y.	15.00	48,600.00
	DECIDUOUS CANOPY TREE (2 1/2" CAL.)	20	EA.	300.00	6,000.00
	FESCUE/BUEGRASS SOD/SOIL PREP.	14,470	S.F.	0.40	5,788.00
	NATIVE SEEDING	7,013	S.F.	0.08	561.04
	IRRIGATION SYSTEM	21,483	S.F.	1.15	24,705.45
	SIGNAGE AND STRIPING	1	L.S.	2,000.00	2,000.00
	SUBGRADE PREPARATION	3,240	S.Y.	2.25	7,290.00
	EARTHWORK	17,198	C.Y.	1.20	20,637.60
					\$156,376.00

HESS RD.

ITEM	DESCRIPTION	QUANTITY	UNIT	COST/UNIT	TOTAL COST
	6" VERTICAL CURB AND GUTTER	6,247	L.F.	10.00	62,470.00
	4" CONCRETE SIDEWALK - 5' DETACHED	12,708	S.F.	2.78	35,328.24
	HANDICAP RAMP	5	EA	400.00	2,000.00
	7" PAVEMENT	14,975	S.Y.	15.00	224,625.00
	DECIDUOUS CANOPY TREE (2 1/2" CAL.)	34	EA.	300.00	10,200.00
	FESCUE/BUEGRASS SOD/SOIL PREP.	10,400	S.F.	0.40	4,160.00
	NATIVE SEEDING	19,730	S.F.	0.08	1,578.40
	IRRIGATION SYSTEM	30,130	S.F.	1.15	34,649.50
	SIGNAGE AND STRIPING	1	L.S.	3,000.00	3,000.00
	TRAFFIC SIGNAL (1 LOCATION, 1/4 EA. INTERSECTION)	1	L.S.	50,000.00	50,000.00
	SUBGRADE PREPARATION	14,975	S.Y.	2.25	33,693.75
	EARTHWORK	178,438	C.Y.	1.20	214,125.60
					\$675,830.00

CHAMBERS RD.

ITEM	DESCRIPTION	QUANTITY	UNIT	COST/UNIT	TOTAL COST
	6" VERTICAL CURB AND GUTTER	6,996	L.F.	10.00	69,960.00
	4" CONCRETE SIDEWALK - 8' DETACHED	26,792	S.F.	2.78	74,481.76
	HANDICAP RAMP	4	EA	400.00	1,600.00
	7" PAVEMENT	17,121	S.Y.	15.00	256,815.00
	DECIDUOUS CANOPY TREE (2 1/2" CAL.)	108	EA.	300.00	32,400.00
	EVERGREEN TREE (6'-10' HT.)	6	EA.	300.00	1,800.00
	FESCUE/BUEGRASS SOD/SOIL PREP.	4,390	S.F.	0.40	1,756.00
	NATIVE SEEDING	12,655	S.F.	0.08	1,012.40
	IRRIGATION SYSTEM	17,045	S.F.	1.15	19,601.75
	SIGNAGE AND STRIPING	1	L.S.	4,000.00	4,000.00
	TRAFFIC SIGNAL (2 LOCATIONS, 1/2 EA. INTERSECTION)	1	L.S.	220,000.00	220,000.00
	SUBGRADE PREPARATION	17,121	S.Y.	2.25	38,522.25
	EARTHWORK	330,716	C.Y.	1.20	396,859.20
					\$1,118,808.00

NEWLIN GULCH BOULEVARD

SECTION 1 - CHAMBERS RD. TO NEWLIN MEADOWS NORTH PROPERTY LINE

ITEM	DESCRIPTION	QUANTITY	UNIT	COST/UNIT	TOTAL COST
	7" PAVEMENT	7,733	S.Y.	15.00	116,000.00
	SIGNING, STRIPING & MISC. ROADWAY WORK	1	LS	20,000.00	20,000.00
	SUBGRADE PREPARATION	7,733	S.Y.	2.25	17,400.00
	EARTHWORK	19,333	C.Y.	1.20	23,200.00
					176,600.00

SECTION 2 - BETWEEN NEWLIN MEADOWS & LUTHERAN HIGH SCHOOL

ITEM	DESCRIPTION	QUANTITY	UNIT	COST/UNIT	TOTAL COST
	7" PAVEMENT	4,533	S.Y.	15.00	68,000.00
	STORM DRAIN CULVERT, RCP	150	L.F.	45.00	6,750.00
	SIGNING, STRIPING & MISC. ROADWAY WORK	1	LS	20,000.00	20,000.00
	SUBGRADE PREPARATION	4,533	S.Y.	2.25	10,200.00
	EARTHWORK	11,333	C.Y.	1.20	13,600.00
					118,550.00

SECTION 3 - LUTHERAN HIGH SCHOOL TO MAINSTREET

ITEM	DESCRIPTION	QUANTITY	UNIT	COST/UNIT	TOTAL COST
	7" PAVEMENT	3,200	S.Y.	15.00	48,000.00
	STORM DRAIN CULVERT, RCP	75	L.F.	45.00	3,375.00
	SIGNING, STRIPING & MISC. ROADWAY WORK	1	LS	20,000.00	20,000.00
	SUBGRADE PREPARATION	3,200	S.Y.	2.25	7,200.00
	EARTHWORK	8,000	C.Y.	1.20	9,600.00
					88,175.00

GENERAL PROJECT COSTS SUMMARY

ITEM	TOTAL COST
WATER	1,732,805.00
JORDAN RD.	156,376.00
HESS RD.	675,830.00
CHAMBERS RD.	1,118,808.00
NEWLIN GULCH BOULEVARD-SECTION 1	176,600.00
NEWLIN GULCH BOULEVARD-SECTION 2	118,550.00
NEWLIN GULCH BOULEVARD-SECTION 3	88,175.00

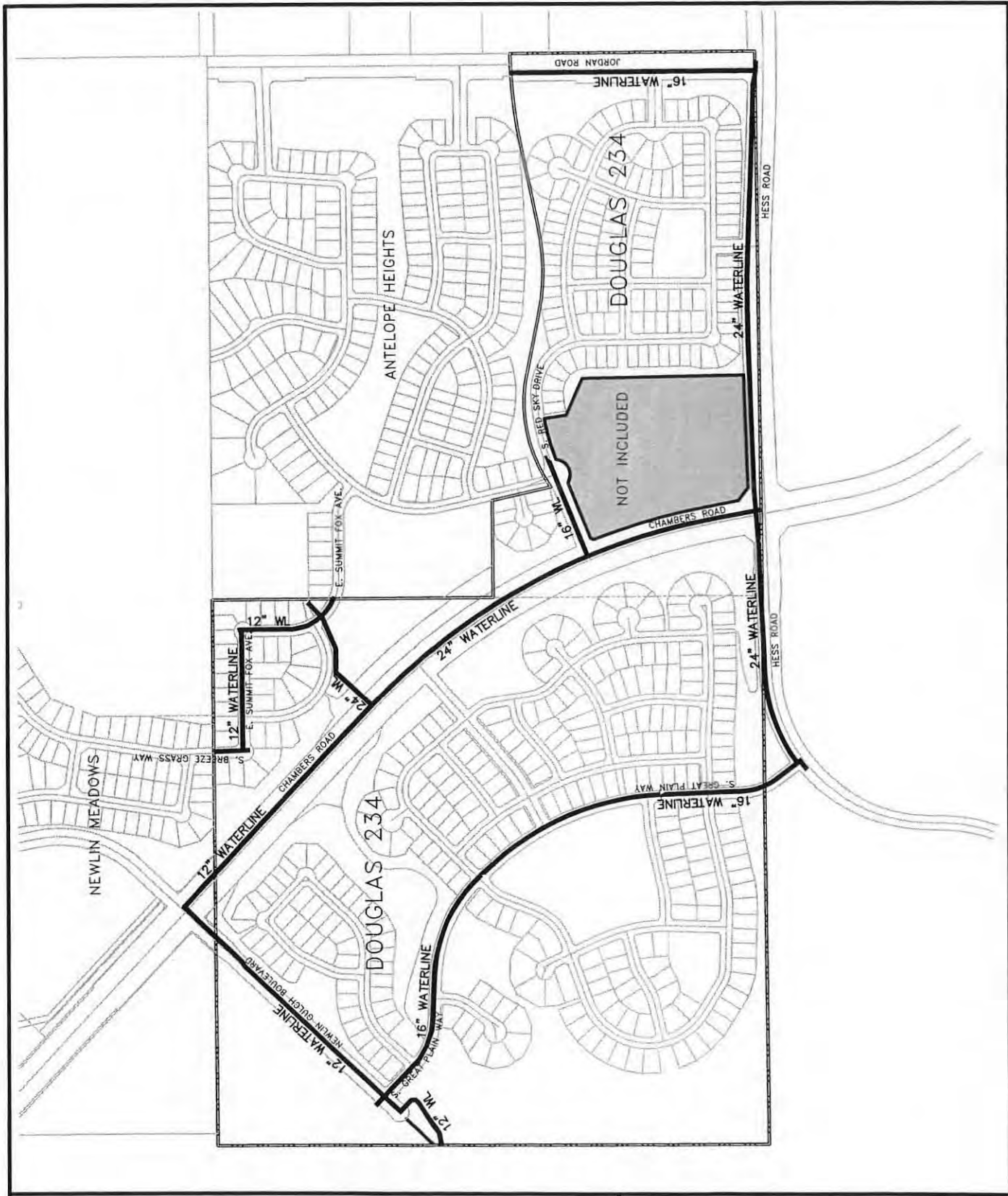
TOTAL ESTIMATED DEVELOPMENT COST:	\$4,067,144.00
15% Contingency	\$610,071.60
Bradbury Ranch Pump Station	\$372,128.88
Clarke Farms Lift Station	\$85,879.92
TOTAL	\$5,049,344.48

