

CONSOLIDATED SERVICE PLAN
FOR
THE GROVE METROPOLITAN DISTRICT NOS. 1, 2 and 3

LARIMER COUNTY, COLORADO

Revised August 2005

PREPARED BY:

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TABLE OF CONTENTS

I.	INTRODUCTION	1
A.	General Overview	1
B.	Purpose and Intent.....	2
C.	Need for Districts.....	2
D.	Contents of Service Plan.....	3
E.	Modification of Service Plan	3
F.	Multiple District Structure	4
II.	BOUNDARIES OF THE DISTRICTS AND FUTURE INCLUSION AREAS.....	4
III.	PROPOSED USE, POPULATION PROJECTIONS, ASSESSED VALUATION	6
IV.	DESCRIPTION OF THE DISTRICTS’ POWERS, FACILITIES AND SERVICES	7
A.	Powers of the Districts	7
1.	Sanitation and Storm Drainage	7
2.	Water.....	7
3.	Streets.....	8
4.	Traffic and Safety Controls.....	8
5.	Parks and Recreation.....	8
6.	Television Relay and Translation	8
7.	Mosquito Control.....	9
8.	Legal Powers.....	9
9.	Other	9
B.	Description of Facilities and Improvements	9
1.	Water.....	10
2.	Sanitary Sewer	10
3.	Drainage.....	10
4.	Streets.....	10
5.	Landscaping/Open Space.....	10
6.	Construction Standards Limitation	10
C.	Preliminary Engineering Survey of Costs of Improvements	11
D.	Consents to Overlap.....	11
V.	FINANCIAL PLAN.....	12
A.	General.....	12
B.	Maximum Voted Interest Rate and Maximum Underwriting Discount	12
C.	Maximum Debt Mill Levy	13
D.	Maximum Debt Mill Levy Imposition Term	14
E.	Debt Repayment Sources.....	14
F.	Security for Debt.....	15
G.	TABOR Compliance.....	15
H.	Districts’ Operating Costs.....	15
I.	Enterprises.....	15

VI.	ANNUAL REPORT	16
VII.	DISSOLUTION	16
VIII.	DISCLOSURE TO PURCHASERS.....	16
IX.	PROPOSED AND EXISTING AGREEMENTS	16
	A. Master Intergovernmental Agreement	16
	B. Other Agreements/Authority	17
X.	MATERIAL MODIFICATIONS	17
XI.	RESOLUTION OF APPROVAL	18
XII.	CONCLUSION.....	18

EXHIBITS

EXHIBIT A	Form of Larimer County Resolution of Approval
EXHIBIT B-1	Map Showing the Current Boundaries of the Districts
EXHIBIT B-2	Map Showing the Boundaries of the Future Inclusion Area
EXHIBIT C-1	Legal Description of the Current Boundaries of the Districts
EXHIBIT C-2	Legal Description of the Additional Property Expected to Be Included in the Boundaries of the Financing Districts
EXHIBIT D	Vicinity Map
EXHIBIT E	Engineering Survey of Estimated Costs of Public Improvements
EXHIBIT F	Facilities Diagrams Depicting Public Improvements
EXHIBIT G	Financial Plan
EXHIBIT H	Proposed Intergovernmental Agreement
EXHIBIT I	Form of Disclosure

I. INTRODUCTION

A. General Overview.

This consolidated service plan (“Service Plan”) for The Grove Metropolitan Districts Nos. 1, 2 and 3 (individually referred to as “District” or collectively referred to as the “Districts”) constitutes a combined service plan for three Title 32 special districts proposed to be organized to serve the needs of a new mixed-use development project which will be known as “The Grove” (also referred to as the “Development” or the “Project”). The owner of the property in the area to be developed is LaPorte Properties, LLC, a Colorado limited liability company, and any successor(s) in interest (collectively referred to as the “Developer”). The Grove Metropolitan District No. 1 shall hereinafter be known as the “Operating District,” and The Grove Metropolitan District Nos. 2 and 3 shall hereinafter be known as the “Financing Districts.” The Developer anticipates the need for only two Financing Districts at this time, but reserves the right to divide the Financing Districts into additional Financing Districts with the same rights and obligations to coincide with the inclusions of property from the Future Inclusion Area (as defined below) and/or the multiple development phases that may be necessary to accommodate future development and additional financing and public improvements needed to serve the Grove, subject to County Approval. The proposed Districts are wholly located within Larimer County, Colorado (“Larimer County” or the “County”), and are generally located north of Larimer County Road 54G, and west of Interstate 25.

This Service Plan addresses the public improvements which are to be provided by the Districts and demonstrates how the Districts will work together to provide the necessary public improvements. The Districts will be formed to assist in the funding, construction, integration and coordination of infrastructure, services and facilities, both within and outside of the Districts’ boundaries. Using funds provided by and through the Districts, certain public services and facilities necessary to serve the Development will be constructed, owned and operated by the Districts or will be dedicated to other entities and/or service providers, as appropriate.

The Financing Districts will serve to provide funding to the Operating District for construction, operation and maintenance of those facilities and improvements described and authorized herein. The Operating District will manage the financing and construction of such facilities and improvements, and will be responsible for operation and maintenance for certain facilities and improvements as provided herein, until and unless such facilities and improvements are dedicated and conveyed to Larimer County or its designee as appropriate. Agreements between the Districts will identify the timing, purposes and scope of issuance of bonds by the Financing Districts to fund those activities, which activities shall be subject to and in compliance with this Service Plan.

The Districts intend to authorize and issue bonds and/or other forms of indebtedness in order to finance all or a portion of the infrastructure necessary to serve the Development. Additional details regarding such indebtedness can be found below in Section V “Financial Plan” below. The “Financial Plan” in Section V contains a consolidated financial plan for the Districts as a result of the inherent financial ties the Districts will have to each other for the provision of public improvements for the Project and for the payment of debt.

The use of a consolidated Service Plan for the proposed Districts will help ensure proper coordination of the powers and authorities of each respective District, and will help avoid confusion regarding the separate but coordinated purposes of the Districts which could arise if separate service plans were used. Unless otherwise specifically noted herein, all provisions of this Service Plan apply to the Districts collectively, and the obligations of this Service Plan apply to the Districts jointly and severally (such that the County may take action with respect to any or all Districts in the event of a breach by any one District). Where necessary, however, specific reference is made to an individual District to help distinguish the powers and authorities of each District.

B. Purpose and Intent.

The Districts are independent units of local government, separate and distinct from the County, and, except as may otherwise be provided for by State or local law or this Service Plan, their activities are subject to review by the County only insofar as they may deviate in a material matter from the requirements of the Service Plan. It is intended that the Districts will provide a part or all of various Public Improvements necessary and appropriate for the development of the project within the County of Larimer to be known as The Grove or the "Project". The Public Improvements will be constructed for the use and benefit of all anticipated inhabitants and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements. The Districts shall provide ongoing operations and maintenance services for those facilities and services not otherwise dedicated and provided by the County or its designee, as specifically set forth in this Service Plan.

District No. 1 is proposed to be the Operating District, and is expected to coordinate the financing and construction of all Public Improvements. District No. 2 is proposed to encompass non-residential development. District No. 3 is proposed to encompass residential development. The Districts may, however, include any mix of residential and non-residential development.

The purpose of this Service Plan is to establish public entities that can provide financing, participate in Intergovernmental Agreements and provide for operations for essential community-wide infrastructure and public facilities and services that will serve The Grove development. Without the Districts, the financing would be more expensive than necessary and the cohesive development of the mixed use development as well as the ongoing operations and maintenance would be less certain.

C. Need for the Districts.

There are currently no other entities in existence in or near the Development that have the ability or desire to undertake the planning, design, financing, acquisition, construction, installation, relocation, redevelopment operation and/or maintenance of the facilities and improvements that will be necessary to serve the Development. It is also the Developer's understanding that the County does not consider it feasible or practicable to provide such facilities and improvements. Consequently, formation of the Districts is necessary in order to provide such facilities and improvements for the Development.

D. Contents of Service Plan.

The assumptions contained within this Service Plan were derived from a variety of sources. Information regarding the present status of property within the Districts, as well as the current status and projected future level of services, was obtained from the Developer. Construction cost estimates were assembled by Team Engineering, Inc. of Fort Collins, Colorado. Legal advice in the preparation of this Service Plan was provided by White, Bear & Ankele Professional Corporation, which represents numerous special districts in the State of Colorado. Financial recommendations and advice in the preparation of the Service Plan were provided by the Developer with the assistance of Piper Jaffray & Company and Pinnacle Consulting Group, Inc.

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E. Modification of Service Plan.

This Service Plan has been prepared with sufficient flexibility to enable the Districts to provide required services and facilities to meet the needs of the community under evolving circumstances. While the assumptions upon which this Service Plan are generally based are reflective of current zoning for the property within the proposed Districts, the cost estimates and Financial Plan are sufficiently flexible to enable the Districts to provide the necessary services and facilities without the need for repeated amendments to the Service Plan. Modification of the proposed configuration of improvements, scheduling of construction of such improvements, and the locations and dimensions of various facilities and improvements shall be permitted to

accommodate development needs, provided such modifications are consistent with zoning for the property and approved through the County land development procedures. Other types of modifications and the procedures for their review and approval are as specified herein. All improvements will be designed and constructed solely in accordance with the standards and specifications established by Larimer County and in effect from time to time, and with the applicable standards and specifications of other governing public entities having jurisdiction, unless otherwise approved in advance and in writing by Larimer County.

F. Multiple District Structure.

This Service Plan defines the powers and authorities of, as well as the limitations and restrictions on, the proposed Districts. The working relationship between the Districts is that the Operating District is responsible for managing the construction and operation of the facilities and infrastructure necessary to serve the Development. The Financing Districts are responsible for providing the funding and tax base needed to support the Districts' Financial Plan. Due to the interrelationship between the Districts, various agreements are expected to be executed among the Districts clarifying the nature of the functions and services to be provided by each District, and among the Districts, or any one of them, and the County to address additional matters regarding the relationships between the Districts and the County. The agreements will be designed to help assure the orderly development of essential services and facilities resulting in a community that will be both an aesthetic and economic asset to the County.

Establishment of the proposed Districts will create several benefits for the County and to the Development, including the inhabitants of the community and future property owners. In general, those benefits are: (a) coordinated administration of construction and operation of public improvements and delivery of those improvements in a timely manner; (b) maintenance of a reasonably uniform mill levy and reasonable tax burden on all residential and commercial areas through controlled management of the financing and operation of public improvements; and (c) assured compliance with state laws regarding taxation which permits the issuance of bonds at the most favorable interest rates possible.

II. BOUNDARIES OF THE DISTRICTS AND FUTURE INCLUSION AREAS

Currently the boundaries of the Financing Districts and Operating District contain approximately 69.36 acres of property, with the future expectation of inclusion into the Financing Districts of an additional 730 acres of property that is adjacent to and outside of the current boundaries of the Districts, within the Larimer County ("Future Inclusion Area"). The expectations of the Districts are that the additional Future Inclusion Areas of 730 acres will be included into the boundaries of the Districts for purposes of providing for the infrastructure and improvements the same or similar services and standards for public improvements and services. Additional Financing Districts may be formed should future additions of property from this Future Inclusion Area require additional construction, installation, acquisition and financing, subject to County Approval. In the alternative, and upon approval of Larimer County, the Districts may provide metropolitan district services of the same or similar quality and standards as its own development to the future inclusion area. The services provided or potentially

provided by the Districts shall be provided and facilities owned, operated and maintained either by the County or the Districts, or some other more economic and efficient water and sewer service provider that is reasonably available.

The service areas of the Districts are generally described as all real property within the collective boundaries of the Districts. The current boundaries of the Districts are more particularly depicted in the map contained in **Exhibit B-1**. Legal descriptions of the current boundaries of the Operating District and Financing Districts are attached as **Exhibit C-1**. The boundary of the Future Inclusion Area is depicted in the map contained in **Exhibit B-2**. A legal description of the Future Inclusion Area is attached hereto as **Exhibit C-2**. A vicinity map is attached hereto to as **Exhibit D**.

At the current time, the Developer of the Initial Districts, does not own the property described in **Exhibit C-2**. In the future, the Developer may acquire this property or the other developers and/or property owners of the Inclusion Area may desire to be included in the Districts. Due to the potential need to respond to development patterns, the pace of growth, and to accommodate future financing dynamics, adjustments to the Districts' boundaries may be necessary or appropriate from time to time. Therefore, the Districts shall be permitted to make boundaries adjustments with respect to the property located within the boundaries of any of the Districts without prior County approval.

The "Service Area" (the jurisdictional area which may legally be served) of the Operating District will consist of the entire area of the Development, including all property within the Financing Districts' boundaries as described in this Service Plan. It is anticipated that properties within the Future Inclusion Area may include within the boundaries of the Financing Districts, may form additional Financing Districts within The Grove, or may contract with the Districts for provision of District services. The Future Inclusion Area coincides with the area defined by the County within the LaPorte Area Plan as requiring development standards for utilities, roads and similar requirements. The District anticipates the Service Area of the Operating District may be expanded to add the "Future Inclusion Service Area" which coincides with the boundaries of the Future Inclusion Area as depicted in the map attached hereto as Exhibit B-2 and will allow the Districts to provide services and/or facilities on similar terms and conditions as the initial Service Area in accordance with this Service Plan and all applicable County regulations. The Operating District will have power to impose taxes only within its legal boundaries, but it will be permitted to provide public services to the entire community as well as to property or individuals within the Future Inclusion Area. Provision of services outside of the boundaries of the Districts and the Future Inclusion Service Area shall be considered a material modification of this Service Plan subject to approval by the County in accordance with the provisions of Section 32-1-207, C.R.S.

The Financing Districts will have the power to impose property taxes only within their respective legal boundaries, but the Operating District will be permitted to provide public services and facilities throughout all of the Districts pursuant to the Service Plan and the Intergovernmental Agreement with the County. The Operating District may also furnish services outside of the Districts' boundaries, but not outside the Future Inclusion Area boundaries without County Approval. The Operating District will work cooperatively with owners in the Future Inclusion Service Area in evaluating and considering petitions for inclusions of property which

meet the requirements of Section 32-1-401, C.R.S., Larimer County and other applicable utility service providers' design, construction and financing standards on a reasonable, financially feasible basis.

Any additional infrastructure or debt being proposed through or as a result of the inclusion of a petitioner's property into the District must be approved by and agreed to be subject to any requirements of the Operating District, Larimer County, and/or any other public entity providing utilities and/or services to the inclusion area.

Additional property may be included in the Financing Districts in accordance with the provisions of Special District Act (Section 32-1-101, *et seq.*, of the Colorado Revised Statutes, as amended from time to time) (the "Act"), subject to compliance with Section 32-1-401(2)(c), C.R.S. Under the Act, the fee owner or owners of 100% of any property proposed for inclusion may petition the Board of any District for the inclusion of property into such District. Further, less than all of the owners of an area may petition either District for inclusion, or the Board may adopt a resolution calling for an election on inclusion of the property within such area. Property may also be excluded from the Districts. The Boards of the Districts will have discretion to approve inclusions or exclusions without amendment or modification of the Service Plan, subject to all limitations and County Approvals set forth in the Intergovernmental Agreement with the County. The Districts shall be required to execute this Intergovernmental Agreement in substantially the form attached hereto as **Exhibit H** and satisfactory to Larimer County.

It is anticipated that one or more of the Districts' individual boundaries may change from time to time as they undergo inclusions and exclusions pursuant to Section 32-1-401, *et seq.*, C.R.S., and Section 32-1-501, *et seq.*, C.R.S., subject to the limitations set forth herein. Additionally, to accommodate the possibility of integration of the Future Inclusion Area within the Development, the Districts shall be permitted to include property located within the Future Inclusion Area described in the attached **Exhibits B-2** and **C-2** within the Districts' boundaries upon administrative approval of the County without the need for a Service Plan amendment, provided said property is located within the Laporte Service area as defined in the Laporte Area Comprehensive Plan adopted by Larimer County in January 2004.

III. PROPOSED USE, POPULATION PROJECTIONS, ASSESSED VALUATION

The initial Service Area of the Districts consists of approximately 69.93 acres of land. The current assessed valuation of the District Boundaries is \$ -0- for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The projected population of the Districts at build-out of the current boundaries is estimated to be approximately 789 persons (estimated at three (3) persons per household). Based upon the information currently available, the Financial Plan currently estimates the actual valuation of all property within the Financing Districts at \$198,000 per single family unit, \$140,000 per multi-family unit, and \$150 per square foot of non-residential space is \$55,195,523 at full build out in 2015. The assessed valuation of property within the Financing Districts set forth below and shown in the Financial Plan is based upon the Developer's projections of actual values of improved property and present State property tax law. The estimated assessed value on

full build out in 2015, based upon information currently available is projected to be \$5,321,753.00.

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

IV. DESCRIPTION OF THE DISTRICTS' POWERS, FACILITIES AND SERVICES

A. Powers of the Districts.

The Districts shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the Districts as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein. It is intended that the Districts will provide those facilities and services as defined by this Service Plan and will continue to exist to operate and maintain all of those facilities not dedicated to, or otherwise owned by, the County or other entity having proper jurisdiction.

1. Sanitation and Storm Drainage. The design, acquisition, installation, construction, operation and maintenance of storm or sanitary sewers, or both, and/or the design, acquisition, installation, construction, as well as flood and surface drainage improvements including, but not limited to, water quality ponds and other storm water facilities, culverts, dams, retaining walls, access ways, inlets, sediment basins, detention ponds and paving, roadside swales and curb and gutter, treatment and disposal works and facilities, and all necessary or proper equipment and appurtenances incident thereto, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems. At the present time, the District will design, construct, operate and maintain the sanitary sewer collection system. It is currently anticipated that the wastewater treatment services for the Development will be obtained through a service agreement with the City of Fort Collins ("Fort Collins"). It is anticipated that after financing and construction, installation and/or acquisition of the wastewater treatment system, District sanitation powers related to wastewater treatment services described in this section will be needed only in the event that Fort Collins and/or its systems are insufficient or unwilling to serve the needs of the Development on a reasonable, cost effective basis. If an agreement with Fort Collins can not be reached, the District will provide an alternative plan for wastewater treatment to the County for approval. The Districts intend to maintain the storm drainage improvements, including but not limited to sediment basins, storm sewer and detention improvements.

