

**SECOND AMENDED AND RESTATED**  
**SERVICE PLAN**  
**FOR**  
**THE VILLAGES AT CASTLE ROCK**  
**METROPOLITAN DISTRICT NO. 6**  
**(TOWN OF CASTLE ROCK, COLORADO)**

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**Prepared by:** **McGEADY SISNEROS, P.C.**  
**1675 BROADWAY, SUITE 2100**  
**DENVER, COLORADO 80202**  
**(303) 592-4380**

**CLIFTON GUNDERSON**  
**350 INTERLOCKEN BOULEVARD, SUITE 350**  
**BROOMFIELD, COLORADO 80021**  
**(303) 466-8822**

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**SECOND AMENDED AND RESTATED SERVICE PLAN  
FOR THE VILLAGES AT CASTLE ROCK  
METROPOLITAN DISTRICT NO. 6**

**I. BACKGROUND**

The Villages at Castle Rock Metropolitan District No. 6 (“District or District No. 6”) was organized in the Town of Castle Rock, Colorado (the “Town”) by order and decree of the Douglas County District Court dated August 15, 1984. Upon its organization, the District entered into an Intergovernmental Agreement with the Town of Castle Rock which set forth the arrangements between the Town and the District with regard to the powers the District would have and what facilities the District would have the authority to finance and construct (“Master IGA”). No development has occurred within the District’s boundaries since its organization. On September 24, 1992 the Town Council of the Town adopted Ordinance No. 92-15, An Ordinance Adopting a New Chapter 11.02 of Title 11 of the Castle Rock Municipal Code concerning the Oversight of Special Districts Within the Town and Providing its Emergency Adoption (the “Ordinance”). Section 11.02.090 of the Ordinance allows any special district which had not undertaken development of capital facilities or issued any indebtedness to apply to the Town Council for an exemption from compliance with the requirements of the Ordinance requiring the submission of a Service Plan. On January 14, 1993, the Town Council approved Resolution 93-06 granting the District an exemption from compliance with the Service Plan filing requirements of Chapter 11.02 of the Castle Rock Municipal Code, upon receipt of a resolution of the Board of Directors of the District requesting and accepting the terms of the exemption (“Accepting Resolution”). The District adopted the Accepting Resolution on March 26, 1993 and submitted it to the Town. The Accepting Resolution provides that the District’s authorization to undertake development of capital facilities or issue any indebtedness was suspended and that prior to undertaking any capital development or issuing any indebtedness authorized under its Service Plan or the Special District Act it would fully comply with the provisions of Chapter 11.02. On September 21, 2000, the District submitted its Amended and Restated Service Plan to the Town in compliance with Chapter 11.02. On September 28, 2000, the Town Council approved the Amended and Restated Service Plan.

This Second Amended and Restated Service Plan (“Second Amended Service Plan”) is submitted in compliance with the Special District Act and Chapter 11 of the Town of Castle Rock Municipal Code (“Municipal Code”).

The following items are included in this Second Amended Service Plan:

1. Any information or documentation required under the applicable provisions of the Special District Act;
2. Changes to information, assumptions or projects furnished in conjunction with the Amended Service Plan;
3. A detailed explanation of the activity, events or conditions which resulted in the necessity of this Second Amended Service Plan, including what action was taken or alternatives considered, if any, by the District to avoid the action, event or condition;

4. The impact of the Second Amended Service Plan on the District's ability to develop the capital facilities and infrastructure necessary to meet its capital development plan;

5. The effect of the Second Amended Service Plan on the District's ability to retire, as scheduled, its outstanding financial obligations and its ability to issue and market additional indebtedness to finance additional capital expenditures;

6. A current financial plan for the District reflecting development absorption rates anticipated within the District's service area, projected annual revenues and expenditures based upon such projected absorption rates, debt issuance and amortization schedules, and a projection of anticipated capital outlays;

7. The financial impact of the Second Amended Service Plan on existing residents of the District;

8. An updated five-year capital improvement plan; and

9. What alternatives or options are available to the District if the requested amendment is not approved.

## **II. SECOND AMENDED SERVICE PLAN PURPOSE**

The District is requesting this amendment to its Amended and Restated Service Plan to: (1) change the scope of public improvements and services the District will provide its residents; and (2) revise the District's Financial Plan to demonstrate the District's ability to finance such improvements and services. This Second Amended Service Plan shall supercede and replace the Amended and Restated Service Plan in its entirety.

### **A. Changes to Exhibits.**

This Second Amended Service Plan includes the replacement in their entirety of Exhibits B, C, D and E, and the addition of a new Exhibit F. The replacement and new Exhibits, referenced in the narrative of this Second Amended Service Plan, are attached hereto and incorporated herein by reference.

### **B. Events Necessitating the Second Amended Service Plan.**

In accordance with Section 11.02.060 of the Municipal Code, a Service Plan is required to be amended if there is an occurrence of "any of the events or conditions enumerated in 32-1-207(2) of the Special District Act." Among the events and conditions so enumerated in Section 32-1-207(2), C.R.S., are any additions to the types of services provided by the special district and any decrease in the level of services. The Town is requiring that the District provide financial assistance to the Town for fire protection and emergency response services, which the District is not empowered to do under the existing Amended Service Plan. Additionally, pursuant to the Town's assumption of the responsibility to finance and construct water storage facilities sufficient to serve District residents, the level of water services to be provided by the District will decrease. Accordingly, this Second Amendment to the District's Amended Service Plan is required.

**C. Impact on Ability to Develop Capital Facilities.**

This Second Amended Service Plan includes a revised Capital Plan which matches the public infrastructure needs of the District. This Second Amended Service Plan will facilitate the issuance of bonds necessary to finance and construct the public infrastructure for the District.

**D. Effect on Ability to Retire Outstanding Debt.**

The District had \$1,653,207 in reimbursable developer costs outstanding as of December 31, 2002. This Second Amended Service Plan will facilitate the issuance of Bonds. It is anticipated that a portion of the Bond proceeds will be utilized to reimburse the developer costs. This Second Amended Service Plan includes a revised Financial Plan which demonstrates the District's ability to finance the necessary public infrastructure for the District based on the build-out projections for the Development (defined herein).

**E. Revised Financial Plan.**

A revised Financial Plan reflecting development absorption rates, projected annual revenues and expenditures, debt issuances and amortization schedules and a projection of anticipated capital outlays for the construction of improvements and facilities to serve the Development is set forth in **Exhibit C**. The District is not proposing any changes to the limitations set forth in the Amended Service Plan.

**F. Financial Impact on Existing Residents.**

The District does not contain any residents at present. Therefore, this Second Amended Service Plan will not impact existing residents.

**G. Updated Capital Plan.**

An updated five-year capital improvements plan is set forth in **Exhibit B**.

**H. Alternatives to Approval of Second Amended Service Plan.**

If approval for this Second Amended Service Plan is not granted, the District will not have the legal authority or financial capacity to provide fire protection and emergency response services to its residents. The Board of Directors of the District has considered other alternatives to address the needs of the Development and has determined that approval of this Second Amended Service Plan will best serve the needs of the Development.

**III. SECOND AMENDED SERVICE PLAN CHANGES**

The primary changes to the Amended Service Plan are in the narrative describing the proposed services to be provided by the District and in the Exhibits. There are also minor changes to the text to correspond to the other changes. The Amended Service Plan shall be amended as follows:

**A. Exhibit Changes.**

**Exhibit B** to the Amended Service Plan is hereby deleted and replaced with **Exhibit B** attached hereto and incorporated herein by this reference.

**Exhibit C** to the Amended Service Plan is hereby deleted and replaced by **Exhibit C** attached hereto and incorporated herein by this reference.

**Exhibit D** to the Amended Service Plan is hereby deleted and replaced by **Exhibit D** attached hereto and incorporated herein by this reference.

**Exhibit E** to the Amended Service Plan is hereby deleted and replaced by **Exhibit E** attached hereto and incorporated herein by this reference.

**Exhibit F** , attached hereto and incorporated herein by this reference, is a new exhibit.

**IV. INTRODUCTION**

Pursuant to the requirements of Chapter 11 of the Castle Rock Municipal Code and the Special District Control Act, Section 32-1-201, *et seq.*, Colorado Revised Statutes, this Second Amended Service Plan consists of a financial analysis and an engineering plan showing how the proposed facilities and services of the District will be provided and financed. The following items are included in this Second Amended Service Plan:

1. A description of the proposed services.
2. A financial plan showing how the proposed services are to be financed, including the proposed operating revenue derived from property taxes for the first budget year of the District.
3. A preliminary engineering or architectural survey showing how the proposed services are to be provided.
4. A map of the District boundaries and an estimate of the population and valuation for assessment of the District, which includes an attached legal description.
5. A general description of the facilities to be constructed and the standards of such construction, including a statement of how the facility and service standards of the District are compatible with facility and service standards of the Town of Castle Rock, Colorado ("Town") and of any municipalities and special districts which are interested parties pursuant to Section 32-1-204(1), Colorado Revised Statutes.
6. A general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the organization and initial operation of the District.



7. A description of any arrangement or proposed agreement with any political subdivision for the performance of any services between the District and such other political subdivision, and if applicable a form of the agreement is attached hereto.

8. An itemization of any costs which petitioners expect to be assumed by the Town for the construction of public improvements.

9. An identification, by name, address, and phone number, of those persons who are the current Board of Directors (the names, addresses and phone numbers of the current Board members are included on **Exhibit D** attached hereto).

10. The proof of ownership of all properties within the District (attached as **Exhibit E** to this proposed Second Amended Service Plan).

11. A copy of any and all proposed enabling, controlling, contractual, and/or operations' documents which would affect or be executed by the District, including the form of any intergovernmental agreement between the District and the Town.

12. A capital plan which includes the following:

a. a description of the type of capital facilities to be developed by the District;

b. an estimate of the cost of the proposed facilities; and

c. a pro forma capital expenditure plan correlating expenditures with development.

13. A financial plan which includes the following:

a. the total amount of debt issuance planned for the five-year period commencing with the approval of the Second Amended Service Plan;

b. all proposed sources of revenue and projected District expenses, as well as the assumptions upon which they are based, including the proposed operating revenue derived from property taxes for the first budget year of the District, for at least a ten-year period from the date of the approval of the Second Amended Service Plan;

c. the dollar amount of any anticipated financing, including capitalized interest, costs of issuance, estimated maximum rates and discounts, and any expenses related to the organization and initial operation of the District;

d. a detailed repayment plan covering the life of any financing, including the frequency and amounts expected to be collected from all sources;

e. the amount of any reserve fund and the expected level of annual debt service coverage which will be maintained for any financing;

- f. the total authorized debt for the District including a schedule indicating the year or years in which the debt is scheduled to be issued;
- g. the provisions regarding any credit enhancement, if any, for the proposed financing, including but not limited to, letters of credit and insurance; and
- h. a list and written explanation of potential risks of the financing.

**V. PURPOSE OF THE DISTRICT**

Services will be provided to the Liberty Village development (the “Development”) by the District. The District will have nine functions. These will be to provide (1) water improvements, (2) sanitary and storm sewer improvements, (3) street improvements, (4) parks and recreation, (5) safety protection, (6) transportation facilities and services, (7) television relay and translation, (8) mosquito control, and (9) funding for fire protection and emergency response services within and without the District’s boundaries as will be determined by the District’s Board of Directors to be in the best interest of the District. Additional services may be provided by the District if determined by the District’s Board of Directors to be in the best interest of the District so long as the Town, in accordance with the notification and comment procedure set forth herein, does not object. Upon completion to Town standards, the District will convey to the Town such improvements constructed by the District as hereinafter discussed.

It is anticipated that specific arrangements regarding District funding of fire protection and emergency response services to be provided by the Town to District residents will be addressed in the form of the proposed intergovernmental agreement attached hereto as **Exhibit F** (“Fire Protection and Emergency Response IGA”).

**VI. DISTRICT BOUNDARIES/MAPS**

The property included within the District’s boundaries is located entirely within the Town and is approximately 1,262 acres (the “Property”). A vicinity map, a map of the boundaries of the District and a legal description of the Property is attached hereto as **Exhibit A, A-1 and A-2**, respectively.

**VII. PROPOSED LAND USE/POPULATION PROJECTIONS**

For purposes of the financial plan it is assumed that 1,245 single-family units and integrated business uses will be developed on the Property. The Development is now vacant and is not presently served with the facilities and/or services proposed to be provided by the District, nor does the Town nor any other special district have any plans to provide such services within a reasonable time and on a comparable basis. Approval of this Second Amended Service Plan shall not indicate, implicitly or expressly, that any land use applications now on file with the Town or any land use applications filed in the future will be approved by the Town.

It is anticipated that the District’s boundaries will change from time to time as it undergoes inclusions and exclusions pursuant to parts 4 and 5 of Article 1, Title 32, C.R.S. The number, scope and terms of inclusions of property will be determined by the Board of Directors of the District. In the event the District proposes to expand its boundaries and such expansion

will require the incurrence of indebtedness in addition to the amounts contemplated by the Financial Plan, the District shall have the authority to include the property and to issue general obligation bonds provided the following requirements have been met:

1. The District shall submit to the Town Manager, with a copy to the Town Attorney, a written notice (the "Notice") of its intention to issue general obligation bonds above the amount projected herein with a Revised Financial Plan. Revised Financial Plan shall mean a Revised Financial Plan based upon Verifiable Build-out Projections (defined below) which shows that the District has the ability to pay the required debt service payments on the proposed indebtedness and the previously authorized indebtedness. Verifiable Build-out Projections shall mean build-out projections which are based upon approved zoning or upon planned unit development and/or approved preliminary or final plats for the applicable property.

2. The Town does not object in writing within forty-five (45) days after receiving the Notice, the Revised Financial Plan and the Verifiable Build-out Projections. If the Town objects within the requisite time period, the additional debt will not be incurred until the District has received the approval of the Town to a modified Second Amended Service Plan pursuant to the requirements of Colorado statutes and the Castle Rock Municipal Code.

All debt issuance, the Mill Levy Cap (as hereinafter defined), and other restrictions provided for in this Second Amended Service Plan shall continue to apply to the District if any additional property is included within the District's boundaries.

## **VIII. DESCRIPTION OF PROPOSED SERVICES**

The following paragraphs provide a description of the proposed services to be provided by the District.

### **A. Types of Improvements.**

The District plans to provide for the design, acquisition, construction, installation, and financing of certain water, sanitary and storm sewer, street, safety protection, park and recreation, transportation, television relay and translation, mosquito control, and fire protection and emergency response improvements and services within and without the boundaries of the District. This Second Amended Service Plan describes those improvements anticipated for construction. The improvements will benefit the Development. A general description of each type of improvement and service to be provided by the District follows this paragraph, and the Capital Plan attached as **Exhibit B** lists the improvements currently planned to be provided relating to each type ("Improvements"), the phasing of construction of such facilities, and the costs in current dollars. An explanation of the methods, basis, and/or assumptions used to prepare the above estimates is also included in the Capital Plan. The Improvements generally depicted and described in the Capital Plan have been presented for illustration only, and the exact design, subphasing of construction and location of the Improvements will be determined at the time of platting and such decisions shall not be considered to be a material modification of the Second Amended Service Plan. It is specifically acknowledged that the Capital Plan depicts some improvements within and without the boundaries of the District which the District is not required and/or authorized to construct by this Second Amended Service Plan, but which the

Developer of the subject Property is required to construct pursuant to the Development Agreement between the Town and the Developer. Additionally, it is acknowledged that, pursuant to the Development Agreement, the Developer may be required to construct other improvements which are not depicted or described in the Capital Plan.

1. **Water**. The District shall have the power to provide for the design, acquisition, construction, completion, installation, operation and maintenance of a complete source, treatment, transmission and distribution system, which may include, but shall not be limited to, transmission lines, distribution mains and laterals, fire hydrants, irrigation facilities, treatment facilities, wells or development of other sources of water, pump stations, 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 provided the improvements comply with the Town's Master Plan or are otherwise approved by the Town.

It is anticipated that, following acceptance by the Town, the Town will maintain the water improvements within the District. Following acceptance, the water improvements will be owned, operated and maintained by the Town. The Town has assumed the obligation to construct, acquire or otherwise develop water supply, treatment and storage as necessary to provide adequate service to and coincident with development of the Property, including construction of a 2.3 million gallon storage tank within the District and related infrastructure, unless the Town determines it can provide equivalent service to the District with other water supply, treatment and storage infrastructure the Town shall construct.

2. **Sanitation**. The District shall have the power to provide for the design, acquisition, construction, completion, installation, operation and maintenance of a complete sanitary sewage collection, transmission, and disposal system which may include, but shall not be limited to, collection mains and laterals, lift stations, transmission lines, lift stations, sludge handling and disposal facilities, reuse/return piping, and 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 system will be designed to adequately serve the entire Development area.

Wastewater service will be provided in accordance with: the intergovernmental agreement by and among the Town and Denver Southeast Suburban Water and Sanitation District D/B/A Pinery Water and Wastewater District, as amended; the Development Agreement between the Town and the Developer ("Development Agreement"); and the amended Master IGA ("Amended Master IGA"), which will be approved by the governing bodies of the Town and the District concurrent with the Town Council's approval of this Second Amended Service Plan.

3. **Streets**. The District shall have the power to provide for the acquisition, construction, completion, installation and/or operation and maintenance of street improvements, including curbs, gutters, culverts, and other drainage facilities, sidewalks, bike paths and pedestrian ways, bridges, overpasses, interchanges, median islands, paving, lighting, grading, landscaping and irrigation, 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. It is anticipated that, following acceptance by the Town, the Town will maintain the streets within the District. The District may supplement the Town's maintenance as it deems necessary or desirable to benefit its taxpayers and service users. Following acceptance, the street improvements will be owned, operated and maintained by the Town.

An intergovernmental agreement between the District, and the Castle Oaks Metropolitan District may be entered into for cost sharing of street improvements, including but not limited to signalization and acceleration and deceleration lanes at Parker Road and Castle Oaks Drive, signalization and acceleration and deceleration lane improvements at Castle Oaks Drive and Founders Parkway, signalization and acceleration and deceleration lane improvements at Valley View Drive and Founders Parkway, signalization and acceleration and deceleration lane improvements at Walker Road and Founders Parkway, acceleration and deceleration lane improvements including off-set through lanes at Rangeview Road and Highway 86. The Town has assumed the obligation to make functional improvements to the bridge at Cherry Creek and Castle Oaks Drive as traffic warrants, as further provided in the Development Agreement.

4. **Safety Protection.** The District shall have the power to provide for the acquisition, construction, completion, installation and/or operation and maintenance of facilities and/or services for a system of traffic and safety controls and devices on streets and highways, including signalization, lighting, signage striping, 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. Following acceptance, all safety protection improvements will be transferred to the Town for ownership and maintenance.

5. **Parks and Recreation.** The District shall have the power to provide for the design, acquisition, construction, completion, installation, operation and maintenance of parks and recreational facilities and programs including, but not limited to, parks, bike paths and pedestrian ways, open space, landscaping, cultural activities, community recreational centers, water bodies, irrigation facilities, and other active and passive recreational facilities and programs, 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 park and recreational facilities will be owned, operated and maintained by the Town, the District or an association of homeowners within the boundaries of the District, as provided in the Development Agreement and/or the specific development plans encompassing such facilities.

6. **Transportation.** The District shall have the power to provide for the design, acquisition, construction, completion, installation, operation and maintenance of a system to transport the public by bus, rail, or any other means of conveyance, or combination thereof, or pursuant to contract, including park and ride facilities and parking lots, structures, and facilities; together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities of systems within and without the boundaries of the District. Transportation facilities will be owned and operated by the Town.

7. **Television Relay and Translation.** The District shall have the power to provide for the design, acquisition, construction, completion, installation, operation and

maintenance of television relay and translation facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities within and without the boundaries of the District.

8. **Mosquito Control.** The District shall have the power to provide for the eradication and control of mosquitoes, including but not limited to elimination or treatment of breeding grounds and purchase, lease, contracting or other use of equipment or supplies for mosquito control.

9. **Fire Protection.** The District shall have the limited power to provide for the financing of design, acquisition, construction, completion, installation, operation and maintenance of a fire protection and emergency response system and services within and without the boundaries of the District. The District's authority to provide limited fire protection and emergency response services and facilities shall be subject to the proposed Fire Protection and Emergency Response IGA between the District and the Town. It is the express intent of this Second Amended Service Plan that the District's authority to provide limited fire protection and emergency response services and facilities shall be exercised cooperatively with the Town, and does not authorize the creation of an independent fire protection and emergency response department as a part of the District. Specifically, it is anticipated that through the Fire Protection and Emergency Response IGA, the Town shall be obligated to provide fire protection and emergency response services to property within the District and the District shall impose a mill levy of 10 mills that shall be dedicated and pledged to the Town for this purpose.

10. **Other Powers.** In addition to the enumerated powers, the Board of Directors of the District shall also have the following authority:

a. **Second Amended Service Plan Amendments.** To amend the Second Amended Service Plan as needed, subject to the appropriate statutory procedures and Town Ordinance.

b. **Phasing, Deferral.** Without amending this Second Amended Service Plan, to defer, forego, reschedule, or restructure the financing and construction of certain improvements and facilities, to better accommodate the pace of growth, resource availability, and potential inclusions of property within the District.

c. **Additional Services.** Except as specifically provided herein, to provide such additional services and exercise such powers as are expressly or impliedly granted by Colorado law.

**B. Standards of Construction/Statement of Compatibility.**

1. All water improvements will be designed, constructed and maintained in accordance with the standards of the Colorado Department of Health, the Town, if any, and any other jurisdiction, as appropriate.

2. All sanitary sewer improvements will be designed, constructed and maintained in accordance with the standards of the Colorado Department of Health, the Town and other applicable local, state or federal rules and regulations. All storm sewers and facilities

will be constructed in accordance with the standards and specifications of the Town and other jurisdictions, as appropriate.

3. 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. Any street and safety protection facilities to be dedicated to Douglas County will be constructed in accordance with the standards and specifications of the County.

4. All park and recreational facilities and/or services will be constructed in accordance with engineering and design requirements appropriate for the surrounding terrain, and shall be in accordance with standards of the Town, or other local public entities, as appropriate.