Notes:

- 1 This estimate was created for the purposes of establishing a metropolitan district for construction of certain infrastructure elements for the Douglas 234 project. Such elements include: water lines 12" dia. in size and above, access roads Jordan Rd., Hess Rd., Chambers Rd. and Newlin Gulch Blvd., and landscaping of common areas.
- 2 Newlin Gulch Blvd. was divided into three sections. Section 1 lies within the Newlin Meadows project and Section 3 lies within the Lutheran High School subdivision. The respective developments are required to construct their portion although, we have included cost estimates in the event the district is required to construct these portions if the respective developments fail to move forward.
- 3 The street section for Newlin Gulch Blvd. is assumed to be the minimal travel width of 24' pavement with 3' graded shoulders on each side. The Town of Parker or other agreements may require a different section to be constructed.
- 4 Earthwork for Newlin Gulch Blvd. was not calculated by estimated as a balance of cut and fill. Quantities were determined by assuming an earthwork section of 3 feet in depth over 60 feet wide along the entire length of the road.
- 5 Irrigation tap fees and erosion protection seeding are not included.

EXHIBIT C-2

Water



WATERLINE IMPROVEMENTS
DOUGLAS 234 METROPOLITAN DISTRICT

EXHIBIT F

JANUARY 8, 2004



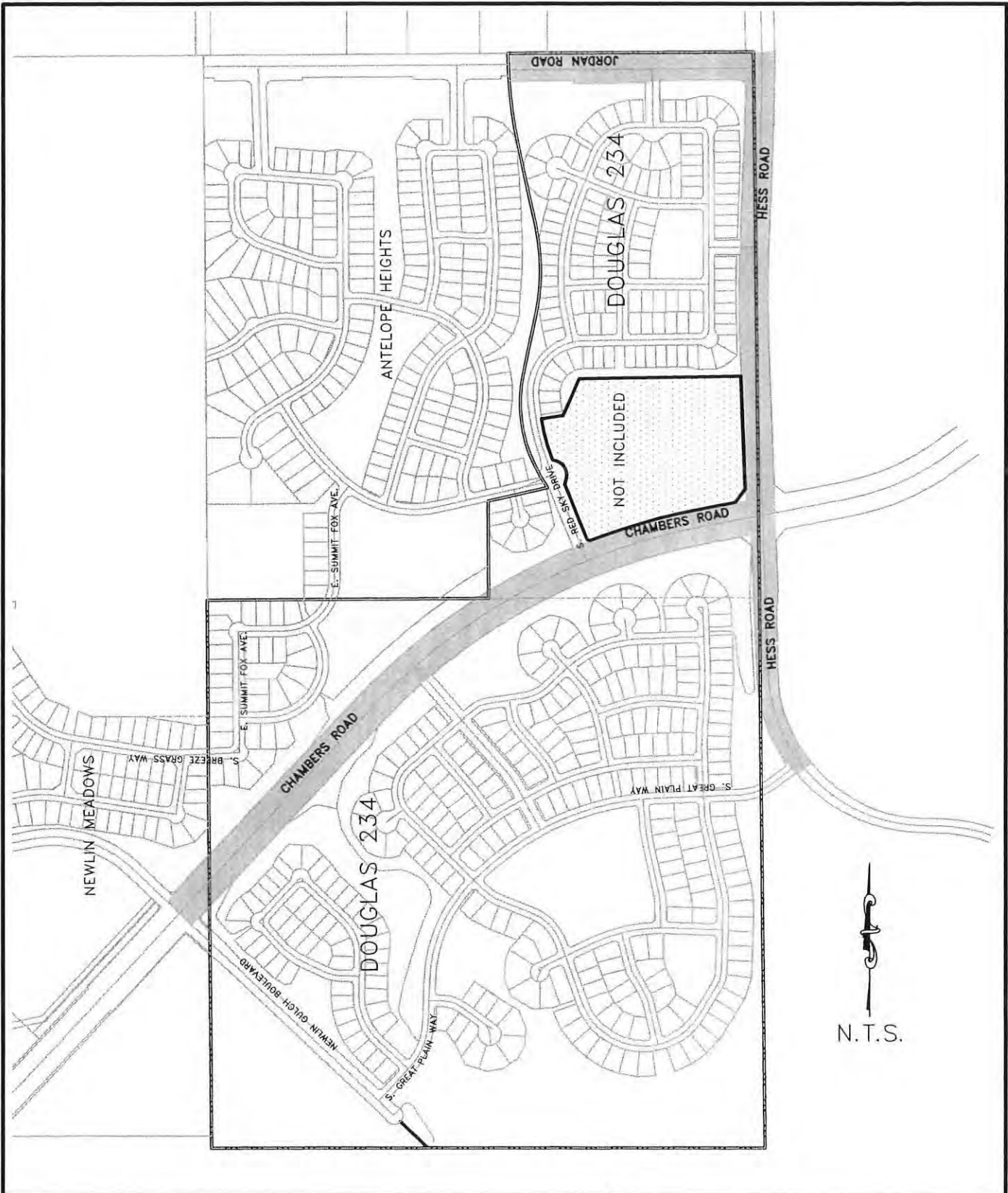
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EXHIBIT C-3