2. Water. The design, acquisition, installation, construction, operation and maintenance of a complete water and irrigation water system including, but not limited to, water rights, water supply, water quality, treatment, storage, transmission and distribution systems for domestic and other public or private purposes, together with all necessary and proper reservoirs,

treatment works and facilities, wells, water rights, equipment and appurtenances incident thereto which may include, but not be limited to, transmission lines, distribution mains and laterals, storage facilities, land and easements, together with extensions of and improvements to said systems. At the present time, it is anticipated that the water services for the Development will be obtained through a service agreement with West Fort Collins Water and Sanitation District (“West Fort Collins”). It is anticipated that West Fort Collins will provide for the operation and maintenance of the water facilities.

3. Streets. The design, acquisition, installation, construction, operation and maintenance of street and roadway improvements including but not limited to curbs, gutters, culverts, storm sewers and other drainage facilities, detention ponds, retaining walls and appurtenances, as well as sidewalks, bridges, parking facilities, paving, lighting, grading, streetscaping or landscaping, undergrounding of public utilities, snow removal equipment, or tunnels and other street improvements, together with all necessary, incidental and appurtenant facilities, signage, land and easements, and all necessary extensions of and improvements to said facilities. Larimer County’s current policy is to no longer accept new or additional subdivision roads for maintenance. The Districts intend to construct subdivision roadways within the boundaries of the Districts in accordance with Larimer County’s standards. A homeowners’ association will be responsible for the ownership, operation and maintenance of subdivision roadways within the boundaries of the Districts in accordance with Larimer County’s standards. The County will maintain only mainline, numbered County roads, such as County Road 54G.

4. Traffic and Safety Controls. The design, acquisition, installation, construction, operation and maintenance of traffic and safety protection facilities and services through traffic and safety controls and devices on arterial streets and highways, as well as other facilities and improvements including, but not limited to, signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities. The Districts will dedicate all traffic and safety protection facilities to the County for perpetual ownership and maintenance, pursuant to County criteria.

5. Parks and Recreation. The design, acquisition, installation, construction, operation and maintenance of public park and recreation facilities or programs including but not limited to grading, soil preparation, sprinkler systems, playgrounds, bike and hiking trails, pedestrian trails, pedestrian bridges, picnic areas, common area landscaping and weed control, outdoor lighting of all types, community events, and other facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems. The Districts shall own and maintain park and recreation facilities and open space improvements. It is not expected that the County will assume any of these duties or obligations.

6. Television Relay and Translation. The acquisition, construction, completion, installation and/or operation and maintenance of television relay and translator facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities and systems both within and outside of the Districts’ boundaries.

7. Mosquito Control. The design, acquisition, installation, construction, operation and maintenance of systems and methods for the elimination and control of mosquitoes. .

8. Legal Powers. The Districts' powers will be exercised by and through their Boards of Directors to the extent necessary to provide the public facilities and services contemplated in this Service Plan. The foregoing improvements and services, along with all other activities permitted by law, will be undertaken in accordance with, and pursuant to, the procedures and conditions contained in the Special District Act, other applicable statutes, and this Service Plan, as any or all of the same may be amended from time to time.

9. Other. In addition to the powers enumerated above, the Districts' Boards of Directors shall have the power and authority:

a. To amend this Service Plan as needed, subject to Section 32-1-207, C.R.S., including, by written notice to the County pursuant to Section 32-1-207, C.R.S., to undertake proposed actions which the Districts believe are permitted by this Service Plan, but which may be unclear. It shall be the Districts' responsibility to contact the County to seek an interpretation as to whether a disputed proposed action is allowed by this Service Plan. If the County determines that the proposed action constitutes a material modification of the Service Plan, the Districts shall comply with Section 32-1-207, C.R.S., to amend the Service Plan; and

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

c. To have and exercise all rights and powers necessary or incidental to, or implied from, the specific powers granted to the District in this Service Plan and the Special District Act.

B. Description of Facilities and Improvements.

The Districts will be permitted to exercise their statutory powers and authority, as set forth herein, to finance, construct, acquire, operate and/or maintain the public facilities and improvements described in this Service Plan, either directly or by contract. Where appropriate, the Districts will contract with various public and/or private entities to undertake such functions.

The preliminary, conceptual layouts of the public facilities and improvements described in this Service Plan are shown in **Exhibit F**, attached hereto. Additional information for each type of improvement needed for the Districts is set forth in this section. It is important to note that the preliminary layouts are conceptual in nature only, and that modifications to the type, configuration, and location of improvements may be necessary as development proceeds. All of the public facilities and improvements described in this Service Plan will be designed in such a way as to conform to the County's or any other public entity's providing utilities and/or services criteria and standards. The following subsections contain general descriptions of the facilities and improvements to be financed by the Districts. The descriptions that follow, and the costs associated

therewith, are estimates only and are subject to modification as engineering, development plans, economics, County and/or other public entity requirements, and construction scheduling may require.

1. Water. An existing twelve inch (12") asbestos cement water main traversing the Districts' property will be the backbone transmission main which will provide water service for this project. This facility is owned and operated by West Fort Collins. All design and construction will be consistent with standards and specifications developed by West Fort Collins. West Fort Collins is planning to construct in 2006 a fourteen inch (14") transmission water main adjacent to the north boundary of this project. The Districts' water system will be designed to eventually tie into this future water main.

2. Sanitary Sewer. Sanitary sewer service will be provided by an existing sanitary sewer main located at the southwest intersection of County Road 54G and County Road 21. The existing system is owned and operated by Fort Collins. All sanitary sewer main extensions will be designed and built to conform to the specifications of Fort Collins.

3. Drainage. Storm water runoff will be managed by a series of drainage channels and detention ponds, including an offsite drainage channel to convey runoff to the Cache la Poudre River. The proposed improvements and stormwater facilities will conform to criteria established by Larimer County Stormwater Design Standards ("LCSDS") and will meet the County's adequate public facilities requirements for storm water management as stated in the Larimer County Land Use Code. Improvements are also designed to be compliant with the Laporte Area Stormwater Master Plan.

4. Streets. Major access will be provided by Larimer County Road 54G. A north-south-east-west major collection system is provided. The major collector streets are forty-four (44) feet wide within an eighty (80) foot right-of-way. All other streets are designated as local streets thirty-four (34) feet wide located within a sixty (60) foot right-of-way. All streets are located and designed to be compliant with the Transportation Master Plan created as part of the Laporte Area Comprehensive Plan and the Larimer County Urban Area Street Standards. The Districts intend to construct subdivision roadways within the boundaries of the Districts in accordance with Larimer County's standards. A homeowners' association will be responsible for the ownership, operation and maintenance of subdivision roadways within the boundaries of the Districts in accordance with Larimer County's standards. The County will maintain only mainline, numbered County roads, such as County Road 54G.

5. Landscaping/Open Space. Open space is provided throughout the Project which will accommodate a central park, buffers, detention ponds and a trail system. Water to irrigate this area will be provided by an existing regional irrigation system which cuts through the middle of the Project from west to east. The space provided meets the dedication requirements outlined by Larimer County Planning Criteria.

6. Construction Standards Limitation. The Districts will ensure that the Public Improvements that are to be dedicated to the County or other governmental entities will be designed and constructed in accordance with the standards and specifications of the County

and of other governmental entities having proper jurisdiction and of those special districts and other utility service providers utilized by the Districts to provide those services hereunder, together with all entities that qualify as “interested parties” under Section 32-1-204(1), C.R.S., as applicable. The Districts will obtain the County’s approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

C. Preliminary Engineering Survey of Costs of Improvements.

The Districts shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance and financing of the Public Improvements within and without the boundaries of the Districts, to be more specifically defined in an Approved Development Plan. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, operated, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the zoning on the property in the Service Area and attached as **Exhibit E**. The current estimated costs are approximately \$7,166,915.00 based upon the anticipated build-out of 163 single family units, 100 multi-family units, and 25,500 square feet of commercial space. The figures provided are in uninflated, 2005 dollars and represent a preliminary estimate of the actual capital costs associated with the planned improvements and facilities. Actual costs, as well as the timing and sequence of construction, may vary from the stated amounts and phasing to reflect fluctuations in general price levels, the pace and scope of improvements within the Districts, and other contingencies or unanticipated events.

It is understood that the initial capital cost estimates contained in the Service Plan may vary from actual construction costs and that the allotment of funds between categories of improvements may differ from the original estimates. No approval shall be required for changes in the cost estimates for any individual improvement, or portion thereof, as long as the total estimated capital costs are not materially greater than the estimates set forth in the Service Plan. Notwithstanding the foregoing, any change in the cost estimates for any individual improvement, or portion thereof, shall not be considered to be a material modification of the Service Plan as long as the total estimated costs are not exceeded by more than twenty percent (20%). All District improvements shall be constructed in accordance with the specifications and standards approved by Larimer County.

D. Consents to Overlap.

Portions of the legal boundaries of the Districts (as initially configured and as ultimately expanded) may overlap those of West Fort Collins and the Poudre Fire Authority (the “Overlapping Districts”). The Districts do not presently plan to own and operate water facilities, but are authorized to do so under this Service Plan. In connection with the provision of water or sanitary sewer, the Districts shall comply with the applicable provisions of Section 32-1-107, C.R.S. relating to districts with overlapping services.

V. FINANCIAL PLAN

A. General.

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation, operation, maintenance and/or redevelopment of the Public Improvements from their revenues and by and through the proceeds of Debt to be issued by the Districts. The Financial Plan for the Districts attached hereto as **Exhibit G** demonstrates one method by which the Districts may finance and operate the Districts. The Financial Plan as may be amended shall demonstrate how to issue such Debt as the Districts can reasonably pay within the Maximum Debt Mill Levy Imposition Term from revenues derived from the Maximum Debt Mill Levy and other legally available revenues. The Debt Cap of the Districts shall be initially set at \$5,000,000.00 and such debt shall be permitted to be issued on a schedule and in such year or years as the Districts determine shall meet the needs of the Financial Plan referenced above and shall be phased to serve development as it occurs. Should substantial inclusions and additional construction, acquisition, installation, financing, development, operations and maintenance be required, the Districts shall seek the necessary approvals of the County to modify the Debt Cap of the Districts. All bonds and other Debt issued by the Districts may be payable from any and all legally available revenues of the Districts, including general *ad valorem* taxes to be imposed upon all taxable property within the Districts. The Districts will also rely upon various other revenue sources authorized by law. These will include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time.

The Financial Plan also provides an estimated cash flow analysis prepared by an independent financial advisor showing for each year, beginning with the year in which the district is organized and continuing on an annual basis, valuations for assessment of all taxable property in the district, mill levies, ad valorem tax receipts, utility fees, other revenues (including, without limitation, any Capital Facilities Fees expected to be received by the Districts), debt service, operation and maintenance expenses and annual and cumulative surpluses. The cash flow analysis includes estimated growth assumptions on which it is based, in terms of residential and non-residential development and demonstrates one method by which the district formation and public infrastructure construction, operations and maintenance can be financially feasible. It is understood that the Financial Plan forecasts may vary from actual development and build-out because of events and circumstances that do not occur as projected.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed fifteen percent (15%). The proposed maximum underwriting discount will be four percent (4%) Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

C. Maximum Debt Mill Levy.

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

1. For the portion of any aggregate Debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section V.C.2 below; provided that if, on or after January 1, 2005, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2005, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

2. For the portion of any aggregate Debt which is equal to or less than fifty percent (50%) of the Districts' assessed valuation, from and on the date of issuance or at any time thereafter, if either:

- a. on the date of issuance, or
- b. on or after a later date,

all or any portion of outstanding Debt is equal to or less than fifty percent (50%) of the Districts' assessed valuation on said date, then the mill levy to be imposed to repay such portion of debt shall not be subject to the Maximum Debt Levy and as a result, the mill levy may be such amount as is necessary to pay the Debt Service on such Debt, without limitation of rate.

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

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

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

a. For all general obligation debt, including refunding debt, the maximum mill levy the Districts can promise to impose to repay such debt shall be fifty (50) mills; provided, however, that this mill levy limitation may be increased or decreased to reflect changes in the method of calculating assessed valuation (with tax year 2005 as the base year for calculation of any such adjustments), such increases or decreases to be determined by the Districts' Boards of Directors in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual value to assessed value shall be deemed a change in the method of calculating assessed valuation.

b. Bonds may be privately placed in accordance with either Section 11-59-110(1)(g), C.R.S., or the regulations for placement of securities with an accredited investor in accordance with the Rules promulgated under the Colorado Municipal Bond Supervision Act, as the same may be amended from time to time. Bonds may be issued to the Developer without regard to such statute or regulations. Any such private placement or issuance shall be subject to the Mill Levy Cap.

c. The Districts may repay its debt using any and all other revenues legally available to them, including Capital Facilities Fees expected to be assessed in the amount of \$2,000.00 per single family and multi-family unit. The District anticipates a Capital Facility Fee of \$1.00 per square foot for the commercial development. The Districts anticipate assessing sewer fees of \$216.00 per year per each single family and multi-family unit for the costs of ownership, operation and maintenance of the sanitary sewer collection system and improvements.

D. Maximum Debt Mill Levy Imposition Term.

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

E. Debt Repayment Sources.

Each of the Districts may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service and for operations and maintenance. The Districts may also rely upon various other revenue sources authorized by law. At the

Districts' discretion, these may include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(I), C.R.S., as amended from time to time. In no event shall the debt service mill levy in any District exceed the Maximum Debt Mill Levy or, for residential property within a District, the Maximum Debt Mill Levy Imposition Term, except pursuant to an intergovernmental agreement between the Operating District and the County for Regional Improvements.

F. Security for Debt.

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

G. TABOR Compliance.

The Districts will comply with the provisions of Article 10 Section 20 of the Colorado Constitution, as may be amended from time to time ("TABOR"). In the discretion of the Board, the Districts may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the Districts will remain under the control of the Districts' Boards.

H. Districts' Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the districts' organization and initial operations, are estimated to be \$137,540.00 in 2005, which includes \$100,000.00 for organization and formation costs in that year only which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year's operating budget is estimated to be \$54,940.00, in years 2006 and 2007 to allow for high construction activity in those years, and \$40,000.00 in 2008 which is then increased for inflation by one percent (1%) per year thereafter, all of which is anticipated to be derived from property taxes, developer advances and other revenues.

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

I. Enterprises.

The Districts may establish enterprises to manage, fund, and/or operate those public improvements contemplated herein that qualify for enterprise status. Such establishment shall be

made in the discretion of the Districts' Boards of Directors, using the procedures and criteria provided by the TABOR Amendment and Colorado law. To the extent allowed by law, any enterprise created by the Districts will remain under the control of their Boards of Directors.

VI. ANNUAL REPORT

The County may request the Districts to file a special district annual report, not more than once per year. Such report shall be filed with the County, the Colorado Division of Local Government, and the State Auditor, and shall be deposited with the Larimer County Clerk and Recorder for public inspection. A copy of such report shall be made available by the Districts to any interested party pursuant to Section 32-1-207(3), C.R.S. The County may review the annual reports in a regularly scheduled public meeting, and such review shall be included as an agenda item in the public notice for such meeting.

For purposes of the foregoing, the Districts' fiscal year shall end on December 31st of each calendar year and the content of such report shall comply with the requirements of Section 32-1-207(3)(c), C.R.S.

VII. DISSOLUTION

When all of the statutory requirements for dissolution of the Districts occur, as stated in Section 32-1-701 *et seq.* C.R.S., as amended, the Districts may be dissolved.

VIII. DISCLOSURE TO PURCHASERS

The Districts will use reasonable efforts to assure that all developers of the property located within the Districts provide written notice to all purchasers of property in the Districts regarding the Maximum Debt Mill Levy, as well as a general description of the Districts' authority to impose and collect rates, fees, tolls and charges. A form of the Disclosure is attached hereto as **Exhibit I**.

IX. PROPOSED AND EXISTING AGREEMENTS

A. Master Intergovernmental Agreement.

Upon organization, the Operating District and the Financing Districts shall enter into a Master Intergovernmental Agreement that will ensure, among other things, that the improvements described within this Service Plan are constructed in the manner and at the time contemplated herein and that will define the relationship between the Operating District and the Financing Districts, including the means for approving, financing, constructing, and operating the public services and improvements needed to serve the Development. In addition to the foregoing, the Master Intergovernmental Agreement establishes the procedures and standards for the approval of the design of facilities, transfer of funds between the Districts, operation and maintenance of the facilities, and for the coordinated administration of management services for the Districts. In the event of any inconsistencies between the provisions of the Service Plan and the provisions of the Master Intergovernmental Agreement, the provisions of the Service Plan shall control.

B. Other Agreements/Authority.

An Intergovernmental Agreement shall be entered into between the Operating District and the County to address implementation of the Service Plan and specific requirements of the County. To the extent practicable, the Operating District may enter into additional intergovernmental and/or private agreements to provide for the improvements and services contemplated herein, as well as for the effective management, operation and/or maintenance thereof. Similar agreements may also be entered into with property owner associations and/or other service providers. All such agreements must be for facilities, services and agreements lawfully authorized to be provided by the Districts, pursuant to Section 18(2) (a) of Article XIV of the Colorado Constitution and Section 29-1-201, *et seq.*, C.R.S.