5. All transportation facilities shall be provided in accordance with the standards and specifications of the Town, if any, the Regional Transportation District or other local public entities, as appropriate.

6. All television relay and translation facilities will be designed, constructed, maintained and operated in accordance with the standards and specifications of the Federal Communications Commission, the Town, or other applicable jurisdiction.

7. All mosquito control facilities will be designed, constructed, maintained and operated in accordance with the specifications of the Colorado Department of Health, the Town, if any, or other jurisdictions, as appropriate.

Any construction of facilities must first be authorized by the Town through the issuance of a public works permit. Based on an analysis of jurisdictions which are interested parties in the Second Amended Service Plan proceedings as defined in the Colorado Revised 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. Facilities to be Constructed and/or Acquired.**

The District proposes to provide and/or acquire those facilities generally described herein. A general description and preliminary engineering survey, as appropriate, of the facilities to be constructed and/or acquired are shown on the Capital Plan attached hereto as **Exhibit B**.

Notwithstanding anything herein to the contrary, the District shall have the authority to enter into the above referenced IGAs without further approval from the Town and to perform its obligations thereunder. In addition, the District shall have the authority to seek electorate authorization to effectuate all purposes set forth in this Second Amended Service Plan in order to comply with all applicable constitutional and statutory requirements.

**D. Notice of Meetings.**

A copy of the written notice for every regular or special meeting of the District will be delivered to the Town Clerk at least three (3) days prior to such meeting.

## **IX. ASSESSED VALUATION**

The property within the District has an assessed valuation as of December 2003 of One Hundred Twenty-Four Thousand Six Hundred Three Dollars (\$124,603). The projected build-out for the District is set forth in the Financial Plan set forth in **Exhibit C**. The projected assessed valuation of the property initially included within the District, based upon the land use expectations heretofore noted, is set forth in the Financial Plan. At build-out, the assessed valuation is forecasted to be Thirty-Eight Million One Hundred Eighty-Three Thousand Nine Hundred Forty-Eight Dollars (\$38,183,948).

## **X. ESTIMATED COSTS OF FACILITIES**

The Capital Plan attached hereto as **Exhibit B** includes the estimated costs of the facilities to be constructed, installed and/or acquired by the District, a facility map and preliminary drawings for each type of service or facility to be provided by the District.

## **XI. OPERATION AND MAINTENANCE/ESTIMATED COSTS**

Subject to the applicable warranty, the District intends to dedicate certain facilities, constructed or acquired, to the Town for operations and maintenance. The District may also enter into a contract with a homeowners' association whereby the homeowners' association will assume the responsibility for operations and maintenance of certain improvements. Estimated costs for operation and maintenance functions are shown on the Financial Plan. The District may impose a system of fees, rates, tolls, penalties or charges in connection with its provision of services. The estimated revenues from such fees, rates, tolls, penalties, or charges are reflected in the Financial Plan. The Financial Plan forecasts operating and maintenance costs of Fifty Thousand Dollars (\$50,000) in 2004 and 2005, and increasing every year thereafter by two percent (2%) for inflation.

## **XII. FINANCIAL PLAN/PROPOSED INDEBTEDNESS**

The Financial Plan shows how the proposed facilities and/or services and the District's existing financial obligations are to be financed including the estimated costs of engineering services, legal services, administrative services, proposed indebtedness and estimated proposed interest rates and discounts, and other major expenses related to this Second Amended Service Plan and operation of the District. It demonstrates the issuance of the debt and the anticipated repayment based on the projected development in the District's boundaries. The Financial Plan also demonstrates that, at various projected levels of development, the District has the ability to finance the facilities identified herein, meet its existing financial obligations and discharge the proposed indebtedness on a reasonable basis. The District acknowledges that it is subject to the requirements of and shall comply with Chapter 11.02 of the Municipal Code, including but not limited to, the requirements of filing the annual reports and obtaining timely service plan amendments when material modifications occur as defined in Section 11.020.060 of the Municipal Code.



**A. General.**

The provision of facilities by the District and the repayment of its outstanding obligations will be primarily financed by the issuance of general obligation bonds, secured by the *ad valorem* taxing authority of the District and the pledge of fee revenue, with limitations as discussed below. The District will also have the authority to finance the improvements by the issuance of revenue bonds secured by the revenues anticipated herein. The Financial Plan shows the anticipated fees to be imposed and collected.

When the issuance of bonds by the District entails pledging its mill levy to the payment of the bonds, the District's obligation to the Bondholders with regard to the mill levy shall be to certify the required mill levy and the Bondholders shall have no other remedy with regard to the mill levy pledge. In the event the issuance of bonds entails the pledge of fee revenue derived from the payment of fees pursuant to an agreement with the developer of the Property and the pledge of property within the boundaries of the District as security for such obligation, the District's obligation to the Bondholders shall be to fully enforce the terms of the Agreement, including the pursuit of foreclosure proceedings on the pledged property. However, the District shall not have the right to accelerate the payment of fees, and any foreclosure shall be only as to those amounts currently owing under the agreement.

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 2009. The Financial Plan assumes that, prior to the issuance of bonds, funding will be made available to construct necessary improvements subject to agreements with the District for repayment of any funds advanced for construction of such improvements and/or for acquisition by the District of public improvements constructed by developer(s).

General obligation bonds will mature as determined by the Board of Directors of the District consistent with the applicable law at the time of issuance. The maximum voted interest rate will be eighteen percent (18%) and the maximum underwriter's discount will be five percent (5%). The exact interest rates and discounts will be determined at the time the bonds are sold by the District and will reflect market conditions at the time of sale but shall not exceed the maximum voted interest rate or underwriter's discount. 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 Second Amended Service Plan. In the event the bonds are sold as revenue bonds (without a general obligation pledge of the District) such Bonds shall be issued in the manner provided by Section 32-1-1101 (1) (d), C.R.S., and shall never constitute debt or indebtedness of the District within the meaning of any provision or limitation of the laws of Colorado or the state constitution and shall not constitute nor give rise to a pecuniary liability of the District or charge against its general credit or taxing powers. The exact interest rates, discounts and their form will be determined at the time the bonds are sold by the District, and will reflect market conditions at the time of sale.

Based upon construction cost estimates and financing cost estimates as computed during the preparation of this Second Amended Service Plan, it is anticipated that a total of Twenty-Four Million Two Hundred Forty Thousand Dollars (\$24,240,000) of bonds will be

issued. The District will have the authority to finance and construct all facilities contemplated herein without the need to seek approval of any modification of this Second Amended Service Plan, provided the District is not then required to obtain an amendment as required under Section 11.02.060 of the Code. The amount of voted authorization 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. The District shall not issue any new debt or revenue obligations if a material modification to this Second Amended Service Plan has occurred under Section 11.02.060 of the Code for which the District has not obtained a conforming amendment.

**B. Mill Levy.**

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. It is estimated that a mill levy of fifty (50) mills over thirty (30) years 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 to the extent permitted under federal law. 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, the imposition of rates, tolls, fees and charges may be necessary.

In addition to the mill levy for payment of debt service and for operations and maintenance, the District will have a mill levy of ten (10) mills, which will be pledged to the Town pursuant to the Fire Protection and Emergency Response IGA which will obligate the Town to provide fire protection and emergency response services to the District.

The District may authorize, issue, sell and deliver such bonds, notes, contracts, or other obligations evidencing a borrowing (collectively, "Bonds") as are permitted by law, subject to the following limitations:

1. The District may issue general obligation bonds only if the mill levy pledged for repayment of the Bonds (together with the mill levy pledge on any other general obligations of the District) will not exceed 50 mills (adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation, or any mandated tax credit, cut or abatement, so that to the extent possible the actual tax revenues generated by the mill levy and available for debt service, as adjusted, are neither diminished nor enhanced as a result of such determination) (the "Mill Levy Cap"); and

2. The Bonds must qualify as one of the following types of bond issuances:

a. any issue of Bonds registered under the Colorado Municipal Bond Supervision Act, or

b. any issue of general obligation bonds where the total obligation represented by the issue together with any other general obligation of the District does not at the time of issuance exceed the greater of Two Million Dollars (\$2,000,000) or fifty percent (50%) of the valuation for assessment of the taxable property in the District as certified by the assessor; or

c. any issue of Bonds that is rated in one of its four highest rating categories by one or more nationally recognized organizations which regularly rate such obligations; or

d. any issue of Bonds in which infrastructure is in place which has been determined by the Board of the District to be necessary to construct or otherwise provide additional improvements specifically ordered by a federal or state regulatory agency to bring the District into compliance with applicable federal or state laws or regulations for the protection of the public health or the environment if the proceeds raised as a result of such issue are limited solely to the direct and indirect costs of the construction or improvements mandated and are used solely for those purposes; or

e. any issue of Bonds secured as to the payment of the principal and interest on the debt by a letter of credit, line of credit, or other credit enhancement, any of which must be irrevocable and unconditional, issued by a depository institution:

(1) with a net worth of not less than Ten Million Dollars (\$10,000,000) in excess of the obligation created by the issuance of the letter of credit, line of credit, or other credit enhancement;

(2) with the minimum regulatory capital as defined by the primary regulator of such depository institution to meet such obligation; and

(3) where the obligation does not exceed ten percent (10%) of the total capital and surplus of the depository institution, as those terms are defined by the primary regulatory of such depository institution; or

f. any issue of Bonds insured as to the payment of the principal and interest on the debt by a policy of insurance issued by an insurance company authorized to do business as an insurance company in the State of Colorado and authorized for such risk by the insurance commissioner appointed pursuant to Section 10-1-104, C.R.S.; or

g. any issue of Bonds not involving a public offering made exclusively to accredited investors, as that term is defined under sections 3(b) and (4)(2) of the federal "Securities Act of 1933" by regulation adopted thereunder by the securities and exchange commission; or

h. any issue of Bonds made pursuant to an order of a court of competent jurisdiction; or

i. any issue of Bonds which are issued in denominations of not less than Five Hundred Thousand Dollars (\$500,000) each, and in integral multiples of not less than

One Thousand Dollars (\$1,000) in excess thereof, provided that in the event a bond is partially redeemed by the District and the unredeemed portion is less than Five Hundred Thousand Dollars (\$500,000), such unredeemed portion of such bond may be issued in the largest possible denomination of less than Five Hundred Thousand Dollars (\$500,000); or

j. any issue of Bonds which are issued to the Developer, subject to remarketing the Bonds pursuant to the limitations set forth herein.

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. Organizational costs of the District, including legal fees, and capitalized engineering costs, are to be paid or reimbursed from the proceeds of the bond issues.

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 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. All issuances of general obligation bonds shall be deemed to be in compliance with the Financial Plan so long as the Minimum Criteria, as hereinafter defined, have been met. Minimum Criteria shall mean that the general obligation bonds are: (1) subject to a limited mill levy, (2) together with other outstanding general obligation bonds, not in excess of the general obligation debt authorization set forth in this Second Amended Service Plan, as may be amended from time to time, and (3) together with other outstanding general obligation bonds, are not in excess of the general obligation debt authority approved by the District's electorate.

**C. System Development Fees.**

It is anticipated that the District will impose a Development Fee which shall be in an amount as determined at the discretion of the District Board. The Financial Plan assumes that the District Development Fee will be Two Thousand Dollars (\$2,000) per single-family residential lot.

**D. Modification of Financial Plan.**

In the event the District determines that its assessed valuation has reached a level sufficient to enable the District to discharge its indebtedness from reasonable mill levies, it shall be entitled to seek approval from the Town to issue, refund and/or otherwise restructure its outstanding indebtedness to eliminate the Mill Levy Cap. Elimination of the Mill Levy Cap will be authorized by the Town provided the modified financial plan demonstrates that the *ad valorem* property tax revenue received by the District in the preceding fiscal year, if collected in that amount in subsequent years, would be sufficient to make all annual scheduled debt payments (inclusive of "balloon payments"), without use of any other District revenues, such as

development fees. Approval for release of the Mill Levy Cap will be evidenced by a resolution of the Town Council approving a modified financial plan to be submitted by the District for review by the Town. Such modification shall not be considered a material modification of the Second Amended Service Plan, but shall be in furtherance of the District's purposes and authority in the Second Amended Service Plan as a means by which the Second Amended Service Plan is implemented by the District for the benefit of the residents and property owners of the District.

Prior to the submission of any request for approval of a modified Financial Plan as contemplated above, the District shall mail a written notice to each property owner within the District of the proposed modification, in addition to publishing notice in the *Douglas County News Press* or similar newspaper generally circulated within the boundaries of the District on two occasions at least one week apart indicating that the District will hold a board meeting to consider the modification of its Financial Plan to eliminate the Mill Levy Cap. No other notice shall be required of the District or the Town. The process for and the standard of review for such requests shall be as provided in Section 32-1-207, C.R.S., as amended from time to time, and the Castle Rock Municipal Code, as amended from time to time.

**E. Operations.**

Annual administrative, operational and maintenance expenses are estimated as shown in **Exhibit C** attached hereto. If necessary, however, the District reserves the right to supplement these revenues with additional revenue sources as described in this Second Amended Service Plan. Repayment of Developer advances shall be subordinate to all other debt of the District.

The Mill Levy Cap proposed herein for repayment of the bonds does not apply 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. However, there are statutory and constitutional limits on the District's ability to increase its mill levy for provision of operation and maintenance services without an election.

**F. Economic Viability.**

The Financial Plan illustrates the estimated income and expenses for the District over a thirty-five (35) year period presuming the issuance of two (2) series of bonds, maturing within a twenty-five (25) year period. The analysis reflects a total build-out period of approximately ten (10) years, and a mill levy of fifty (50) mills for the District's debt service and operations and maintenance plus ten (10) mills for fire protection and emergency response services pledged to the Town, for a total District mill levy of sixty (60) mills. The Financial Plan contained in this Second Amended Service Plan demonstrates the economic viability of The Villages at Castle Rock Metropolitan District No. 6.

**XIII. ANNUAL REPORT**

The District shall file an annual report with the Town no later than September 1 of each calendar year. The report shall reflect activity and financial events through the preceding

December 31, and shall include the information required by Section 11.02.040, Castle Rock Municipal Code.

#### **XIV. DISSOLUTION**

At such time as the District has completed construction of the improvements provided for in its Second Amended Service Plan, and upon arrangement for repayment of all of its outstanding debt and other financial obligations, the District Board will place the question of dissolution of the District before its constituents and will exercise every reasonable effort to process the dissolution of the District in accordance with Colorado statutes.

#### **XV. CONCLUSION**

It is submitted that this Second Amended Service Plan for The Villages at Castle Rock Metropolitan District No. 6 establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District;
2. The existing service in the area to be served by the District is inadequate for present and projected needs;
3. The District is capable of providing economical and sufficient service to the area within its boundaries;
4. The area included in the District 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 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 District are compatible with the facility and service standards of the County within which the District is located and each municipality which is an interested party under Section 32-1-204(1), Colorado Revised Statutes;
7. The proposal is in compliance with any duly adopted County, regional, or state long-range water quality management plan for the area; and
8. The creation of the proposed District is in the best interests of the area proposed to be served.

#### **XVI. ACKNOWLEDGMENTS**

The authorization granted to the District under this Second Amended Service Plan to construct or finance the construction of facilities and to issue bonds or otherwise incur debt is subject to the following:

1. Approval by the Town Council of the amended preliminary development plan currently on file with the Town and zoning ordinance upon which the capital and financial plan is based.

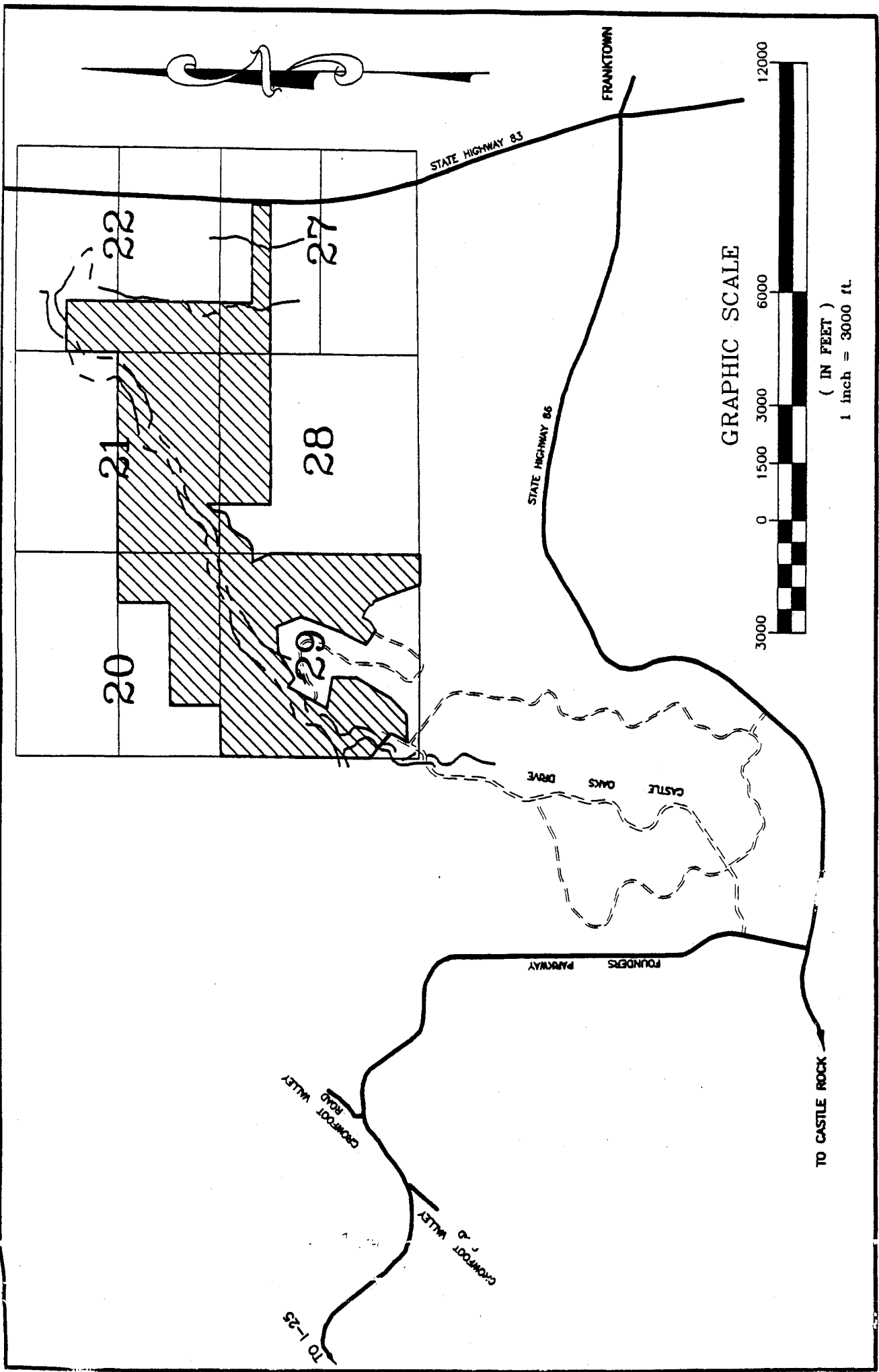
2. Approval of the Amended Master IGA by the governing bodies of the Town and the District.

If changes to this Second Amended Service Plan are required as a result of approval of either (1) the land use plans upon which the Second Amended Service Plan is based for the Property or (2) the Amended Master IGA, such modifications may be authorized through the Amended Master IGA or other appropriate agreement. These modifications shall not be considered material modifications of the Second Amended Service Plan and therefore no formal amendment shall be required.