Streets



ON-SITE ROADWAY IMPROVEMENTS
DOUGLAS 234 METROPOLITAN DISTRICT

EXHIBIT G

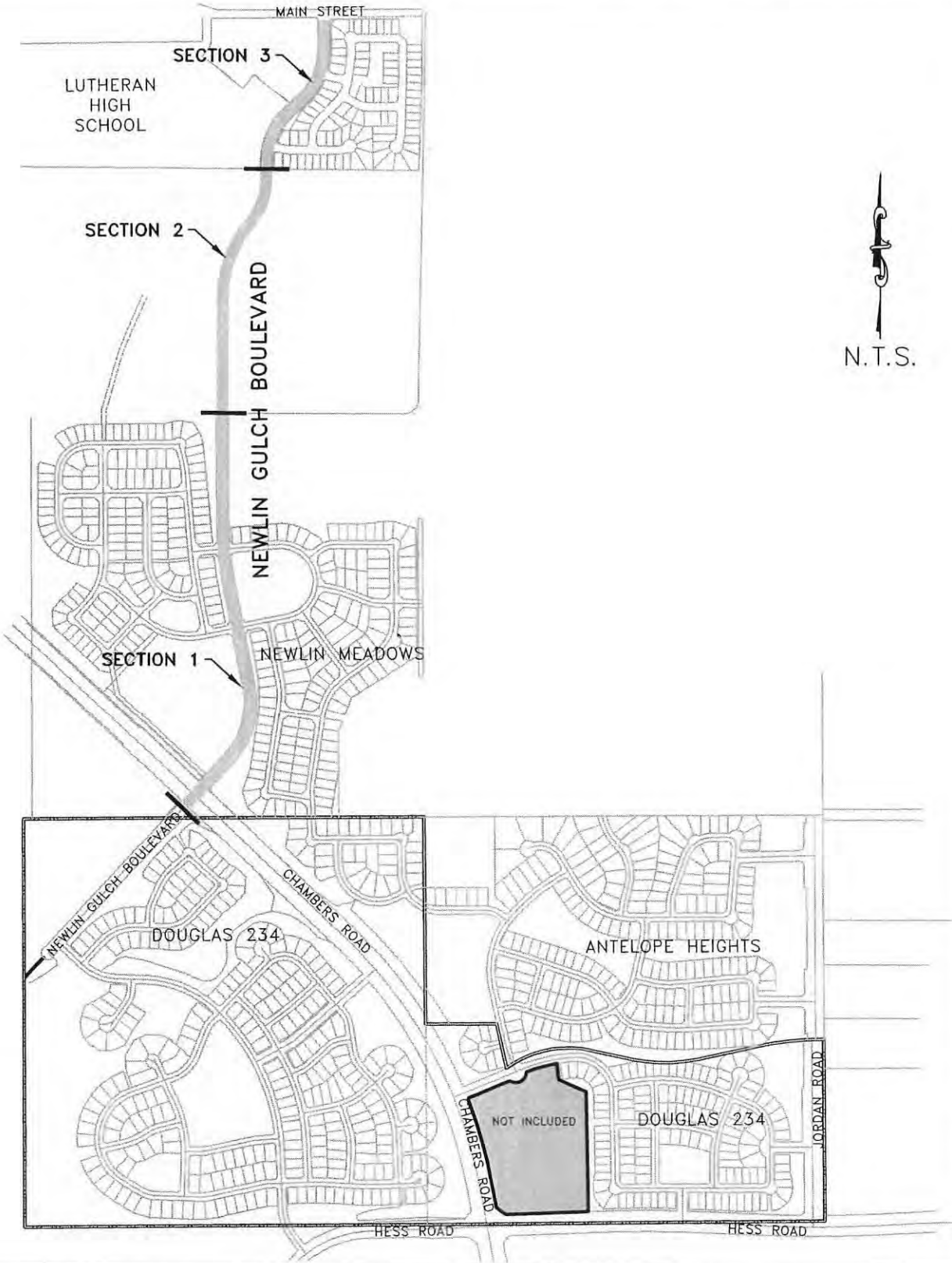
JANUARY 8, 2004



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OFF-SITE ROADWAY IMPROVEMENTS
DOUGLAS 234 METROPOLITAN DISTRICT

EXHIBIT H JANUARY 8, 2004



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EXHIBIT D

Operations Cost Estimates

	<u>2004</u>	<u>2005</u>
Legal Services	\$23,000	\$18,000
Accounting / Auditing	\$15,000	\$15,000
Management	\$ 7,000	\$12,000
Operations and Maintenance Reserve	<u>\$ 5,000</u>	<u>\$ 5,000</u>
TOTAL	<u>\$50,000</u>	<u>\$50,000</u>

HORSE CREEK METROPOLITAN DISTRICT
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SUMMARY

(Page 1 of 2)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THOROUGH 2038

Collection Year	Assessed Value (See Page 6)	Mill Levy	CASH RECEIPTS					Total Receipts	Total Disbursements (Page 3)	Annual Cash Surplus / (Deficit)	Cumulative Cash Surplus Balances	Collection Year
			Net Property Taxes 98.00%	Specific Ownership Taxes 10.00%	Total Annual Developer Advances Organ. & Const.	Bond Proceeds Available for Developer Reimbursement	Interest Income on Cumulative Surplus at 2.00%					
2003	0	0.000	0	0	0	0	0	0	0	0	0	2003
2004	0	0.000	0	0	50,000	0	50,000	50,000	0	0	0	2004
2005	0	35.000	0	0	50,000	0	50,000	50,000	0	0	0	2005
2006	0	35.000	0	0	50,000	0	50,000	50,000	0	0	0	2006
2007	2,548,675	35.000	87,420	8,742	0	0	96,162	50,500	45,662	45,662	45,662	2007
2008	4,811,931	35.000	165,049	16,505	0	3,925,000	913	4,107,467	3,976,510	130,957	176,619	2008
2009	7,120,452	35.000	244,232	24,423	0	0	3,532	272,187	82,540	189,647	366,266	2009
2010	9,240,241	35.000	316,940	31,694	0	0	7,325	355,959	383,591	(27,632)	338,634	2010
2011	10,373,981	35.000	355,828	35,583	0	0	6,773	398,184	384,663	13,521	352,155	2011
2012	10,581,460	35.000	362,944	36,294	0	0	7,043	406,281	395,756	10,525	362,680	2012
2013	10,581,460	35.000	362,944	36,294	0	0	7,254	406,492	396,121	10,371	373,051	2013
2014	10,793,089	35.000	370,203	37,020	0	0	7,461	414,684	421,508	(6,824)	366,227	2014
2015	10,793,089	35.000	370,203	37,020	0	0	7,325	414,548	430,043	(15,495)	350,732	2015
2016	11,008,951	35.000	377,607	37,761	0	0	7,015	422,383	437,851	(15,468)	335,264	2016
2017	11,008,951	35.000	377,607	37,761	0	0	6,705	422,073	444,933	(22,860)	312,404	2017
2018	11,229,130	35.000	385,159	38,516	0	0	6,248	429,923	456,289	(26,366)	286,038	2018
2019	11,229,130	35.000	385,159	38,516	0	0	5,721	429,396	461,545	(32,149)	253,889	2019
2020	11,453,713	35.000	392,862	39,286	0	0	5,078	437,226	466,076	(28,850)	225,039	2020
2021	11,453,713	35.000	392,862	39,286	0	0	4,501	436,649	469,883	(33,234)	191,805	2021
2022	11,682,787	35.000	400,720	40,072	0	0	3,836	444,628	472,966	(28,338)	163,467	2022
2023	11,682,787	35.000	400,720	40,072	0	0	3,269	444,061	475,325	(31,264)	132,203	2023
2024	11,916,443	35.000	408,734	40,873	0	0	2,644	452,251	476,962	(24,711)	107,492	2024
2025	11,916,443	35.000	408,734	40,873	0	0	2,150	451,757	477,876	(26,119)	81,373	2025
2026	12,154,772	35.000	416,909	41,691	0	0	1,627	460,227	478,069	(17,842)	63,531	2026
2027	12,154,772	35.000	416,909	41,691	0	0	1,271	459,871	477,540	(17,669)	45,862	2027
2028	12,397,867	35.000	425,247	42,525	0	0	917	468,689	476,291	(7,602)	38,260	2028
2029	12,397,867	35.000	425,247	42,525	0	0	765	468,537	474,322	(5,785)	32,475	2029
2030	12,645,825	35.000	433,752	43,375	0	0	650	477,777	471,633	6,144	38,619	2030
2031	12,645,825	35.000	433,752	43,375	0	0	772	477,899	468,226	9,673	48,292	2031
2032	12,898,741	35.000	442,427	44,243	0	0	966	487,636	479,101	8,535	56,827	2032
2033	12,898,741	35.000	442,427	44,243	0	0	1,137	487,807	483,133	4,674	61,501	2033
2034	13,156,716	35.000	451,275	45,128	0	0	1,230	497,633	490,698	6,935	68,436	2034
2035	13,156,716	35.000	451,275	45,128	0	0	1,369	497,772	496,422	1,350	69,786	2035
2036	13,419,850	35.000	460,301	46,030	0	0	1,396	507,727	500,305	7,422	77,208	2036
2037	13,419,850	35.000	460,301	46,030	0	0	1,544	507,875	502,349	5,526	82,734	2037
2038	13,688,247	35.000	469,507	46,951	0	0	1,655	518,113	512,553	5,560	88,294	2038
			12,295,256	1,229,526	150,000	3,925,000	110,092	17,709,874	17,621,580	88,294		