X. MATERIAL MODIFICATIONS

It shall be the Districts' responsibility to contact the County to seek an interpretation as to whether a questionable proposed action is allowed by this Service Plan. In the event that the Districts desire to make a modification to this Service Plan that may be material, the Districts shall submit the proposed modification to the Larimer County Community Development staff, which will determine whether the proposed modification is material. If the Larimer County Community Development staff determine that the proposed modification is material, then the Districts must obtain County approval before making any material modifications to this Service Plan in accordance with Section 32-1-207, *et seq.*, C.R.S., including, by written notice to the County pursuant to Section 32-1-207, C.R.S., modifications concerning proposed actions that the Districts believe are permitted by this Service Plan, but which may be unclear.

Material modifications shall include modifications of a basic or essential nature including, but not limited to, any additions to the types of services initially provided by the Districts or change in debt limit. Approval shall not be required for mechanical modifications to this Service Plan necessary for the execution of the original Financial Plan. Inclusion of areas outside of the Districts' initial Service Area but within the Future Inclusion Area shall not be considered a material modification to this Service Plan, but shall require administrative approval of the County prior to such inclusion. Inclusions of property into the Districts outside of the initial and future inclusion area and other material departures from the approved service plan shall require Larimer County approval of amendments to the approved service plan as required by Section 32-1-207, C.R.S. For purposes of this Service Plan, a modification to the land use plan, which causes a change in the types of services provided by the District, will be considered a material modification.

This Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities under evolving circumstances without the need for numerous amendments. While the assumptions upon which this Service Plan are generally based are reflective of anticipated zoning for the property within the Districts, the cost estimates and Financial Plan are sufficiently flexible to enable the Districts to provide necessary services and facilities without the need to amend this Service Plan as zoning changes. Modification of the services and facilities, and changes in proposed configurations, locations, or dimensions of various facilities and improvements

shall be permitted to accommodate development needs consistent with then current zoning for the Development.

In the event that the Districts take any action that constitutes a material modification of this Service Plan without approval from the County, the County shall utilize the remedies set forth by statute to seek to enjoin the Districts' actions.

XI. RESOLUTION OF APPROVAL

The Districts agree to incorporate the County's Resolution of Approval, including any conditions on such approval, into the Petition for Organization presented to the District Court in and for Larimer County, Colorado. The form of said resolution is attached hereto and incorporated herein as **Exhibit A**.

XII. CONCLUSION

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

1. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;
2. The existing service in the area to be served by the Districts is inadequate for present and projected needs;
3. The Districts are capable of providing economical and sufficient service to the area within their proposed boundaries;
4. The area to be included in the Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
5. Adequate service is not, and will not be, available to the area through Larimer County, or through other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;
6. The facility and service standards of the Districts are compatible with the facility and service standards of the County and those of each municipality that is an interested party under Section 32-1-204(3), C.R.S.;
7. The proposal is in compliance with any duly adopted County, regional, or State long-range water quality management plan for the area;
8. The proposal is in substantial compliance with the County's Master Plan;
9. The creation of the Districts is in the best interests of the area proposed to be served; and

10. The creation of the Districts is in the best interests of the residents and future residents and taxpayers of the area proposed to be served;

Therefore, it is hereby respectfully requested that the Board of County Commissioners for Larimer County, Colorado, which has jurisdiction to approve this Service Plan by virtue of Section 32-1-204, C.R.S., *et seq.*, as amended, adopt a resolution, which approves this "Consolidated Service Plan for The Grove Metropolitan District Nos. 1, 2 and 3," as submitted.

Respectfully submitted this 23rd day of August, 2005.

White Bear & Ankele
Professional Corporation

*White Bear & Ankele
Professional Corporation.*

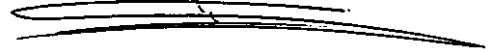


EXHIBIT A

Commissioner _____ moved that the following Resolution be adopted:

BEFORE THE BOARD OF COUNTY COMMISSIONERS

OF THE COUNTY OF LARIMER

STATE OF COLORADO

RESOLUTION NO. _____

In The Matter Of: The Grove Metropolitan Districts Nos. 1, 2 and 3

WHEREAS, pursuant to the provisions of the "Special District Control Act," Part 2 of Article 1 of Title 32, C.R.S. 1973, the Petitioners formally presented a Consolidated Service Plan for The Grove Metropolitan Districts Nos. 1, 2 and 3 (the "Service Plan") and (the "District"), respectively; and

WHEREAS, pursuant to the provisions of Section 32-1-204(2), C.R.S., the Larimer County Planning Commission held a public hearing on the Service Plan on July 21, 2005, at which time the Planning Commission did, by resolution, recommend denial of the Service Plan based upon its belief that insufficient information regarding expansion of potential inclusion areas and information regarding responsible economic and sufficient service needed for conditional approval of the Service Plan was needed, and

WHEREAS, pursuant to the provisions of Section 32-1-202(1), C.R.S., the Board of County Commissioners of Larimer County, Colorado, held a public hearing and set a date for a public hearing on the Service Plan for August 8, 2005; and

WHEREAS, notice of the date, time, location and purpose of the aforesaid hearing was duly published in the Fort Collins Coloradoan, a newspaper of general circulation, on July 11, 2005; notice was provided to the division of local government in the department of local affairs of the name and type of the Special District; notice of the date, time and location of the hearing was provided to the Petitioners and to the governing body of each municipality and of each Special District which had levied an *ad valorem* tax within the next preceding tax year and which had boundaries within a radius of three (3) miles of the Petitioners' District, as required by Section 32-1-204(1), C.R.S.; and notice of the time, date, location and purpose District via letter mailing pursuant to Section 32-1-204(1.5), C.R.S.; and

WHEREAS, this Board did, on August 8, 2005, hold a full, public hearing on this matter, taking evidence establishing the jurisdiction of the Board to hear this matter and further taking evidence regarding the substantive issues set forth in Section 32-1-203, C.R.S.; and

WHEREAS, this Board has fully considered the testimony and other evidence presented to it in this matter.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Larimer County, Colorado:

1. That the Board does hereby determine that all of the jurisdictional and other requirements of Sections 32-1-202 and 32-1-204, C.R.S., have been fulfilled, including those relating to the filing of the Service Plan and the form and timing of the public notice of the hearing and the public hearing held herein.

2. That the Board does hereby find and determine, subject to the conditions expressly set forth below, that:

(a) There is sufficient existing and projected need for organized service in the area as provided in the Service Plan;

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

(c) The District, as outlined in the Service Plan, is capable of providing economical and sufficient service to the area within its proposed boundaries;

(d) The area included in the District has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

(e) Adequate service is not, and will not be, available to the area through the County, other existing municipal or quasi-municipal corporations, including existing Special Districts, within a reasonable time and on a comparable basis;

(f) The facility and service standards of the District are compatible with the facility and service standards of Larimer County and of adjacent municipalities and special districts;

(g) The proposal is in substantial compliance with the County's master plan adopted pursuant to Section 30-28-106 and Section 30-28-108, C.R.S.;

(h) The proposal is in compliance with duly adopted long-range water and quality management plans for the area, if any;

3. That the Board further finds and determines that creation of the District, subject to the conditions expressly set forth below, is in the best interests of the area proposed to be served.

4. That the Service Plan of the District to finance and construct public improvements anticipated in the Service Plan, be and hereby is approved, subject to the following conditions as listed in Exhibit A, attached hereto and incorporated herein:

5. That, pursuant to Section 32-1-204(4), C.R.S., upon the incorporation of the foregoing conditions into the Service Plan, the Board of County Commissioners shall issue a resolution of final approval to the District.

Commissioner _____ seconded the adoption of the foregoing Resolution. The roll having been called, the vote was as follows:

Commissioner _____

Commissioner _____

Commissioner _____

The Resolution was adopted by majority vote of the Board of County Commissioners of the County of Larimer, State of Colorado.

EXHIBIT A

CONDITIONS OF APPROVAL

The specific conditions of approval of the Service Plan recommended by the Larimer County Planning Department described below in Items Nos. 1-6, inclusive, have been met through the District's submittal of a revised Consolidated Service Plan for The Grove Metropolitan District Nos. 1, 2 and 3. These conditions are summarized below:

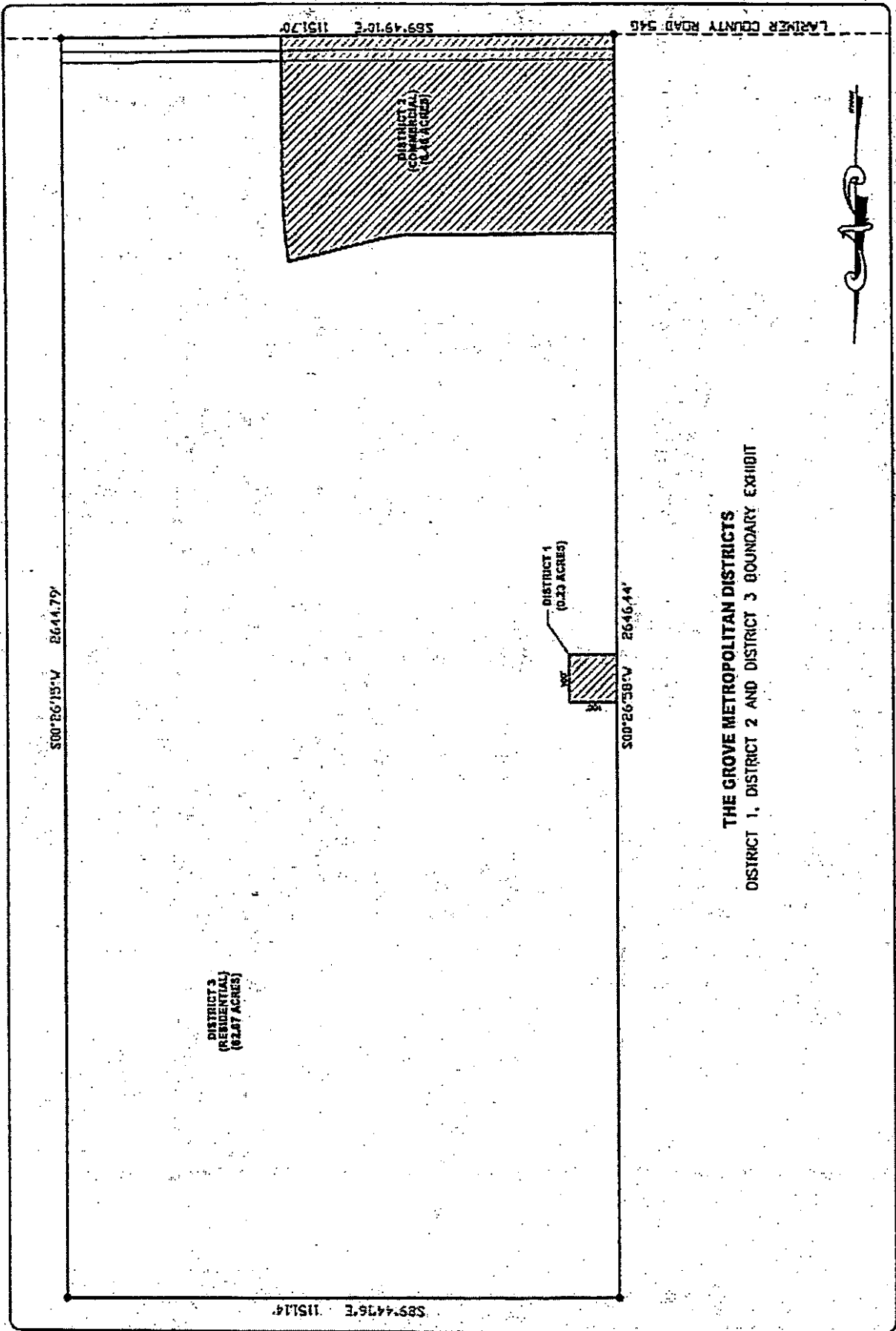
1. The District shall address the concerns of the Larimer County Planning Commission, Larimer County Planning Staff, and referral agencies.
2. The Consolidated Service Plan shall meet the minimum requirements of State statute regarding the formation of a new special district.
3. The District proponents shall modify the Service Plan to reflect the requirement to execute a satisfactory Intergovernmental Agreement ("IGA") with Larimer County. This IGA shall, at a minimum, include the language of the proposed draft further allowing the County to assure the District is working to include properties in cooperative manner in and in a reasonable cost effective manner.
4. The Consolidated Service Plan of The Grove Metropolitan District Nos. 1, 2 and 3, as approved by the Larimer County Board of County Commissioners on August 8, 2005 ("Service Plan") defined the Future Inclusion Area of the District. All future inclusions of property within the Districts shall be in compliance with the Service Plan and the Larimer County IGA.
5. The Service Plan must clarify what constitutes a material modification regarding future inclusions.
6. Approval of this Service Plan in no way assumes approval of any plan for the development of property which is contained in the proposed districts' boundaries.

The Board of County Commissioners requested the following additional condition of approval:

7. The Districts shall be allowed to proceed with their organizational election in November 2005, but shall not be allowed to operate until The Grove Development receives preliminary plat approval from Larimer County.

EXHIBIT B-1

Map Showing the Current Boundaries of the Districts



THE GROVE METROPOLITAN DISTRICTS
DISTRICT 1, DISTRICT 2 AND DISTRICT 3 BOUNDARY EXHIBIT



S89°49'18\"/>

LARIMER COUNTY ROAD 546

S00°26'15\"/>

S00°26'58\"/>

S89°44'36\"/>

DISTRICT 3
(RESIDENTIAL)
(82.87 ACRES)

DISTRICT 1
(0.23 ACRES)

DISTRICT 2
(COMMERCIAL)
(2.14 ACRES)

EXHIBIT B-2

Map Showing the Boundaries of the Future Inclusion Area

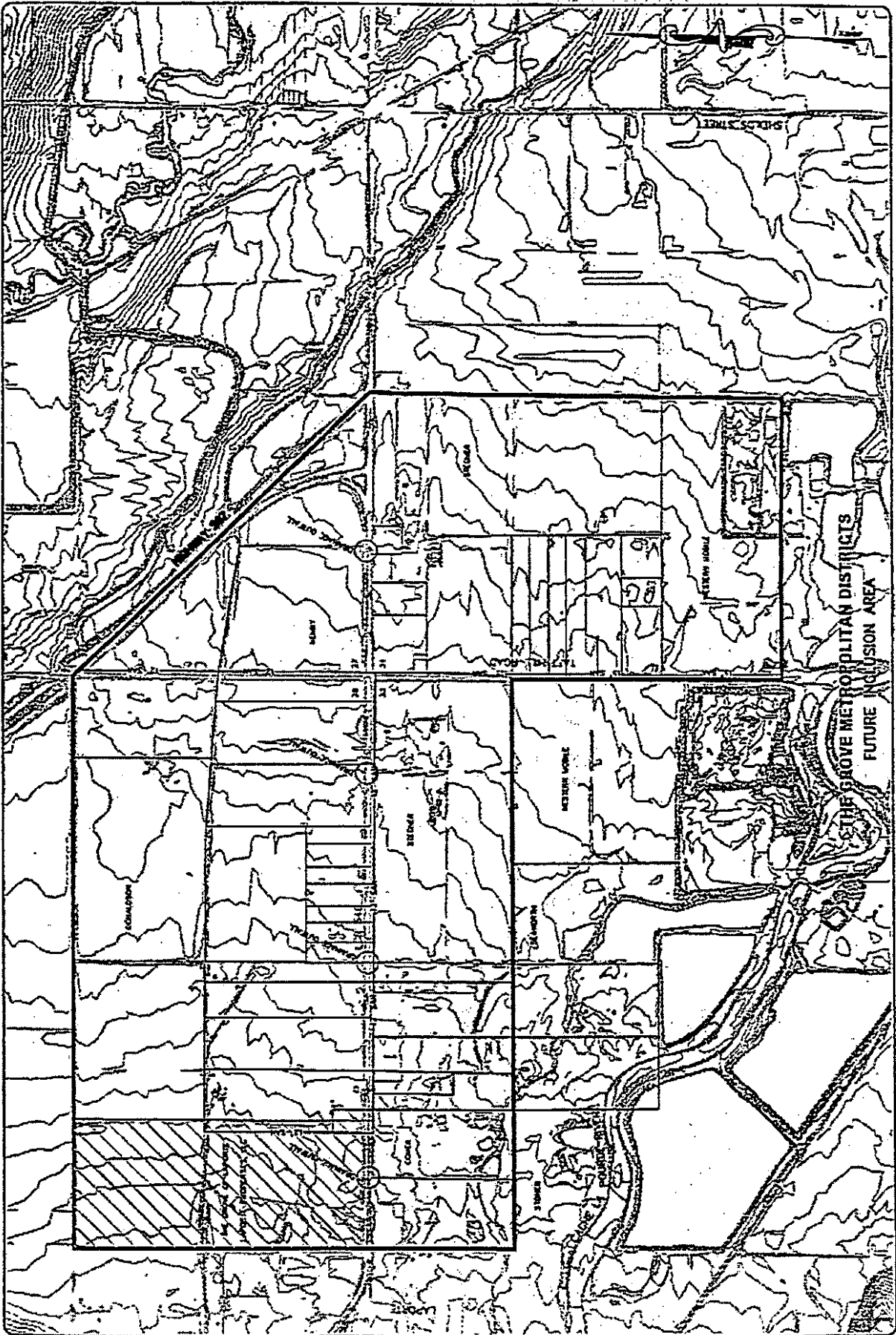


EXHIBIT C-1

Legal Description of the Current Boundaries of the Districts

THE GROVE METROPOLITAN DISTRICT

DISTRICT LEGAL DESCRIPTION

The West Half of the Southwest Quarter of Section 28, Township 8 North, Range 69 West of the Sixth Principal Meridian, Larimer County, State of Colorado; excepting therefrom that portion as excepted and reserved in the deed recorded November 29, 1875 in Book 6 at Page 338 and further excepting therefrom that portion conveyed by deed recorded November 7, 1930 in Book 593 at Page 315 and subject to all Rights-of-ways; Easements, Reservation or Restrictions as now in use or of Record. Said tract contains 69.36 acres more or less gross.