**EXHIBIT A**

**Vicinity Map**



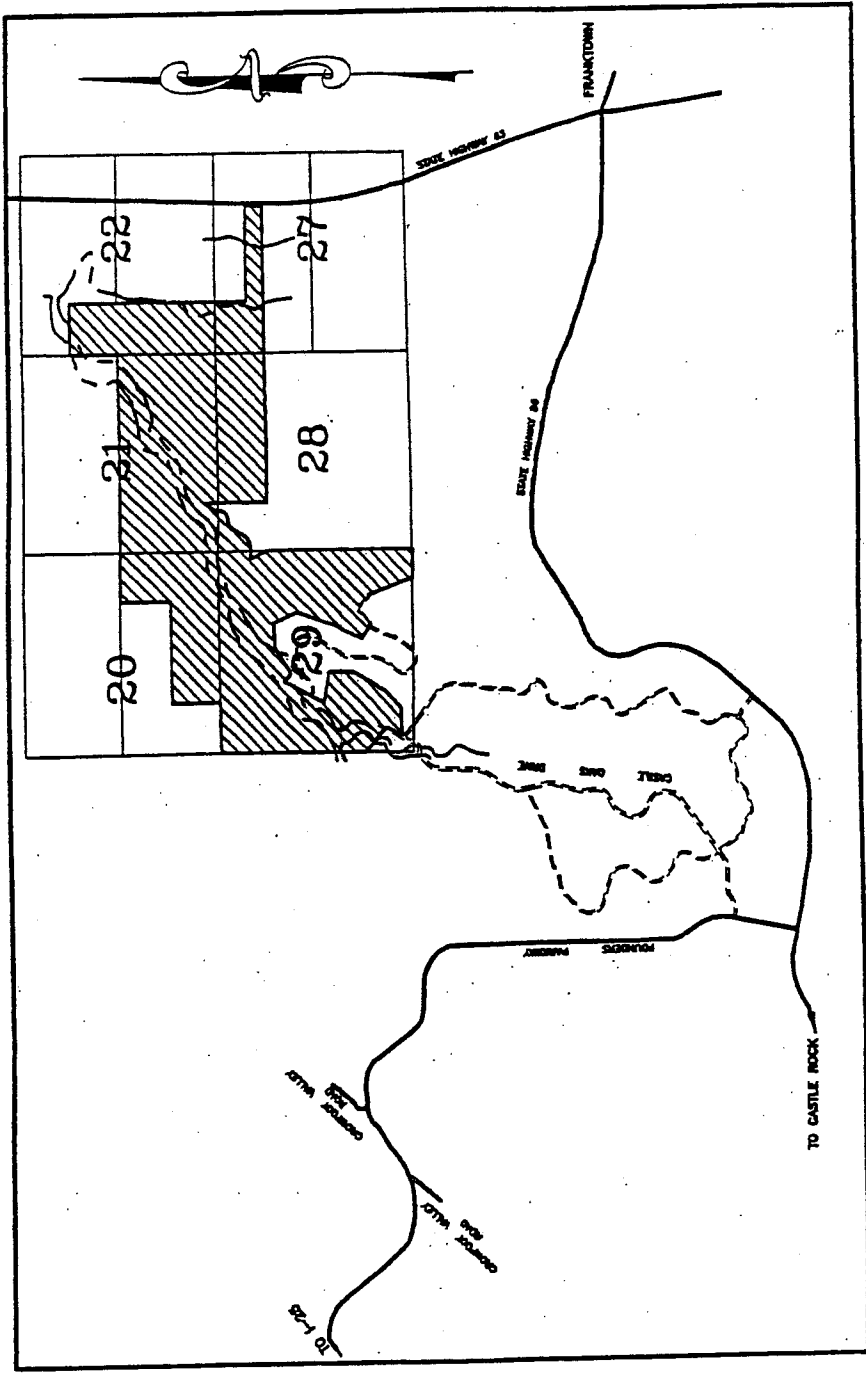


**VICINITY MAP**  
SCALE: 1" = 3000'

**EXHIBIT A-1**

**Boundary Map**

**THE VILLAGES AT CASTLE ROCK**  
**METROPOLITAN DISTRICT NO. 6**



**BOUNDARY MAP**  
**NTS**

**EXHIBIT A-2**

**Legal Description**

## Legal Description

A parcel of land located in Sections 20, 21, 22, 27, 28, and 29, also being a portion of Castle Oaks and located in Township 7 South, Range 66 West of the Sixth Principal Meridian, County of Douglas, State of Colorado, more particularly described as follows:

Beginning at the Northwest corner of said Section 29;  
thence N89°36'13"E along the North line of the Northwest quarter of said Section 29, 1317.11 feet to the Southwest corner of the Southeast quarter of the Southwest quarter of said Section 20;  
thence N00°02'28"W along the West line of the Southeast quarter of the Southwest quarter of said Section 20, 1324.69 feet to the Northwest corner of the Southeast quarter of the Southwest quarter of said Section 20;  
thence N89°33'52"E along the North line of the South half of the South half of said Section 20, 2637.52 feet to the Southwest corner of the Northeast quarter of the Southeast quarter of said Section 20;  
thence N00°02'30"E along the West line of the Northeast quarter of the Southeast quarter of said Section 20, 1326.56 feet to the Northwest corner of the Northeast quarter of the Southeast quarter of said Section 20;  
thence N89°31'28"E along the North line of the Northeast quarter of the Southeast quarter of said Section 20, 1316.72 feet to the Northwest corner of the Northwest quarter of the Southwest quarter of said Section 21;  
thence N89°41'42"E along the North line of the South half of said Section 21, 1318.99 feet to the Northwest corner of the Northeast quarter of the Southwest quarter of said Section 21;  
thence continuing N89°41'42"E along the North line of the South half of said Section 21, 3957.01 feet to the Southwest corner of the Southwest quarter of the Northwest quarter of said Section 22;  
thence N00°16'22"E along the West line of the Southwest quarter of the Northwest quarter of said Section 22, 1325.60 feet to the Northwest corner of the Southwest quarter of the Northwest quarter of said Section 22;  
thence S89°53'21"E along the North line of the Southwest quarter of the Northwest quarter of said Section 22, 1323.73 feet to the Northeast corner of the Southwest quarter of the Northwest quarter of said Section 22;  
thence S00°14'49"W along the East line of the Southwest quarter of the Northwest quarter of said Section 22, 1325.20 feet to the Northeast corner of the West half of the Southwest quarter of said Section 22;  
thence S00°13'43"W along the East line of the West half of the Southwest quarter of said Section 22, 2654.84 feet to the Northeast corner of the Northwest quarter of the Northwest quarter of said Section 27;  
thence S00°06'30"W along the East line of the Northwest quarter of the Northwest quarter of said Section 27, 834.81 feet to a line 493.48 feet North of and parallel with the South line of the North half of the North half of said Section 27;  
thence S89°57'52"E along said line, 2562.58 feet to the West right-of-way line of Colorado Highway No. 83;  
thence S02°13'33"W along said West right-of-way line, 398.12 feet to a point of curve;

thence along said West right-of-way line and along said curve to the left having a radius of 11530.00 feet, a central angle of  $00^{\circ}28'32''$ , 95.71 feet to the South line of the North half of North half of said Section 27;

thence  $N89^{\circ}57'52''W$  along the South line of the North half of the North half of said Section 27, 2544.73 feet to the Southwest corner of the Northeast quarter of the Northwest quarter of said Section 27;

thence continuing  $N89^{\circ}57'52''W$  along the South line of the North half of the North half of said Section 27, 1324.29 feet to the Southeast corner of the Northeast quarter of the Northeast quarter of said Section 28;

thence  $S89^{\circ}28'47''W$  along the South line of the North half of the Northeast quarter of said Section 28, 2634.25 feet to the Southeast corner of the Northeast quarter of the Northwest quarter of said Section 28;

thence  $S89^{\circ}49'02''W$  along the South line of the Northeast quarter of the Northwest quarter of said Section 28, 1315.83 feet to the Southwest corner of the Northeast quarter of the Northwest quarter of said Section 28;

thence  $N00^{\circ}05'13''E$  along the West line of the Northeast quarter of the Northwest quarter of said Section 28 and the East line of Outlot D of said Castle Oaks, 1645.40 feet to the South right-of-way line of Pleasant View Drive as platted in said Castle Oaks;

thence along the South right-of-way line of said Pleasant View Drive the following seven (7) courses:

1. thence  $S50^{\circ}38'08''W$ , 161.73 feet to a point of curve;
2. thence along said curve to the left having a radius of 210.00 feet, a central angle of  $54^{\circ}00'00''$ , 197.92 feet a point of reverse curve;
3. thence along said curve to the right having a radius of 270.00 feet, a central angle of  $90^{\circ}00'00''$ , 424.12 feet to a point of reverse curve;
4. thence along said curve to the left having a radius of 370.00 feet, a central angle of  $56^{\circ}00'00''$ , 361.63 feet to a point of tangent;
5. thence  $S30^{\circ}38'08''W$  along said tangent, 260.00 feet to a point of curve;
6. thence along said curve to the right having a radius of 430.00 feet, a central angle of  $57^{\circ}48'57''$ , 433.90 feet to a point of tangent;
7. thence  $S88^{\circ}27'05''W$  along said tangent, 303.87 feet to the Northwest corner of said Outlot D;

thence  $S26^{\circ}25'07''E$  along the West line of said Outlot D, 511.10 feet to the East line of the Northeast quarter of said Section 29;

thence  $S00^{\circ}04'53''W$  along the East line of said Northeast quarter, 5.76 feet to the Southwest corner of the Northwest quarter of the Northwest quarter of said Section 28;

thence  $S00^{\circ}04'53''W$  along the East line of the Northeast quarter of said Section 29, 1333.14 feet to the East quarter corner of said Section 29;

thence  $S00^{\circ}04'53''W$  along the East line of the Southeast quarter of said Section 29, 2666.28 feet to the Southeast corner of said Section 29;

thence  $S89^{\circ}49'31''W$  along the South line of the Southeast quarter of said Section 29, 782.02 feet;

thence  $N00^{\circ}10'29''W$ , 14.90 feet to the Southwest corner of Lot 4, Block 8 of said Castle Oaks;

thence  $N19^{\circ}56'15''W$  along the West line of said Lot 4, 1299.64 feet to a point on a curve on the right-of-way line of Antelope Place as platted in said Castle Oaks;

thence along the southerly right-of-way line of said Antelope Place the following four (4) courses:

1. thence along said curve to the right having a radius of 92.50 feet, a central angle of  $126^{\circ}37'54''$  (the chord of which bears  $N46^{\circ}36'57''W$ , 165.30 feet), 204.45 feet;
2. thence  $N54^{\circ}22'31''W$ , 141.04 feet to a point of curve;
3. thence along said curve to the left having a radius of 370.00 feet, a central angle of  $11^{\circ}34'22''$ , 74.73 feet to a point of tangent;
4. thence  $N65^{\circ}56'53''W$  along said tangent, 145.32 feet to the East right-of-way line of Pleasant View Drive;

thence along the East right-of-way line of said Pleasant View Drive the following three (3) courses:

1. thence  $S25^{\circ}57'43''W$ , 95.82 feet to a point of curve;
2. thence along said curve to the right having a radius of 430.00 feet, a central angle of  $30^{\circ}59'00''$ , 232.53 feet to a point of tangent;
3. thence  $S56^{\circ}56'43''W$  along said tangent, 156.72 feet;

thence  $N67^{\circ}32'40''W$ , 70.54 feet to the Southeast corner of Lot 11, Block 7 of said Castle Oaks; thence along the boundary of Lots 2, 3, 4, 8, 9, 10, and 11, Block 7 of Castle Oaks Filing No. 1 the following seven (7) courses:

1. thence  $N53^{\circ}04'08''W$  along the southerly line of said Lot 11, 380.75 feet to the Southwest corner of said Lot 11;
2. thence  $N25^{\circ}29'33''E$  along the West line of said Lot 11, 720.00 feet to the Southwest corner of Lot 10;
3. thence  $N19^{\circ}29'33''E$  along the West line of said Lot 10, 1165.00 feet to the Southwest corner of Lot 9;
4. thence  $N21^{\circ}49'56''W$  along the West line of said Lot 9, 672.52 feet to the corner common to Lots 3, 4, 8, 9, 18, and 19 of Block 7;
5. thence  $S87^{\circ}12'33''W$  along the South line of said Lot 3, 649.13 feet to the Southwest corner of said Lot 3;
6. thence  $S57^{\circ}23'50''W$  along the southwesterly line of Lot 2, 799.94 feet to the southernmost corner of said Lot 2;
7. thence  $N50^{\circ}33'52''W$  along the southwesterly line of said Lot 2, 275.47 feet to the Southwest corner of said Lot 2;

thence  $S28^{\circ}23'19''W$  along the East right-of-way line of Castle Oaks Drive, as platted in said Castle Oaks, 1180.45 feet to the Northwest corner of Lot 14, Block 6 of said Castle Oaks Filing No. 1; thence along the boundary of Lots 12, 13, and 14, Block 6 of said Castle Oaks the following five (5) courses:

1. thence  $S80^{\circ}13'43''E$  along the North line of Lot 14, 808.48 feet to the Northeast corner of said Lot 14;
2. thence  $S00^{\circ}31'41''W$  along the East line of said Lot 14, 674.61 feet to the Northeast corner of Lot 13;

3. thence S29°23'28"W along the East line of said Lot 13, 1040.00 feet to the Northeast corner of Lot 12;
4. thence S45°23'28"W along the East line of said Lot 12, 592.53 feet to the Southeast corner of said Lot 12;
5. thence S87°35'55"W along the South line of said Lot 12, 721.94 feet to the East right-of-way line of said Castle Oaks Drive;

thence N26°31'56"E along said East right-of-way line of said Castle Oaks Drive, 457.48 feet;  
thence N17°31'51"W, 112.01 feet to the Southeast corner of Lot 16, Block 2 of said Castle Oaks;  
thence N50°35'12"W along the southerly line of said Lot 16, 771.72 feet to the Northwest corner of the Southwest quarter of the Southeast quarter of said Section 29;  
thence N00°23'10"E along the West line of the Northwest quarter of the Southwest quarter of said Section 29, 1323.73 feet to the West quarter corner of said Section 29;  
thence N00°23'12"E along the West line of the Northwest quarter of said Section 29, 2646.55 feet to the Point of Beginning containing 1262.07 acres, more or less.

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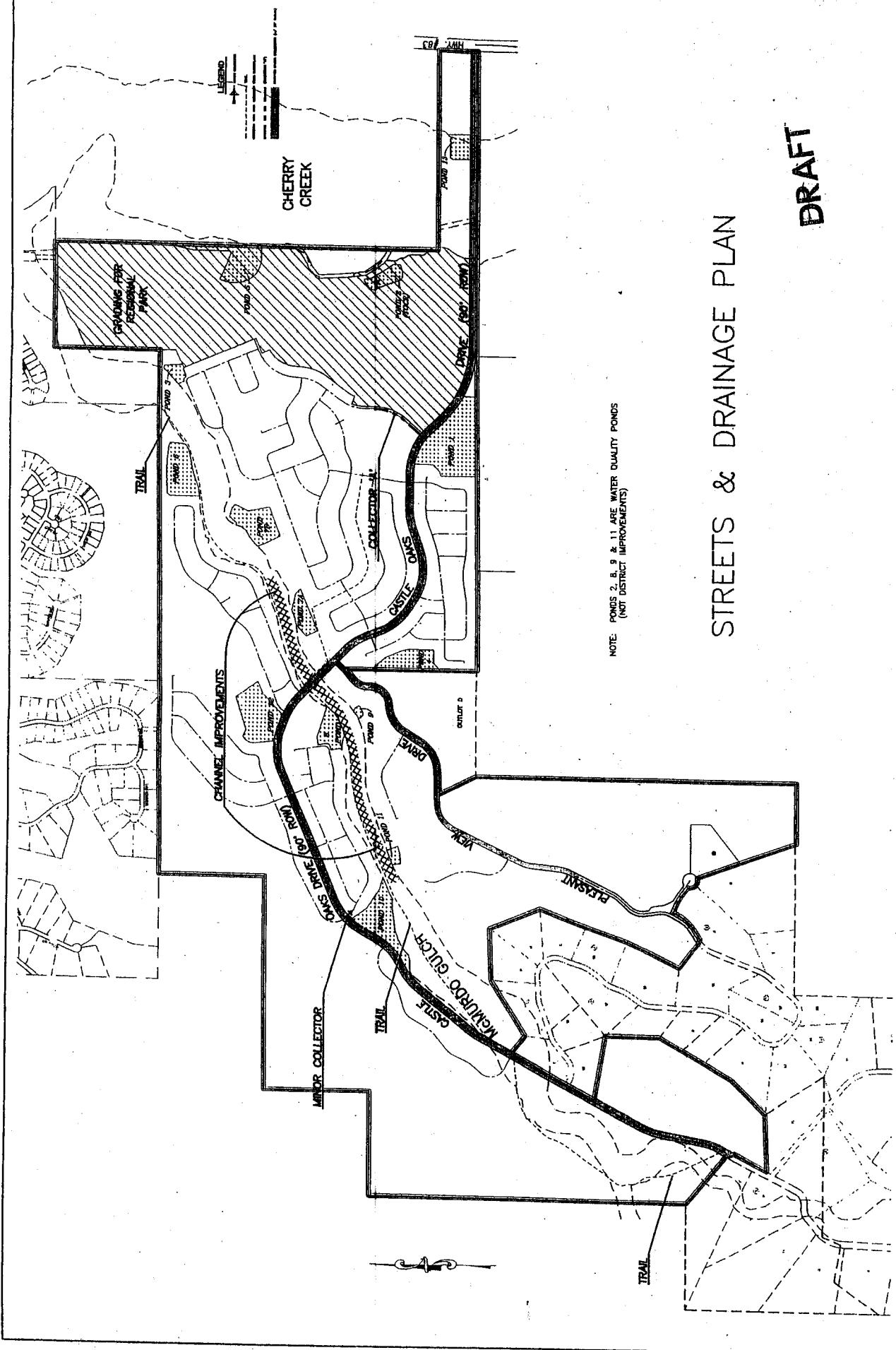


**EXHIBIT B**

**Capital Plan**

**EXHIBIT B-1**

**Street and Drainage Improvements**



NOTE: PONDS 2, 8, 9 & 11 ARE WATER QUALITY PONDS  
(NOT DISTRICT IMPROVEMENTS)

STREETS & DRAINAGE PLAN

DRAFT

**EXHIBIT B-2**

**Sewer Improvements**



**EXHIBIT B-3**

**Water Improvements**

UTILITY PLAN  
WATER SYSTEM

DRAFT

LEGEND:  
 ——— 20" Red Zone  
 ——— 15" Blue Zone  
 ——— 18" Yellow Zone  
 - - - - - 12" Yellow Zone

MATCHLINE SEE AT LEFT

MATCHLINE SEE AT RIGHT

PA 11 9.7 ACRES  
Commercial  
12" Yellow Zone

PA 1 HOME  
180.3 Total acres

PA 2  
PA 2.1  
11.3 ACRES  
12" Yellow Zone

SCHOOL  
11.3 ACRES  
12" Yellow Zone

PA 3  
PA 3.1  
11.3 ACRES  
12" Yellow Zone

PA 4  
PA 4.1  
11.3 ACRES  
12" Yellow Zone

PA 5  
PA 5.1  
11.3 ACRES  
12" Yellow Zone

PA 6  
PA 6.1  
11.3 ACRES  
12" Yellow Zone

PA 7  
PA 7.1  
11.3 ACRES  
12" Yellow Zone

PA 8  
PA 8.1  
11.3 ACRES  
12" Yellow Zone

PA 9  
PA 9.1  
11.3 ACRES  
12" Yellow Zone

CASTLE OAKS FILING NO. 1

PA 10  
PA 10.1  
11.3 ACRES  
12" Yellow Zone

CASTLE OAKS FILING NO. 1

**EXHIBIT B-4**

**Cost Estimates for Street, Sewer and Water Improvements**









Villages at Castle Rock  
Metro No. 6

Proposed Improvements Budget

Villages @ Castle Rock Metro No. 6	Total Project Costs	Villages #6 Participation	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Castle Oaks Drive/Offsite Improvements</b>												
SW Roundoff to Castle Oaks Filling		88%						100,000				
Engineering (68456)	100,000	88,000						80,000				
Earthwork (68456)	80,000	70,400						165,000				
Pavement	165,000	145,200						150,000				
McGurdo Crossing	150,000	132,000						75,000				
Ditch and Gutter Improvements	75,000	66,000										
Contingency @ 15%	1,192,770	1,107,270										
<b>Total</b>	<b>9,144,570</b>	<b>8,489,070</b>										
<b>Collector "A" @ DCSD site (950LF)</b>		100%										
Engineering/ Earthwork/ Subgrade Prep	23,750	23,750		23,750								
Curb/ Gutter & Sidewalk	33,250	33,250		33,250								
Paving	71,250	71,250		71,250								
Contingency @ 15%	19,238	19,238										
<b>Total</b>	<b>147,488</b>	<b>147,488</b>										
<b>Minor Collectors (1)</b>	<b>50,000</b>	<b>50,000</b>						50,000				
<b>Storm Drainage Improvements</b>		100%										
Detention Ponds (8 ponds)	325,000	325,000		325,000								
McGurdo Gulch Drainage Maintenance	675,000	675,000		375,000				300,000				
8-ft Concrete Trail Along McMyrdo Gulch	275,000	275,000		150,000				125,000				
Contingency @ 15%	191,250	191,250										
<b>Total Drainage Improvements</b>	<b>1,466,250</b>	<b>1,466,250</b>										
<b>Total Streets &amp; Drainage Improvements</b>	<b>12,325,808</b>	<b>11,351,558</b>	<b>1,225,300</b>	<b>7,108,740</b>	<b>4,174,260</b>	<b>1,327,400</b>	<b>0</b>	<b>1,045,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Projected Total Cost of Improvements</b>	<b>17,041,556</b>	<b>16,000,054</b>										
<b>Project Management 8%</b>	<b>1,420,935</b>	<b>1,280,004</b>										
<b>Testing and Survey 10%</b>	<b>1,918,261</b>	<b>1,728,006</b>										
<b>Total Project Costs with Contingencies</b>	<b>\$ 20,380,752</b>	<b>19,008,064</b>										
<b>VCRMD #6 Total Funding Obligation</b>		<b>19,008,064</b>										

Not Inc

**EXHIBIT C**

**Financial Plan**

THE VILLAGES  
AT  
CASTLE ROCK  
METROPOLITAN  
DISTRICT NO. 6

FORECASTED SURPLUS CASH BALANCES  
AND  
CASH RECEIPTS AND DISBURSEMENTS

MARCH 17, 2004



## Accountant's Report

The Board of Directors of  
The Villages at Castle Rock Metropolitan District No. 6  
Douglas County, Colorado

Town Council  
Town of Castle Rock, Colorado

We have compiled the accompanying forecasted surplus cash balances and cash receipts and disbursements of The Villages at Castle Rock Metropolitan District No. 6 (the "District") as of December 31, 2003, and for the calendar years ending through 2039, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of the Board of Directors of the District (collectively, "Management") and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying schedules or assumptions. However, we did become aware of a departure from the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, which is described in the following paragraph. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

*Clifton Gunderson LLP*

Greenwood Village, Colorado  
March 17, 2004

THE VILLAGES at CASTLE ROCK METROPOLITAN DISTRICT No. 6  
 FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SUMMARY  
 (Page 1 of 2)