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

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

PRELIMINARY DRAFT SUBJECT TO REVISION

HORSE CREEK METROPOLITAN DISTRICT
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SUMMARY

(Page 2 of 2)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THORUGH 2038

Collection Year	Total Receipts (Page 2)	CASH DISBURSEMENTS				Series 2008 Bonds (Page 7)	Total Disbursements	Annual Cash Surplus / (Deficit)	Cumulative Cash Surplus Balances	Collection Year
		Administrative Disbursements 2.00%	Total Annual Developer Adv. Repayments Organ. & Const.	Available for Bond Debt Service						
2003	0	0	0	0		0	0	0	2003	
2004	50,000	50,000	0	0		50,000	0	0	2004	
2005	50,000	50,000	0	0		50,000	0	0	2005	
2006	50,000	50,000	0	0		50,000	0	0	2006	
2007	96,162	50,500	0	46,000	0	50,500	45,662	45,662	2007	
2008	4,107,467	51,510	3,925,000	130,957	0	3,976,510	130,957	176,619	2008	
2009	272,187	52,540	0	219,647	30,000	82,540	189,647	366,266	2009	
2010	355,959	53,591	0	302,368	330,000	383,591	(27,632)	338,634	2010	
2011	398,184	54,663	0	343,521	330,000	384,663	13,521	352,155	2011	
2012	406,281	55,756	0	350,525	340,000	395,756	10,525	362,680	2012	
2013	406,492	56,871	0	349,621	339,250	396,121	10,371	373,051	2013	
2014	414,684	58,008	0	356,676	363,500	421,508	(6,824)	366,227	2014	
2015	414,548	59,168	0	355,380	370,875	430,043	(15,495)	350,732	2015	
2016	422,383	60,351	0	362,032	377,500	437,851	(15,468)	335,264	2016	
2017	422,073	61,558	0	360,515	383,375	444,933	(22,860)	312,404	2017	
2018	429,923	62,789	0	367,134	393,500	456,289	(26,366)	286,038	2018	
2019	429,396	64,045	0	365,351	397,500	461,545	(32,149)	253,889	2019	
2020	437,226	65,326	0	371,900	400,750	466,076	(28,850)	225,039	2020	
2021	436,649	66,633	0	370,016	403,250	469,883	(33,234)	191,805	2021	
2022	444,628	67,966	0	376,662	405,000	472,966	(28,338)	163,467	2022	
2023	444,061	69,325	0	374,736	406,000	475,325	(31,264)	132,203	2023	
2024	452,251	70,712		381,539	406,250	476,962	(24,711)	107,492	2024	
2025	451,757	72,126		379,631	405,750	477,876	(26,119)	81,373	2025	
2026	460,227	73,569		386,658	404,500	478,069	(17,842)	63,531	2026	
2027	459,871	75,040		384,831	402,500	477,540	(17,669)	45,862	2027	
2028	468,689	76,541		392,148	399,750	476,291	(7,602)	38,260	2028	
2029	468,537	78,072		390,465	396,250	474,322	(5,785)	32,475	2029	
2030	477,777	79,633		398,144	392,000	471,633	6,144	38,619	2030	
2031	477,899	81,226		396,673	387,000	468,226	9,673	48,292	2031	
2032	487,636	82,851		404,785	396,250	479,101	8,535	56,827	2032	
2033	487,807	84,508		403,299	398,625	483,133	4,674	61,501	2033	
2034	497,633	86,198		411,435	404,500	490,698	6,935	68,436	2034	
2035	497,772	87,922		409,850	408,500	496,422	1,350	69,786	2035	
2036	507,727	89,680		418,047	410,625	500,305	7,422	77,208	2036	
2037	507,875	91,474		416,401	410,875	502,349	5,526	82,734	2037	
2038	518,113	93,303		424,810	419,250	512,553	5,560	88,294	2038	
	17,709,874	2,383,455	3,925,000	11,401,757	11,313,125	17,621,580	88,294			

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT
PRELIMINARY DRAFT SUBJECT TO REVISION

HORSE CREEK METROPOLITAN DISTRICT
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Continued on Page 5)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THORUGH 2038

Construction Year	Collection Year	Single-Family Residential : 50' Lot			Single-Family Residential : 60' Lot			SINGLE-FAMILY TOTALS	
		Number of Single-Family Residences	Est. Market Value per Residence \$263,300	Market Value of New SF Residences	Number of Single-Family Residences	Est. Market Value per Residence \$297,500	Annual Value of New SF Residences	Annual Number of New Single-Family Residences	Annual Value of New Single-Family Residences
Inflation compounded annually on base price :		2.0%		2.0%					
2004	2006		263,300	0		297,500	0	0	0
2005	2007	28	268,566	7,519,848	53	303,450	16,082,850	81	23,602,698
2006	2008	36	273,937	9,861,732	60	309,519	18,571,140	96	28,432,872
2007	2009	36	279,416	10,058,976	60	315,709	18,942,540	96	29,001,516
2008	2010	36	285,004	10,260,144	60	322,023	19,321,380	96	29,581,524
2009	2011	0	290,704	0	60	328,463	19,707,780	60	19,707,780
2010	2012	0	296,518	0	0	335,032	0	0	0
2011	2013	0	302,448	0	0	341,733	0	0	0
2012	2014	0	308,497	0	0	348,568	0	0	0
2013	2015	0	314,667	0	0	355,539	0	0	0
2014	2016	0	320,960	0	0	362,650	0	0	0
2015	2017	0	327,379	0	0	369,903	0	0	0
2016	2018							0	0
2017	2019							0	0
2018	2020							0	0
2019	2021							0	0
2020	2022							0	0
2021	2023							0	0
2022	2024							0	0
2023	2025							0	0
2024	2026							0	0
2025	2027							0	0
2026	2028							0	0
2027	2029							0	0
2028	2030							0	0
2029	2031							0	0
2030	2032							0	0
2031	2033							0	0
2032	2034							0	0
2033	2035							0	0
2034	2036							0	0
2035	2037							0	0
2036	2038							0	0
		136		37,700,700	293		92,625,690	429	130,326,390

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

PRELIMINARY DRAFT SUBJECT TO REVISION

HORSE CREEK METROPOLITAN DISTRICT
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Continued on Page 6)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THOROUGH 2038