THE GROVE METROPOLITAN DISTRICTS DISTRICT 1

A tract of land located in the Southwest Quarter of Section 28, Township 8 North, Range 69 West of the Sixth Principal Meridian, Larimer County, State of Colorado; which considering the West line of the Southwest Quarter of said Section 28 as bearing North $00^{\circ}26'58''$ East and with all bearings contained herein relative thereto; and as contained within the boundary lines which begin at the Southwest corner of said Section 28 and run thence North $00^{\circ}26'58''$ East along the West line of the Southwest Quarter a distance of 1250.00 feet to the POINT OF BEGINNING; thence continuing along the West line of the Southwest Quarter a distance of 100.00 feet; thence South $89^{\circ}33'02''$ East a distance of 100.00 feet; thence South $00^{\circ}26'58''$ West a distance of 100.00 feet; thence North $89^{\circ}33'02''$ West a distance of 100.00 feet to the POINT OF BEGINNING. Said parcel contains 0.23 acres more or less.

**THE GROVE METROPOLITAN DISTRICTS
DISTRICT 2**

A tract of land located in the Southwest Quarter of Section 28, Township 8 North, Range 69 West of the Sixth Principal Meridian, Larimer County, State of Colorado; which considering the West line of the Southwest Quarter of said Section 28 as bearing North $00^{\circ}26'58''$ East and with all bearings contained herein relative thereto; and is contained within the boundary lines which BEGIN at the Southwest corner of said Section 28 and run thence North $00^{\circ}26'58''$ East along the West line of the Southwest Quarter a distance of 415.01 feet; thence South $89^{\circ}49'10''$ East a distance of 420.62 feet; thence along the arc of a 300.00 radius curve to the left a distance of 71.25 feet, the chord of which bears North $83^{\circ}22'37''$ East a distance of 71.08 feet; thence North $76^{\circ}34'23''$ East a distance of 201.20 feet; thence long the arc of a nontangent curve with a 1000.00 radius a distance of 158.08 feet, the chord of which bears South $04^{\circ}04'45''$ East a distance of 157.91 feet; thence South $00^{\circ}26'58''$ West a distance of 313.28 feet to a point on the South Line of the Southwest Quarter of said Section 28; thence North $89^{\circ}49'10''$ West along the South Line of the Southwest Quarter of said Section 28 a distance of 698.96 feet to the POINT OF BEGINNING; excepting therefrom that portion as excepted and reserved in deed recorded November 7, 1930 in Book 593 at page 315. Said tract contains 6.46 acres more or less.

THE GROVE METROPOLITAN DISTRICTS
DISTRICT 3

A tract of land located in the Southwest Quarter of Section 28, Township 8 North, Range 69 West of the Sixth Principal Meridian, Larimer County, State of Colorado; which considering the West line of the Southwest Quarter of said Section 28 as bearing North 00°26'58" East and with all bearings contained herein relative thereto; and is contained within the boundary lines which BEGIN at the Southwest corner of said Section 28 and run thence North 00°26'58" East along the West line of the Southwest Quarter a distance of 415.01 feet to the TRUE POINT OF BEGINNING; thence continuing along the West line of the Southwest Corner North 00°26'58" East a distance of 834.99 feet; thence South 89°33'02" East a distance of 100.00 feet; thence North 00°26'58" East a distance of 100.00 feet; thence North 89°33'02" West a distance of 100.00 feet to a point on the West Line of the Southwest Quarter of said Section 28; thence continuing along the west line of the Southwest Quarter of said Section 28 a distance of 1296.44 feet to the West Quarter Corner of said Section 28; thence South 89°44'16" East a distance of 1151.14 feet; thence South 00°26'15" West a distance of 2644.79 feet to a point on the South Line of the Southwest Quarter of said Section 28; thence continuing along the South Line of the Southwest Quarter of said Section 28 a distance of 452.75 feet; thence North 00°26'58" East a distance of 313.28 feet; thence along the arc of a 1000.00 foot radius

curve to the left a distance of 158.08 feet, the chord of which bears North 04°04'45" West a distance of 157.91 feet; thence South 76°34'23" West a distance of 201.20 feet; thence along the arc of a 300.00 foot radius curve to the right a distance of 71.25 feet, the chord of which bears South 83°22'37" West a distance of 71.08 feet; thence North 89°49'10" West a distance of 420.62 feet to the TRUE POINT OF BEGINNING; excepting therefrom that portion as excepted and reserved in deed recorded November 7, 1930 in Book 593 at page 315. Said tract contains 62.67 acres more or less.

EXHIBIT C-2

Legal Description of the Additional Property Expected to Be Included in the Boundaries of the Financing Districts

This future Inclusion Area includes the Legal Description attached hereto as C-2,
less the property described in Exhibit C-1.

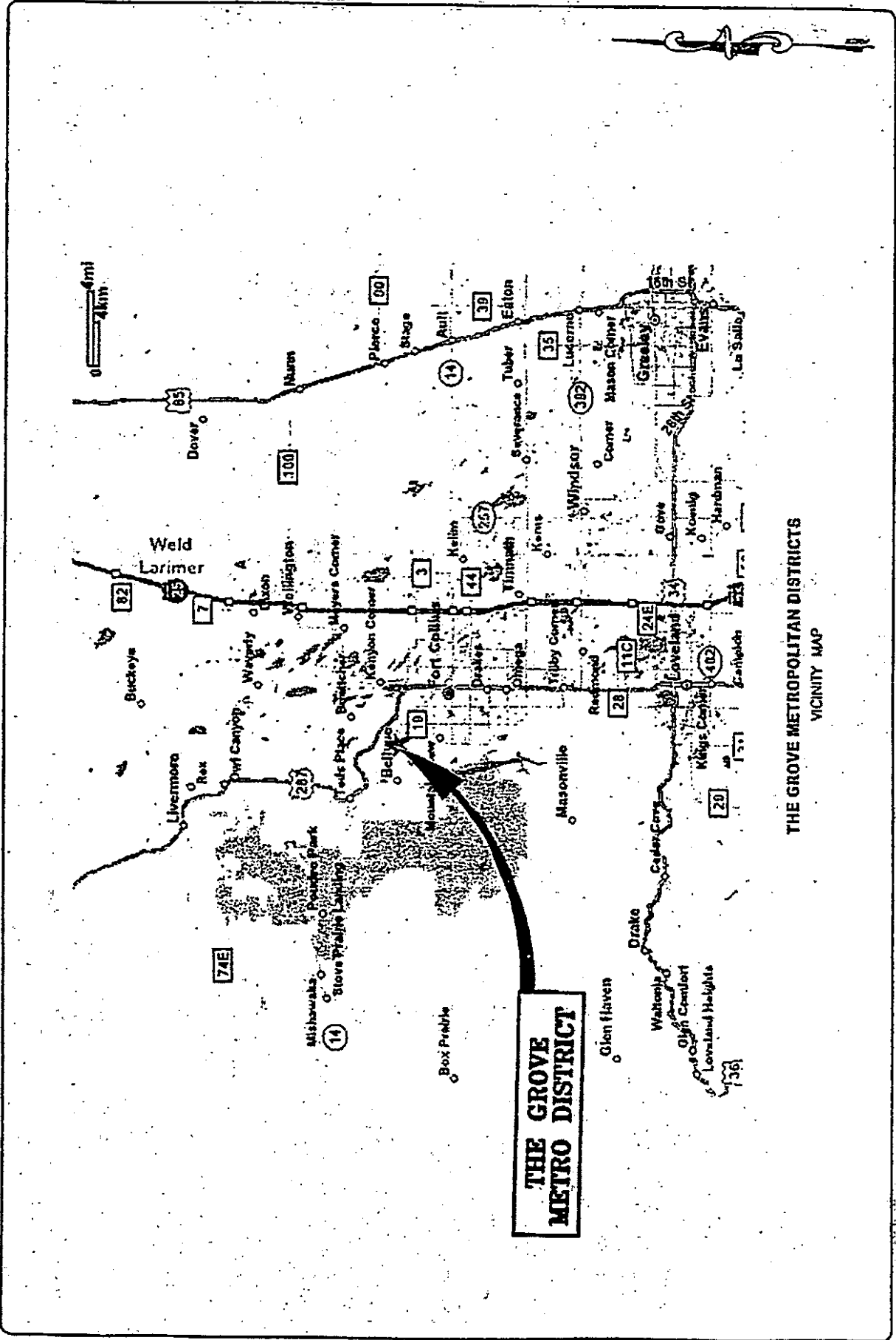
THE GROVE METROPOLITAN DISTRICTS

FUTURE INCLUSION AREA

Property situate in the South Half of Section 28, North Half of the North Half of Section 33, A Portion of the Southwest Quarter of Section 27 South of Highway 287, the Northwest Quarter of Section 34 and the North Half of the Southwest Quarter of Section 34, Township 8 North, Range 69 West of the Sixth Principal Meridian, Larimer County, Colorado. Said parcels contain an area of 800 acres more or less.

EXHIBIT D

Vicinity Map



THE GROVE METROPOLITAN DISTRICTS
VICINITY MAP

EXHIBIT E

Engineering Survey of Estimated Costs of Public Improvements

**THE GROVE METROPOLITAN DISTRICTS
SUMMARY OF COSTS**

May 9, 2005

A. Sanitary Sewer

1. Sewer Main (12" PVC SDR 35)	4,700	L.F.	30.00	141,000.00
2. Sewer Main (8" PVC SDR 35)	5,500	L.F.	20.00	110,000.00
3. Manholes (4' Diam. Concrete)	48	Ea.	2,500.00	120,000.00
4. Sewer Services (4")	188	Ea.	700.00	131,600.00
5. Tie into Existing Manhole	1	Ea.	1,500.00	<u>1,500.00</u>
			Subtotal A	\$504,100.00

B. Water

1. Water Main (12" PVC C-900)	1,950	L.F.	40.00	78,000.00
2. Water Main (8" PVC C-900)	8,700	L.F.	25.00	217,500.00
3. 6" Fire Hydrant Assembly	25	Ea.	3,000.00	75,000.00
4. Water Main Fittings	50	Ea.	600.00	30,000.00
5. Water Valves	60	Ea.	600.00	36,000.00
6 Tapping Sleeves	8	Ea.	3,000.00	24,000.00
7. ¾" Water Services	163	Ea.	500.00	81,500.00
8. 1" Water Services	25	Ea.	1,000.00	<u>25,000.00</u>
			Subtotal B	\$567,000.00

C. Drainage

1. Storm Drain (60" RCP)	240	L.F.	200.00	48,000.00
2. Storm Drain (24" RCP)	1,000	L.F.	50.00	50,000.00
3. R Box (10')	10	Ea.	2,500.00	25,000.00
4. R Box (5')	15	Ea.	2,000.00	30,000.00
5. Manholes (4' Diam. Concrete)	10	Ea.	2,800.00	28,000.00
6. Headwall	10	Ea.	3,000.00	30,000.00
7. Rip-Rap (D ₅₀ = 12")	1,000	C.Y.	20.00	20,000.00
8. Concrete Pan (6" Thick)	12,000	Sq.Ft.	5.00	60,000.00
9. Topsoil Stripping	50,000	C.Y.	1.00	50,000.00
10. Unclassified Excavation	10,000	C.Y.	2.50	25,000.00
11. Embankment	260,000	C.Y.	2.00	520,000.00
12. Ditch Crossing	2	Ea.	50,000.00	<u>100,000.00</u>
			Subtotal C	\$986,000.00

SUMMARY OF COSTS
THE GROVE METROPOLITAN DISTRICTS
May 9, 2005
Page 2 of 3

D. Streets

1. Curb & Gutter	28,000	L.F.	15.00	420,000.00
2. Concrete Pans (8" Thick)	6,000	Sq.Ft.	6.00	36,000.00
3. Corner Returns (20' R)	60	Ea.	1200.00	72,000.00
4. Pavement (4") Grading C	60,000	Sq.Yd.	17.00	1,020,000.00
5. Base (9") Class 6	60,000	Sq.Yd.	8.00	480,000.00
6. MH Adjustments	48	Ea.	300.00	14,400.00
7. Valve Adjustments	60	Ea.	300.00	18,000.00
8. Traffic Control	Lump Sum	L.S.	3,000.00	3,000.00
9. Asphalt Patch	1,000	Sq.Yd.	25.00	25,000.00
10. Handicap Ramps	110	Ea.	1,000.00	110,000.00
11. Street Signs	30	Ea.	300.00	9,000.00
12. Sidewalk (Concrete 4")	130,000	Sq.Ft.	4.00	<u>520,000.00</u>

Subtotal D \$2,727,400.00

E. Erosion Control

1. Silt Fence	12,500	L.F.	3.00	37,500.00
2. Vehicle Tracking PAD	2	Ea.	1,500.00	3,000.00
3. Inlet Filters	25	Ea.	200.00	5,000.00
4. Temporary Seeding	60	Acres	200.00	<u>12,000.00</u>

Subtotal E \$ 57,500.00

F. Park / Recreational / Open Space Improvements

1. Native Seed	15	Acre	2,000.00	30,000.00
2. Deciduous Trees	500	Ea.	400.00	200,000.00
3. Conifer Trees	100	Ea.	600.00	60,000.00
4. Entryway Feature	Lump Sum	L.S.	50,000.00	50,000.00
5. Irrigation System	Lump Sum	L.S.	200,000.00	200,000.00
6. Fencing	1,000	L.F.	12.00	12,000.00
7. Trail	2,500	Sq.Yd.	15.00	37,500.00
8. Park Improvements	Lump Sum	L.S.	50,000.00	<u>50,000.00</u>

Subtotal F \$ 639,500.00

G. Franchise Utilities

1. Electrical System	263	Lots	600.00	157,800.00
2. Telephone System	263	Lots	200.00	52,600.00
3. Cable TV System	263	Lots	100.00	26,300.00
4. Gas System	263	Lots	300.00	<u>78,900.00</u>

Subtotal G \$ 315,600.00

**SUMMARY OF COSTS
THE GROVE METROPOLITAN DISTRICTS
May 9, 2005
Page 3 of 3**

H. Approval / Professional Fees

1. Final Design	\$ 75,000.00
2. Submittal Fees	10,000.00
3. Construction Engineering	120,000.00
4. Construction Staking	150,000.00
5. Construction Testing	80,000.00

Subtotal H \$ 435,000.00

Subtotal A thru H \$6,232,100.00

I. Contingency

15% \$ 934,815.00

Subtotal I \$ 934,815.00

Summary of Costs

A. Sanitary Sewer	\$ 504,100.00
B. Water	567,000.00
C. Drainage	986,000.00
D. Streets	2,727,400.00
E. Erosion Control	57,500.00
F. Park/Recreational/Open Space Improvements	639,500.00
G. Franchise Utilities	315,600.00
H. Approval / Professional Fees	435,000.00
I. Contingency	<u>934,815.00</u>
Total	\$ 7,166,915.00

**THE GROVE METROPOLITAN DISTRICTS
ESTIMATED ABSORPTION SCHEDULE
AS OF JULY 29, 2005**

YEAR	SINGLE FAMILY UNITS	MULTI FAMILY UNITS	FINISHED COMMERCIAL BUILDING (SQ. FT.)
2006	10		
2007	20	15	
2008	20	15	5,500
2009	10	15	3,000
2010	20	15	3,000
2011	20	15	3,000
2012	20	15	3,000
2013	20	10	3,000
2014	23		3,000
2015			2,000
Total	163	100	25,500

The Grove Metropolitan District

Estimated Value

SINGLE FAMILY	\$198,000 / UNIT
MULTI FAMILY	\$140,000 / UNIT
COMMERCIAL	\$150.00 / BUILDING SQUARE FEET

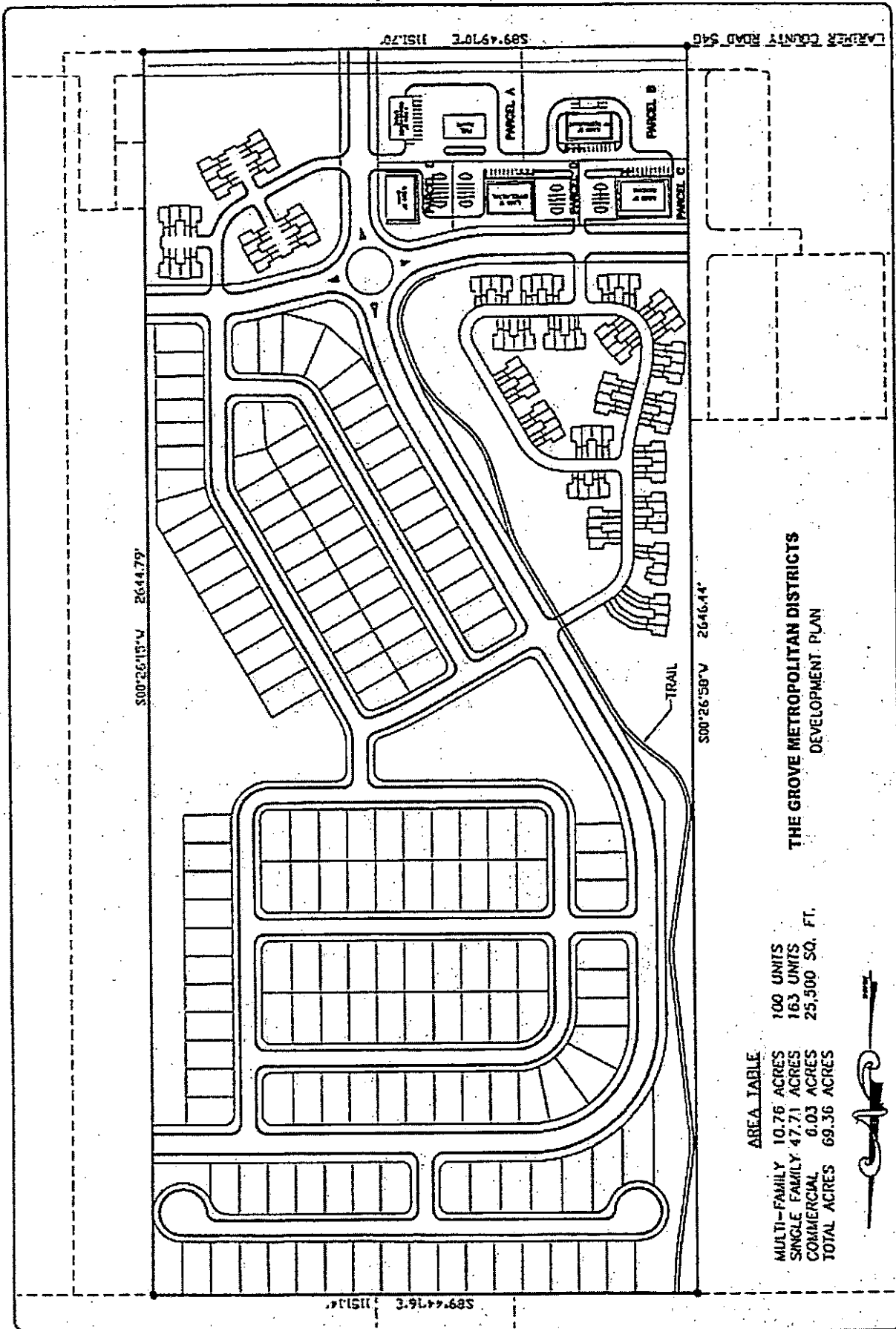
THE GROVE METROPOLITAN DISTRICTS
SUMMARY OF RAW WATER REQUIREMENTS

<u>RESIDENTIAL</u>	(263 UNITS)	
RATE	1 ACRE – FOOT / UNIT	
DEMAND	263 UNITS X 1 AC. FT. / UNIT	263 ACRE – FEET
<u>COMMERCIAL</u>	(5 – 1" TAPS)	
RATE	4 ACRE – FEET / TAP	
DEMAND	5 TAPS X 4 AC. FT. / TAP	20 ACRE – FEET
<u>OPEN SPACE</u>	(15 ACRES)	
RATE	1 ACRE – FOOT / ACRE	
DEMAND	15 ACRES X 1 AC. FT. / ACRE	15 ACRE – FEET
	TOTAL RAW WATER REQUIRED	298 ACRE – FEET

NOTE: WATER DEDICATION IS USUALLY PAID TO THE WATER DISTRICT AT THE TIME A BUILDING PERMIT IS ISSUED.