AS OF DECEMBER 31, 2003, AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Year	Assessed Value (See Page 7)	Admin./Operating Mill Levy	Fire Pre-/Emergency Mill Levy	Debt Service Mill Levy	Total Mill Levy	CASH RECEIPTS					Interest Income at 2.00%	Total Receipts	Total Disbursements (See Page 3)	Annual Cash Surplus / (Deficit)	Cumulative Surplus Cash Balances	Year
						Net Property Taxes 98.00%	Specific Ownership Taxes 9.00%	Annual System Development Fee Revenue (See Page 8)	Total Annual Developer Advances (See Page 10)	Bond Proceeds Available for Developer Refundments (See Page 9)						
2003	124,603	40.000	0.000	0.000	40.000	4,884	440	0	1,263,793	0	1,045	1,270,162	1,269,594	568	52,274	2003
2004	124,603	50.000	10.000	0.000	60.000	7,327	639	114,000	9,581,000	0	1,057	9,704,043	9,703,288	755	52,842	2004
2005	5,678,200	50.000	10.000	0.000	60.000	333,878	30,049	446,000	5,049,000	0	1,072	5,859,999	5,859,520	479	53,597	2005
2006	7,639,260	50.000	10.000	0.000	60.000	449,188	40,427	448,000	1,063,000	0	1,082	2,001,697	2,000,379	1,318	54,076	2006
2007	12,490,380	50.000	10.000	0.000	60.000	734,434	66,099	448,000	0	0	1,108	1,249,641	1,245,466	4,175	55,394	2007
2008	17,475,820	50.000	10.000	0.000	60.000	1,027,378	92,482	448,000	0	0	1,191	1,789,251	1,786,819	2,432	62,001	2008
2009	22,845,726	12.000	10.000	38.000	60.000	1,343,329	120,900	398,000	0	0	1,240	1,856,919	1,852,881	6,550	68,551	2009
2010	31,878,321	12.000	10.000	38.000	60.000	1,644,236	147,981	166,000	0	0	1,371	1,939,388	1,932,881	6,707	75,258	2010
2011	36,828,164	12.000	10.000	38.000	60.000	1,992,045	179,284	14,000	0	0	1,505	2,186,834	2,179,962	6,872	86,380	2011
2012	37,961,899	4.000	10.000	38.000	60.000	2,232,162	208,894	8,000	0	0	1,643	2,370,034	2,365,784	4,250	91,969	2012
2013	38,183,948	3.500	10.000	46.500	60.000	2,245,216	202,069	0	6,950,400	0	1,643	2,451,812	2,441,711	10,101	101,101	2013
2014	38,947,627	3.500	10.000	46.500	60.000	2,290,120	206,111	0	0	0	4,729	2,501,187	2,490,905	10,282	247,788	2014
2015	38,947,627	3.500	10.000	46.500	60.000	2,290,120	206,111	0	0	0	4,729	2,501,187	2,490,905	10,282	247,788	2015
2016	39,726,580	3.500	10.000	46.500	60.000	2,335,923	210,233	0	0	0	5,161	2,593,377	2,543,129	8,601	256,238	2016
2017	40,321,111	3.500	10.000	46.500	60.000	2,382,641	214,438	0	0	0	5,497	2,602,760	2,590,899	9,199	274,839	2017
2018	41,331,534	3.650	10.000	46.350	60.000	2,382,641	214,438	0	0	0	5,681	2,654,938	2,643,975	10,963	284,038	2018
2019	41,331,534	3.650	10.000	46.350	60.000	2,430,294	218,726	0	0	0	5,918	2,655,138	2,643,975	11,936	295,919	2019
2020	42,158,164	3.750	10.000	46.250	60.000	2,478,900	223,101	0	0	0	6,376	2,708,495	2,696,714	11,781	306,882	2020
2021	43,001,328	4.000	10.000	44.000	60.000	2,478,900	223,101	0	0	0	6,494	2,767,771	2,750,773	11,998	318,818	2021
2022	43,861,354	4.000	10.000	44.000	60.000	2,444,195	219,978	0	0	0	6,970	2,724,763	2,703,403	12,360	336,491	2022
2023	44,738,381	4.000	10.000	44.000	60.000	2,364,127	212,771	0	0	0	7,734	2,584,632	2,566,810	17,822	348,489	2023
2024	45,633,353	4.000	10.000	44.000	60.000	2,411,410	217,027	0	0	0	8,091	2,636,528	2,618,437	18,091	363,343	2024
2025	46,546,020	4.000	10.000	44.000	60.000	2,459,638	221,367	0	0	0	8,452	2,689,718	2,678,701	11,262	379,151	2025
2026	46,546,020	4.000	10.000	44.000	60.000	2,371,985	213,479	0	0	0	8,932	2,594,647	2,587,633	7,014	394,889	2026
2027	47,476,940	4.250	10.000	36.000	50.000	2,290,755	205,268	0	0	0	9,183	2,495,346	2,483,052	12,294	414,559	2027
2028	47,476,940	4.250	10.000	36.000	50.000	2,093,733	188,436	0	0	0	9,323	2,291,738	2,283,376	8,362	436,821	2028
2029	48,426,479	4.250	10.000	25.000	39.250	1,826,200	164,358	0	0	0	9,736	2,000,394	1,982,211	17,583	466,165	2029
2030	48,426,479	4.250	10.000	23.750	36.500	1,803,402	162,306	0	0	0	10,088	1,975,796	1,951,487	24,309	488,421	2030
2031	48,426,479	4.250	10.000	22.250	34.500	1,732,215	155,899	0	0	0	10,374	1,898,688	1,878,945	19,743	504,404	2031
2032																2032
2033																2033
2034																2034
2035																2035
2036																2036
2037																2037
2038																2038
2039																2039
Cumulative Outstanding Developer Advances as of 12/31/2002: 1,633,207 Total Developer Advances: 18,610,000 Total: 118,881,877 69,695,792 6,272,620 2,490,000 16,956,793 23,270,400 196,272 118,385,695 496,182																

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

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.



**THE VILLAGES at CASTLE ROCK METROPOLITAN DISTRICT No. 6**  
**FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS**  
**SUMMARY**  
 (Page 2 of 2)

AS OF DECEMBER 31, 2003, AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Year	Total Receipts (See Page 2)	CASH DISBURSEMENTS						Cash Available for Bond Debt Service	Net Debt Service Payments		Total Disbursements	Annual Cash Surplus / (Deficit)	Cumulative Surplus Cash Balances	Year
		Administrative \ Operating Costs 2.00%	Landscaping & Maintenance Costs	Fire Protection & Emergency Services Paid to Castle Rock 10 Mills @ 98%	Construction Costs (See Page 1)	Total Annual Developer Advances Repayments (See Page 10)	Series 2009 Bonds (Page 9)		Series 2014 Bonds (Page 9)					
2003	1,270,162	50,000	0	0	1,219,594	0	568	0	0	1,269,594	568	52,274	2003	
2004	9,704,043	50,000	20,000	1,221	9,632,067	0	755	0	0	9,703,288	755	53,597	2004	
2005	5,859,999	51,000	50,000	55,646	5,702,874	0	479	0	0	5,859,520	479	54,076	2005	
2006	2,001,697	52,020	60,000	74,865	1,813,494	0	1,318	0	0	2,000,379	1,318	55,394	2006	
2007	1,249,641	53,060	70,000	122,406	1,000,000	0	4,175	0	0	1,245,466	4,175	59,569	2007	
2008	17,889,251	54,121	71,400	171,263	640,035	16,950,000	2,432	0	0	17,886,819	2,432	62,001	2008	
2009	1,863,469	55,203	72,828	223,888	0	290,000	1,221,550	0	0	1,958,881	6,550	68,551	2009	
2010	1,959,386	56,307	74,285	274,039	0	310,000	1,244,957	0	0	1,958,881	6,707	75,258	2010	
2011	2,186,834	57,433	75,771	332,008	0	305,000	1,416,622	0	0	2,179,962	6,872	82,130	2011	
2012	2,370,034	58,582	77,286	372,027	0	345,000	1,528,250	0	0	2,365,784	4,250	86,380	2012	
2013	9,385,182	59,754	80,409	381,687	6,950,450	0	1,924,119	0	0	9,245,213	139,969	226,349	2013	
2014	2,451,812	60,949	82,017	374,203	0	0	1,936,251	0	0	2,441,711	10,101	236,450	2014	
2015	2,900,960	62,168	83,657	381,687	0	0	1,972,432	0	546,800	2,489,622	10,282	258,070	2015	
2016	2,501,187	63,411	85,330	389,320	0	0	1,972,432	0	555,150	2,490,905	8,188	266,258	2016	
2017	2,551,317	64,679	87,037	389,320	0	0	2,011,988	0	561,300	2,542,880	9,199	274,859	2017	
2018	2,602,576	65,973	88,778	397,107	0	0	2,049,399	0	556,750	2,599,899	11,863	284,058	2018	
2019	2,655,158	67,292	90,554	397,107	0	0	2,087,513	0	552,200	2,643,222	10,963	295,919	2019	
2020	2,708,377	68,638	92,365	405,049	0	0	2,123,031	0	557,550	2,698,114	11,998	306,882	2020	
2021	2,762,771	70,011	94,212	413,150	0	0	2,162,292	0	552,150	2,750,773	11,936	318,818	2021	
2022	2,815,138	71,411	96,096	421,413	0	0	2,200,486	0	565,550	2,806,485	11,781	324,710	2022	
2023	2,868,495	72,839	98,018	429,841	0	0	2,240,576	0	565,250	2,863,289	16,854	336,491	2023	
2024	2,922,852	74,296	100,978	438,438	0	0	2,281,250	0	562,900	2,920,773	16,854	348,489	2024	
2025	2,977,209	75,782	103,978	447,207	0	0	2,322,500	0	562,200	2,979,773	16,854	360,343	2025	
2026	3,031,566	77,298	107,018	456,151	0	0	2,364,000	0	561,000	3,038,773	16,854	372,197	2026	
2027	3,085,923	78,844	110,098	465,274	0	0	2,406,500	0	560,200	3,098,773	16,854	384,051	2027	
2028	3,140,280	80,421	113,226	474,579	0	0	2,449,000	0	559,400	3,158,773	16,854	395,905	2028	
2029	3,194,637	82,029	116,354	484,144	0	0	2,492,500	0	558,600	3,218,773	16,854	407,759	2029	
2030	3,248,994	83,670	119,484	494,111	0	0	2,536,000	0	557,800	3,278,773	16,854	419,613	2030	
2031	3,303,351	85,343	122,614	504,178	0	0	2,579,500	0	557,000	3,338,773	16,854	431,467	2031	
2032	3,357,708	87,050	125,744	514,245	0	0	2,623,000	0	556,200	3,398,773	16,854	443,321	2032	
2033	3,412,065	88,791	128,874	524,312	0	0	2,666,500	0	555,400	3,458,773	16,854	455,175	2033	
2034	3,466,422	90,567	131,941	534,379	0	0	2,710,000	0	554,600	3,518,773	16,854	467,029	2034	
2035	3,520,779	92,378	135,011	544,446	0	0	2,753,500	0	553,800	3,578,773	16,854	478,883	2035	
2036	3,575,136	94,226	138,081	554,513	0	0	2,797,000	0	553,000	3,638,773	16,854	490,737	2036	
2037	3,629,493	96,111	141,151	564,580	0	0	2,840,500	0	552,200	3,698,773	16,854	502,591	2037	
2038	3,683,850	98,033	144,221	574,647	0	0	2,884,000	0	551,400	3,758,773	16,854	514,445	2038	
2039	3,738,207	100,000	147,291	584,714	0	0	2,927,500	0	550,600	3,818,773	16,854	526,299	2039	
<b>TOTAL</b>	<b>118,881,877</b>	<b>2,549,690</b>	<b>3,225,927</b>	<b>12,600,914</b>	<b>19,008,064</b>	<b>26,150,450</b>	<b>55,346,832</b>	<b>37,155,100</b>	<b>17,695,550</b>	<b>118,385,695</b>	<b>496,182</b>			

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

**THE VILLAGES at CASTLE ROCK METROPOLITAN DISTRICT No. 6**

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

**SCHEDULE OF ESTIMATED ASSESSED VALUATION**

(Page 1 of 4 - Continued on Page 5)

AS OF DECEMBER 31, 2003, AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Construction Year	Collection Year	Single-Family Residential: SEASONS			Single-Family Residential: AMERICAN			Single-Family Residential: HERITAGE / INFINITY		
		Number of Single-Family Residences	Est. Market Value per Residence \$243,000	Annual Value of New SF Residences	Number of Single-Family Residences	Est. Market Value per Residence \$306,000	Annual Value of New SF Residences	Number of Single-Family Residences	Est. Market Value per Residence \$378,500	Annual Value of New SF Residences
Inflation compounded annually on base price at										
2003	2004	0	243,000	0	0	306,000	0	0	378,500	0
2004	2005	21	247,860	5,205,060	18	312,120	5,618,160	15	386,070	5,791,050
2005	2006	84	252,817	21,236,628	72	318,362	22,922,064	60	393,791	23,627,460
2006	2007	84	257,873	21,661,332	72	324,729	23,380,488	60	401,667	24,100,020
2007	2008	84	263,030	22,094,520	72	331,224	23,848,128	60	409,700	24,582,000
2008	2009	84	268,291	22,536,444	72	337,848	24,325,056	60	417,894	25,073,640
2009	2010	59	273,657	22,987,188	72	344,605	24,811,560	35	426,253	14,918,855
2010	2011	0	279,130	16,468,670	16	351,497	5,623,952	0	434,777	0
2011	2012	0	284,713	0	0	358,528	0	0	443,473	0
2012	2013	0	290,407	0	0	365,699	0	0	452,342	0
2013	2014	0								
2014	2015									
2015	2016									
2016	2017									
2017	2018									
2018	2019									
2019	2020									
2020	2021									
2021	2022									
2022	2023									
2023	2024									
2024	2025									
2025	2026									
2026	2027									
2027	2028									
2028	2029									
2029	2030									
2030	2031									
2031	2032									
2032	2033									
2033	2034									
2034	2035									
2035	2036									
2036	2037									
2037	2038									
2038	2039									
2039		500		132,189,842	394		130,529,408	290		118,093,025

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

THE VILLAGES at CASTLE ROCK METROPOLITAN DISTRICT No. 6

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 2 of 4 - Continued from Page 4 and on to Page 6)

AS OF DECEMBER 31, 2003, AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Construction Year	Collection Year	Single-Family Residential		TOTAL RESIDENTIAL UNITS		Annual Value of New SF Residences	Est. Market Value per Residence \$675,000	Annual Value of New SF Residences	Annual Number of New SF Residential Units	Annual Value of New SF Residential Units	Est. Biennial Revaluation per State Statute at 2.00%	Cumulative Market Value of New Residences	Estimated Residential Assessment Ratio	RESIDENTIAL ASSESSED VALUATION	
		Number of Single-Family Residences	Est. Market Value per Residence	Annual Number of New SF Residential Units	Annual Value of New SF Residential Units										
		Inflation compounded annually on base price at 2.00%													
	2004														
	2005	0	675,000	0	0	0				0		0	7.96%	0	
	2006	3	688,500	2,065,500	0	0				0		0	7.96%	0	
	2007	7	702,270	4,915,890	57	18,679,770				18,679,770	373,595	18,679,770	7.96%	1,486,910	
	2008	8	716,315	5,730,520	223	72,702,042				72,702,042		91,755,407	7.96%	7,303,730	
	2009	8	730,641	5,845,128	224	74,872,360				74,872,360		166,627,767	7.96%	13,263,570	
	2010	8	745,254	6,081,272	224	76,369,776				76,369,776	3,332,555	246,330,098	7.96%	19,607,876	
	2011	8	760,159	6,326,744	199	77,897,172				77,897,172	6,484,545	324,227,270	7.96%	25,808,491	
	2012	8	775,362	6,576,083	183	68,798,875				68,798,875	8,556,124	399,510,690	7.96%	31,801,051	
	2013	7	790,869	6,826,744	7	28,295,518				28,295,518		441,898,415	7.96%	35,175,114	
	2014	4	806,686		4	5,536,083				5,536,083		445,125,159	7.96%	35,431,963	
	2015				0					3,226,744	8,902,503	454,027,662	7.96%	36,140,602	
	2016				0					454,027,662	9,080,553	463,108,215	7.96%	36,863,414	
	2017				0					463,108,215		483,108,215	7.96%	36,863,414	
	2018				0					483,108,215	9,262,164	472,370,379	7.96%	37,600,682	
	2019				0					472,370,379		481,817,787	7.96%	37,600,682	
	2020				0					481,817,787	9,447,408	491,454,143	7.96%	38,352,696	
	2021				0					491,454,143	9,636,356	491,454,143	7.96%	38,352,696	
	2022				0					491,454,143		501,283,226	7.96%	39,119,750	
	2023				0					501,283,226	9,829,083	511,308,891	7.96%	39,902,145	
	2024				0					511,308,891	10,025,665	521,535,069	7.96%	39,902,145	
	2025				0					521,535,069		531,965,770	7.96%	40,700,188	
	2026				0					531,965,770	10,226,178	542,605,085	7.96%	41,514,191	
	2027				0					542,605,085		553,457,187	7.96%	41,514,191	
	2028				0					553,457,187	10,430,701	564,605,085	7.96%	42,344,475	
	2029				0					564,605,085	10,639,315	575,457,187	7.96%	42,344,475	
	2030				0					575,457,187		586,605,085	7.96%	43,191,365	
	2031				0					586,605,085	10,852,102	597,457,187	7.96%	43,191,365	
	2032				0					597,457,187		608,605,085	7.96%	44,055,192	
	2033				0					608,605,085	11,069,144	619,457,187	7.96%	44,055,192	
	2034				0					619,457,187		630,605,085	7.96%	44,936,296	
	2035				0					630,605,085		641,817,787	7.96%	44,936,296	
	2036				0					641,817,787		653,029,389	7.96%	44,936,296	
	2037				0					653,029,389		664,241,991	7.96%	44,936,296	
	2038				0					664,241,991		675,453,593	7.96%	44,936,296	
	2039				0					675,453,593		686,665,195	7.96%	44,936,296	
					61			45,566,065	1,245	426,378,340	138,147,991				

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

**THE VILLAGES at CASTLE ROCK METROPOLITAN DISTRICT No. 6**

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

**SCHEDULE OF ESTIMATED ASSESSED VALUATION**

(Page 3 of 4 - Continued from Page 5 and on to Page 7)

AS OF DECEMBER 31, 2003, AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Construction Year	Collection Year	Commercial Development			Estimated Actual Value Undeveloped Land	Undeveloped Residential Land				Annual Market Value for Assessment		
		Commercial Square Footage Developed	\$80 Price per Square Foot Inflated at 2.00%	Est. Annual Market Value per Square Foot Developed		Platted / Partially Finished Lots @ \$15,000	Less: Lots Developed @ (\$15,000)	Developed Lots @ \$30,000	Less: Lots Taken Down @ (\$30,000)			
2003	2004				429,665						0	0
2004	2005	0	80	0	(379,665)				18,675,000	(855,000)	1,710,000	0
2005	2006	0	82	0						(3,345,000)	6,690,000	1,635,000
2006	2007	0	84	0						(3,360,000)	6,720,000	(3,330,000)
2007	2008	0	86	0						(3,360,000)	6,720,000	(3,360,000)
2008	2009	0	88	0						(3,360,000)	6,720,000	(3,360,000)
2009	2010	0	90	0						(2,985,000)	5,970,000	(3,735,000)
2010	2011	0	92	4,508,000	(50,000)					(1,105,000)	2,490,000	(4,725,000)
2011	2012	49,000	94	4,790,240						(60,000)	120,000	(2,490,000)
2012	2013	50,960	96	0						0	0	(150,000)
2013	2014	0	98	0						0	0	(120,000)
2014	2015	0	100	0						0	0	0
2015	2016											0
2016	2017											0
2017	2018											0
2018	2019											0
2019	2020											0
2020	2021											0
2021	2022											0
2022	2023											0
2023	2024											0
2024	2025											0
2025	2026											0
2026	2027											0
2027	2028											0
2028	2029											0
2029	2030											0
2030	2031											0
2031	2032											0
2032	2033											0
2033	2034											0
2034	2035											0
2035	2036											0
2036	2037											0
2037	2038											0
2038	2039											0
2039	2039	99,960		9,298,240	0	18,675,000	(18,675,000)	37,350,000	(37,350,000)		0	0

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

THE VILLAGES at CASTLE ROCK METROPOLITAN DISTRICT No. 6

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

(Page 4 of 4 - Continued from Page 6)

AS OF DECEMBER 31, 2003, AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Construction Year	Collection Year	Estimated Annual Market Value of Land and Commercial Properties	Est. Biennial Revaluation per State Statute 2.00%	Cumulative Market Value of Land and Commercial Properties	Estimated Commercial Assessment Ratio	LAND and COMMERCIAL PROPERTIES ASSESSED VALUATION	TOTAL ASSESSED VALUATION	Collection Year
2003	2004	429,665		429,665	29.00%	124,603	124,603	2004
2004	2005	0		429,665	29.00%	124,603	124,603	2005
2005	2006	19,150,335		19,580,000	29.00%	5,678,200	5,678,200	2006
2006	2007	1,635,000		21,215,000	29.00%	6,152,350	7,639,260	2007
2007	2008	(3,330,000)		17,885,000	29.00%	5,186,650	12,490,380	2008
2008	2009	(3,360,000)		14,525,000	29.00%	4,212,250	17,475,820	2009
2009	2010	(3,360,000)		11,165,000	29.00%	3,237,850	22,845,726	2010
2010	2011	(3,735,000)		7,430,000	29.00%	2,154,700	27,963,191	2011
2011	2012	(267,000)		7,163,000	29.00%	2,077,270	33,878,321	2012
2012	2013	2,405,240		9,568,240	29.00%	2,774,790	36,828,164	2013
2013	2014	(150,000)	191,365	9,609,605	29.00%	2,786,785	37,961,899	2014
2014	2015	(120,000)	189,792	9,489,605	29.00%	2,751,985	38,183,948	2015
2015	2016	0		9,679,397	29.00%	2,807,025	38,947,627	2016
2016	2017	0		9,679,397	29.00%	2,807,025	38,947,627	2017
2017	2018	0	193,588	9,872,985	29.00%	2,863,166	39,726,580	2018
2018	2019	0	197,460	10,070,445	29.00%	2,863,166	39,726,580	2019
2019	2020	0	201,409	10,271,854	29.00%	2,920,429	40,521,111	2020
2020	2021	0	205,437	10,477,291	29.00%	2,978,838	41,331,534	2021
2021	2022	0	209,546	10,686,837	29.00%	3,038,414	42,158,164	2022
2022	2023	0	213,737	10,900,574	29.00%	3,098,183	43,001,328	2023
2023	2024	0	218,011	11,118,585	29.00%	3,161,166	43,861,354	2024
2024	2025	0	222,372	11,340,957	29.00%	3,224,390	44,738,581	2025
2025	2026	0	226,819	11,567,776	29.00%	3,288,878	45,633,353	2026
2026	2027	0	231,356	11,799,132	29.00%	3,354,655	46,546,020	2027
2027	2028	0	235,983	12,035,115	29.00%	3,421,748	47,476,940	2028
2028	2029	0		12,035,115	29.00%	3,421,748	48,426,479	2029
2029	2030	0		12,035,115	29.00%	3,421,748	48,426,479	2030
2030	2031	0		12,035,115	29.00%	3,421,748	48,426,479	2031
2031	2032	0		12,035,115	29.00%	3,421,748	48,426,479	2032
2032	2033	0		12,035,115	29.00%	3,421,748	48,426,479	2033
2033	2034	0		12,035,115	29.00%	3,421,748	48,426,479	2034
2034	2035	0		12,035,115	29.00%	3,421,748	48,426,479	2035
2035	2036	0		12,035,115	29.00%	3,421,748	48,426,479	2036
2036	2037	0		12,035,115	29.00%	3,421,748	48,426,479	2037
2037	2038	0		12,035,115	29.00%	3,421,748	48,426,479	2038
2038	2039	0		12,035,115	29.00%	3,421,748	48,426,479	2039
2039	2039	9,298,240	2,736,875					2039