Construction Year	Collection Year	TOTAL RESIDENTIAL UNITS		Est. Biennial Revaluation per State Statute 2.0%	Cumulative Market Value of New Residences	Estimated Residential Assessment Ratio	RESIDENTIAL ASSESSED VALUATION
		Annual Number of New Residential Units	Market Value of New Residential Units				
Inflation compounded annually on base price at							
2004	2006	0	0		0	7.96%	0
2005	2007	81	23,602,698		23,602,698	7.96%	1,878,775
2006	2008	96	28,432,872		52,035,570	7.96%	4,142,031
2007	2009	96	29,001,516		81,037,086	7.96%	6,450,552
2008	2010	96	29,581,524		110,618,610	7.96%	8,805,241
2009	2011	60	19,707,780		130,326,390	7.96%	10,373,981
2010	2012	0	0	2,606,528	132,932,918	7.96%	10,581,460
2011	2013	0	0		132,932,918	7.96%	10,581,460
2012	2014	0	0	2,658,658	135,591,576	7.96%	10,793,089
2013	2015	0	0		135,591,576	7.96%	10,793,089
2014	2016	0	0	2,711,832	138,303,408	7.96%	11,008,951
2015	2017	0	0		138,303,408	7.96%	11,008,951
2016	2018	0	0	2,766,068	141,069,476	7.96%	11,229,130
2017	2019	0	0		141,069,476	7.96%	11,229,130
2018	2020	0	0	2,821,390	143,890,866	7.96%	11,453,713
2019	2021	0	0		143,890,866	7.96%	11,453,713
2020	2022	0	0	2,877,817	146,768,683	7.96%	11,682,787
2021	2023	0	0		146,768,683	7.96%	11,682,787
2022	2024	0	0	2,935,374	149,704,057	7.96%	11,916,443
2023	2025	0	0		149,704,057	7.96%	11,916,443
2024	2026	0	0	2,994,081	152,698,138	7.96%	12,154,772
2025	2027	0	0		152,698,138	7.96%	12,154,772
2026	2028	0	0	3,053,963	155,752,101	7.96%	12,397,867
2027	2029	0	0		155,752,101	7.96%	12,397,867
2028	2030	0	0	3,115,042	158,867,143	7.96%	12,645,825
2029	2031	0	0		158,867,143	7.96%	12,645,825
2030	2032	0	0	3,177,343	162,044,486	7.96%	12,898,741
2031	2033	0	0		162,044,486	7.96%	12,898,741
2032	2034	0	0	3,240,890	165,285,376	7.96%	13,156,716
2033	2035	0	0		165,285,376	7.96%	13,156,716
2034	2036	0	0	3,305,708	168,591,084	7.96%	13,419,850
2035	2037	0	0		168,591,084	7.96%	13,419,850
2036	2038	0	0	3,371,822	171,962,906	7.96%	13,688,247
		429	130,326,390	41,636,516			

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

PRELIMINARY DRAFT SUBJECT TO REVISION

HORSE CREEK METROPOLITAN DISTRICT
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Continued from Page 5)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THORUGH 2038

Construction Year	Collection Year	ALL SINGLE-FAMILY		Cumulative Residential & Commercial Land Value for Assessment	Assessment Ratio	TOTAL RESIDENTIAL & COMM LAND ASSESSED VALUATION	TOTAL ASSESSED VALUATION
		Developed Lots	Less: Lots Taken Down				
2004	2006			0	29.00%	0	0
2005	2007	2,310,000	0	2,310,000	29.00%	669,900	2,548,675
2006	2008	2,310,000	(2,310,000)	2,310,000	29.00%	669,900	4,811,931
2007	2009	2,310,000	(2,310,000)	2,310,000	29.00%	669,900	7,120,452
2008	2010	1,500,000	(2,310,000)	1,500,000	29.00%	435,000	9,240,241
2009	2011	0	(1,500,000)	0	29.00%	0	10,373,981
2010	2012	0	0	0	29.00%	0	10,581,460
2011	2013	0	0	0	29.00%	0	10,581,460
2012	2014	0	0	0	29.00%	0	10,793,089
2013	2015	0	0	0	29.00%	0	10,793,089
2014	2016	0	0	0	29.00%	0	11,008,951
2015	2017	0	0	0	29.00%	0	11,008,951
2016	2018			0	29.00%	0	11,229,130
2017	2019			0	29.00%	0	11,229,130
2018	2020			0	29.00%	0	11,453,713
2019	2021			0	29.00%	0	11,453,713
2020	2022			0	29.00%	0	11,682,787
2021	2023			0	29.00%	0	11,682,787
2022	2024			0	29.00%	0	11,916,443
2023	2025			0	29.00%	0	11,916,443
2024	2026			0	29.00%	0	12,154,772
2025	2027			0	29.00%	0	12,154,772
2026	2028			0	29.00%	0	12,397,867
2027	2029			0	29.00%	0	12,397,867
2028	2030			0	29.00%	0	12,645,825
2029	2031			0	29.00%	0	12,645,825
2030	2032			0	29.00%	0	12,898,741
2031	2033			0	29.00%	0	12,898,741
2032	2034			0	29.00%	0	13,156,716
2033	2035			0	29.00%	0	13,156,716
2034	2036			0	29.00%	0	13,419,850
2035	2037			0	29.00%	0	13,419,850
2036	2038			0	29.00%	0	13,688,247
		8,430,000	(8,430,000)				

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

PRELIMINARY DRAFT SUBJECT TO REVISION

HORSE CREEK METROPOLITAN DISTRICT
(IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE of ESTIMATED BOND DEBT SERVICE REQUIREMENTS
AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THOROUGH 2038

Series 2008 Bond Issue								COMBINED NET DEBT SERVICE	Year	
Issued: December 1, 2008		Interest Rates: 7.50%		Total \$4,400,000		Reduce Debt Service By:				
Year	Principal	Coupon	Interest	Total Debt Service	Debt Service Reserve Fund	Capitalized Interest	Net 2006 Bonds Debt Service			
2005				0	0	0	0			
2006				0	0	0	0			
2007				0	0	0	0		2007	
2008				0	0	0	0	0	2008	
2009	0	7.50%	330,000	330,000	0	(300,000)	30,000	30,000	2009	
2010	0	7.50%	330,000	330,000	0		330,000	330,000	2010	
2011	0	7.50%	330,000	330,000	0		330,000	330,000	2011	
2012	10,000	7.50%	330,000	340,000	0		340,000	340,000	2012	
2013	10,000	7.50%	330,000	339,250	0		339,250	339,250	2013	
2014	35,000	7.50%	328,500	363,500	0		363,500	363,500	2014	
2015	45,000	7.50%	325,875	370,875	0		370,875	370,875	2015	
2016	55,000	7.50%	322,500	377,500	0		377,500	377,500	2016	
2017	65,000	7.50%	318,375	383,375	0		383,375	383,375	2017	
2018	80,000	7.50%	313,500	393,500	0		393,500	393,500	2018	
2019	90,000	7.50%	307,500	397,500	0		397,500	397,500	2019	
2020	100,000	7.50%	300,750	400,750	0		400,750	400,750	2020	
2021	110,000	7.50%	293,250	403,250	0		403,250	403,250	2021	
2022	120,000	7.50%	285,000	405,000	0		405,000	405,000	2022	
2023	130,000	7.50%	276,000	406,000	0		406,000	406,000	2023	
2024	140,000	7.50%	266,250	406,250	0		406,250	406,250	2024	
2025	150,000	7.50%	255,750	405,750	0		405,750	405,750	2025	
2026	160,000	7.50%	244,500	404,500	0		404,500	404,500	2026	
2027	170,000	7.50%	232,500	402,500	0		402,500	402,500	2027	
2028	180,000	7.50%	219,750	399,750	0		399,750	399,750	2028	
2029	190,000	7.50%	206,250	396,250	0		396,250	396,250	2029	
2030	200,000	7.50%	192,000	392,000	0		392,000	392,000	2030	
2031	210,000	7.50%	177,000	387,000	0		387,000	387,000	2031	
2032	235,000	7.50%	161,250	396,250	0		396,250	396,250	2032	
2033	255,000	7.50%	143,625	398,625	0		398,625	398,625	2033	
2034	280,000	7.50%	124,500	404,500	0		404,500	404,500	2034	
2035	305,000	7.50%	103,500	408,500	0		408,500	408,500	2035	
2036	330,000	7.50%	80,625	410,625	0		410,625	410,625	2036	
2037	355,000	7.50%	55,875	410,875	0		410,875	410,875	2037	
2038	390,000	7.50%	29,250	419,250	0		419,250	419,250	2038	
				4,400,000	7,213,125	11,613,125	0	(300,000)	11,313,125	11,313,125
USE OF PROCEEDS:										
Developer Advance Repayment			3,925,000	Interest Earnings @ 2.00%				3,925,000		
Capitalized Interest			300,000	Interest Earnings @ 4.00%				300,000		
Debt Service Reserve Fund			0					0		
Issuance Costs			175,000					175,000		
			\$4,400,000					\$4,400,000		
								TOTAL:		

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

PRELIMINARY DRAFT SUBJECT TO REVISION

**HORSE CREEK METROPOLITAN DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES
January 8, 2004**

NOTE 1 - NATURE AND LIMITATION OF FORECAST

This forecast of financial information is for the purpose of a financial analysis of the proposed plan of Horse Creek Metropolitan District (the "District"). It is to display how the proposed facilities and services are to be provided and financed.