EXHIBIT F

Facilities Diagrams Depicting Public Improvements

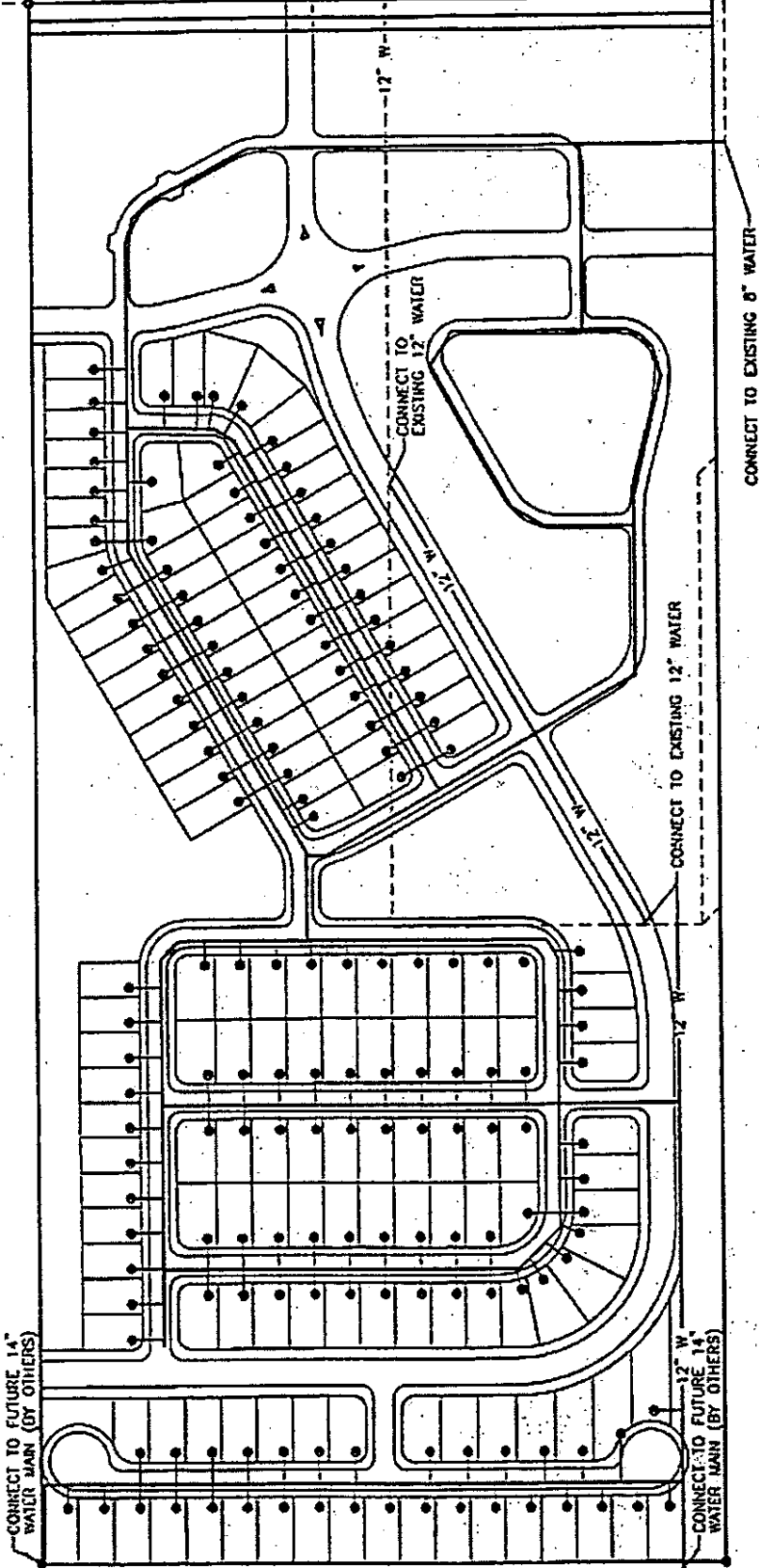


THE GROVE METROPOLITAN DISTRICTS
 DEVELOPMENT PLAN

AREA TABLE

MULTI-FAMILY	10.76 ACRES	100 UNITS
SINGLE FAMILY	47.71 ACRES	163 UNITS
COMMERCIAL	0.03 ACRES	25,500 SQ. FT.
TOTAL ACRES	69.36 ACRES	