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**THE VILLAGES at CASTLE ROCK METROPOLITAN DISTRICT No. 6**

**FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS**

**SCHEDULE OF ESTIMATED SYSTEM DEVELOPMENT FEES**

AS OF DECEMBER 31, 2003, AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Collection Year	Number of Estimated Single-Family Equivalents (SFE's)		ESTIMATED SYSTEM DEVELOPMENT FEES		Collection Year
	SFE's from Single-Family Residential Units Built	Total Annual Estimated SFE's	Estimated System Development Fee at \$2,000	Annual System Development Fee Revenue	
2004	0	0	0	0	2004
2005	57	57	114,000	114,000	2005
2006	223	223	446,000	446,000	2006
2007	224	224	448,000	448,000	2007
2008	224	224	448,000	448,000	2008
2009	224	224	448,000	448,000	2009
2010	199	199	398,000	398,000	2010
2011	83	83	166,000	166,000	2011
2012	7	7	14,000	14,000	2012
2013	4	4	8,000	8,000	2013
2014	0	0	0	0	2014
2015	0	0	0	0	2015
2016	0	0	0	0	2016
2017	0	0	0	0	2017
2018	0	0	0	0	2018
2019	0	0	0	0	2019
2020	0	0	0	0	2020
	1,245	1,245	2,490,000	2,490,000	

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

**THE VILLAGES at CASTLE ROCK METROPOLITAN DISTRICT No. 6**  
**FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS**  
**SCHEDULE of ESTIMATED BOND DEBT SERVICE REQUIREMENTS**  
**AS OF DECEMBER 31, 2003, AND FOR THE CALENDAR YEARS ENDING THROUGH 2039**

Year	Series 2009 Bond Issue				Series 2014 Bond Issue				Year	COMBINED BONDS NET DEBT SERVICE
	Principal	Coupon	Interest	Total 2009 Bonds Debt Service	Principal	Coupon	Interest	Total 2014 Bonds Debt Service		
2004										0
2005	25,000	7.000%	1,190,000	0	0	0	0	0	0	0
2006	50,000	7.000%	1,188,250	1,215,000	546,800	506,800	506,800	546,800	0	0
2007	225,000	7.000%	1,184,750	1,238,250	559,000	500,150	500,150	559,000	0	0
2008	335,000	7.000%	1,169,000	1,409,750	555,150	498,300	498,300	555,150	0	0
2009	640,000	7.000%	1,144,150	1,574,000	561,300	491,750	491,750	561,300	0	0
2010	280,000	7.000%	1,098,350	1,378,350	556,750	487,200	487,200	556,750	0	0
2011	325,000	7.000%	1,079,750	1,407,000	552,200	483,650	483,650	552,200	0	0
2012	325,000	7.000%	1,057,000	1,442,500	552,200	477,750	477,750	552,200	0	0
2013	410,000	7.000%	1,032,500	1,483,000	552,200	472,150	472,150	552,200	0	0
2014	440,000	7.000%	1,003,800	1,488,000	552,200	466,550	466,550	552,200	0	0
2015	515,000	7.000%	973,000	1,488,000	552,200	462,250	462,250	552,200	0	0
2016	545,000	7.000%	936,950	1,518,800	552,200	458,200	458,200	552,200	0	0
2017	620,000	7.000%	898,800	1,520,400	552,200	454,700	454,700	552,200	0	0
2018	665,000	7.000%	855,400	1,563,850	552,200	441,300	441,300	552,200	0	0
2019	755,000	7.000%	808,850	1,546,000	552,200	432,250	432,250	552,200	0	0
2020	790,000	7.000%	766,000	1,590,700	552,200	429,100	429,100	552,200	0	0
2021	890,000	7.000%	707,700	1,548,400	552,200	428,050	428,050	552,200	0	0
2022	910,000	7.000%	638,400	1,599,700	552,200	416,850	416,850	552,200	0	0
2023	945,000	7.000%	574,700	1,599,700	552,200	418,850	418,850	552,200	0	0
2024	975,000	7.000%	505,750	1,480,750	552,200	418,850	418,850	552,200	0	0
2025	890,000	7.000%	437,500	1,537,500	552,200	418,850	418,850	552,200	0	0
2026	910,000	7.000%	366,500	1,535,500	552,200	418,850	418,850	552,200	0	0
2027	945,000	7.000%	278,250	1,578,250	552,200	418,850	418,850	552,200	0	0
2028	975,000	7.000%	187,250	1,512,250	552,200	418,850	418,850	552,200	0	0
2029	1,100,000	7.000%	94,500	1,444,500	552,200	418,850	418,850	552,200	0	0
2030	1,175,000	7.000%			552,200	418,850	418,850	552,200	0	0
2031	1,300,000	7.000%			552,200	418,850	418,850	552,200	0	0
2032	1,325,000	7.000%			552,200	418,850	418,850	552,200	0	0
2033	1,350,000	7.000%			552,200	418,850	418,850	552,200	0	0
2034					552,200	418,850	418,850	552,200	0	0
2035					552,200	418,850	418,850	552,200	0	0
2036					552,200	418,850	418,850	552,200	0	0
2037					552,200	418,850	418,850	552,200	0	0
2038					552,200	418,850	418,850	552,200	0	0
2039					552,200	418,850	418,850	552,200	0	0
<b>TOTAL</b>	<b>17,000,000</b>		<b>20,155,100</b>	<b>37,155,100</b>	<b>7,240,000</b>	<b>10,455,530</b>	<b>17,695,530</b>	<b>17,695,530</b>	<b>0</b>	<b>54,850,650</b>

USE OF PROCEEDS:	
Construction Costs	0
Developer Reimbursement	6,950,400
Capitalized Interest	0
Issuance Costs (4.00%)	289,600
<b>TOTAL</b>	<b>\$7,240,000</b>

THE VILLAGES at CASTLE ROCK METROPOLITAN DISTRICT No. 6

FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS  
 SCHEDULE OF DEVELOPER ADVANCES, INTEREST and REPAYMENTS  
 AS OF DECEMBER 31, 2003, AND FOR THE CALENDAR YEARS ENDING THROUGH 2030

Year	TOTAL DEVELOPER ADVANCES with ACCRUED INTEREST				TOTAL DEVELOPER ADVANCE REPAYMENTS			Cumulative Outstanding Developer Advances		
	Annual Developer Advances - Administrative Costs (See Page 11)	Annual Developer Advances - Construction Costs	Reduce Annual Developer Adv's - Construction Costs for Payments From Surplus Cash Balances	Total Annual Developer Advances (See Page 2)	Interest Accrued on Outstanding Advances at 6.25% (See Note B)	Total Annual Developer Advances (including interest)	Annual Developer Advance Repayments From Bond Proceeds		Annual Developer Advance Repayments From Surplus Cash	Total Annual Developer Advance Repayments (See Page 2)
2003	45,000	1,219,594	(801)	1,263,793	142,819	1,406,612			0	1,653,207
2004	0	9,632,067	(51,067)	9,581,000	490,645	10,071,645			0	3,059,819
2005	0	5,702,874	(653,874)	5,049,000	978,498	6,027,498			0	13,131,464
2006	0	1,813,494	(750,494)	1,063,000	1,230,654	2,293,654			0	19,158,962
2007	0	0	0	0	1,340,789	1,340,789	(1,000,000)	(1,000,000)	(1,000,000)	21,452,616
2008	0	640,035	(640,035)	0	1,362,088	1,362,088	(630,000)	(630,000)	(16,950,000)	21,793,405
2009	0	0	0	0	387,843	387,843	(290,000)	(290,000)	(290,000)	6,205,493
2010	0	0	0	0	393,959	393,959	(310,000)	(310,000)	(310,000)	6,303,336
2011	0	0	0	0	399,206	399,206	(305,000)	(305,000)	(305,000)	6,387,295
2012	0	0	0	0	405,094	405,094	(345,000)	(345,000)	(345,000)	6,481,501
2013	0	0	0	0	408,855	408,855	(50)	(50)	(6,950,450)	6,541,595
2014	0	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	0	0	0
2016	0	0	0	0	0	0	0	0	0	0
2017	0	0	0	0	0	0	0	0	0	0
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024	0	0	0	0	0	0	0	0	0	0
2025	0	0	0	0	0	0	0	0	0	0
2026	0	0	0	0	0	0	0	0	0	0
2027	0	0	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0	0
2029	0	0	0	0	0	0	0	0	0	0
2030	0	0	0	0	0	0	0	0	0	0
	45,000	19,008,064	(2,096,271)	16,956,793	7,540,450	24,497,243	(23,270,400)	(2,880,050)	(26,150,450)	

Note A: As of December 31, 2002, there is an outstanding balance of Developer advances of \$1,653,207. (This balance may include accrued interest as of 12/31/2002. Additional interest may accrue as of 12/31/2003.)

Note B: Interest is calculated on the prior year ending balance of cumulative outstanding Developer advances plus one-half of the current year Developer advances at 6.25% and accrued as of the last day of the year.

These funds have been advanced to the District in prior years to pay for organizational costs and various project development and/or construction costs.

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.



**THE VILLAGES at CASTLE ROCK METROPOLITAN DISTRICT No. 6**  
**FORECASTED SURPLUS CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS**  
**CONSTRUCTION COSTS BY PHASE**

AS OF DECEMBER 31, 2003, AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

FROM PROPOSED IMPROVEMENTS BUDGET Dated: March 4, 2004	YEAR						TOTALS ALL YEARS
	2004	2005	2006	2007	2008	2009	
<b>I. - SANITARY SEWER SYSTEM:</b>							
Residential Costs	0	633,400	0	0	0	0	633,400
Commercial Site	0	0	233,500	0	0	0	233,500
Contingency (15%)	0	95,010	35,025	0	0	0	130,035
<b>Subtotal I - SANITARY SEWER SYSTEM</b>	<b>0</b>	<b>728,410</b>	<b>268,525</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>996,935</b>
<b>J. - WATER SYSTEM:</b>							
Residential Costs	0	2,590,270	0	0	0	0	2,590,270
Commercial Site	0	0	585,000	0	0	0	585,000
Contingency (15%)	0	388,541	87,750	0	0	0	476,291
<b>Subtotal II - WATER SYSTEM</b>	<b>0</b>	<b>2,978,811</b>	<b>672,750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,651,561</b>
<b>III. - STREET IMPROVEMENTS:</b>							
Parker Road / Castle Oaks Drive (with 15% Contingency)	0	0	419,750	0	0	0	419,750
Castle Oaks Drive / Founders Parkway (w/o Contingency)	106,250	0	0	0	0	0	106,250
Pleasant View Road to End of Paving (with Contingency)	184,000	488,750	0	0	0	0	672,750
Castle Oaks Drive (2-Lanes) (with Contingency)	736,345	2,786,841	3,439,374	1,526,510	0	0	8,489,070
Castle Oaks Drive Off-site (without Contingency)	0	0	0	0	0	0	0
Collector "A" @ DCSD Site (with Contingency)	0	147,488	0	0	0	0	147,488
Minor Collectors (without Contingency)	0	0	0	0	0	50,000	50,000
<b>Subtotal III - STREET IMPROVEMENTS</b>	<b>1,026,595</b>	<b>3,423,079</b>	<b>3,859,124</b>	<b>1,526,510</b>	<b>0</b>	<b>50,000</b>	<b>9,885,308</b>
<b>IV. - STORM DRAINAGE IMPROVEMENTS:</b>							
Detention Ponds	0	325,000	0	0	0	0	325,000
McGardo Gulch Drainage Maintenance	0	375,000	0	0	0	300,000	675,000
Concrete Trail	0	150,000	0	0	0	125,000	275,000
Contingency (15%)	0	127,500	0	0	0	63,750	191,250
<b>Subtotal IV - STORM DRAINAGE IMPROVEMENTS</b>	<b>0</b>	<b>977,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>488,750</b>	<b>1,466,250</b>
<b>GRAND SUBTOTAL - ITEMS I through IV</b>	<b>1,026,595</b>	<b>8,107,800</b>	<b>4,800,399</b>	<b>1,526,510</b>	<b>0</b>	<b>538,750</b>	<b>16,000,054</b>
<b>ADDITIONS:</b>							
Project Management at 8%	82,127	648,624	384,032	122,121	0	43,100	1,280,004
Testing and Surveying at 10%	110,872	875,643	518,443	164,863	0	58,185	1,728,006
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$1,219,594</b>	<b>\$9,632,067</b>	<b>\$5,702,874</b>	<b>\$1,813,494</b>	<b>\$0</b>	<b>\$640,035</b>	<b>\$19,008,064</b>

This financial information should be read only in connection with the accompanying Summary of Significant Forecast Assumptions and Accounting Policies and Accountant's Report.

## **THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**

### **SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES**

**March 17, 2004**

#### **NOTE 1) NATURE AND LIMITATION OF FORECAST**

This forecast of financial information is for the purpose of a financial analysis of the proposed revised financial plan of The Villages at Castle Rock Metropolitan District No. 6 (the "District"), located in the Town of Castle Rock (the "Town) in Douglas County, Colorado. It is to display how the proposed facilities and services are currently anticipated to be provided and financed.

This financial forecast presents, to the best knowledge and belief of Management of the District, 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 March 17, 2004, the date of this forecast, the expected conditions within the District and the District's expected course of action.

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

The forecast is expressed in terms of 2004 dollars, with the only adjustments for inflation as follows. The market values of residential and commercial properties are forecasted to increase 2.00% per year, starting in 2005 through build-out. The market values of residential and commercial properties are forecasted to increase 2.00% biennially pursuant to the reassessment of property required by State statute. The biennial reassessment of property in this forecast is anticipated to begin in collection year 2008 for residential properties and in collection year 2014 for commercial properties and undeveloped land. The residential assessment ratio is assumed to remain constant at 7.96% for collection year 2004 and beyond, based upon information as explained in Note 5. The commercial assessment ratio is assumed to remain at a constant 29% for the entire forecast period in accordance with historical trends. Administrative and operating costs in the General Fund are assumed to increase by 2.00% per year beginning in 2006. Landscaping and maintenance costs in the General Fund are assumed to increase by 2.00% per year beginning in 2009.

## THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6

### SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

March 17, 2004

#### NOTE 2) ORGANIZATION

The District, a quasi-municipal corporation, was organized by order and decree of the Douglas County District Court on August 15, 1984, and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District operates under an Amended and Restated Service Plan, which was dated August 21, 2000, and approved by the Town Council on September 28, 2000. The District's service area contains approximately 1,262 acres of real property located entirely within the Town, which is to be known as the Liberty Village development. No development has occurred within the District's boundaries since its organization in 1984. The District was established primarily to provide financing for the design, acquisition, construction, completion, installation, operation and maintenance of the following services and facilities: water improvements; sanitary sewer and storm drainage improvements; streets; safety protection through traffic and safety controls and devices (including signalization and street lighting); parks and recreational facilities and programs; transportation facilities and services; television relay and translation; mosquito control; and other improvements needed for the area. The District's Service Plan is being amended and restated a second time to, among other reasons, add fire protection and emergency response services to the approved services the District may provide.

The operation and maintenance of the - water, sanitation, streets, safety protection, parks and recreation, transportation, and fire protection and emergency response - services and/or facilities is anticipated to be provided by the Town or other entities, and not by the District. It is anticipated that an agreement will be entered into with Denver Southeast Suburban Water and Sanitation District D/B/A Pinery Water and Wastewater District (the "Pinery") to provide wastewater treatment.

The Town of Castle Rock has imposed certain administrative restrictions on special districts formed within the Town similar to the District. The Villages at Castle Rock Metropolitan District No. 6 is in the process of seeking the Town's approval of a Second Amended and Restated Service Plan to begin full operations and to issue debt.

As set forth in this forecast, the District is forecasted to issue \$24,240,000 of debt between two general obligation bond issues. However, the draft service plan may have a higher debt amount to allow for an under estimate of valuations in this forecast. In 1996, the voters of the District authorized up to a total of \$120,000,000 of general obligation indebtedness.

## THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6

### SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

March 17, 2004

#### NOTE 3) BOARD OF DIRECTORS

The members of the Board of Directors of the District are currently principals or employees of the major property owner of the land included within the boundaries of the District or the Developer of that land. The major landowner of the property within the District is MDC Land Corporation, and the developer of the land in the District is Richmond American Homes of Colorado, Inc., a Colorado limited liability company (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 properties to be developed in the District, as well as the number of square feet and the initial sales values per square foot for the commercial properties to be developed in the District, based upon their knowledge and experience in developing other properties. The Developer anticipates that sales values will be increased by 2.00% 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 that allowed by 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 to be 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 has set its mill levy at 40.000 mills for collection in 2004, for the combined purposes of debt service, administration, and operations and maintenance. For the years 2005 through 2026, the District's total mill levy is forecasted to be set at 60.000 mills, which includes 10.000 mills which will be paid to the Town for fire protection and emergency response services. Starting in 2027, the mill levy is forecasted to be reduced to lower levels as displayed in the forecast.

## THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6

### SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

March 17, 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 2003, the residential assessment ratio is projected to decline from the current 7.96% in 2003 (for collection in 2004), to 7.64% in 2005, 7.43% in 2007, and 7.13% in 2009. The projections of the Legislative Council Staff are estimates only, do not have the 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 throughout the term of the forecast period, since it is assumed that the District's Board will increase the mill levy, (as is allowed under the District's current Service Plan, up to the adjusted Mill Levy Cap as specified in the District's current Service Plan,) to maintain a mill levy that produces tax revenue in relation to current assessed valuation equivalent to revenue generated by the levy of 60.00 mills as forecasted for collection year 2005.

The "Mill Levy Cap" in the Second Amended and Restated Service Plan for The Villages at Castle Rock Metropolitan District No. 6, as submitted herewith, is defined as: "The District may issue general obligation bonds only if the mill levy pledged for repayment of the Bonds (together with the mill levy pledge on any other general obligations on the District) will not exceed 50 mills (adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation, or any mandated tax credit, cut or abatement, so that to the extent possible the actual tax revenues generated by the mill levy and available for debt service, as adjusted, are neither diminished nor enhanced as a result of such determination.)" This Service Plan further states that "the Mill Levy Cap proposed herein for repayment of the bonds does not apply 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." Finally, this Second Amended and Restated Service Plan states that "in addition to the mill levy for payment of debt service and for operations and maintenance, the District will have a mill levy of ten (10) mills, which will be pledged to the Town pursuant to the Fire Protection and Emergency Response IGA."

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**

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

**March 17, 2004**

**NOTE 5) PROPERTY TAXES (continued)**

The assessed valuation for the District is dependent upon the build-out schedule of the residential and commercial properties 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 (see pages 4 through 7). The assessed valuation rate for raw ground and developed lots is 29% until a home is constructed. Commercial property is assessed at 29% of actual value. All residential property has been assumed to be assessed at the residential property rates as explained above.

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. No assessed valuation has been assumed for State Assessed property that may be owned by public utilities within the District.

The 2004 assessed value of \$124,603 for the District is based on the 2003 Re-Certification of Valuation dated December 2, 2003, from the Douglas County Assessor's Office for Jurisdiction Number 4075.

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

**NOTE 6) SPECIFIC OWNERSHIP TAXES**

Specific ownership taxes are set by the State and collected by the County Treasurer, primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share will be equal to approximately 9% of the property taxes collected.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**

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

**March 17, 2004**

**NOTE 7) SYSTEM DEVELOPMENT FEES**

The forecast anticipates that the District's Board of Directors will set a system development fee on residential properties only, which is to be collected at the time a house is constructed, based upon an amount of \$2,000 for each single-family residential unit. No system development fees have been forecasted for the commercial development in the District.

**NOTE 8) DEVELOPER ADVANCES**

The forecast assumes that the Developer has advanced and will advance funds to the District for organizational and administrative/operational costs and may be reimbursed from bond proceeds for organizational costs. The forecast also assumes that, prior to the issuance of bonds, funding will be made available to construct necessary improvements subject to agreements with the District for repayment of any funds advanced for construction of such improvements and/or for acquisition by the District of public improvements constructed by the Developer or other developing entities (see Note 12). As of December 31, 2002, the Developer has advanced an outstanding balance of \$1,653,207 to the District for organizational and construction costs, and possibly accrued interest on such advances. (Additional interest may accrue on this balance as of December 31, 2003.) All current and estimated Developer advances are shown on the separate Schedule of Developer Advances, Interest and Repayments (see page 10), with the total Developer advances as well as total Developer advance repayments being carried forward to the Summary pages of the forecast. To the extent that bond proceeds are available for construction payments in any year, the Developer advance would be reduced accordingly. In addition, to the extent that there are surplus cash balances that can be applied towards reducing any Developer advance without creating future cash deficits, the Developer advances will be reduced accordingly.

In this forecast, the total outstanding balance of Developer advances plus interest accrued on such balances are estimated to be paid back at an interest rate of 6.25%, which is compounded annually on December 31 on the cumulative outstanding total Developer advances (including accrued interest) as of the beginning of the year, plus one-half of the current year Developer advances.

**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**

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

**March 17, 2004**

**NOTE 8) DEVELOPER ADVANCES (continued)**

In addition to the estimated bond proceeds available for Developer advance repayments, the forecast anticipates the District repaying Developer advances, to the extent possible, from surplus cash balances.

**NOTE 9) INTEREST INCOME**

The forecast includes interest income earned on monies that are forecasted to be on deposit or invested by the District at the prior year-end at an interest rate of 2.00%.

**NOTE 10) 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 have been included in the forecast at \$50,000 in 2004 and 2005. Beginning in 2006 these disbursements have been increased for inflation by 2% per year throughout the term of the forecast.