This financial forecast presents, to the best knowledge and belief of the Petitioners for Formation of the District (Management), the District's expected cash position and results of cash receipts and disbursements for the forecasted periods. Accordingly, the forecast reflects Management's judgement, as of January 8, 2004, the date of this forecast, of the expected conditions and the District's expected course of action.

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

As set forth in this forecast, the District is forecasted to issue \$4,400,000 of debt with one bond issue. However, the draft service plan may have a higher debt service amount to allow for an under estimate of valuations in this forecast.

Formation of the District is intended to be timed to allow for the proper legislative, judicial and election process to be completed in order for the District's electors to be able to vote for the authorization of debt and TABOR questions in May 2004, and tax levies for tax collections in 2006. The Petitioners expect the favorable approval at the election since they constitute the majority of the current eligible electors within the proposed District's boundaries.

The forecast is stated in term of 2004 dollars with adjustments for inflation as follows. Based upon the biennial revaluation of property required by state statute, an increase in property valuation of 2% due to reassessment has been assumed every other year subsequent to build out of the residential units. The forecasted market values per residential unit and commercial property have been set for 2004 and increased by 2% each year, compounded annually, beginning in 2005.

NOTE 2 - ORGANIZATION

The Petitioners for the formation of the District, a quasi-municipal corporation, are in the process of organization. The District will be governed pursuant to provisions of the Colorado Special District Act (Title 32). The District will operate under a Service Plan approved by the Town of Parker (the "Town"). The District's service area is located entirely in Douglas County in the Town. The

**HORSE CREEK METROPOLITAN DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES
January 8, 2004**

NOTE 2 - ORGANIZATION (CONTINUED)

District is being established to provide financing for the design, acquisition, installation and construction of certain streets, traffic safety controls, street lighting, water, sanitary sewer, landscaping, storm drainage, park and recreation improvements and facilities.

NOTE 3 – PETITIONERS FOR FORMATION

The Petitioners for Formation of the District are landowners, principals or employees of the major property owner of the land included within the boundaries of the District. The major landowner as well as the developer of the District is Melody Homes, Inc. (the “Developer”).

The Developer has provided the information regarding the number of units estimated to be built each year and the initial sales values for the residential based upon their knowledge and experience in developing other properties. The Developer requested that sales values be increased by 2% for each year beyond 2004.

NOTE 4 - BASIS OF ACCOUNTING

The basis of accounting for this forecast is the cash basis which is a basis of accounting that is different from the generally accepted accounting principles under which the District will prepare its financial statements.

NOTE 5 - PROPERTY TAXES

The primary source of revenue or cash receipts will be ad valorem property taxes. Property taxes are determined annually by the District’s Board of Directors and set by County Commissioners as to rate or levy based upon the assessed valuation of the property within the District. The Douglas County Assessor determines the assessed valuation. The levy is expressed in terms of mills. A mill is 1/1,000 of the assessed valuation. The forecast assumes that the District will be able to set its initial mill levy at 35.000 mills for debt service and administration and operational purposes. This mill levy is based upon the change in the residential ratio for assessment values as explained below as authorized by the service plan from a base limit of 35.000 mills. Should the ratio change by statute the mill levy would be adjusted.

**HORSE CREEK METROPOLITAN DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES**

January 8, 2004

NOTE 5 - PROPERTY TAXES (CONTINUED)

The Gallagher Amendment states that residential assessed values Statewide must be approximately 45% of total assessed values. When the market values of residential property increase faster than the values of nonresidential property, the residential assessment ratio must decline to keep the 45 percent/55 percent ratio. According to information as set forth in the Colorado Legislative Council Staff Forecasts entitled "Assessed Value and Property Tax Projections" issued in December 2002, the residential assessment ratio is projected to decline from the current 7.96% in 2003 (for collection in 2004) to 7.68% in 2005 and 7.33% in 2007. The projections of the Legislative Council Staff are estimates only, do not have force of law and may or may not occur as projected. This forecast has included the current residential assessment ratio of 7.96% effective for collections in 2004 and through the term of the forecast period since it is assumed that the District's Board will increase the mill levy, as allowed under the District's service plan and election questions.

The assessed valuation for the District is dependent upon the build-out schedule of the homes within the District. Management of the District has based the estimate of build-out on their forecasted build-out schedule. The forecasted development build-out schedule and conversion to assessed valuation is presented as a Schedule. The assessed valuation rate for raw ground and developed lots is 29% until a home is constructed. The assessed valuation rate for commercial property is 29%. No assessed valuation has been assumed for State Assessed property that may be owned by public utilities within the District.

Increases to valuation for the development of infrastructure within the District for platted and finished lots held for build-out are included in the forecasted assessed valuation.

The property taxes resultant from the above mill levy and assessed valuation has been reduced for the Douglas County Treasurer's fee for collection of the taxes at 1.5%, and further reduced for uncollectible taxes of one half percent (0.5%).

NOTE 6 - SPECIFIC OWNERSHIP TAXES

Specific ownership taxes are set by the State and collected by the County Treasurer primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share will be equal to approximately 10% of the property taxes collected.

**HORSE CREEK METROPOLITAN DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES
January 8, 2004**

NOTE 7 - PROPERTY OWNER ADVANCES

The forecast assumes that the Developer will advance funds to the District for organization and operational costs and may be reimbursed from bond proceeds. The forecast also assumes that Developer will advance all funds needed for construction costs to the District. To the extent that bond proceeds are available for construction payments in any year, the property owner advance (or note) would be reduced accordingly.

Property owner advances or notes may be repaid including interest at a rate to be determined in the future. Interest was not accrued on the Developer's advances in this forecast, as its only impact would be to reduce the amount of bond proceeds available to reimburse the Developer for capital infrastructure costs, and not all of the infrastructure costs can be funded by bond proceeds in this Plan (see Note 10).

NOTE 8 - INTEREST INCOME

The forecast has included interest income on monies that are forecasted to be on deposit or invested by the District at the prior year-end at an interest rate of 2.0%.

NOTE 9 - ADMINISTRATIVE AND OPERATING DISBURSEMENTS

Administrative expenditures include the services necessary to maintain the District's administrative viability such as legal, accounting and audit, general engineering, insurance, banking, meeting expense, and other administrative expenses. Administrative costs are estimated to be \$50,000 from 2004 through 2007. Administrative expenditures are estimated at \$50,500 in 2007 and increased by 2% per year through 2028.

**HORSE CREEK METROPOLITAN DISTRICT
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES
January 8, 2004**

NOTE 10 - INFRASTRUCTURE IMPROVEMENTS

The estimated cost of the capital infrastructure improvements to be funded under the plan is \$5,049,000. The forecast assumes that the Developer will advance funds for all infrastructure costs and be reimbursed from bond proceeds to the extent bonds can be issued.