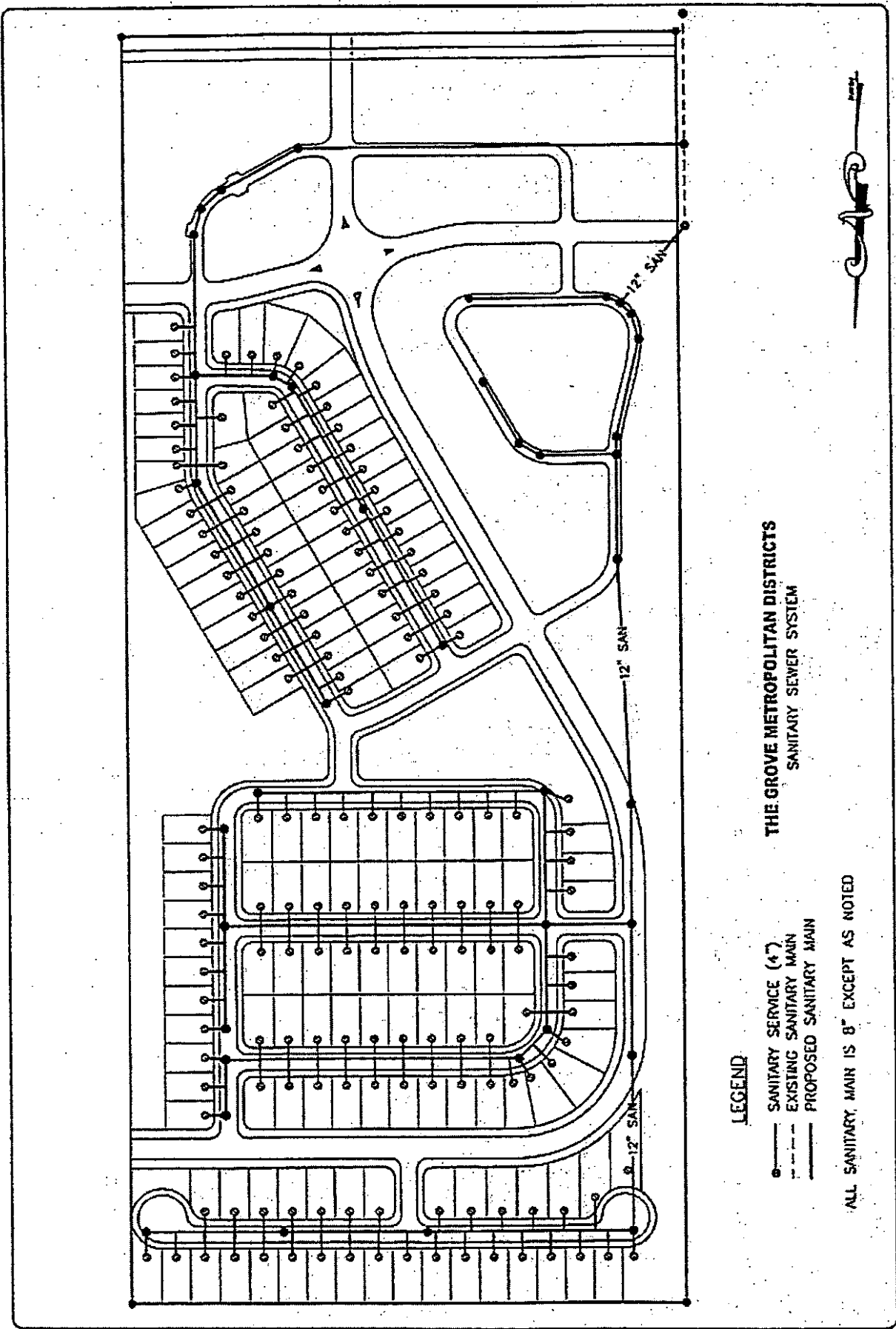
LEGEND

- WATER SERVICE
- EXISTING WATER MAIN
- - - PROPOSED WATER MAIN

**THE GROVE METROPOLITAN DISTRICTS
WATER SYSTEM**

ALL WATER MAIN IS 8" EXCEPT AS NOTED





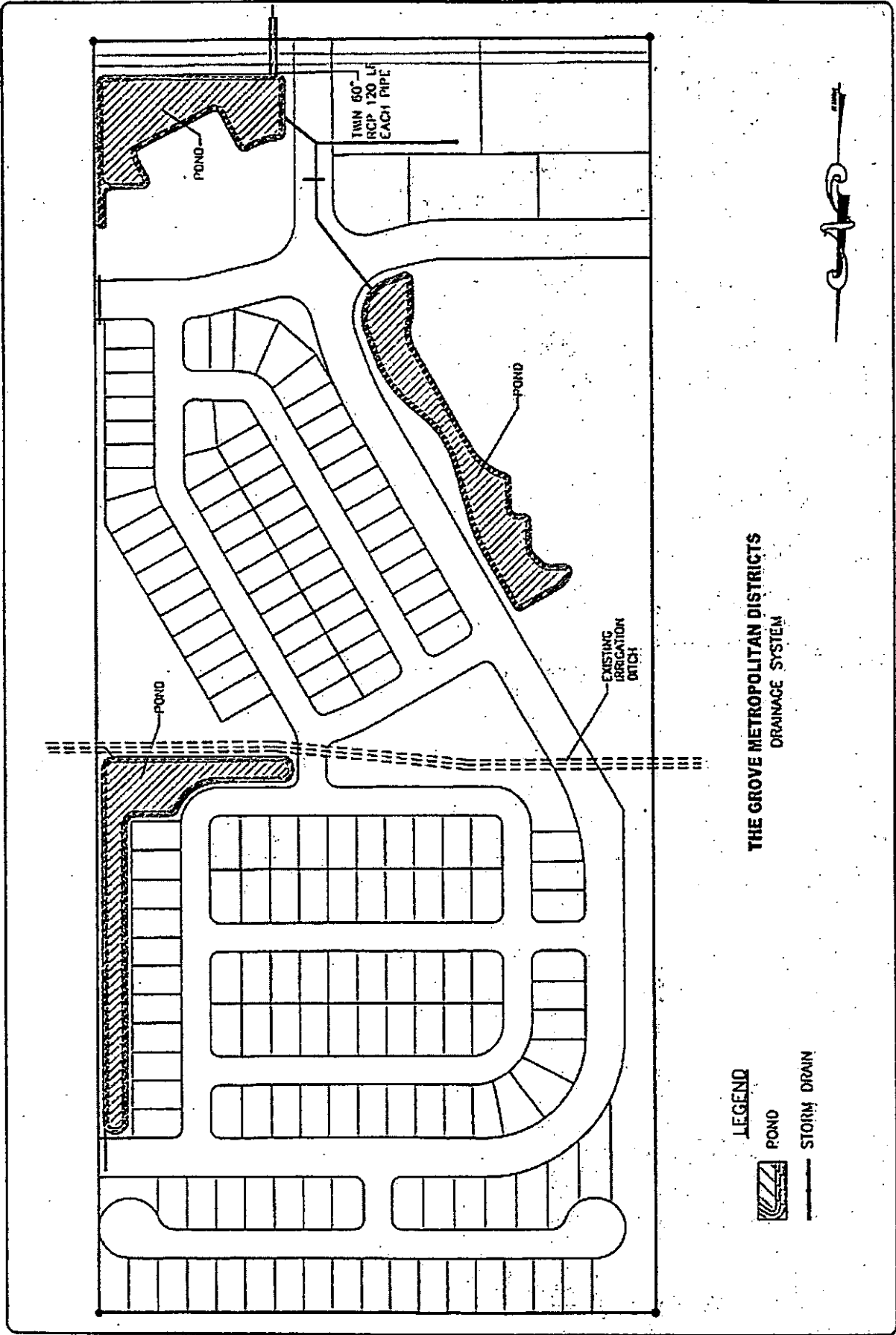
**THE GROVE METROPOLITAN DISTRICTS
SANITARY SEWER SYSTEM**

LEGEND



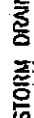
- SANITARY SERVICE (4")
- EXISTING SANITARY MAIN
- - - PROPOSED SANITARY MAIN

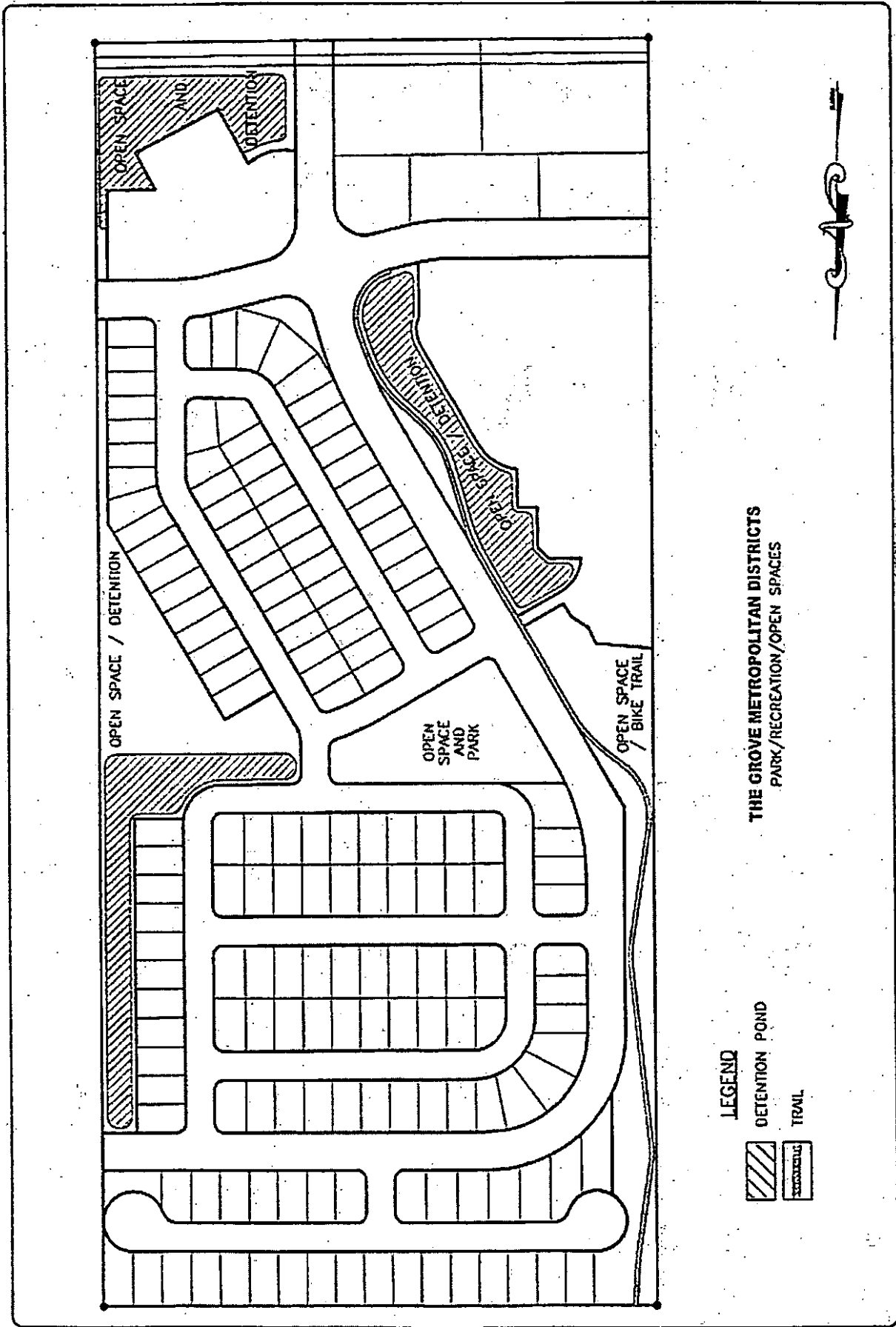
ALL SANITARY MAIN IS 8" EXCEPT AS NOTED

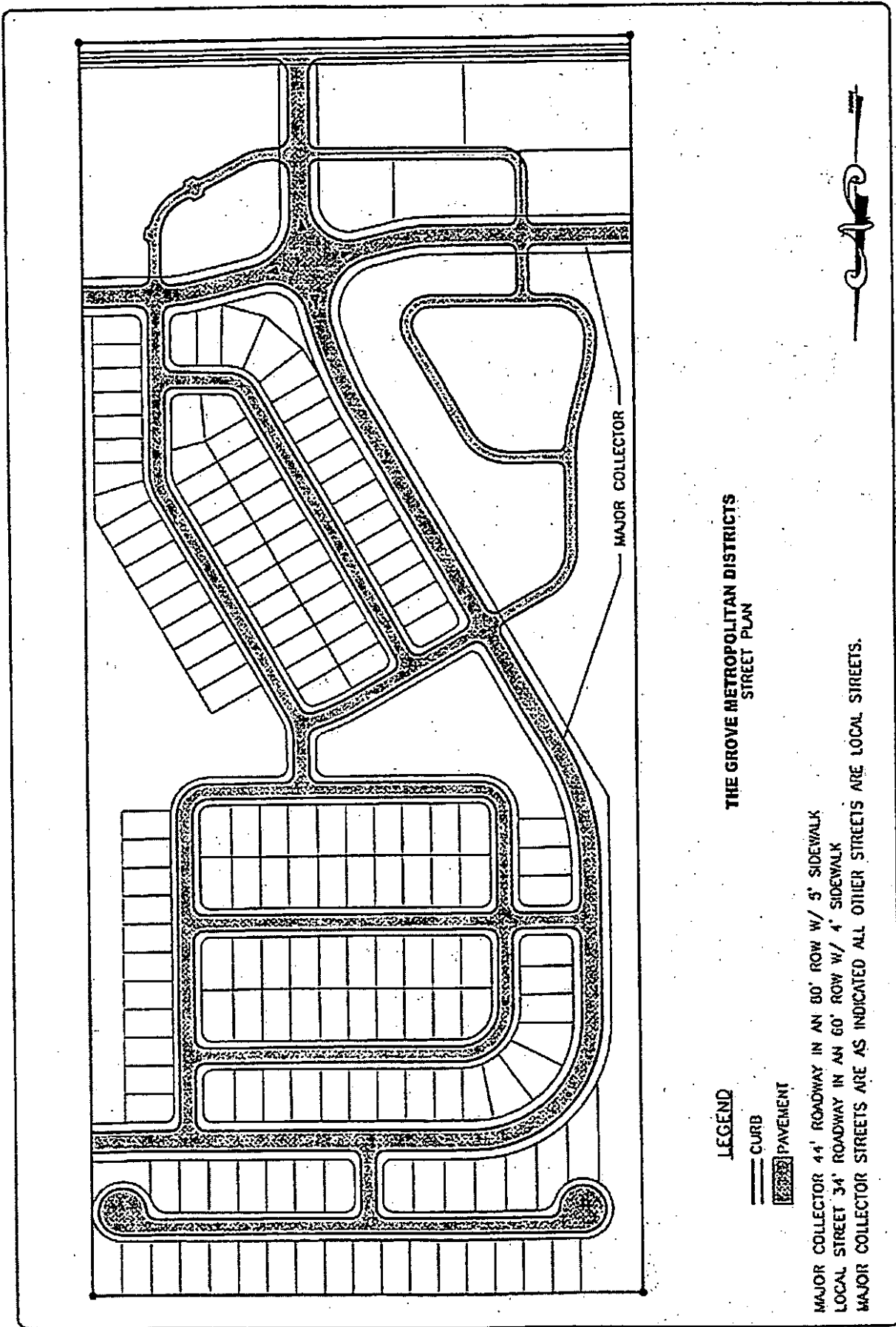




**THE GROVE METROPOLITAN DISTRICTS
DRAINAGE SYSTEM**

- LEGEND**
-  POND
 -  EXISTING IRRIGATION DITCH
 -  STORM DRAIN





**THE GROVE METROPOLITAN DISTRICTS
STREET PLAN**

LEGEND

- CURB
- PAVEMENT

MAJOR COLLECTOR 44' ROADWAY IN AN 80' ROW W/ 5' SIDEWALK
 LOCAL STREET 34' ROADWAY IN AN 60' ROW W/ 4' SIDEWALK
 MAJOR COLLECTOR STREETS ARE AS INDICATED ALL OTHER STREETS ARE LOCAL STREETS.



OVERALL LANDSCAPE PLAN

THE GROVE AT LAPORTE

PREPARED BY:
D:\M\p\LOCAL\0000

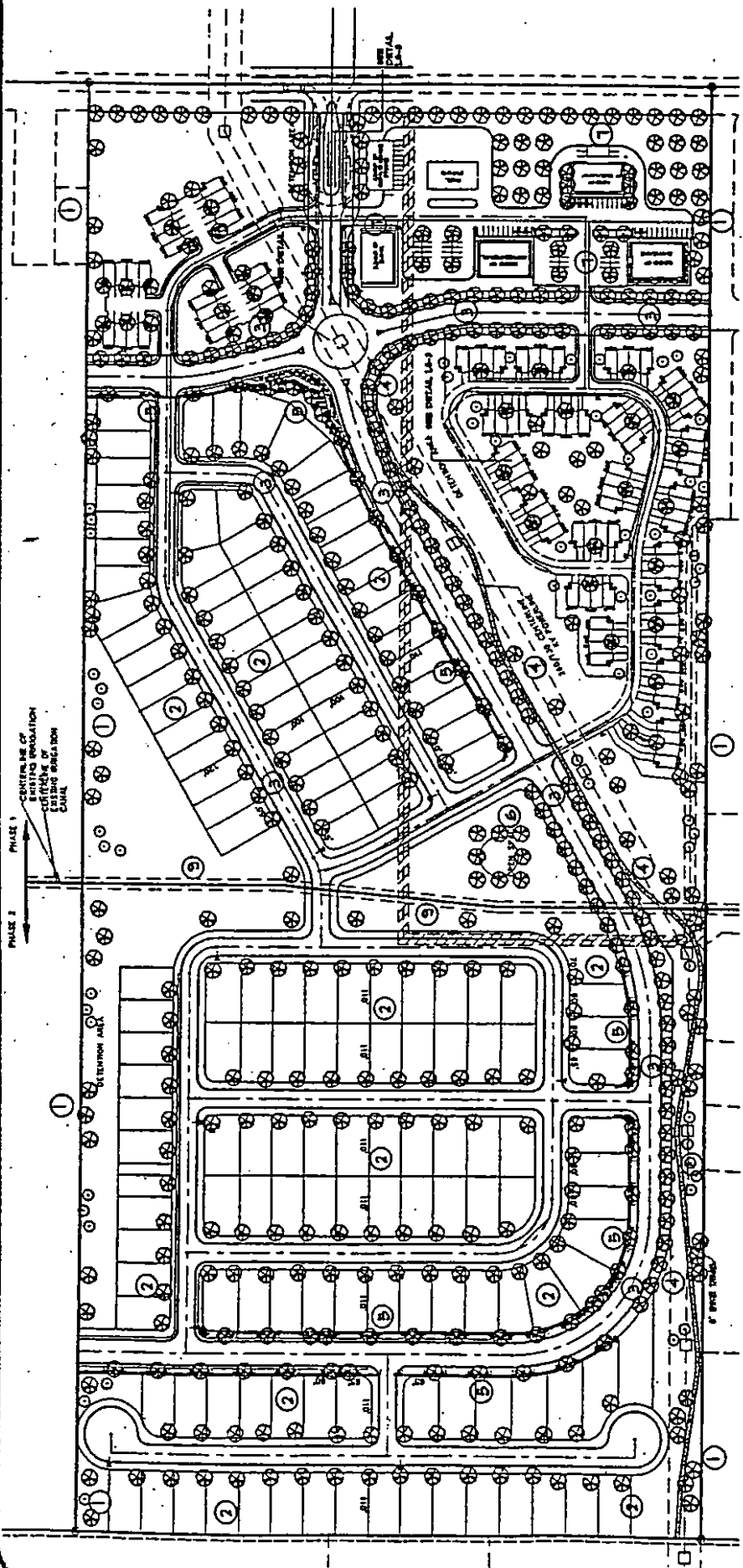
DESIGNED BY:
THE ARCHITECTURAL FIRM
1000 N. WASHINGTON, S.W.
WASHINGTON, D.C. 20004
(202) 462-1100

CLIENT:
LAPORTE
PROPERTIES, I
1451 COUNTY ROAD
WELLINGTON, FL 33417
(978) 348-7177

PROJECT TITLE:
THE GROVE AT LAPORTE

DATE:
December 2004

LS 2



LEGEND

- ⊗ DECIDUOUS TREES
- ⊙ ORNAMENTAL TREES
- ⊖ EVERGREEN TREES
- ⊕ EVERGREEN SHRUBS
- ⊙ LARGE DECIDUOUS SHRUBS
- ⊙ SMALL DECIDUOUS SHRUBS

NOTES

- ① PROPERTY BOUNDARIES SHALL BE SURVEYED BY A COMBINATION OF EVERGREEN AND DECIDUOUS TREES AND SHRUBS TO ACHIEVE A SIX SCREENING THROUGHOUT THE TRACT.
- ② RESIDENTIAL LOTS TO INCLUDE ONE DECIDUOUS SHADE TREE LOCATED IN THE FRONT OF EACH LOT, 8' FROM SIDEWALK.
- ③ STREET TREES SHALL BE PLANTED 40' ON CENTER 8' SPACING ATTACHED SIDEWALKS.
- ④ DECIDUOUS AND EVERGREEN TREES AND SHRUBS PLANTED ALONG PERIMETER TRAIL SYSTEM SHALL BE PLACED IN A LEAN PORTAL POSITION AND BE COMPATIBLE WITH THE NATURAL FEATURES OF THE SITE.
- ⑤ POSSIBLE PRESERVE RESIDENTIAL LOTS SHALL INCLUDE PLANTED TREES AT 10' SPACING, BOTH EVERGREEN AND DECIDUOUS SHRUBS, SHADE TREES AND TRIV.
- ⑥ PLANTING AREA WILL INCLUDE PLAY EQUIPMENT AS WELL AS SEATING AREA. LARGE SHRUB TREES WILL BE PLANTED IN A GROVE CONFIGURATION.
- ⑦ PARKING LOT LANDSCAPING BUFFER INCLUDES 1 SHADE TREE EVERY 40' ON CENTER. INTERIOR LANDSCAPING INCLUDES ISLANDS OF AT LEAST 8' X 8' FOR EVERY 50 PARKING SPACES. ISLANDS INCLUDE A TRIPLET OF ONE EVERGREEN TREE, GROUND COVER AND AN ADJACENT PERENNIAL STRIP.
- ⑧ RESIDENTIAL LANDSCAPING FOR COMMERCIAL AND MULTI-FAMILY RESIDENTIAL SHALL INCLUDE PLANTING BEDS AT LEAST 8' WIDE AND INCLUDE A TRIPLET OF ONE OF BUILDING FACIES THAT PAGES PUBLIC STRIPS, SCUBULAS AND OPEN SPACE AREAS. THESE AREAS INCLUDE AT LEAST 1 TREE AND 3 SHRUBS FOR EVERY 100 SF OF LANDSCAPING AREA.
- ⑨ PLANTINGS ALONG THE LITTLE CALOUSA LA PONDING DITCH WILL INCLUDE ONE EVERGREEN TREE AND ONE DECIDUOUS SHRUB. CONTINUED UPLIFTING MATERIAL AND WATER QUALITY TREATMENT.

EXHIBIT G

Financial Plan

Pinnacle Consulting Group, Inc.

Special District Management, Accounting & Administration

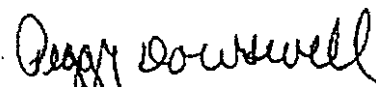
Accountant's Report

THE PETITIONERS FOR FORMATION OF THE GROVE METROPOLITAN DISTRICTS LARIMER COUNTY, COLORADO

I have compiled the accompanying forecasted surplus cash balances and cash receipts and disbursements of The Grove Metropolitan Districts (the "Districts"), in the Formation Stage of Development, as of the date of formation and for the calendar years ending through 2030, in accordance with attestation standards established by the American Institute of Certified Public Accountants ("AICPA").

A compilation is limited to presenting in the form of a forecast, information that is the representation of the Petitioners for Formation of the Districts (collectively, "Management") and does not include evaluation of the support for the assumptions underlying the forecast. I 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, I did become aware of a departure from the guidelines for presentation of a forecast established by the AICPA, which is described in the following paragraph. Furthermore, there will be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. I 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 Districts by fund type. Guidelines for presentation of a forecast established by the AICPA 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.


Peggy Dowswell, CPA
July 29, 2005

PO Box 271473
Fort Collins, CO 80527
(970) 669-3611
(970) 669-3612 fax

THE GROVE METROPOLITAN DISTRICTS
(IN THE FORMATION STAGE OF DEVELOPMENT)

PROJECTED CASH RECEIPTS AND DISBURSEMENTS AND CASH SURPLUS BALANCES

SUMMARY

COMBINED GENERAL FUND AND DEBT SERVICE FUND

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2030

GENERAL FUND

Collection Year	Total Assessed Value (See Page 3)	Mill Levy	Cash Receipts				Cash Disbursements				Cash Balances					
			Not Property Taxes 98.00%	Specific Ownership Taxes 10.00%	Annual Developer Advances & Operations	Facility Fees Collected \$2,000/SF \$2,000/MF \$1/SF COMM	Sewer Revenues \$2.167y per res. incl at 3.00%	Total Cash Receipts	Administrative Expenses Incurred at 1.00%	Operating, Maint & Reserve Exp. Incurred at 3.00%	Total Cash Disbursements	Total Cash	Annual Surplus (Deficit)	Payment on Cash Flow Bonds	Cumulative Surplus	
2005		0.000	0	0	137,540	0	137,540	0	137,540	137,540	0	0	0	0	0	0
2006		0.000	0	0	44,940	0	44,940	20,000	64,940	54,940	10,000	0	0	0	0	0
2007		0.000	0	0	48,935	0	48,935	70,000	121,095	54,940	66,155	0	0	0	0	0
2008		50.000	7,877	788	38,530	75,500	132,415	9,720	132,415	40,000	92,415	0	0	0	0	0
2009		50.000	32,469	3,247	31,859	53,000	172,655	17,280	172,655	40,400	97,465	0	0	0	0	0
2010		50.000	69,924	6,992	0	73,000	172,696	22,660	172,696	40,804	101,055	0	0	0	30,737	30,737
2011		50.000	93,544	9,354	0	73,000	208,138	30,240	208,138	41,212	108,513	0	0	0	66,413	66,413
2012		50.000	102,325	10,233	0	73,000	223,358	37,800	223,358	41,624	113,553	0	0	0	68,181	68,181
2013		50.000	129,735	12,974	0	63,000	249,969	45,260	249,969	42,040	118,583	0	0	0	89,336	89,336
2014		50.000	158,146	15,815	0	49,000	274,801	61,640	274,801	42,461	122,913	0	0	0	109,428	109,428
2015		50.000	182,858	18,286	0	2,000	289,952	58,808	289,952	42,885	126,225	0	0	0	90,842	90,842
2016		50.000	208,613	20,861	0	0	286,262	58,608	286,262	43,314	130,011	0	0	0	112,956	112,956
2017		50.000	208,613	20,861	0	0	287,966	58,512	287,966	43,747	133,912	0	0	0	110,327	110,327
2018		50.000	212,785	21,279	0	0	294,332	60,268	294,332	44,185	137,929	0	0	0	112,218	112,218
2019		50.000	212,785	21,279	0	0	296,140	62,076	296,140	44,627	142,067	0	0	0	109,446	109,446
2020		50.000	217,041	21,704	0	0	302,663	63,938	302,663	45,073	146,320	0	0	0	111,281	111,281
2021		50.000	217,041	21,704	0	0	304,601	65,836	304,601	45,524	150,719	0	0	0	108,359	108,359
2022		50.000	221,381	22,138	0	0	311,351	67,832	311,351	45,979	155,240	0	0	0	110,131	110,131
2023		50.000	221,381	22,138	0	0	313,386	69,857	313,386	46,439	159,898	0	0	0	107,049	107,049
2024		50.000	225,609	22,561	0	0	320,353	71,953	320,353	46,903	164,694	0	0	0	108,755	108,755
2025		50.000	225,609	22,561	0	0	322,512	74,122	322,512	47,372	169,636	0	0	0	105,504	105,504
2026		50.000	230,325	23,033	0	0	329,703	76,345	329,703	47,846	174,724	0	0	0	107,133	107,133
2027		50.000	230,325	23,033	0	0	331,994	78,636	331,994	48,324	179,968	0	0	0	103,703	103,703
2028		50.000	234,932	23,493	0	0	339,490	80,995	339,490	48,808	185,365	0	0	0	109,247	109,247
2029		50.000	234,932	23,493	0	0	341,849	83,424	341,849	49,298	190,926	0	0	0	101,626	101,626
2030		50.000	239,530	23,953	0	0	349,620	85,927	349,620	49,769	196,654	0	0	0	103,078	103,078
			4,117,280	411,730	301,804	551,500	0,712,769	1,330,455	0,712,769	1,278,072	3,374,845	0	0	0	2,081,752	2,081,752