**NOTE 11) LANDSCAPING AND MAINTENANCE DISBURSEMENTS**

The District anticipates being responsible for the landscape installation and maintenance costs of the District. Landscaping and maintenance costs have been included in the forecast at \$20,000 in 2005, increasing to \$50,000 for 2006, \$60,000 for 2007, and \$70,000 for 2008. Beginning in 2009 these disbursements have been increased for inflation by 2% per year throughout the term of the forecast.



**THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**

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

**March 17, 2004**

**NOTE 12) INFRASTRUCTURE IMPROVEMENTS**

The estimated cost of the capital infrastructure improvements to be funded under this draft Service Plan is \$19,008,064, as expressed in 2004 dollars. Management expects that the District will allow the Developer to: either advance funds to the District; or to actually construct the improvements under the District's supervision, for reimbursement by the District upon completion of the improvements to the extent bondable; or to possibly contribute funds to the District, should costs exceed the District's capacity for repayment of such costs. The reimbursement of any 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, which may exceed the District's bonding capacity.

**NOTE 13) DEBT SERVICE**

The District anticipates issuing general obligation bonds on December 1, 2009, in the amount of \$17,000,000 and on December 1, 2014, in the amount of \$7,240,000. The proceeds of such debt are forecasted to be used for issuance costs, and to fund the cost of capital infrastructure improvements or to reimburse the Developer for the advancement of those funds and for organizational costs, to the extent possible. The bonds are assumed to bear interest at an estimated rate of 7.00% for both the Series 2009 Bonds and the Series 2014 Bonds. The bond interest is payable semi-annually on June 1 and December 1, with annual principal payments on December 1 of each year. The bonds anticipate starting interest repayments on June 1, 2010 for the Series 2009 Bonds and on June 1, 2015 for the Series 2014 Bonds, and per the scheduled maturities are payable over 25-year periods, with final payments on December 1, 2034 and 2039, respectively.

This information should be read in connection with the accompanying Accountant's Report and forecast of financial information.

**EXHIBIT C-1**

**Mill Levies of Overlapping Entities**

**EXHIBIT C-1  
MILL LEVY COMPARISON OF  
OVERLAPPING JURISDICTIONS**

	2003
<b>Villages At Castle Rock MD No. 6</b>	
Villages at Castle Rock Metropolitan District No. 6	40.00
Douglas County	19.774
Douglas County Schools	0.00
General Fund	35.568
Debt Service Fund	10.932
Town of Castle Rock	2.137
Cherry Creek Basin Water Quality Authority	0.378
Douglas County Library	4.02
Total Mill Levy	<u>112.809</u>
 <b>Castle Oaks</b>	
Castle Oaks Metropolitan District	19.774
Douglas County	0.00
Douglas County Schools	35.568
General Fund	10.932
Debt Service Fund	2.137
Town of Castle Rock	0.396
Cedar Hill Cemetery Assoc.	0.378
Cherry Creek Basin Water Quality Authority	4.02
Douglas County Library	50.000
Castle Oaks Metropolitan District	<u>123.205</u>
Total Mill Levy	<u>123.205</u>
 <b>Castle Pines North</b>	
Douglas County	19.774
Douglas County Schools	0.00
General Fund	35.568
Debt Service Fund	10.932
Douglas County Library	4.02
Castle Pines North Metropolitan	43.000
Douglas County Law Enforcement	4.500
Castlewood Fire Protection District/South Metro Fire	6.500
Cherry Creek Basin Water Quality Authority	0.378
Urban Drainage & Flood Control	0.533
Urban Drainage South Platte	0.065
Total Mill Levy	<u>125.270</u>

	2003
<b>Stonegate</b>	
Douglas County	19.774
Douglas County Schools	0.00
General Fund	35.568
Debt Service Fund	10.932
Douglas County LEA	4.500
Parker Fire Protection District	13.978
Urban Drainage & Flood Control	0.533
Urban Drainage South Platte	0.065
Stonegate Village Metropolitan	27.429
Cherry Creek Basin Water Quality Authority	0.378
Douglas County Library	4.02
Total Mill Levy	<u>117.177</u>

<b>Lone Tree</b>	
Douglas County	19.774
Douglas County Schools	0.00
General Fund	35.568
Debt Service Fund	10.932
Law Enforcement Authority	4.500
Stonegate Water District	0.000
Southgate Sanitation District	0.652
South Suburban Park & Recreation	7.197
Castlewood Fire Protection District/South Metro Fire	6.500
Park Meadows Metropolitan	6.387
Urban Drainage & Flood Control	0.533
Urban Drainage South Platte	0.065
Douglas County Library	4.020
Total Mill Levy	<u>96.128</u>

<b>The Meadows</b>	
Douglas County	19.774
Douglas County Schools	0.00
General Fund	35.568
Debt Service Fund	10.932
Meadows Metropolitan	29.000
Town of Castle Rock	2.137
Cedar Hill Cemetery	0.396
Douglas County Library	4.020
Total Mill Levy	<u>101.827</u>

	2003
<b>Upper Cherry Creek</b>	
Upper Cherry Creek Metropolitan District	6.000
Douglas County	19.774
Douglas County Schools	0.00
General Fund	35.568
Debt Service Fund	10.932
Town of Parker	2.602
Parker Fire Protection District	13.978
Parker Water and Sanitation	2.02
Cherry Creek Basin Water Quality Authority	
Urban Drainage & Flood Control	0.533
Douglas Public Library District	4.02
Urban Drainage & Flood South Platte	0.065
Total Mill Levy	<u>95.492</u>

<b>Highlands Ranch</b>	
Douglas County	19.774
Douglas County Schools	0.00
General Fund	35.568
Debt Service Fund	10.932
Law Enforcement Authority	4.500
Urban Drainage & Flood Control	0.533
Urban Drainage South Platte	0.065
Centennial Water & Sanitation	0.000
Highlands Ranch Metropolitan #2	20.282
Douglas County Library	4.02
Total Mill Levy	<u>95.674</u>

<b>Canterberry Crossing</b>	
Canterberry Crossing Metropolitan District	43.000
Douglas County	19.774
Douglas County Schools	0.00
General Fund	35.568
Debt Service Fund	10.932
Town of Parker	2.602
Urban Drainage & Flood Control	0.533
Parker Fire Protection District	13.978
Parker Water and Sanitation	2.02
Cherry Creek Basin Water Quality Authority	0.378
Douglas Public Library District	4.02
Urban Drainage & Flood South Platte	0.065
Total Mill Levy	<u>132.870</u>

	2003
<b>Founders Village</b>	
Douglas County	19.774
Douglas County Schools	0.00
General Fund	35.568
Debt Service Fund	10.932
Town of Castle Rock	2.137
Cedar Hill Cemetery	0.396
Villages at Castle Rock Metropolitan #4	5.598
Cherry Creek Basin Water Quality Authority	4.02
Douglas County Public Library	4.500
Total Mill Levy	<u>82.925</u>
<b>Rampart Range Metropolitan District No. 2</b>	
Douglas County	19.774
Douglas County Schools	0.000
General Fund	35.568
Debt Service Fund	10.932
City of Lone Tree	0.000
Urban Drainage & Flood Control District	0.533
Regional Transportation District	0.000
Southgate Water District	0.000
Southgate Sanitation District	0.652
South Metro Fire Rescue	6.500
Douglas County Soil Conservation District	0.000
Douglas Public Library District	4.02
Urban Drainage & Flood South Platte	0.065
Rampart Range #2 Metro District	45.00
Total Mill Levy	<u>123.044</u>
<b>Canyons Metropolitan District No. 2</b>	
Douglas County	19.774
Douglas County Law Enforcement	4.5
Douglas County Schools	0.000
General Fund	35.568
Debt Service Fund	10.932
Urban Drainage & Flood Control District	0.533
Parker Fire Protection District	13.978
Douglas County Soil Conservation District	0.000
Cherry Creek Basin Water Quality Authority	0.378
Douglas County Public Library District	4.02
Urban Drainage & Flood South Platte	0.065
Canyons Metro District #2	60.00
Total Mill Levy	<u>149.748</u>

	<b>2003</b>
<b>Heritage Hills Metropolitan District</b>	
Douglas County	19.774
Douglas County Law Enforcement	4.5
Douglas County Schools	0.000
General Fund	35.568
Debt Service Fund	10.932
Urban Drainage & Flood Control District	0.533
Southgate Water District	0.000
Southgate Sanitation District	0.652
South Metro Fire Rescue	6.5
South Suburban Park & Rec. District	7.197
Douglas County Soil Conservation District	0.00
Douglas Public Library District	4.02
Urban Drainage & Flood South Platte	0.065
Heritage Hills Metropolitan District	40.000
Park Meadows Metro Bond Debt District	2.502
Total Mill Levy	<u>132.243</u>

<b>Castlewood Ranch Metropolitan District</b>	
Douglas County	19.774
Douglas County Schools	0.000
General Fund	35.568
Debt Service Fund	10.932
Town of Castle Rock	2.137
Franktown Fire Protection District	9.184
Castlewood Ranch Metro District	53.224
Cherry Creek Basin Water Quality Authority	0.378
Douglas Public Library District	4.02
Total Mill Levy	<u>135.217</u>

## **EXHIBIT D**

### **Board of Directors**

**John Heany, President**  
c/o M.D.C. Holdings, Inc.  
3600 South Yosemite Street, Suite 900  
Denver, Colorado 80237  
Phone: (303) 804-7709  
Fax: (303) 804-7988

**Elizabeth Alexander, Secretary**  
Richmond American Homes  
6550 South Greenwood Plaza Boulevard  
Centennial, CO 80111  
Phone: (303) 220-4455  
Fax: (303) 741-4820

**Tom Zieske**  
Richmond American Homes  
6550 S. Greenwood Plaza Blvd.  
Centennial, CO 80111  
Phone: (303) 773-2727  
Fax: (303) 741-4820

**Theresa Kistner**  
Richmond American Homes  
6550 S. Greenwood Plaza Blvd.  
Centennial, CO 80111  
Phone: (303) 773-2727  
Fax: (303) 741-4820

**Jim Yates**  
Richmond American Homes  
6550 S. Greenwood Plaza Blvd.  
Centennial, CO 80111  
Phone: (303) 773-2727  
Fax: (303) 741-4820



**EXHIBIT E**

**Proof of Ownership**



**STEWART TITLE OF DENVER, INC.**

50 South Steele St., Suite 600

Denver, CO 80209

Phone (303) 331-0333 Fax (303) 331-9867

*"Magnificent Service by Inspired Professionals"*

ORDER NO: 75160698 HM  
DATE: DECEMBER 17, 2003  
BUYER:

SELLER/OWNER: M.D.C. LAND CORPORATION a Colorado corporation

PROPERTY ADDRESS:

RICHMOND AMERICAN HOMES  
6550 S. GREENWOOD PLAZA BLVD.  
CENTENNIAL, CO 80111  
PH: 303-488-7632  
FX: 720-529-5185  
ATTN: JERRY B. RICHMOND

RICHMOND AMERICAN HOMES  
6550 S. GREENWOOD PLAZA BLVD.  
CENTENNIAL, CO 80111  
PH: 303-488-7632  
FX: 720-529-5185  
ATTN: LIZ GAUDREAU

RICHMOND AMERICAN HOMES  
6550 S. GREENWOOD PLAZA BLVD.  
CENTENNIAL, CO 80111  
PH: 303-488-7632  
FX: 720-529-5185  
ATTN: PAULA WILLIAMS

RICHMOND AMERICAN HOMES  
6550 S. GREENWOOD PLAZA BLVD.  
CENTENNIAL, CO 80111  
PH: 303-488-7632  
FX: 720-529-5185  
ATTN: BONNIE SCHLIEKER

ATTACHED PLEASE FIND THE FOLLOWING:

- TITLE COMMITMENT
- DOCUMENTS
- INFO REPORT

WHEN MAKING TITLE INQUIRIES, PLEASE CONTACT:

**HEATHER MILASINCIC**  
PHONE: (303)331-0333 FAX: (303)331-9867

*We Appreciate Your Business And Look Forward To Serving You In The Future.*

American Land Title Association Commitment - Modified 3/78

COMMITMENT FOR TITLE INSURANCE ISSUED BY

# STEWART TITLE GUARANTY COMPANY

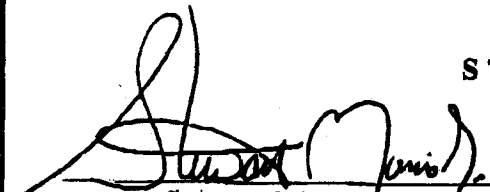
STEWART TITLE GUARANTY COMPANY, A Texas Corporation, herein called the Company, for valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor; all subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.


Signed under seal for the Company, but this Commitment shall not be valid or binding until it bears an authorized Countersignature.

IN WITNESS WHEREOF, Stewart Title Guaranty Company has caused its corporate name and seal to be hereunto affixed by its duly authorized officers on the date shown in Schedule A.

  
Chairman of the Board

STEWART TITLE  
GUARANTY COMPANY



  
President

Countersigned:

  
Authorized Countersignature

STEWART TITLE OF DENVER, INC.  
50 S. STEELE STREET, SUITE 600  
DENVER, COLORADO 80209  
(303) 331-0333  
Agent ID #060056

Order No. 75160698 HIM

**SCHEDULE A**

Order Number: 75160698 HM

1. Effective date: December 05, 2003, at 7:45 A.M.

2. Policy or Policies to be issued:

(a) A.L.T.A. Owner's

Proposed Insured:

Amount of Insurance

\$

(b) A.L.T.A. Loan

Proposed Insured:

\$

(c) A.L.T.A. Loan

Proposed Insured:

\$

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

**FEE SIMPLE**

4. Title to the **fee simple** estate or interest in said land is at the effective date hereof vested in:

**M.D.C. LAND CORPORATION, a Colorado corporation**

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

**SEE ATTACHED LEGAL DESCRIPTION**

**Purported Address:**

**STATEMENT OF CHARGES**

These charges are due and payable before a Policy can be issued.

**INFORMATIONAL RATE:**

**\$ 500.00**

## SCHEDULE A

Order Number: 75160698 HM

## LEGAL DESCRIPTION

## PARCEL 1:

Lots 16 through 26, inclusive, Block 2;  
Lots 12, 13 and 14, Block 6;  
Lots 2 through 11, inclusive, Block 7;  
Lots 4 through 9, inclusive, Block 8;  
Outlots E and F;  
Castle Oaks Filing No. 1,  
County of Douglas, State of Colorado.

## PARCEL 2:

Parcel of land located in Sections 20, 21, 22, 27, 28, and 29, also being a portion of Castle Oaks Filing No. 1 and located in Township 7 South, Range 66 West of the 6th Principal Meridian, County of Douglas, State of Colorado, more particularly described as follows:

Beginning at the Northwest corner of said Section 29;  
Thence North  $89^{\circ}36'13''$  East along the North line of the Northwest quarter of said Section 29, 1317.11 feet to the Southwest corner of the Southeast quarter of the Southwest quarter of said Section 20;  
Thence North  $00^{\circ}02'28''$  West along the West line of the Southeast quarter of the Southwest quarter of said Section 20, 1324.69 feet to the Northwest corner of the Southeast quarter of the Southwest quarter of said Section 20;  
Thence North  $89^{\circ}33'52''$  East along the North line of the South Half of the South Half of said Section 20, 2637.52 feet to the Southwest corner of the Northeast quarter of the Southeast quarter of said Section 20;  
Thence North  $00^{\circ}02'30''$  East along the West line of the Northeast quarter of the Southeast quarter of said Section 20, 1326.56 feet to the Northwest corner of the Northeast quarter of the Southeast quarter of said Section 20;  
Thence North  $89^{\circ}31'28''$  East along the North line of the Northeast quarter of the Southeast quarter of said Section 20, 1316.72 feet to the Northwest corner of the Northwest quarter of the Southwest quarter of said Section 21;  
Thence North  $89^{\circ}41'42''$  East along the North line of the South half of said Section 21, 1318.99 feet to the Northwest corner of the Northeast quarter of the Southwest quarter of said Section 21;  
Thence continuing North  $89^{\circ}41'42''$  East along the North line of the South half of said Section 21, 3957.01 feet to the Southwest corner of the Southwest quarter of the Northwest quarter of Section 22;  
Thence North  $00^{\circ}16'22''$  East along the West line of the Southwest quarter of the Northwest quarter of said Section 22, 1325.60 feet to the Northwest corner of the Southwest quarter of the Northwest quarter of said Section 22;  
Thence South  $89^{\circ}53'21''$  East along the North line of the Southwest quarter of the Northwest quarter of said Section 22, 1323.73 feet to the Northeast corner

Continued on next page

Continuation of Schedule A - Legal Description  
Order Number: 75160698 HM

of the Southwest quarter of the Northwest quarter of said Section 22;  
Thence South  $00^{\circ}14'49''$  West along the East line of the Southwest quarter of the Northwest quarter of said Section 22, 1325.20 feet to the Northeast corner of the West half of the Southwest quarter of said Section 22;  
Thence South  $00^{\circ}13'43''$  West along the East line of the West half of the Southwest quarter of said Section 22, 2654.84 feet to the Northeast corner of the Northwest quarter of the Northwest quarter of said Section 27;  
thence South  $00^{\circ}06'30''$  West along the East line of the Northwest quarter of the Northwest quarter of said Section 27, 834.81 feet to a line 493.48 feet North of and parallel with the South line of the North half of the North half of said Section 27;  
Thence South  $89^{\circ}57'52''$  East along said line, 2562.58 feet to the West right-of-way line of Colorado Highway No. 83;  
Thence South  $02^{\circ}13'33''$  West along said West right-of-way line, 398.12 feet to a point of curve;  
Thence along said West right-of-way line and along said curve to the left having a radius of 11530.00 feet, a central angle of  $00^{\circ}28'32''$ , 95.71 feet to the South line of the North half of the North half of said Section 27;  
Thence North  $89^{\circ}57'52''$  West along the South line of the North half of the North half of said Section 27, 2544.73 feet to the Southwest corner of the Northeast quarter of the Northwest quarter of said Section 27;  
Thence continuing North  $89^{\circ}57'52''$  West along the South line of the North half of the North half of said Section 27, 1324.29 feet to the Southeast corner of the Northeast quarter of the Northeast quarter of said Section 28;  
Thence South  $89^{\circ}28'47''$  West along the South line of the North half of the Northeast quarter of said Section 28, 2634.25 feet to the Southeast corner of the Northeast quarter of the Northwest quarter of said Section 28;  
Thence South  $89^{\circ}49'02''$  West along the South line of the Northeast quarter of the Northwest quarter of said Section 28, 1315.83 feet to the Southwest corner of the Northeast quarter of the Northwest quarter of said Section 28;  
Thence North  $00^{\circ}05'13''$  East along the West line of the Northeast quarter of the Northwest quarter of said Section 28 and the East line of Outlot D of said Castle Oaks Filing No. 1, 1645.40 feet to the West right-of-way line of Pleasant View Drive as platted in said Castle Oaks Filing No. 1;  
Thence along the South right-of-way line of Pleasant View Drive the following seven (7) courses:

1. Thence South  $50^{\circ}38'08''$  West, 161.73 feet to a point of curve;
2. Thence along said curve to the left having a radius of 210.00 feet, a central angle of  $54^{\circ}00'00''$ , 197.92 feet to a point of reverse curve;
3. Thence along said curve to the right having a radius of 270.00 feet, a central angle of  $90^{\circ}00'00''$ , 424.12 feet to a point of reverse curve;

Continued on next page

Continuation of Schedule A - Legal Description  
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4. Thence along said curve to the left having a radius of 370.00 feet, a central angle of  $56^{\circ}00'00''$ , 361.63 feet to a point of tangent;
5. Thence South  $30^{\circ}38'08''$  West along said tangent, 260.00 feet to a point of curve;
6. Thence along said curve to the right having a radius 430.00 feet, a central angle of  $57^{\circ}48'57''$ , 433.90 feet to a point of tangent;
7. Thence South  $88^{\circ}27'05''$  West along said tangent, 303.87 feet to the Northwest corner of said Outlot D;

Thence South  $26^{\circ}25'07''$  East along the West line of said Outlot D, 511.10 feet to the East line of the Northeast quarter of said Section 29;

Thence South  $00^{\circ}04'53''$  West along the East line of said Northeast quarter, 5.76 feet to the Southwest corner of the Northwest quarter of the Northwest quarter of said Section 28;

Thence South  $00^{\circ}04'53''$  West along the East line of the Northeast quarter of of said Section 29, 1333.14 feet to the East quarter corner of said Section 29;

Thence South  $00^{\circ}04'53''$  West along the East line of the Southeast quarter of said Section 29, 2666.28 feet to the Southeast corner of said Section 29;

Thence South  $89^{\circ}49'31''$  West along the South line of the Southeast quarter of said Section 29, 782.02 feet;

Thence North  $00^{\circ}10'29''$  West, 14.90 feet to the Southwest corner of Lot 4, Block 8 of said Castle Oaks Filing No. 1;

Thence North  $19^{\circ}56'15''$  West along the West line of said Lot 4, 1299.64 feet to a point on a curve on the right-of-way line of the Antelope Place as platted in said Castle Oaks Filing No. 1;

Thence along the Southerly right-of-way line of said Antelope Place the following four (4) courses:

1. Thence along said curve to the right having a radius of 92.50 feet, a central angle of  $126^{\circ}37'54''$  (the chord of which bears North  $46^{\circ}36'57''$  West, 165.30 feet), 204.45 feet;
2. Thence North  $54^{\circ}22'31''$  West, 141.04 feet to a point of curve;
3. Thence along said curve to the left having a radius of 370.00 feet, a central angle of  $11^{\circ}34'22''$ , 74.73 feet to a point of tangent;
4. Thence North  $65^{\circ}56'53''$  West along said tangent, 145.32 feet to the East right-of-way line of Pleasant View Drive;

Thence along the East right-of-way line of said Pleasant View Drive the following three (3) courses:

1. Thence South  $25^{\circ}57'43''$  West, 95.82 feet to a point of curve;

Continued on next page

Continuation of Schedule A - Legal Description  
Order Number: 75160698 HM

2. Thence along said curve to the right having a radius of 430.00 feet, a central angle of  $30^{\circ}59'00''$ , 232.53 feet to a point of tangent;
3. Thence South  $56^{\circ}56'43''$  West along said tangent, 156.72 feet;