The reimbursement of the additional costs is subject to the District's authorized indebtedness and other revenue available to the District. There may be additional construction costs in the future.

NOTE 12 - DEBT SERVICE

The District anticipates issuing general obligation bonds on December 1, 2008, for delivery on in the amount of \$4,400,000. The proceeds of such debt will be used for issuance costs, and to reimburse the Developer for capital infrastructure improvements and organizational costs. The 2008 bonds are assumed to bear interest at a rate of 7.5%. The Series 2008 Bonds have a 30 year maturity with a final payment due in 2038.

DRAFT
SUBJECT
TO
REVISION

EXHIBIT F

Sample of Overlapping Mill Levies of Competing Projects in Comparison with the Proposed District

Cottonwood

Douglas County Government	19.774
Douglas County Schools - General Fund	31.36
Douglas County Schools - Bond Redemption	12.221
Town	2.602
Cottonwood Water and Sanitation District	27.000
Cottonwood Metro District	11.227
Urban Drainage and Flood Control	0.521
RTD	0
Parker Fire	13.978
Cherry Creek Basin Authority	0.344
Douglas County Library	4.031
Urban Drainage and Flood Control South Platte	0.069
Douglas County Soil Conservation District	0
E-470	0
TOTAL	123.127

Stonegate Village

Douglas County Commissioner	19.774
Douglas County Schools - General Fund	31.36
Douglas County Schools - Bond Redemption	12.221
Douglas County Law Enforcement	4.500
Urban Drainage and Flood Control	0.521
RTD	0
Parker Fire	13.978
Stonegate Village Metro District	27.429
Cherry Creek Basin Authority	0.344
Douglas County Library	4.031
Urban Drainage and Flood Control South Platte	0.069
Douglas County Soil Conservation District	0
TOTAL	114.227

Clarke Farms

Douglas County Commissioner	19.774
Douglas County Schools - General Fund	31.360
Douglas County Schools - Bond Redemption	12.221
Town	2.602
Urban Drainage and Flood Control	0.521
Parker Fire Protection	13.978
Parker Water and Sanitation District	2.596
RTD	0
Cherry Creek Basin Authority	0.344
Douglas County Library	4.031
Urban Drainage and Flood Control South Platte	0.069
Douglas County Soil Conservation District	0
TOTAL	87.496

Stroh Ranch

Douglas County Commissioner	19.774
Douglas County Schools - General Fund	31.360
Douglas County Schools - Bond Redemption	12.221
Town	2.602
Urban Drainage and Flood Control	0.521
Parker Fire Protection	13.978
Cherry Creek South Metro #1	40.156
RTD	0
Cherry Creek Basin Authority	0.344
Douglas County Library	4.031
Urban Drainage and Flood Control South Platte	0.069
Douglas County Soil Conservation District	0
TOTAL	125.056

Hidden River

Douglas County Commissioner	19.774
Douglas County Schools - General Fund	31.360
Douglas County Schools - Bond Redemption	12.221
Town	2.602
Urban Drainage and Flood Control	0.521
Parker Fire Protection	13.978
Parker Water and Sanitation District	2.135
Upper Cherry Creek Metro	8.000
RTD	0
Cherry Creek Basin Authority	0.344
Douglas County Library	4.031
Urban Drainage and Flood Control South Platte	0.069
Douglas County Soil Conservation District	0
TOTAL	95.035

Parker Properties / Villages at Parker

Douglas County Commissioner	19.774
Douglas County Schools - General Fund	31.360
Douglas County Schools - Bond Redemption	12.221
Town	2.602
Urban Drainage and Flood Control	0.521
Parker Fire Protection	13.978
Parker Water and Sanitation District	2.135
Parker Properties Metro #1	23.184
RTD	0
Cherry Creek Basin Authority	0.344
Douglas County Library	4.031
Urban Drainage and Flood Control South Platte	0.069
Douglas County Soil Conservation District	0
TOTAL	110.219

Canterberry Crossing Metropolitan District I

Douglas County Government	19.774
Douglas County Schools - General Fund	31.360
Douglas County Schools - Bond Redemption	12.221
Town	2.602
Urban Drainage	0.521
RTD	0
Parker Fire Protection	13.978
Parker Water and Sanitation	2.135
Cherry Creek Basin Authority	0.344
Douglas County Library	4.031
Urban Drainage and Flood Control	0.069
Douglas County Soil Conservation District	0
Canterberry Crossing Metropolitan District	39.490
TOTAL	126.525

Antelope Heights

Douglas County Government	19.774
Douglas County Schools - General Fund	31.360
Douglas County Schools - Bond Redemption	12.221
Town	2.602
Urban Drainage & Flood Control District	.521
Parker Fire Protection	13.978
Douglas County Soil Conservation District	0
Cherry Creek Basin Authority	.344
Parker Water and Sanitation	2.135
Douglas County Library	4.031
Urban Drainage & Flood South Platte	.069
Antelope Heights Metropolitan District	35.000
TOTAL	122.035

HORSE CREEK METROPOLITAN DISTRICT

Douglas County Government	19.774
Douglas County Schools Re-1 School District	30.883
Douglas County Schools	12.701
Town of Parker	2.602
Urban Drainage and Flood Control District	0.531
Parker Fire Protection District	13.978
Parker Water and Sanitation District	2.100
Cherry Creek Basin Water Quality Authority	0.362
Douglas Public Library District	4.022
Urban Drainage and Flood South Platte	0.071
Horse Creek Metropolitan District	35.000
TOTAL	122.024

EXHIBIT G

PROOF OF OWNERSHIP OF PROPERTY

DOUGLAS COUNTY CO
CAROLE R. MURRAY
CLERK & RECORDER
RECORDING FEE: \$26.00
DOCUMENT FEE: \$1,369.60
TD1000: YES 5 PGS
2003145111
10/01/2003 02:59 PM



When Recorded Return To:
Melody Homes
11031 Sheridan Blvd.
Westminster, Co SPECIAL WARRANTY DEED
80020

oc Fee
1,369.60

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, KDB HOMES, INC., a Delaware corporation ("Grantor"), hereby grants, sells and conveys to MELODY HOMES, INC., a Delaware corporation ("Grantee"), all right, title and interest of Grantor in and to the real property located in Douglas County, Colorado and described on Exhibit A attached hereto and incorporated herein by this reference, together with (a) all improvements located thereon, including, without limitation, all irrigation ditches, gates, valves, pumps, tanks, and wells, (b) all appurtenances, hereditaments, easements, rights-of-way, reversions, remainders, development rights, and air rights, (c) all oil, gas, and mineral rights not previously reserved, (d) any rights of Grantor to any adjoining strips or gores of property and any land lying within the bed of any adjoining waterway, and (e) any other rights or privileges appurtenant to such real property or used in connection therewith;

SUBJECT ONLY TO those matters set forth on Exhibit B attached hereto and incorporated herein by this reference.

Grantor binds itself and its successors to warrant and defend the title as against all persons claiming under Grantor, subject to the matters set forth on Exhibit B.

DATED as of the 30th day of September 2003.

GRANTOR:

KDB HOMES, INC., a Delaware corporation

By: *David Bolen*

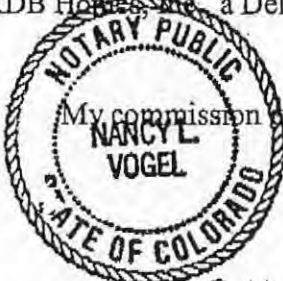
Title: *Vice President*

STATE OF COLORADO)

)ss.

ARAPAHOE COUNTY)

The foregoing instrument was acknowledged before me this 30th day of September, 2003, by *David Bolen*, the *Vice President* of KDB Homes, Inc., a Delaware corporation.