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

THE GROVE METROPOLITAN DISTRICTS
(IN THE FORMATION STAGE OF DEVELOPMENT)

PROJECTED CASH RECEIPTS AND DISBURSEMENTS AND CASH SURPLUS BALANCES

SCHEDULE OF ESTIMATED ASSESSED VALUATION

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2030

Construction Year	RESIDENTIAL ASSESSED VALUATION					COMMERCIAL ASSESSED VALUATION					TOTAL ASSESSED VALUATION	Collection Year
	New Annual Market Value for Assessment	Est. Biennial Revaluation State Statute 2%	Cumulative Market Value of New Residences	Estimated Residential Assessment Ratio	RESIDENTIAL ASSESSED VALUATION	New Annual Market Value for Assessment (See Page 4)	Est. Biennial Revaluation State Statute 2%	Cumulative Market Value of New Commercial	Estimated Residential Assessment Ratio	COMMERCIAL ASSESSED VALUATION		
2005	0		0	7.96%	0	0		0	29.00%	0	0	2007
2006	2,019,800		2,019,800	7.96%	160,760	0		0	29.00%	0	160,760	2008
2007	6,304,824		8,324,624	7.96%	662,624	0		0	29.00%	0	662,624	2009
2008	6,430,820	166,488	14,821,833	7.96%	1,187,778	825,000	0	825,000	29.00%	239,250	1,427,028	2010
2009	4,416,323	386,763	19,338,156	7.96%	1,539,317	450,000	1,760,500	1,760,500	29.00%	389,780	1,908,087	2011
2010	6,090,730	664,804	26,415,649	7.96%	2,102,666	450,000	2,200,500	2,200,500	29.00%	507,645	2,610,331	2012
2011	6,824,544	664,804	33,240,193	7.96%	2,845,918	450,000	2,694,510	2,694,510	29.00%	638,145	3,284,064	2013
2012	6,961,935	942,923	40,866,032	7.96%	3,262,936	450,000	3,144,510	3,144,510	29.00%	781,408	4,034,344	2014
2013	6,260,094		47,146,127	7.96%	3,762,832	450,000	3,657,400	3,657,400	29.00%	1,090,646	4,694,740	2015
2014	5,442,452		53,531,501	7.96%	4,261,107		3,730,548	3,730,548	29.00%	1,081,859	5,321,753	2016
2015	0		54,802,131	7.96%	4,346,330		3,805,159	3,805,159	29.00%	1,103,498	5,321,753	2017
2016	0		54,802,131	7.96%	4,346,330		3,805,159	3,805,159	29.00%	1,103,498	5,321,753	2017
2017	0		54,802,131	7.96%	4,346,330		3,805,159	3,805,159	29.00%	1,103,498	5,321,753	2017
2018	1,092,043		55,694,173	7.96%	4,433,256		3,881,262	3,881,262	29.00%	1,125,566	5,647,487	2021
2019			56,694,173	7.96%	4,433,256		3,881,262	3,881,262	29.00%	1,125,566	5,647,487	2022
2020			56,808,057	7.96%	4,521,921		3,881,262	3,881,262	29.00%	1,125,566	5,647,487	2023
2021			56,808,057	7.96%	4,521,921		3,881,262	3,881,262	29.00%	1,125,566	5,647,487	2023
2022			57,944,218	7.96%	4,612,380		3,959,888	3,959,888	29.00%	1,148,077	5,760,437	2024
2023			57,944,218	7.96%	4,612,380		3,959,888	3,959,888	29.00%	1,148,077	5,760,437	2024
2024			59,103,102	7.96%	4,704,607		4,038,066	4,038,066	29.00%	1,171,039	5,700,437	2026
2025			59,103,102	7.96%	4,704,607		4,038,066	4,038,066	29.00%	1,171,039	5,700,437	2026
2026			60,285,164	7.96%	4,788,699		4,118,827	4,118,827	29.00%	1,184,400	5,893,159	2028
2027			60,285,164	7.96%	4,788,699		4,118,827	4,118,827	29.00%	1,184,400	5,893,159	2028
2028			61,480,868	7.96%	4,894,673		4,201,200	4,201,200	29.00%	1,218,349	6,113,022	2030
2029			61,480,868	7.96%	4,894,673		4,201,200	4,201,200	29.00%	1,218,349	6,113,022	2030
2030			62,720,885	7.96%	4,992,567		4,285,227	4,285,227	29.00%	1,242,716	6,235,263	2032
2031			62,720,885	7.96%	4,992,567		4,285,227	4,285,227	29.00%	1,242,716	6,235,263	2032
2032			63,875,099	7.96%	5,092,418		4,370,932	4,370,932	29.00%	1,267,570	6,359,988	2034
2033			63,875,099	7.96%	5,092,418		4,370,932	4,370,932	29.00%	1,267,570	6,359,988	2034
2034			65,284,601	7.96%	5,194,266		4,458,350	4,458,350	29.00%	1,292,922	6,487,198	2036
2034			65,284,601	7.96%	5,194,266		4,458,350	4,458,350	29.00%	1,292,922	6,487,198	2036
					3,626,000							
					61,370,523							
					13,984,078							

SEE SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANTS' REPORT

THE GROVE METROPOLITAN DISTRICTS
(IN THE FORMATION STAGE OF DEVELOPMENT)

PROJECTED CASH RECEIPTS AND DISBURSEMENTS AND CASH SURPLUS BALANCES

SCHEDULE OF PROJECTED RESIDENTIAL & COMMERCIAL CONSTRUCTION

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2030

Construction Year	Single Family Residential			Multi Family Units			TOTAL RESIDENTIAL UNITS			Commercial Development					
	Number of Single Family Residences	Estimated Market Value per Residence	Annual Value of New Single Family Residences	Number of Multi Family Residences	Estimated Market Value per Residence	Annual Value of New Multi Family Residences	Annual Number of New Residential Units	Annual Value of New Residential Units	Construction Year	Construction Year	Building Square Feet	Annual Building Value	Construction Year	Construction Year	Value of Square Foot
2005	0	\$198,000	0		2%	140,000	0	0	0	2005			2005		\$150,00
2006	10	201,960	2,019,600	0	142,800	0	10	2,019,600	2006				2006		
2007	20	205,999	4,119,984	15	145,656	2,184,840	35	6,304,824	2007				2007		
2008	20	210,119	4,202,384	15	148,569	2,228,537	35	6,430,920	2008		5,500	825,000	2008		
2009	10	214,322	2,143,216	15	151,541	2,273,108	25	4,416,323	2009		3,000	450,000	2009		
2010	20	218,608	4,372,160	15	154,571	2,318,570	35	6,690,730	2010		3,000	450,000	2010		
2011	20	222,980	4,459,603	15	157,663	2,364,941	35	6,824,544	2011		3,000	450,000	2011		
2012	20	227,440	4,548,796	15	160,816	2,412,240	35	6,961,035	2012		3,000	450,000	2012		
2013	20	231,989	4,639,771	10	164,032	1,640,323	30	6,280,094	2013		3,000	450,000	2013		
2014	23	236,628	5,442,452				23	5,442,452	2014		3,000	450,000	2014		
2015	0		0				0	0	2015		2,000	300,000	2015		
2016							0	0	2016				2016		
2017							0	0	2017				2017		
2018							0	0	2018				2018		
2019							0	0	2019				2019		
2020							0	0	2020				2020		
2021							0	0	2021				2021		
	163		35,947,964	100		15,422,558	263	51,370,523			25,500	3,825,000			

SEE SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANTS REPORT

THE GROVE METROPOLITAN DISTRICTS

(IN THE FORMATION STAGE OF DEVELOPMENT)

PROJECTED CASH RECEIPTS AND DISBURSEMENTS AND CASH SURPLUS BALANCES

SCHEDULE OF DISTRICT OPERATIONS & MAINTENANCE COSTS

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2030

Amenity	Unit	Quantity	Unit Cost	Annual Item Cost	2009	2010	2011	2012	2013	2014	2015
Sanitary Sewer											
Maintenance (Beginning in the 2nd year)											
Visual Weekly Check	WK	52.00	\$ 170.00	\$ 8,840	\$ 8,840	\$ 8,840	\$ 8,840	\$ 8,840	\$ 8,840	\$ 8,840	\$ 8,840
Jet Lines Once Every Year	LF	10,200.00	\$ 1.20	12,240	12,240	12,240	12,240	12,240	12,240	12,240	12,240
Cameras once every 2 years	LF	10,200.00	\$ 1.65	8,415	8,415	8,415	8,415	8,415	8,415	8,415	8,415
Mower Yearly Maintenance	LS	1.00	\$ 2,500.00	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Billing	HR	144.00	\$ 85.00	12,240	12,240	12,240	12,240	12,240	12,240	12,240	12,240
Sewer Treatment by Fort Collins	EA	263.00	\$ 144.00	37,872	11,520	19,120	20,160	25,200	30,240	34,560	37,872
Liability Insurance	LS	1.00	\$ 4,000.00	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Reserve Fund					\$ 67,255	\$ 70,855	\$ 75,895	\$ 80,935	\$ 85,975	\$ 90,285	\$ 93,607
Subtotal											
Storm Sewer											
Maintenance (Beginning in the 5th Year)											
Visual Check	WK	12.00	\$ 85.00	1,020			\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020	\$ 1,020
Cleaning Once every 5 years	LF	1,240.00	\$ 1.20	298			298	298	298	298	298
Reserve Fund	LS	1.00	\$ 1,100.00	1,100			1,100	1,100	1,100	1,100	1,100
Subtotal											
Parks and Open Space											
Maintenance (Beginning in the 2nd Year)											
Maintenance	LS	1.00	\$ 28,000.00	28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000
Reserve Fund	LS	1.00	\$ 2,200.00	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Subtotal					\$ 30,200	\$ 30,200	\$ 30,200	\$ 30,200	\$ 30,200	\$ 30,200	\$ 30,200
Total O&M Expenses											
					\$ 126,226	\$ 101,055	\$ 109,513	\$ 113,553	\$ 116,593	\$ 122,913	\$ 126,225

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

THE GROVE METROPOLITAN DISTRICTS
(In the Formation Stage of Development)
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES

July 29, 2005

NOTE 1) NATURE AND LIMITATION OF FORECAST

This forecast of financial information is for the purpose of providing financial analysis of the proposed financial plan of The Grove Metropolitan Districts (the "Districts"), in the Formation Stage of Development, located in unincorporated Larimer County (the "County"), Colorado. It is to present 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, the Districts' expected cash position and results of cash receipts and disbursements for the forecasted periods. Accordingly, the forecast reflects Management's judgment, as of July 29, 2005, the date of this forecast, of the expected conditions within the Districts and the Districts' 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 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 2005 dollars, with the only adjustments for inflation as follows. The sales value of residential properties is forecasted to increase 2% per year, starting in 2006 through buildout. The market values of residential properties are forecasted to increase 2% biennially pursuant to the reassessment of property required by State statute. The market values of commercial properties remain constant at \$150/sf throughout the model. The residential and commercial assessment ratios are assumed to remain constant for collection year 2005 and beyond, based upon information as explained in Note 5. The assessment ratio for developed lots is assumed to remain at a constant 29% for the entire forecast period in accordance with historical trends. Administrative costs are assumed to increase by 1% per year and Operating, Maintenance & Reserve costs are assumed to increase by 3% per year.

NOTE 2) ORGANIZATION

The Petitioners for the Formation of the Districts, quasi-municipal corporations and political subdivisions of the State of Colorado, are in the process of organization. The Districts will be governed pursuant to provision of the Colorado Special District Act (Title 32). The Districts will operate under a service plan approved by the County, and will service an area containing approximately 69 acres of real property located in the LaPorte area, entirely within Larimer County, Colorado. The Districts are being established primarily to provide financing, construction, acquisition and installation of sewer, storm drainage, streets, street lighting, traffic and safety controls, water, landscaping, and park and recreation improvements within the boundaries of the Districts.

THE GROVE METROPOLITAN DISTRICTS
(In the Formation Stage of Development)
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES

July 29, 2005

The operation and maintenance of sewer, storm sewer, and landscaping and park improvements will be provided by the Districts. The operation and maintenance of water facilities is anticipated to be provided by the water district, and not by the Districts. The operation and maintenance of the roads is anticipated to be provided by the project's Homeowners Association (HOA), and not by the Districts.

As set forth in this forecast, the Districts are forecasted to issue approximately cash flow bonds with approximately \$1.9 million of repayment, with repayment dependent upon the generation of net cash flow after paying administration, operating and maintenance expenses, and reserves; however, the Service Plan may have a higher debt amount to allow for an under-estimation of valuations in this forecast.

Formation of the Districts is intended to be timed to allow for the proper legislative judicial and election process to be completed in order for the Districts' electors to be able to vote for the authorization of debt and TABOR questions in November 2005, and to certify tax levies for tax collections in 2008. The Petitioners expect the favorable approval at the election since they constitute the majority of the current eligible electors within the proposed Districts' boundaries.

NOTE 3) PETITIONERS FOR FORMATION

The Petitioners for Formation of the Districts are landowners, principals or employees of the major property owner of the land included within the boundaries of the Districts. The major landowner, as well as the developer, of the Districts is Laporte Properties, LLC, a Colorado limited liability company (the "Developer"). The Developer anticipates developing approximately 69 acres within the Districts.

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 within the Districts, based upon their knowledge and experience in developing other properties. The Developer has also provided the annual buildout of commercial lots and the sales value per square foot, based upon their knowledge and experience in developing other properties. The Developer anticipates that residential sales values will be increased by 2% for each year beyond 2005 and that the commercial pricing will remain stable throughout the buildout period. The values of undeveloped, platted or developed lot values were not considered in this model, as they were deemed not material.

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 Districts will prepare their financial statements.

THE GROVE METROPOLITAN DISTRICTS
(In the Formation Stage of Development)
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES

July 29, 2005

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 Districts' Boards of Directors and set by County Commissioners as to rate or levy based upon the assessed valuation of the property with the Districts. The Larimer County Assessor determines the assessed valuation and the levy is expressed in terms of mills. A mill is 1/1000 of the assessed valuation. The forecast assumes that the Districts will be able to set its initial mill levy at 50.000 mills for collection in 2008, for the combined purposes of operations, maintenance and reserves, administration and debt service. The initial mill levy is forecasted to be reduced to 40.000 mills beginning in 2012 and remain at that level through 2030, the time period covered in this forecast.

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%/55% ratio. This forecast is based on the current residential assessment ratio of 7.96% effective for collections in 2008 and throughout the term of the forecast period. In the future, the residential assessment ratio may decline. However, this forecast assumes that the Districts' Board will increase the mill levy to maintain a mill levy that produces equivalent tax revenues in relation to the assessed valuation at the time the ratio declines. Per the Districts' Service Plan, the maximum mill levies are allowed to be adjusted for the Gallagher Amendment.

The assessed valuation for the Districts is dependent upon the build-out schedule of the residential and commercial properties within the Districts and Management has based the estimate of build-out on their forecast. The forecasted development build-out schedule and conversion to assessed valuation are presented as two schedules (see pages 3 through 4).

The beginning assessed value of the land totaling 69 acres, which constitutes the Districts, has been deemed to be immaterial for purposes of this forecast. The value of platted lots was also deemed immaterial for purposes of this forecast. No assessed valuation has been assumed for State Assessed property that may be owned by public utilities within the Districts.

The property taxes resulting from the forecast mill levy times the assessed valuation have been reduced for the Larimer County Treasurer's 2% collection fee.

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 and the forecast assumes that the Districts' share will approximate 10% of the property taxes collected.

THE GROVE METROPOLITAN DISTRICTS
(In the Formation Stage of Development)
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES

July 29, 2005

NOTE 7) FACILITIES FEE

The forecast anticipates that the Districts' Board of Directors will institute a facilities fee, to be collected at the time of lot sale and remitted to the Districts, of \$2,000 for each Single Family and Multi-Family unit. The forecast anticipates a Commercial Facility Fee of \$1 per square foot of building constructed. These fees are received into the General Fund, and used to support operating expenses and, in the later years, to support debt service.

NOTE 8) DEVELOPER ADVANCES

The forecast assumes that the Developer will advance funds needed for organization, operating and construction costs to the Districts (see Note 11). To the extent that there are surplus cash balances that can be applied toward reducing any Developer advance without creating future cash deficits, the Developer advances will be reduced accordingly.

The forecast does not display cash receipts for Developer advances for construction costs or bond proceeds available for construction costs nor cash disbursements for construction costs. Accordingly, the forecast assumes that any Developer advances for construction will be repaid from cash-flow bonds and that construction costs will be funded by Developer advances. Any Developer advances which cannot be reimbursed will be treated as Developer contributions. Under the terms of the Service Plan, the Districts may issue construction financing notes to the Developer, which may bear interest.

The forecast assumes the Developer will advance funds to the Districts for initial organization and formation costs and annual administrative and operating costs as shown on the summary, and repayment of these are included with construction cost repayment through "Payment on Cash Flow Bonds" in the forecast.

NOTE 9) SEWER REVENUES

The forecast includes sewer revenues from residents of the District at \$216 per year (\$18 per month), per resident. The revenues are inflated at 3% per year, in keeping pace with the increase in operating costs.