Thence North  $67^{\circ}32'40''$  West, 70.54 feet to the Southeast corner of Lot 11, Block 7 of said Castle Oaks Filing No. 1;  
Thence along the boundary of Lots 2, 3, 4, 8, 9, 10 and 11, Block 7, Castle Oaks Filing No. 1 the following seven (7) courses:

1. Thence North  $53^{\circ}04'08''$  West along the Southerly line of said Lot 11, 380.75 feet to the Southwest corner of said Lot 11;
2. Thence North  $25^{\circ}29'33''$  East along the West line of said Lot 11, 720.00 feet to the Southwest corner of Lot 10;
3. Thence North  $19^{\circ}29'33''$  East along the West line of said Lot 10, 1165.00 feet to the Southwest corner of Lot 9;
4. Thence North  $21^{\circ}49'56''$  West along the West line of said Lot 9, 672.52 feet to the corner common to Lots 3, 4, 8, 9, 18 and 19 of Block 7;
5. Thence South  $87^{\circ}12'33''$  West along the South line of said Lot 3, 649.13 feet to the Southwest corner of said Lot 3;
6. Thence South  $57^{\circ}23'50''$  West along the Southwesterly line of Lot 2, 799.94 feet to the Southernmost corner of said Lot 2;
7. Thence North  $50^{\circ}33'52''$  West along the Southwesterly line of said Lot 2, 275.47 feet to the Southwest corner of said Lot 2;

Thence South  $28^{\circ}23'19''$  West along the East right-of-way line of Castle Oaks Drive, as platted in said Castle Oaks Filing No. 1, 1180.45 feet to the Northwest corner of Lot 14, Block 6 of said Castle Oaks Filing No. 1;  
Thence along the boundary of Lots 12, 13 and 14, Block 6 of said Castle Oaks Filing No. 1 the following five (5) courses:

1. Thence South  $80^{\circ}13'43''$  East along the North line of Lot 14, 808.48 feet to the Northeast corner of said Lot 14;
2. Thence South  $00^{\circ}31'41''$  West along the East line of said Lot 14, 674.61 feet to the Northeast corner of Lot 13;
3. Thence South  $29^{\circ}23'28''$  West along the East line of said Lot 13, 1040.00 feet to the Northeast corner of Lot 12;
4. Thence South  $45^{\circ}23'28''$  West along the East line of said Lot 12, 592.53 feet to the Southeast corner of said Lot 12;
5. Thence South  $87^{\circ}35'55''$  West along the South line of said Lot 12, 721.94 feet to the East right-of-way line of said Castle Oaks Drive;

Thence North  $26^{\circ}31'56''$  East along said East right-of-way line of said Castle Oaks Drive;  
Continued on next page



Continuation of Schedule A - Legal Description  
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Oaks Drive, 457.48 feet;  
Thence North 17°31'51" West, 112.01 feet to the Southeast corner of Lot 16,  
Block 2 of said Castle Oaks Filing No. 1;  
Thence North 50°35'12" West along the Southerly line of said Lot 16, 771.72  
feet to the Northwest corner of the Southwest quarter of the Southeast quarter  
of said Section 29;  
Thence North 00°23'10" East along the West line of the Northwest quarter of  
the Southwest quarter of said Section 29, 1323.73 feet to the West quarter  
corner of said Section 29;  
thence North 00°23'12" East along the West line of the Northwest quarter of  
said Section 29, 2646.55 feet to the point of beginning,

EXCEPT those portions conveyed in Deed recorded July 31, 1995, in Book 1277,  
at Page 2086;

AND EXCEPT that part described as Parcel 1 above;

AND ALSO EXCEPT those portions dedicated as Public Roadways on the recorded  
plat of Castle Oaks Filing No. 1;

AND ALSO EXCEPT any portion thereof lying within Castle Oaks Drive;

AND ALSO EXCEPT the right of way for the Arapahoe Canal as conveyed by Deed  
recorded August 21, 1890, in Book N, at Page 397;

AND ALSO EXCEPT that portion described as follows:

A parcel of land located in the Northwest one-quarter of Section 22, Township  
7 South, Range 66 West of the 6th Principal Meridian, County of Douglas,  
State of Colorado more particularly described as follows:

Beginning at the Northeast corner of the Southwest one-quarter of said  
Northwest one-quarter of Section 22;  
Thence South 00°01'14" East along the East line of said Southwest  
one-quarter a distance of 208.71 feet;  
Thence South 89°55'13" West a distance of 208.71 feet;  
Thence North 00°01'14" West a distance of 208.71 feet to a point on the North  
line of said Southwest one-quarter of the Northwest one-quarter;  
Thence North 89°55'13" East along said North line a distance of 208.71 feet  
to the Point of Beginning.

**SCHEDULE B**  
Section 1

Order Number: 75160698 HM

**REQUIREMENTS**

The following are the requirements to be complied with:

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

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

1. NONE; THIS COMMITMENT IS FOR INFORMATIONAL PURPOSES ONLY.

**SCHEDULE B**  
Section 2

Order Number: 75160698 HM

**EXCEPTIONS**

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

1. Rights or claims of parties in possession, not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof, but prior to the date the proposed insured acquires of record for value the estate or interest or mortgage thereon covered by this commitment.
6. Unpatented mining claims; reservations or exceptions in patents, or an act authorizing the issuance thereof; water rights, claims or title to water.
7. Any and all unpaid taxes, assessments and unredeemed tax sales.
8. Covenants, conditions and restrictions, which do not contain a forfeiture or reverter clause, and deleting restrictions, if any, based upon race, color, religion or national origin, as set forth in an instrument recorded May 19, 1972, in Book 230, at Page 640, and as amended by instruments recorded September 24, 1981, in Book 422, at Pages 723 through 780 inclusive and June 14, 1982, in Book 443, at Page 791, and any and all amendments, supplements and annexations thereto.
9. Right of way for ditches or canals constructed by the authority of United States, as reserved in United States Patents recorded as follows:
  - A. April 26, 1915, in Book X, at Page 572 (Affects Lots 13 and 14, Block 6)
  - B. April 26, 1915, in Book X, at Page 571 (Affects Lots 19 and 20, Block 2)
  - C. August 13, 1898, in Book 12, at Page 91 (Affects Lots 6 to 9, Block 8 and Lots 3 to 11, Block 7)
  - D. May 18, 1909, in Book 12, at Page 321 (Affects Lots 12 to 13, Block 6 and Lot 11, Block 7 and Lot 4, Block 8)
10. Right of the proprietor of a vein or lode to extract and remove his ore therefrom, should the same be found to penetrate or intersect the premises hereby granted, as reserved in United States Patent recorded February 23, 1918, in Book 50 1/2, at Page 22.  
NOTE: Affects the Northeast quarter of the Southeast quarter of Section 29, Township 7 South, Range 66 West and Lots 7 to 9, Block 8 and Lots 8 to 10, Block 7, all in Parcel 1.
11. Right of the proprietor of a vein or lode to extract and remove his ore therefrom, should the same be found to penetrate or intersect the premises hereby granted, as reserved in United States Patent recorded January 28, 1941,

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Continuation of Schedule B - Section 2  
Order Number: 75160698 HM

in Book 50 1/2, at Page 156.

NOTE: Affects the Northeast 1/4 Northwest 1/4 Section 28, East 1/2 Southwest 1/4 Section 21.

12. Terms, conditions, provisions and obligations contained in Annexation Contract recorded August 11, 1981, in Book 419, at Page 88, and Ordinance No. 85-65 recorded April 25, 1986, in Book 636, at Page 548.  
NOTE: Affects Parcels 1 and 2.
13. Restrictions, conditions, stipulations and easements, if any, imposed upon subject property by PUD Site Plan Plat, recorded August 11, 1981, at Reception Number 272708, and as amended by Map recorded April 25, 1986, at Reception Number 8605583.  
NOTE: Affects Parcels 1 and 2.
14. Any fee or assessment due by reason of the inclusion of the subject property within the Castle Rock Fire Protection District District, as evidenced by Orders, recorded September 12, 1980, in Book 393, at Page 836 and re-recorded September 16, 1980, in Book 394, at Page 93.  
NOTE: Affects those portions of Parcel 1 located in sections 20 and 29.
15. Reservation of an undivided 1/2 interest in and to any and all oil, gas, minerals, and mineral rights as reserved in Deed recorded January 3, 1957, in Book 119, at Page 268, any and all assignments thereof or interests therein.  
NOTE: Affects the North 1/2 of the Southeast 1/4 of Section 21.
16. Easement and right of way, granted to Colorado Interstate Gas Company, by instrument recorded January 27, 1953, in Book 109, at Pages 148 and 149 and Agreement recorded January 18, 1972, in Book 225, at Pages 860-863.  
NOTE: Assignments of said right of way to Peoples Natural Gas Company a Division of Uticorp United, Inc., recorded July 21, 1986, in Book 653, at Pages 750 and 753.
17. Rights of way for ditches, wells and reservoirs for features shown on the map of Martin L. Bechtold's Irrigation Wells Nos. 1 and 2, and Overnight Storage Reservoir, recorded June 1, 1951 at Reception Number 88635.
18. Any fee or assessment due by reason of the inclusion of the subject property within the The Villages at Castle Rock Metropolitan District No. 6, as evidenced by instrument, recorded May 21, 1987, in Book 722, at Pages 583 and 587.
19. Terms, conditions, provisions and obligations contained in Intergovernmental Agreements for the Villages at Castle Rock Metropolitan District No. 6, recorded June 16, 1986, in Book 646, at Page 515, and as amended by instrument recorded June 16, 1986, in Book 646, at Page 612.

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Continuation of Schedule B - Section 2  
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20. Terms, conditions, provisions and obligations contained in Findings of Fact, Conclusions of Law, Judgment and Decree, recorded November 16, 1987, in Book 759, at Page 385.
21. Terms, conditions, provisions and obligations contained in Findings of Fact, Conclusions of Law, Judgment and Decree, recorded December 22, 1987, in Book 767, at Page 460.
22. The effect of inclusion of subject property in the Cherry Creek Basin Water Quality Authority as disclosed by Notice recorded May 6, 1988, in Book 790, at Page 718.
23. Terms, conditions, provisions and obligations contained in Agreement, recorded April 6, 1990, in Book 905, at Page 1104.
24. Easements, notes, covenants, restrictions and rights-of-way as shown on the Plat of Castle Oaks Filing no. 1, recorded May 17, 1972, at Reception Number 150556.
25. Easement for utility lines, granted to Intermountain Rural Electric Association by instrument recorded September 16, 1954, in Book 113, at Page 26.
26. Reservation of of an undivided one-half interest in all mineral rights as reserved in Deed recorded July 6, 1970 in Book 206, at Page 338, and any and all assignments thereof or interests therein.
27. Terms, conditions, provisions and obligations contained in AGreement, recorded April 9, 1984, in Book 515, at Page 1037.
28. Terms, conditions, provisions and obligations contained in Annexation and Development Contract, recorded April 25, 1986, in Book 636, at Page 504, Resolution No. 85-72, recorded april 25, 1986, in Book 636, at Page 499, and Ordinance No. 85-63 recorded April 25, 1986, in Book 636, at Page 484.
29. The effect of Rich Annexation Map recorded April 25, 1966, under Reception Number 8605576.
30. Terms, conditions, provisions and obligations contained in Grant of Right of Way, recorded September 9, 1975, in Book 280, at Page 92.
31. Terms, conditions, provisions and obligations contained in Ordinance No. 86-30, recorded December 18, 1986, in Book 688, at Page 579.
32. Any fee or assessment due by reason of the inclusion of the subject property within the The Villages At Castle Rock Metropolitan District No. 5, as evidenced by August 15, 1984, recorded 535, in Book 95,

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Continuation of Schedule B - Section 2  
Order Number: 75160698 HM

33. Easement and right of way, granted to Plateau Natural Gas Company, by instrument recorded April 25, 1977, in Book 169, at Page 296.
34. Terms, conditions, provisions and obligations contained in Second Amendment to Intergovernmental Agreement, recorded May 27, 1987, in Book 723, at Page 514.
35. Terms, conditions, provisions and obligations contained in Second Amendment to Intergovernmental Agreement, recorded May 27, 1987, in Book 723, at Page 539.
36. Terms, conditions, provisions and obligations contained in Second Amendment to Intergovernmental Agreement, recorded May 27, 1987, in Book 723, at Page 563.
37. Terms, conditions, provisions and obligations contained in Agreement, recorded November 5, 1987, in Book 757, at Page 851.
38. Terms, conditions, provisions and obligations contained in First Amendment to Intergovernmental Agreement, recorded February 12, 1988, in Book 776, at Page 106.
39. Terms, conditions, provisions and obligations contained in Findings of Fact, Conclusions of Law, Judgment and Decree, recorded February 20, 1998, in Book 1514, at Page 107, and Amendment recorded February 5, 2001, in Book 1959, at Page 1447.
40. Easements, notes, covenants, restrictions and rights-of-way as shown on the Plat of Castle Oaks Preliminary PD Site Plan Amendment No. 1, recorded January 27, 2003, 2003010464.
41. Terms, conditions, provisions and obligations contained in Castle Oaks Development Agreement, recorded January 27, 2003, at Reception Number 2003010465.
42. Terms, conditions, provisions and obligations contained in Resolution, recorded February 5, 2003, at Reception Number 2003015280.
43. Tax Lien Sale Certificate of Purchase recorded November 21, 2003, at Reception Number 2003166730.
44. Easements, notes, covenants, restrictions and rights-of-way as shown on the Plat of Castle Oaks Filing No. 1 Preliminary Plat/Final PD Site Plan, recorded June 5, 2003, at Reception Number 2003084400.

### CONDITIONS AND STIPULATIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquires actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions, the Conditions and Stipulations, and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.

**STEWART TITLE  
GUARANTY COMPANY**

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at P.O. Box 2029, Houston, Texas 77252, and identify this commitment by its printed COMMITMENT ORDER NUMBER which appears on the bottom of the front of the first page of this commitment.

## DISCLOSURE

Order No.: 75160698 HM

To comply with the provisions of C.R.S. 10-11-123, the Company makes the following disclosure:

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

**NOTE: THIS DISCLOSURE APPLIES ONLY IF SCHEDULE B, SECTION 2 OF THE TITLE COMMITMENT HEREIN INCLUDES AN EXCEPTION FOR SEVERED MINERALS.**



**EXHIBIT F**

**Form of Proposed Fire Protection and Emergency Services  
Intergovernmental Agreement**

## INTERGOVERNMENTAL AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 200\_\_ by and between THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6, a quasi-municipal corporation and political subdivision of the State of Colorado ("District"), and the TOWN OF CASTLE ROCK, a municipal corporation and political subdivision of the State of Colorado ("Town") (collectively, "Parties").

### RECITALS

- A. The Town is empowered to provide and currently provides fire protection and emergency response services to its residents ("Fire Protection and Emergency Response Services" or "Services").
- B. The property within the District ("Property") is wholly located within the jurisdictional boundaries of the Town, but has not yet been developed.
- C. Due to the remote location of the Property in relation to the existing facilities, the Town does not now have the capacity to provide the Fire Protection and Emergency Response Services to the Property nor does the Town have sufficient revenue to develop the capacity to serve the Property.
- D. The District anticipates that it will have the limited power to provide for the financing of fire protection and emergency response services for its residents, subject to the Town's approval of the District's Second Amended and Restated Service Plan and as authorized by Article 1, Title 32, Colorado Revised Statutes.
- E. The constitution and laws of the State of Colorado permit and encourage local governmental entities to cooperate with each other to make the most efficient and effective use of their powers and responsibilities.
- F. Article 1, Title 32, Colorado Revised Statutes, provides that the District has the power to enter into contracts and agreements affecting the affairs of the District.
- G. Pursuant to Colorado Constitution, Article XIV, Section 18(2)(a) and (b) and Part 2 of Article I of Title 20, Colorado Revised Statutes, the Parties may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each.
- H. It is more cost effective for the District to contract with the Town for the Town to provide for the Fire Protection and Emergency Response Services than for the District to develop its own facilities and systems for the provision of such services.
- I. Upon receipt of revenue as set forth in this Agreement, the Town will be able to provide or cause to be provided fire protection and emergency response services to District residents to the same extent and degree as is provided to others similarly situated in the Town consistent with applicable Town policies.

J. This Agreement, upon execution and satisfaction of all conditions precedent contained herein, is intended to be and to represent "indebtedness" within the meaning of Article XI, Section 6, of the Colorado Constitution.

K. The obligations of the District pursuant to this Agreement are "multiple fiscal year financial obligations" within the meaning of Article X, Section 20, of the Colorado Constitution.

NOW, THEREFORE, in consideration of the mutual promises and covenants, agreements, conditions and provisions herein, the Parties agree as follows:

### AGREEMENT

1. Conditions Precedent. The Parties acknowledge and agree that this Agreement shall be of no force or effect unless and until each of the following conditions ("Conditions Precedent") has occurred.

(a) The District shall submit and the Town Council of the Town of Castle Rock ("Council") shall approve the Second Amended and Restated Service Plan for The Villages at Castle Rock Metropolitan District No. 6, which shall include the limited power to finance fire protection and emergency response services as among those services the District is authorized to provide to its residents; and

(b) A ballot issue in substantially the form of **Exhibit A** attached hereto, or in such other form as shall permit the District to incur the obligations of this Agreement, shall have been approved by a majority of those qualified to vote and voting at an election of the District.

2. Pledge of Taxes. For the purpose of paying the District's obligations under this Agreement, there shall be levied on all taxable property of the District, in addition to all other taxes, direct annual taxes in each year beginning in 2004 and continuing for so long as this Agreement is in effect, in the amount of ten (10) mills (a mill being equal to 1/10 of 1¢) (the foregoing mill levy being referred to herein as the "Fire Protection and Emergency Response Mill Levy". Nothing herein shall be construed to require the District to levy an *ad valorem* property tax for payment of its obligations hereunder in excess of the Fire Protection and Emergency Response Mill Levy.

The foregoing provisions of this Agreement are hereby declared to be the certificate of the Board to the Board of County Commissioners of Douglas County, Colorado, showing the aggregate amount of taxes to be levied from time to time, as required by law, for the purpose of paying the District's obligations under this Agreement.

It shall be the duty of the Board, annually, at the time and in the manner provided by law for levying other District taxes, to ratify and carry out the provisions hereof with reference to the levying and collection of taxes; and the Board shall levy, certify, and collect said taxes in the manner provided by law for the purpose of paying its obligations under this Agreement.

The amounts necessary to pay all District obligations hereunder shall be included in the annual budget and the appropriation bills to be adopted and passed by the Board in each year, respectively, until such obligations have been fully paid, satisfied, and discharged.

3. Payment Schedule. The District shall make payment to the Town an amount equal to the amount of property taxes the District receives from the Fire Protection and Emergency Response Mill Levy within thirty (30) days of the District's receipt of such amount from the County.

4. Accounting. The Town shall deposit all revenues received from the District pursuant to this Agreement ("Designated Revenues") into a segregated book account ("Account"). The Town shall direct the investment of the Designated Revenues. The costs and expenses of the Account shall be paid from the interest earned on the Designated Revenues deposited in the Account. The Town shall use the Designated Revenues solely for the purposes and pursuant to the provisions of this Agreement. The District shall have the right to inspect the records of the Account at any time. The Town shall submit to the District a written report on or before December 31 of each year evidencing (a) that the Designated Revenues were utilized solely for the purpose set forth in Paragraph 5 below and (b) any amount remaining in the Account. All interest earnings on the Designated Revenues shall be retained by the Town in the Account and shall be used solely for the purposes and pursuant to the provisions of this Agreement.

5. Utilization of Designated Revenues. The Town shall be authorized to withdraw all or a portion of the Designated Revenues to provide Fire Protection and Emergency Response Services to the District and its residents.

6. Service. The Town hereby agrees to provide Fire Protection and Emergency Response Services to the Property to the same extent and degree as it provides such services to others similarly situated in the Town consistent with applicable Town policies.

7. Relationship of the Parties. This Agreement does not and shall not be construed as creating a relationship of joint venturers, partners or employer-employee between the District and the Town.

8. Remedies. In the event of a breach of this agreement, the non-breaching Party may ask a court of competent jurisdiction to enter a writ of mandamus to compel the other Party to perform its duties under the Agreement and may seek from a court of competent jurisdiction temporary and/or permanent restraining orders, or orders of specific performance, to compel the breaching Party to perform in accordance with its obligations herein.

9. Waiver. The waiver of a breach of any of the provisions of this Agreement by the District or the Town shall not constitute a continuing waiver or a waiver of any subsequent breach of the same or another provision of this Agreement.

10. Assignment. The District acknowledges that the Town has entered and may in the future enter into agreements with other entities ("Third Party Providers") for the provision of certain Fire Protection and Emergency Response Services, including mutual aid agreements. The District hereby consents to the Town's assignment of the Town's duty under this Agreement

to provide Fire Protection and Emergency Response Services to such Third Party Providers only to the extent that such assignment shall not adversely impact the response time, scope and quality of the Services provided to the District, and in no event shall such District consent relieve the Town of its obligation to provide Fire Protection and Emergency Response Services to the same extent and degree as it provides such services to others similarly situated in the Town consistent with applicable Town policies. Subject only to the foregoing exception in this Section 10, neither this Agreement nor any Party's rights, obligations, duties or authorities hereunder may be assigned in whole or in part without the prior written consent of the other Party. Any purported attempt to assign the Agreement or any rights hereunder without such prior written consent of the other Party shall be void and of no force and effect. Consent to one assignment shall not be deemed to be consent to any subsequent assignment, nor shall the waiver of any right hereunder be deemed to be consent such subsequent assignment.

11. Amendment. This Agreement may be modified, amended or terminated, except as otherwise provided herein, in whole or in part, only by written agreement duly authorized and executed by the District and the Town; provided that this section shall not preclude separate agreements between the Parties for separate services, functions or exercise of authority.