Notary Public

My commission expires *5-11-04*

My Comm. Expires *5-11-06*

KC65864B03

EXHIBIT A

Legal Description of the Property

PART OF THE SOUTH HALF OF SECTION 29, TOWNSHIP 6 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN, TOWN OF PARKER, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 29, WHENCE THE SOUTH QUARTER CORNER OF SAID SECTION 29 BEARS NORTH 89°24'37" EAST A DISTANCE OF 2666.72 FEET, SAID LINE FORMING THE BASIS OF BEARINGS FOR THIS DESCRIPTION;

THENCE NORTH 00°12'23" WEST ALONG THE WESTERLY LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 29 A DISTANCE OF 2687.69 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 29;

THENCE NORTH 89°31'04" EAST ALONG THE NORTHERLY LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 2655.44 FEET TO THE CENTER $\frac{1}{4}$ CORNER OF SAID SECTION 29 ALSO BEING THE NORTHWEST CORNER OF THAT PARCEL OF LAND AS DESCRIBED IN BOOK 1738 AT PAGE 2332, IN THE DOUGLAS COUNTY CLERK AND RECORDER'S OFFICE;

THENCE ALONG THE WESTERLY AND SOUTHERLY BOUNDARY OF SAID PARCEL DESCRIBED IN BOOK 1738 AT PAGE 2332 THE FOLLOWING EIGHT (8) COURSES:

1. SOUTH 00°26'48" EAST ALONG THE EASTERLY LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 1364.23 FEET;
2. THENCE NORTH 89°32'04" EAST A DISTANCE OF 472.40 FEET;
3. THENCE SOUTH 12°51'11" EAST ALONG A LINE NONTANGENT WITH THE FOLLOWING DESCRIBED CURVE A DISTANCE OF 296.33 FEET TO A POINT ON SAID CURVE;
4. THENCE ALONG THE ARC OF SAID CURVE TO RIGHT THROUGH A CENTRAL ANGLE OF 47°30'00" AN ARC DISTANCE OF 580.32 FEET, A RADIUS OF 700.00 FEET, A CHORD BEARING OF NORTH 77°53'47" EAST A DISTANCE OF 563.85 FEET;
5. THENCE SOUTH 78°21'13" EAST ALONG A LINE TANGENT WITH THE PREVIOUSLY AND FOLLOWING DESCRIBED CURVES A DISTANCE OF 300.00 FEET;
6. THENCE ALONG THE ARC OF SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 24°00'00" AN ARC DISTANCE OF 418.88 FEET, A RADIUS OF 1000.00 FEET, A CHORD BEARING OF NORTH 89°38'47" EAST A DISTANCE OF 415.82 FEET;
7. THENCE NORTH 77°38'47" EAST ALONG A LINE TANGENT WITH THE PREVIOUSLY AND FOLLOWING DESCRIBED CURVES A DISTANCE OF 397.20 FEET;
8. THENCE ALONG THE ARC OF SAID CURVE TO RIGHT THROUGH A CENTRAL ANGLE OF 12°00'00" AN ARC DISTANCE OF 458.32 FEET, A RADIUS OF 2188.30 FEET, A CHORD BEARING OF NORTH 83°38'47" EAST A DISTANCE OF 457.48 FEET TO THE EASTERLY LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 29;

THENCE SOUTH 00°21'13" EAST ALONG SAID EASTERLY LINE OF THE SOUTHEAST QUARTER AND NONTANGENT WITH THE PREVIOUSLY DESCRIBED CURVE A DISTANCE OF 1194.81 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 29;

THENCE SOUTH 89°15'13" WEST ALONG THE SOUTHERLY LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 29 A DISTANCE OF 2639.25 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 29;

THENCE SOUTH 89°24'37" WEST ALONG THE SOUTHERLY LINE OF SAID SOUTHWEST QUARTER OF SECTION 29 A DISTANCE OF 2666.72 FEET TO THE POINT OF BEGINNING.

THE GROSS AREA BEING 234.008 ACRES MORE OR LESS.

EXHIBIT B
(To Special Warranty Deed)

1. Taxes and assessments for the year 2003, including all taxes now or heretofore assessed, due or payable.
2. Reservations made by the Union Pacific Railway Company in deed recorded April 3, 1896 in Book 10 at Page 460, providing substantially as follows:
Reserving unto the company and its assigns all coal that may be found underneath surface of land herein described and the exclusive right to prospect and mine for same, also such right of way and other grounds as may appear necessary for proper working of any coal mines that may be developed upon said premises, and for transportation of coal from same; and any and all assignments thereof or interests therein.

Note: Relinquishment and Quit Claim in connection with the above coal reservation recorded February 6, 2003 at Reception No. 2003015543.

3. A right of way for an irrigating ditch or canal and incidental purposes as reserved in Warranty Deed recorded December 12, 1905 in Book 32 at Page 212.
4. Reservations made by the United States of America in Deed recorded November 13, 1946 in Book 98 at Page 339, providing substantially as follows:

Reserving all fissionable materials, together with the right at any and all times to enter upon the lands and prospect for, mine and remove such materials with all necessary and convenient means of working and transporting the materials and supplies.
5. An easement for electric distribution lines and incidental purposes granted to Colorado Central Power Company, a corporation, by the instrument recorded July 29, 1959 in Book 129 at Page 156 upon the terms and conditions set forth in the instrument.
6. An undivided one-half interest in all oil, gas and other minerals as reserved by James H. Cooke and Elsie L. Cooke, recorded August 18, 1972 in Book 234 at Page 641, and any and all assignments thereof or interests therein.
7. The effect of the inclusion of the subject property in the Parker Water and Sanitation District, as disclosed by the instruments recorded March 21, 1988 in Book 782 at Page 272 and April 11, 1988 in Book 785 at Page 899.

8. The effect of the inclusion of the subject property in the Cherry Creek Basin Authority District, as disclosed by the instrument recorded May 6, 1988 in Book 790 at Page 718.
9. Terms, conditions, provisions, agreements and obligations contained in the Ordinance Amending the Zoning District Map recorded June 3, 1988 in Book 795 at Page 539.
10. Restrictions, conditions, stipulation and easements imposed upon subject property by Douglas 326 Preliminary Development Plan recorded June 3, 1988 at Reception No. DC8812573.
11. Terms, conditions, provisions, agreements and obligations contained in the Ordinance No. 2.61 annexing said premises to the Town of Parker recorded June 3, 1988 in Book 795 at Page 535.
12. Terms, conditions, provisions, agreements and obligations contained in the Finding Judgment and Decree, District Court Water Division No. 1, State of Colorado, Case No. 83CW348(B) recorded August 4, 1997 in Book 1452 at Page 926.
13. Terms, conditions, provisions, agreements and obligations contained in the Rezoning Ordinance 3.197, Series 2002 recorded August 9, 2002 at Reception No. 2002079051.
14. The effect of Douglas 234 Development Plan recorded August 9, 2002 at Reception No. 2002079052 and Douglas 234 Filing 1 – Sketch Plan, recorded August 9, 2002 at Reception No. 2002079053.
15. An easement for utilities and incidental purposes granted to Intermountain Rural Electric Association by the instrument recorded May 7, 2003 at Reception No. 2003067720.
16. Terms, conditions, provisions, agreements and obligations specified under the Easement Agreement by and between KDB Homes, Inc., a Colorado corporation and The Parker Water and Sanitation District, a Colorado special district and political subdivision recorded July 2, 2003 at Reception No. 2003097699.
17. Terms, conditions, provisions, agreements and obligations contained in the Temporary Easement for Construction and Maintenance recorded July 25, 2003 at Reception No. 2003111191.
18. Items as disclosed by Land Survey Plat Job No. 01804102, prepared by CVL Consultants of Colorado, Inc., dated September 29, 2003:

- a. No apparent easement for overhead utilities along the easterly and westerly lines of the land.
- b. Barbed wire fence does not conform to the property line.
- c. Right of way for Newlin Gulch Road aka County Road No. 41.
- d. No apparent easement for Fiber Optic Cable identified by pin flags and warning sign along the west line of the land.