NOTE 10) ADMINISTRATIVE AND OPERATING COSTS

Administrative expenditures include the services necessary to maintain the Districts' administrative operations such as legal, accounting and audit, insurance, meeting expenses and other. Annual administrative costs are included in the forecast at \$137,540 in 2005, which includes \$100,000 for organization/formation costs in that year only; \$54,940 in years 2006 and 2007 to allow for high

THE GROVE METROPOLITAN DISTRICTS
(In the Formation Stage of Development)
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES

July 29, 2005

construction activity in those years, and \$40,000 per year in 2008 which is then increased for inflation by 1% per year thereafter.

Operations and maintenance costs have been projected as seen on Page 5. The Sanitary Sewer variable costs have been phased in according to buildout. The Storm Sewer costs begin in year five (2011) and are constant thereafter. The Parks and Open Space costs are phased in over several years, as construction is completed of the assets, and constant from 2008 forward. At full buildout in 2015, the operations and maintenance costs are inflated by 3% per year thereafter. For each category, reserve funds will be put aside for major repairs and replacement of the capital facilities.

NOTE 11) INFRASTRUCTURE IMPROVEMENTS

The estimated cost of the capital infrastructure improvements is \$7,166,915, as expressed in 2005 dollars. The forecast assumes that the Developer will advance funds for all infrastructure costs and be reimbursed from cash flow bonds or to the extent general obligation or other bonds can be issued, which will be less than the total eligible costs (see Note 8).

The capital infrastructure costs per the engineering estimate exceed the amount that can be reimbursed to the Developer under this Plan. Management expects that the Districts will allow the Developer to either advance funds to the Districts; or to actually construct the improvements under the Districts' supervision for reimbursement by the Districts upon completion of the improvements to the extent bondable; or to contribute funds to the Districts, should costs exceed the Districts' capacity for repayment of such costs. The reimbursement of any additional costs is subject to the Districts' authorized debt and other revenue available to the Districts. The amount of infrastructure costs not bondable within the limits of the proposed Service Plan would remain a responsibility of the Developer. There may be additional construction costs in the future.

NOTE 12) DEBT SERVICE

The Districts anticipate issuing cash flow bonds to the Developer, with approximately \$1.9 million in repayment over 20 years. The cash flow bonds will be issued to reimburse the Developer advances for organization and formation costs; operating advances; the cost of capital infrastructure improvements; and interest to the extent possible. In this forecast, the Districts' annual administrative, operating, maintenance and reserves expenditures will be funded first, and only if funds remain, will payments be made on the cash flow bonds to the developer. When financially feasible, general obligation bonds may be issued by the District to repay the developer, in accordance with the Service Plan and voter authorization.

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

EXHIBIT H

Proposed Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT
between
THE COUNTY OF LARIMER, COLORADO
and
THE GROVE METROPOLITAN DISTRICTS NOS. 1, 2 AND 3

THIS AGREEMENT (“Agreement”) is made and entered into to be effective as of the _____ day of _____, 2005, by and between the **COUNTY OF LARIMER**, a body politic and corporate, of the State of Colorado (“Larimer” or the “County”), and **THE GROVE METROPOLITAN DISTRICT NOS. 1, 2 AND 3**, quasi-municipal corporations and political subdivisions of the State of Colorado (individually the “District” or collectively the “Districts”). The County and the Districts are collectively referred to as the “Parties”.

RECITALS

WHEREAS, the Districts were organized to provide those services and to exercise powers as are more specifically set forth in the District’s Consolidated Service Plan dated June 2005 and approved by the County of Larimer on _____, 2005, by Resolution No. _____ (“Service Plan”) for The Grove Metropolitan District Nos. 1, 2 & 3 (collectively the “Districts”); and

WHEREAS, The Grove Metropolitan District No. 1 (“Operating District”) is authorized as an Operating District to provide for the construction, installation, operations and maintenance, and coordination of the financing for the capital facilities and services in connection with the development of a new community to be constructed within the boundaries of Larimer including all properties within the Districts (the “Development”); and

WHEREAS, the Service Plan makes reference to and requires the execution of an intergovernmental agreement between the County and the Districts; and

WHEREAS, the County and the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement;

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

COVENANTS AND AGREEMENTS

1. Application of Local Laws. The Districts hereby acknowledges that the property within their boundaries shall be subject to the ordinances, rules and regulations of the County relating to zoning, subdividing, building, and land use, and to all related County land use policies, master plans, related plans, and intergovernmental agreements.

2. Nature of Operating District. The Operating District agrees that it is organized for the purpose of coordinating the construction, installation, acquisition, operations and maintenance, and financing of certain public improvements for the service area designated as the proposed Grove development in accordance with the Service Plan for the Districts and this Agreement. The Districts shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the Districts as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations in the Service Plan. It is intended that the Districts will provide those facilities and services as defined by the Service Plan and will continue to exist, operate and maintain all of those facilities not dedicated to, or otherwise owned by, the County, or other entity having proper jurisdiction.

3. Change in Boundaries. At the current time, the Developer of the Initial Districts, LaPorte Properties, LLC, a Colorado limited liability company (the "Developer"), does not own the property described in Exhibit C of the Service Plan. In the future, the Developer may acquire this property or the other developers and/or property owners of the Inclusion Area may desire to be included in the Districts. Due to the potential need to respond to development patterns, the pace of growth, and to accommodate future financing dynamics, adjustments to the Districts' boundaries may be necessary or appropriate from time to time. Therefore, the Districts shall be permitted to make boundaries adjustments with respect to the property located within the boundaries of any of the Districts without prior County approval.

4. Financing of Improvements. The Districts shall be empowered to finance the construction, acquisition, installation, operation and maintenance of the public facilities as set forth in the Service Plan. All bonds and other Debt issued by the Districts may be payable from any and all legally available revenues of the Districts, including general *ad valorem* taxes to be imposed upon all taxable property within the Districts. The Districts will also rely upon various other revenue sources authorized by law. These will include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time. The Districts intend to recover of a portion of the costs of the construction and installation of the public improvements for the Development as provided in the Service Plan through imposition of appropriate facilities fees.

5. Ownership of Improvements. The parties agree that the District shall not be permitted to undertake ownership and operation of public facilities and services except as set forth in the Service Plan.

6. Consolidation. The District shall not file a request with the district court to consolidate with another district without the prior written approval of Larimer, except with regard to consolidation with another Grove Metropolitan District.

7. Dissolution. When all of the statutory requirements for dissolution of the Districts occur as stated in Section 32-1-701 *et seq.*, C.R.S., as amended, the Districts may dissolve.

8. Notice of Meetings. The District agrees that it shall submit a copy of the written notice of every regular, special meeting, and work session of the District's Board of Directors to the Office of the County Manager, by mail, facsimile or hand delivery, to be received at least three (3) days prior to such meeting. The District agrees that it shall also submit a complete copy of meeting packet materials for any such meeting to the Office of the Larimer County Manager, by mail, facsimile or hand delivery, to be received at least one (1) days prior to such meeting.

9. Annual Report. The District shall be responsible for submitting an annual report to the County pursuant to and including the information set forth in Section VI of the Service Plan.

10. Provision Applicable to Each District. The provisions of this Agreement shall apply jointly and severally to each district constituting the Districts as defined above.

11. Entire Agreement of the Parties. This written agreement constitutes the entire agreement between the parties and supersedes all prior written or oral agreements, negotiations, or representations and understandings of the parties with respect to the subject matter contained herein.

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

13. Enforcement. The parties agree that this agreement may be enforced in law or in equity for specific performance, injunctive, or other appropriate relief, including damages, as may be available according to the laws and statutes of the State of Colorado.

14. Venue. Venue for the trial of any action arising out of any dispute hereunder shall be in the appropriate district court of the State of Colorado pursuant to the appropriate rules of civil procedures.

15. Beneficiaries. Except as otherwise stated herein, this agreement is intended to describe the rights and responsibilities of and between the named parties and is not intended to, and shall not be deemed to confer any rights upon any persons or entities not named as parties.

16. Severability. If any portion of this agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction as to either party or as to both parties, such

portion shall be deemed severable and its invalidity or its unenforceability shall not cause the entire agreement to be terminated.

17. Assignability. Other than as specifically provided for in this agreement, neither the County nor the District shall assign their rights or delegate their duties hereunder without the prior written consent of the other parties.

18. Successors and Assigns. This agreement and the rights and obligations created hereby shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

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

COUNTY OF LARIMER

Chairman, Board of County Commissioners

ATTEST:

Clerk to the Board

APPROVED AS TO FORM
AND CONTENT

APPROVED AS TO FORM

County Manager

County Attorney

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

THE GROVE METROPOLITAN
DISTRICT NO. 1

By: _____
President

ATTEST:

By: _____
Secretary

THE GROVE METROPOLITAN
DISTRICT NO. 2

By: _____
President

ATTEST:

By: _____
Secretary

THE GROVE METROPOLITAN
DISTRICT NO. 3

By: _____
President

ATTEST:

By: _____
Secretary

EXHIBIT I

FORM OF DISCLOSURE

GENERAL DISCLOSURE AND COMMON QUESTIONS REGARDING THE GROVE METROPOLITAN DISTRICT NOS. 1, 2 AND 3 LARIMER COUNTY, COLORADO

1. **What is a special district and what does it do?**

Answer: Potential residential property owners may inquire about special districts because of disclosure statements about special taxing districts appearing on documents related to the sale and purchase of their property. Colorado special districts are local governments just as municipalities (cities and towns) and counties are considered local governments. Often, municipalities and counties are limited by law and other factors as to the services they may provide. Therefore, special districts are formed to provide necessary public services that the municipality or county cannot otherwise provide.

The Grove Metropolitan District Nos. 1, 2 and 3 (collectively, the "District") were organized pursuant to an Order of the Larimer County District Court following an election in November 2005, at which time a majority of the eligible electors voted in favor of the formation of the District, elected members to the initial board of directors and voted in favor of certain tax and debt authorization. The District is a quasi-municipal governmental entity with the power to impose property taxes and other fees and charges for services within its boundaries. Legal descriptions and a map of the District are attached hereto as Exhibit "A." The District is governed by an elected board of directors made up of property owners from each district. The District has the ability and responsibility for constructing major public improvements, including park and recreation, water, drainage, wastewater and road improvements within its boundaries. In addition, the District may dedicate or cause to be conveyed to Larimer County (the "County"), its designee, or other applicable public entity all completed public water and wastewater improvements, all public streets, all regional drainage facilities, and all public sidewalks. Should dedication of facilities and improvements occur, the District will not own or operate facilities other than as necessary to permit their financing and construction. However, the District has authority to own, operate and maintain water and sewer facilities (both sanitary and storm sewer), drainage improvements, streets and roadways, any recreation and associated facilities, parks, tract landscaping, detention ponds and trail systems and other public facilities and infrastructure not otherwise dedicated to or accepted by the County or other applicable public entity. If the District operates and maintains such facilities or contracts with a homeowners' association for the actual operation and maintenance, the expense associated with such activity may be paid from the District's tax revenues and/or fees lawfully imposed by the District, which will be separate from any homeowners association fees.

The District also has the power to adopt and charge monthly fees, rates, tolls, penalties, or charges for services including but not limited to general administrative, operations and maintenance services. Further information regarding the District's taxes and fees is addressed below.

Homeowners associations are separate and distinct from special districts and are generally responsible for reviewing architectural plans for the construction of new homes and enforcing restrictive covenants in the community to help maintain property values. Homeowners associations may be responsible for the maintenance and operation of common areas and other landscaping within a community; they may assess dues to their members but have no ability to impose taxes.

2. How much property tax will the District collect to construct improvements and pay for operations and maintenance?

Answer: The District has the authority to impose property taxes for all of the activities identified in its "Service Plan," a copy of which is on file with Larimer County and available to prospective purchasers upon request. The District, as a result of the aforementioned election, has the authority to issue municipal bonds, whereby it borrows money and incurs legal indebtedness. Under the provisions of the Service Plan, the District anticipates issuing general obligation limited tax bonds in the approximate amount not to exceed the amount of authorized debt currently approved by the County, currently \$5,000,000 to provide and pay for capital improvements. Once the bonds are sold, they must be repaid over time with interest. The maximum repayment period for the bonds is forty (40) years. The annual payment on the bonds is known as "debt service." In order to meet the debt service requirements for the bonds, and to pay operations and maintenance costs associated with the provision of services, the District intends to initially impose an aggregate mill levy not to exceed fifty (50.00) mills to cover costs associated with debt service, operations and maintenance as well as general administration costs. The maximum aggregate mill levy a District is allowed to impose under the Service Plan is fifty (50.00) ("Mill Levy Cap"). The Mill Levy Cap applies to all property taxes that the District intends to impose. Therefore, the combined mill levy imposed for debt service and the mill levy imposed for operation and maintenance is limited to an aggregate total mill levy of fifty (50.00) mills in each District. However, the Mill Levy Cap shall be subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes, or other similar changes occur. The automatic adjustment allows for tax revenues to be realized by the District in the same amount as would have been realized by the levy of fifty (50.00) mills absent any change to the assessed valuation ratio. In 2003, the assessment rate was decreased to 7.96% in order to keep the state's residential property tax revenues within the limits established by the 1982 Gallagher Amendment to the Colorado Constitution. To compensate for the lower assessment rate, for example, the District mill levy for a District formed in 2003 would be allowed to be increased to 52.06 mills so that District tax levies and revenues will be realized at the levels projected in a 2003 Service Plan.

One of the powers granted to the District by its Service Plan is the ongoing operations and maintenance of the public infrastructure and amenities located within its boundaries, such as common areas, rights-of-way, and landscaped lots and/or tracts that are not owned by a homeowners' association, the County, or similar entity. In order to pay the costs associated with such operations and maintenance, the District will either: impose an operations and maintenance mill levy on each residence located within the District's

boundaries, in addition to the debt service mill levy described above; and/or will impose and collect fees, rates, tolls or similar charges to all of its residents and taxpayers, pursuant to Colorado law. In either event, the total amount to be imposed shall be determined annually by the District's Board of Directors during its budget process. The initial operations and maintenance fee to be imposed by the Districts per residence in 2005 is \$_____.

3. Why are special districts used for financing public infrastructure?

Answer: Many areas in Colorado utilize special districts to finance public improvements. Homeowners often are surprised to find that they have lived for years in water and sanitation districts, or other types of special districts. Since cities and counties typically do not provide for construction or installation of water and wastewater systems, roads, or recreation facilities in new communities, special districts are organized to build these facilities. Special districts and the financial powers they utilize permit early construction of recreation facilities and other amenities for the benefit of the community. Where special districts are established, the costs of public improvements within the community are generally spread over 20 to 30 years and are paid from mill levies which, under current tax laws, may result in federal income tax benefits.

4. How can it be assured that the Districts do not issue too many bonds and create unreasonably high mill levies?

Answer: All general obligation limited tax bonds anticipated to be issued by the District will be governed by the controls adopted by the Colorado legislature and governing the process by which bonds are issued by special districts. The County has limited the combined total amount of general obligation limited tax bonds that may be issued by the Districts to \$5,000,000. In addition, the organization of the District was, and continues to be, overseen by the County through its approval of the Service Plan. The County has limited the aggregate mill levy cap that may be assessed by the District's governing board for any purpose such as paying operation and maintenance costs and debt service on the general obligation limited tax bonds as discussed in section 2 above. Attached hereto as Exhibit "B" is a chart showing the anticipated issuance schedule, maturity and interest rates associated with proposed District general obligation debt.

The mill levies expected in the District are reasonable and comparable to other developments served by special districts that provide similar services and amenities. The debt limit and the mill levy cap will remain in place for general obligation limited tax bonds issued by the District. These limits, as well as others existing under Colorado law and various voter approvals, are believed to be adequate to control the tax levels within the District. As noted above, however, the limits stated in the Service Plan and existing voter limits may be amended from time to time.

5. Who bears the risk that the community may not fully develop?

Answer: During the early stages of development, the developer of the project will be providing necessary funding and advancing funds to the District to pay for the public

infrastructure construction costs and operational needs. The developer advances will be reimbursed at the time the District is able to issue general obligation, limited tax bonds. Property taxes paid and collected within the District will help pay the costs of all bonds. Therefore, if the actual build-out that occurs is less than what is projected, the individual property owners will not experience an increase in their tax obligations to the District beyond the limits described herein. The limited mill levy will be assessed the same on each home and other taxable property in the District regardless of the number of taxable structures. This results in the risk of development being shared by bondholders and the developer. The property owners also share risk relative to the bonds, but this risk is limited as discussed in section 4 above.

6. What will the tax bill look like, and what are the various taxes used for?

Answer: It is anticipated that the tax bill for individual properties will show mill levies for Larimer County, the City of Fort Collins, school districts and various other public service providers, including the District. Colorado municipalities certify their mill levies on an annual basis, so the most accurate manner of ascertaining the specific taxing entities and current total and overlapping mill levy on any property is to directly contact the County Treasurer and Assessor. Attached hereto as Exhibit "C" is a general formula for the manner in which residential property in Colorado is assessed.

In summary, it is anticipated that the total mill levy charged to properties within the boundaries of the District will be comparable to those of surrounding, similar communities.

7. Where can one get additional information regarding the Districts?

Answer: This document is not intended to address all issues associated with special districts generally or with the District specifically. More information may be obtained by contacting the District's general counsel, White, Bear & Ankele Professional Corporation, 1805 Shea Center Drive, Suite 100, Highlands Ranch, CO 80129, (303) 858-1800; the Colorado Department of Local Affairs, (303) 866-2156; or by attending District meetings. The District may hold regular meetings on the _____ of every month at _____.m. at _____. The meetings will be open to any member of the general public, at which time a member of the general public can raise questions regarding any matter related to the activities of the District. State law requires special districts to provide notice to the general public of the time and place designated for all meetings by physically posting a notice in three public places within the boundaries of each District. A copy of the meeting notice is also required to be on file with the Larimer County Clerk and Recorder's Office. Publication and individual property owner notification is not required nor typically provided. The District is also required to keep minutes and other records that are open for inspection by any citizen, hold elections for the boards of directors, adopt annual budgets, and submit to financial audits.