12. Term. After the satisfaction of the Conditions Precedent, this Agreement shall constitute a contract between the Town and the District, and shall be and remain irrevocable unless otherwise agreed in writing by the Parties; provided, however, that in the event that the Town causes any increase in or addition to the *ad valorem* taxes it imposes on property within the Town and such increase or addition is for fire protection and/or emergency response services, the District's obligation to impose and pay to the Town District *ad valorem* taxes as provided herein shall be reduced by the same number of mills as such increase in or addition to the Town mill levy.

13. Integration. This Agreement contains the entire agreement between the Parties, and no statement, promise or inducement made by either Party that is not contained in this Agreement shall be valid or binding.

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

15. Headings for Convenience Only. The headings, captions and titles contained herein are intended for convenience and reference only and are not intended to define, limit or describe the scope or intent of any of the provisions of this Agreement.

16. Notices. Any notices, demands or other communications required or permitted to be given by any provision of this Agreement shall be given in writing, delivered personally or sent via facsimile with a hard copy sent immediately thereafter by first class mail or sent by first class certified mail, postage pre-paid and return receipt requested, and addressed to the Parties at the addresses set forth below or such other address as the parties may hereafter or from time to time designate by written notice to the other Party given in accordance herewith. Notice shall be considered given when personally delivered, transmitted by facsimile or mailed by first class, certified mail, return receipt requested, and shall be considered received on the earlier of the day

on which such notice is actually received by the Party to whom it is addressed or the third day after such notice is mailed.

To the District:           The Villages at Castle Rock Metropolitan District No. 6  
6550 S. Greenwood Plaza Blvd.  
Centennial, CO 80111  
Attn: Jerry Richmond  
Phone: (303) 773-2727  
Facsimile: (303) 773-3247

With copy to:           McGeady Sisneros, P.C.  
1675 Broadway, Suite 2100  
Denver, CO 80202  
Attn: MaryAnn M. McGeady  
Phone: (303) 592-4380  
Facsimile: (303) 592-4385

To the Town:           Town Manager  
Town of Castle Rock  
100 Wilcox St.  
Castle Rock, CO 80104  
Phone: (303) 660-1374  
Facsimile: (303) 660-1024

17.   Reservation of Police Powers. The Town shall retain full authority under this Agreement to act in the public interests in exercising its municipal police powers, including enactment, amendment or modification of ordinances concerning fire protection and emergency response.

18.   Provisions Construed as to Fair Meaning. The provisions of this Agreement shall be construed as to their fair meaning, and not for or against any Party based upon any attributes to such Party of the source of the language in question.

19.   Compliance with Ordinances and Regulations. The Parties shall perform their respective obligations under this Agreement in strict compliance with all applicable laws, rules, charters, ordinances and regulations, as now exist or are later enacted or amended, of the Town.

20.   No Implied Representations. No representations, warranties or certifications, express or implied, shall exist as between the Parties, except as specifically stated in this Agreement.

21.   No Third Party Beneficiaries. None of the terms, conditions or covenants in this Agreement shall give or allow any claim, benefit or right of action by any third person not a Party hereto. Any person other than the Town or the District receiving services or benefits under this Agreement shall be only an incidental beneficiary.

22. Financial Obligations of Town. All financial obligations of the Town under this Agreement are contingent upon appropriation, budgeting and availability of specific funds to discharge such obligations. Nothing in this Agreement shall be deemed a pledge of the Town's credit.

23. Binding Effect. This Agreement shall be binding upon the Parties and their respective successors and assigns.

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

THE VILLAGES AT CASTLE ROCK  
METROPOLITAN DISTRICT, NO. 6, a quasi-  
municipal corporation and political subdivision  
of the State of Colorado

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Attest:

\_\_\_\_\_  
Elizabeth Alexander, Secretary

TOWN OF CASTLE ROCK, a municipal  
corporation and political subdivision of the  
State of Colorado

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Approved as to Form:

\_\_\_\_\_  
Robert J. Slentz, Town Attorney

**EXHIBIT A**

SHALL THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6 TAXES BE INCREASED \$ \_\_\_\_\_ ANNUALLY, OR BY SUCH GREATER OR LESSER AMOUNT AS IS PRODUCED BY AN AD VALOREM PROPERTY TAX MILL LEVY EACH YEAR., BEGINNING IN 2004, ON ALL TAXABLE PROPERTY OF THE DISTRICT, IN THE ANNUAL AMOUNT OF TEN (10) MILLS, AND SHALL THE DISTRICT BE AUTHORIZED TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE TOWN OF CASTLE ROCK, COLORADO, OBLIGATING THE DISTRICT TO IMPOSE SUCH TEN (10) MILLS EACH YEAR, THE REVENUES FROM WHICH WILL BE PLEDGED TO AND USED BY THE TOWN TO PROVIDE FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES TO THE PROPERTY WITHIN THE DISTRICT, SUCH AGREEMENT TO CONSTITUTE AN INDEBTEDNESS AND A MULTIPLE-FISCAL YEAR FINANCIAL OBLIGATION OF THE DISTRICT; AND IN CONNECTION THEREWITH SHALL THE DISTRICT BE AUTHORIZED TO MAKE SUCH COVENANTS, REPRESENTATIONS, AND WARRANTIES WITH RESPECT TO MATTERS ARISING UNDER SUCH AGREEMENT, ALL AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS OF THE DISTRICT; AND SHALL THE PROCEEDS OF SUCH TAXES AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE DISTRICT?



**EXHIBIT G**

**Form of Master Intergovernmental Agreement**

**MASTER  
INTERGOVERNMENTAL  
AGREEMENT**

**TOWN OF CASTLE ROCK  
AND  
VILLAGES AT CASTLE ROCK  
METROPOLITAN DISTRICT NO. 6**

**April 27, 2004**

**TOWN OF CASTLE ROCK/ VILLAGES AT CASTLE ROCK  
METROPOLITAN DISTRICT NO. 6  
MASTER INTERGOVERNMENTAL AGREEMENT**

**DATE:** April 27, 2004.

**PARTIES:** **TOWN OF CASTLE ROCK** (Town), a home rule municipal corporation, 100 Wilcox Street, Castle Rock, Colorado 80104.

**VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NO. 6**, (District), a quasi-municipal corporation and political subdivision of the State of Colorado, c/o McGeady Sisneros, P.C. 1675 Broadway, Suite 2100, Denver, Colorado 80202.

**RECITALS:**

A. The District was organized by order and decree of the Douglas County District Court for the purpose of developing infrastructure to support the extension of urban services to the Liberty Village P.D.

B. As required by the Special District Act and Chapter 11.02 of the Castle Rock Municipal Code, the District has submitted an Amended Service Plan which was approved by Resolution No. 2004-\_\_ of the Castle Rock Town Council on April 27, 2004 (Service Plan). The Service Plan reflects current capital development and financial projections for the District. The Council's approval of the Service Plan and the organization of the District was conditioned on the District entering into this Master Intergovernmental Agreement, which sets forth, among other things, the parameters of the District's authority to finance and construct public improvements.

C. The constitution and laws of the State of Colorado permit and encourage cooperative efforts by local governmental entities to make the most efficient and effective use of their powers, responsibilities and resources. Due to the fact that the District's boundaries are entirely located within the Town limits, and the Town provides municipal services within the District's boundaries, the limitations and restrictions on the exercise by the District of the powers and duties granted it under the Special District Act are appropriate and necessary to protect the health, safety and welfare of the residents and citizens of the Town, including the current and future residents of Liberty Village.

**COVENANTS:**

**THEREFORE**, in consideration of these mutual promises, the parties agree and covenant as follows:

**ARTICLE I  
DEFINITIONS**

**1.01 Defined Terms.** Unless the context expressly indicates to the contrary, the following words when capitalized in the text shall have the meanings indicated:

**Agreement:** this Master Intergovernmental Agreement and any amendments and supplements to this Agreement.

**Availability of Service or Facilities Charges:** those charges permitted to be assessed by the District pursuant to §32-1-1006(1)(h), C.R.S., as amended from time to time.

**Bonds:** bonds, refunding bonds, notes, certificates, debentures, contracts or other evidence of indebtedness or borrowing issued or incurred by the District pursuant to law.

**Charter:** the Home Rule Charter of the Town, as amended.

**Code:** the Castle Rock Municipal Code, as amended.

**C.R.S.:** the Colorado Revised Statutes, as amended.

**Development Agreement:** the Liberty Village Development Agreement dated April 27, 2004, recorded \_\_\_\_\_ at Reception No. \_\_\_\_\_ in the public records of Douglas County, Colorado.

**Development Exactions:** the fees and charges imposed by Town under the Town Regulations on development, including per unit charges for capital plant investment, such as System Development Fees.

**District:** the Villages at Castle Rock Metropolitan District No. 6, the legal boundaries of which are described in the attached **Exhibit 1**, as the same may be modified from time to time.

**Facilities:** the infrastructure prescribed by Town Regulations necessary to furnish Municipal Services to Liberty Village, as further identified in the Service Plan.

**Facilities Development Fees:** those fees to be imposed and collected by the District for connection to Facilities constructed by the District, and for the right to use other Facilities of the District.

**Financial Plan:** the financing plan designated as Exhibit C to the Service Plan.

**Liberty Village:** the Liberty Village P.D.

**Municipal Services:** police and fire protection, water and wastewater, stormwater drainage and detention, parks and recreation, transportation and street maintenance, general administrative services including code enforcement and any other service provided by Town within the municipality under its police powers.

**Plans:** the plans, documents, drawings and specifications prepared by or for the District for construction, installation or acquisition of any of the Facilities.

**Prior IGA:** the Intergovernmental Agreement between the Town of Castle Rock and The Villages at Castle Rock Metropolitan District No. 6, dated September 7, 1984, recorded June 16, 1986 beginning in Book 646 at Page 515, as amended by Amendment to Intergovernmental Agreement dated June 5, 1985, recorded June 16, 1986 beginning in Book 646 at Page 612, and Second Amendment to Intergovernmental Agreement dated November 20, 1986, recorded May 27, 1987 beginning in Book 723 at Page 583 of the Records.

**Records:** the public records of the Douglas County Clerk and Recorder.

**SDO:** the Special District Oversight ordinance codified in Chapter 11.02 of the Code.

**Service Charges:** the periodic charges imposed by the Town pursuant to Town Regulations, and billed to ultimate consumers of service provided by the Town to cover the costs of providing such services.

**Service Plan:** the Service Plan for the District approved by Town Council Resolution No. 2004-\_\_\_ on April 27, 2004.

**Special District Act:** Article 1, Title 32, C.R.S.

**System Development Fees:** the charges imposed by Town under Town Regulations as a condition to the right to connect to the municipal water and wastewater system, for the purpose of recovering Town's pro rata capital cost of water or wastewater facilities dedicated to allow such connection.

**Town:** the Town of Castle Rock, a home rule municipal corporation.

**Town Regulations:** the Charter, ordinances, resolutions, rules and regulations of the

Town, including the Code and the provisions of all zoning, subdivision, public works and building codes, as the same may be amended from time to time, applied on a Town-wide basis. Reference to Town Regulations shall mean the Town Regulations in effect at the time of application.

Certain other terms are defined in the text of the Agreement and shall have the meaning indicated.

**1.02 Cross-Reference.** Any reference to a section or article number, with or without further description, shall mean such section or article in this Agreement.

## **ARTICLE II FACILITIES DEVELOPMENT AND MAINTENANCE**

**2.01 Construction of Facilities.** District has the authority to construct and finance the Facilities to serve the development known as the "The Villages at Castle Rock, 2nd Amendment – Liberty Village Portion", and it shall be construed and applied so as to allow the District to provide improvements and services to the residents and taxpayers of this development. The District shall not have the authority to provide other infrastructure without the prior written consent of the Town. The Facilities shall be constructed pursuant to the standards and procedures set forth in the Service Plan, Development Agreement, and the Town Regulations.

**2.02 Ownership and Maintenance.** Except as provided in the Service Plan or as otherwise allowed by the Town, the District shall convey the Facilities to the Town for operation and maintenance by the Town. Upon acceptance of the Facilities, Town shall operate maintain, repair and/or replace the Facilities, in order to provide Municipal Services to Liberty Village. However, this Agreement shall not restrict or impair the Town from conveying Facilities to a regional authority or other governmental or quasi-governmental agency or authority, provided an equivalent level of maintenance and operation of such Facilities at an equivalent cost is guaranteed by Town, and the Town obtains an opinion of a bond attorney with a nationally-recognized expertise in the area of municipal bonds indicating that the conveyance will not adversely affect the tax-exempt status of any outstanding Bonds of the District.

## **ARTICLE III**

## DEVELOPMENT FEES

**3.01 Town Fees.** Town will impose and collect Development Exactions within the District in accordance with the Town Regulations, subject to the provision of Article VII of the Development Agreement by which certain Development Exactions are allocated to the Owner/District.

**3.02 Charges by District.** District shall have the right to impose Availability of Service or Facility Charges and Facilities Development Fees (collectively, District Fees), provided that the imposition of District Fees shall not in any manner impair or limit the imposition or collection by Town of any Development Exactions within Liberty Village. District shall collect District Fees directly from the builder or developer. District shall have no right to impose any Service Charges. Nothing in this section shall preclude or impair the District's ability to collect *ad valorem* property taxes, or to collect and impose any other rate, fee, tax, penalty or charge or other source of revenue, which is identified for utilization and application in the Financial Plan.

## ARTICLE IV BOND ISSUANCE

**4.01 Bonds.** District shall not issue Bonds, except upon compliance with the following conditions:

- (a) the Bonds are issued in accordance with the applicable provisions and restrictions of the Service Plan, the Special District Act, and other applicable provisions of the laws of the State of Colorado; and
- (b) the District is not then required to obtain a Service Plan amendment under either the Special District Act or the SDO (i.e., as of the date of issuance there has not been a material modification to the Service Plan, as amended).

## ARTICLE V SERVICE PLAN COMPLIANCE

**5.01 Generally.** The Service Plan contains certain responsibilities, restrictions and

limitations on the District which may not be separately set forth in this Agreement. Performance of the Service Plan by the District is an implied covenant of this Agreement, for which the default and remedies of section 8.04 shall be applicable in the same manner as if expressly set forth in this Agreement.

**5.02 Service Plan Amendment.** The authorization to the District under the terms of the Service Plan and this Agreement is given by Town on reliance upon certain development and financial assumptions and projections in the Service Plan. Although these projections and assumptions are based upon the best information available at this time, such assumptions and projections may prove to be materially inaccurate. Accordingly, a Service Plan amendment shall be submitted by District to Town for Town review and approval when required under the SDO and Special District Act.

**5.03 Town Review.** Annually, not later than the date District is required to submit the annual report under the SDO, the District shall furnish to Town an accounting of all actual revenues and expenses, and accumulated reserves for the preceding calendar year, in substantially the same format as the Financial Plan, such that Town can compare the experience of the District with the projections in the Financial Plan. Town shall have access to District's financial statements, accounting records and other supporting documentation, upon written demand, and at such reasonable times, for the purpose of auditing the financial reports submitted by District.

**5.04 Statutory Review.** The review of the Service Plan and the approval of this Agreement shall constitute the first quinquennial review of the District's reasonable diligence. The second statutory review of District's applications for the quinquennial finding of reasonable diligence under the Special District Act shall take place in 2009, to be completed not later than July 1, 2009.

**5.05 Supercession.** This Master Intergovernmental replaces and supercedes the Prior IGA, and the Prior IGA shall be of no further force or effect.

## **ARTICLE VI LIMITATIONS ON DISTRICT'S POWERS**



**6.01 Restrictions on Expansion of District's Powers.** The parties acknowledge that the District was permitted by the Town to be organized solely for the purpose of providing, acquiring, constructing, installing and completing the Facilities and providing or causing to be provided the services authorized pursuant to this Agreement and described in the Service Plan, and for no other purpose. The District shall not engage in any activity, purpose, service or function except as stated in this Agreement and in the Service Plan or as reasonably required for the District to accomplish such purposes, responsibilities and obligations. Town shall not interfere with the exercise by District of any of their lawful powers except as the exercise thereof is specifically limited by this Agreement and the Service Plan.

**6.02 Extraterritorial Authority.** District will not engage in any service or activity outside its boundaries (as the same may be modified, from time to time, in accordance with the Service Plan), except as such Facility, service or activity is described in the Service Plan or is necessary to the provision of Facilities or services within its boundaries, or where the District has obtained the Town's prior approval.

**6.03 Change of District Boundaries.** The District shall neither cause any additional territory outside the boundaries of Liberty Village to be included within the District boundaries, nor permit any territory now included in Liberty Village to be excluded from the District, without first obtaining Town approval, or unless otherwise authorized in the Service Plan. The Town hereby consents to and approves the exclusion of the property to be acquired by the Town for a regional park from the District boundaries.

## **ARTICLE VII TOWN RESERVED POWERS**

**7.01 Generally.** As a general purpose municipal corporation, the Town adopts and administers policies, rules and regulations, principally through the Town Regulations (Town Policies). The approval of the Service Plan or this Agreement shall in no manner restrict the Town Council from applying Town Policies within Liberty Village (even though Town Policy may have an effect of limiting or delaying development or making development more costly to the landowner and/or District), provided the Town Policy is:

- (a) a lawful exercise of the Town's police powers; and
- (b) not in contravention of express covenants of the Development Agreement, the Service Plan or this Agreement.

**7.02 No Claims.** The District shall have no legal or equitable claim against Town as a result of the Town taking or imposing any of the following actions if otherwise a lawful exercise of the Town's powers:

- (a) imposing new Development Exactions or increasing (or decreasing) the levels of existing Development Exactions;
- (b) exercise of its right of eminent domain to acquire private properties in the District for public purposes upon the payment of just compensation therefore; and
- (c) acquisition of properties zoned for development in the District for park, recreation, open space or other public purpose, pursuant to agreement with the grantor.

## **ARTICLE VIII GENERAL PROVISIONS**

**8.01 Dissolution of District.** At such time as all Facilities contemplated under this Agreement and the Service Plan have been acquired, constructed, installed and completed, and upon payment of all Bonds of the District, or provision having been made for such payment, the District shall, subject to applicable statutory provisions, be dissolved. At the time of such dissolution, all Facilities not previously conveyed to Town shall be so conveyed. Nothing contained in this section shall be deemed to specify an exclusive method for accomplishing dissolution.

**8.02 Additional Warranties.** The parties warrant that each has the full right, power and authority to enter into, perform, and observe this Agreement. District disavows as obligor or obligee, any provision or term of any contract or indenture between the District and any other special district, which is in contravention of the provision of this Agreement, and District stipulates that any such intergovernmental agreement shall be subordinate and subject to the

provisions of this Agreement.

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

**8.04 Default and Remedies.** In the event either party alleges that the other is in default of this Agreement, the non-defaulting party shall first notify the defaulting party in writing of such default and specify the exact nature of the default in such notice. The defaulting party shall have twenty (20) working days from receipt of such notice within which to cure such default before the non-defaulting party may exercise any of its remedies hereunder; provided that:

- (a) such default is capable of being cured;
- (b) the defaulting party has commenced such cure within said 20-day period; and
- (c) the defaulting party diligently prosecutes such cure to completion.

If such default is not of a nature that can be cured in such twenty (20) day period, corrective action must be commenced within such period by the defaulting party and thereafter diligently pursued. In addition to specific remedies provided elsewhere in the Agreement, upon default, the non-defaulting party shall have the right to take whatever action at law or in equity appears necessary or desirable to enforce the performance and observation of any obligation, agreement or covenant of the defaulting party under this Agreement, or to collect the monies then due and thereafter to become due. In any such legal action, the prevailing party shall be entitled to recover its reasonable attorney's fees and litigation costs from the other party.

**8.05 Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, addressed as follows:

If to Town:	Town of Castle Rock Attn: Town Attorney 100 Wilcox Street
-------------	---

Castle Rock, CO 80104

If to District: Villages at Castle Rock Metropolitan District No. 6  
c/o McGeady Sisneros, P.C.  
1675 Broadway, Suite 2100  
Denver, CO 80202

**8.06 No Liability of Town.** Town shall have no obligation whatsoever to repay any debt or liability of the District, including the Bonds.

**8.07 Notice of Meetings.** The District shall submit a copy of a written notice of every regular or special meeting of the District to the Town Clerk at least three days prior to such meeting.

**8.08 Assignment.** No transfer or assignment of this Agreement or of any rights hereunder shall be made by either party without the prior written consent of the other, which consent shall not be unreasonably withheld.

**8.09 Amendments.** This Agreement may be amended only in writing upon consent of the parties. Amendments shall be approved by resolution of the Town Council of the Town and the resolution of the Board of Directors of the District.

**8.10 Severability.** In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**8.11 No Waiver.** The waiver or delay of enforcement of one or more terms of this Agreement shall not constitute a waiver of the remaining terms. The waiver or delay in enforcement regarding any breach of this Agreement shall not constitute a waiver of any terms of the Agreement.

**8.12 Entire Agreement.** This Agreement contains the entire agreement of the parties concerning the subject matter and supersedes all prior conversations, proposals, negotiations, understandings, and agreements, whether written or oral.

**8.13 No Third Party Beneficiary.** This Agreement is made solely for the benefit of the parties and no other parties or persons are intended beneficiaries.

[ REMAINDER OF PAGE INTENTIONALLY LEFT BLANK ]

**ATTEST:**

**TOWN OF CASTLE ROCK**

\_\_\_\_\_  
Sally A. Misare, Town Clerk

\_\_\_\_\_  
Millie S. Bennett, Mayor

**Approved as to form:**

\_\_\_\_\_  
Robert J. Slentz, Town Attorney

STATE OF COLORADO        )  
  ) **ss.**  
COUNTY OF                     )

The foregoing instrument was acknowledged before me this \_\_\_\_\_day of \_\_\_\_\_, 2004 by Sally A. Misare as Town Clerk and Millie S. Bennett as Mayor of the Town of Castle Rock, Colorado.

Witness my official hand and seal.  
My commission expires: \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public

ATTEST:

VILLAGES AT CASTLE ROCK  
METROPOLITAN DISTRICT NO. 6

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF COLORADO        )  
  ) ss.  
COUNTY OF                    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2004 by \_\_\_\_\_ as \_\_\_\_\_ and \_\_\_\_\_ as \_\_\_\_\_ for Villages at Castle Rock Metropolitan District No. 6.

Witness my official hand and seal.  
My commission expires: \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Notary Public