

**Service Plan for**  
**Valley Club Pointe**  
**Metropolitan District**

**Submitted: August 20, 2004**

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## INTRODUCTION

### A. GENERAL REVIEW

#### Section A.1 Introduction.

This service plan ("Service Plan") is for the Valley Club Pointe Metropolitan District, a special district to be organized to serve the needs of a mixed use development at the northwest corner of Arapahoe Road and Parker Road, (the "Development"). The Development is currently owned by Arapark, LLC and is being developed by Kelmore Development Corporation, a Colorado Corporation, (the "Developer.")

The main purpose of the District is to finance public improvements for the use and benefit of the District's inhabitants and taxpayers. The District is not intended to provide facilities or services in competition with the City of Centennial, but rather is intended to work in concert with and as a supplement to the services and facilities provided by the City. Except for State highway improvements, certain landscape and open space improvements installation and maintenance specific to the District, it is expected that all facilities constructed by the District will be designed and constructed to, at a minimum, City standards. Generally, the District will be empowered to provide the following improvements and services:

- \* Parks and Recreational Facilities
- \* Sanitary Sewage and Storm Water Collection and Transmission System
- \* Traffic and Safety Controls
- \* Street and Parking Improvements
- \* Potable Local Water
- \* Public Transportation: Common gas, electric and telephone system improvements

#### Section A.2 District Description.

The District will be responsible for financing and managing the construction and, where applicable and not provided by the City, operation of the public facilities and improvements needed for the Development.

It is also the intent of the proponents that the District will provide limited ongoing services under various powers, but only to the extent that the City does not provide such services.

In all cases, the District acknowledges the need and intent to cooperate with the City to serve and promote the health, safety, prosperity, security and general welfare of their inhabitants.

### B. LOCATION OF DISTRICT

The proposed District's boundaries are described in the legal descriptions for the District attached as Exhibit "B" and generally shown in the District boundary map attached as Exhibit "A."

Under Colorado law, the fee owner or owners of one hundred percent of any property proposed for inclusion may petition the Board of Directors of the District for inclusion. Additionally, less than one hundred percent of the owners of an area may petition the District for an election on the question of including a specific area, or a board may adopt a Resolution calling for an election on such an inclusion of property. It is therefore possible that additional property may be included in the District. The Board of Directors will have discretion to permit such inclusions without amending this Service Plan, but the District shall submit any petition for inclusion to add territory to the District to the City for review. If the City approves the inclusion or if no objection is received from the City within thirty (30) days of the submittal, the District may proceed with the inclusion.

## C. GENERAL PLANS FOR DEVELOPMENT

### Section C.1 Introduction

The sections, tables, and appendices of this service plan demonstrate both a need for the organization of the special district as well as the ability of the proposed District to provide economical and efficient public services to the proposed service area.

### Section C.2 Statutory Requirements

In order to document the ability of the District to reliably and perpetually provide the core services being proposed, the requirements of C.R.S. § 32-1-203, *et seq.*, must be met. This statute provides that the City shall have the authority to approve the proposed district if the following can be satisfactorily demonstrated:

1. There is sufficient existing and projected need for organized service in the area to be served.
2. That existing service in the area to be served by the proposed district is inadequate for present and projected needs.
3. The proposed district is capable of providing economical and sufficient service within its proposed boundaries.
4. The District has, or will have the financial ability to discharge the proposed indebtedness on a reasonable basis. The Service Plan is also to show that adequate service (of the type of services to be included within the District) is not available through the City or some other municipal government within a reasonable time or on a comparable basis; that the facility and service standards are compatible with standards of the City; the proposed service plan is in substantial compliance with the City's master plan and any duly adopted county regional or state long range water quality management plan for the

area; and that the creation of the District will be in the best interests of the area proposed to be served.

This service plan addresses each of these requirements and the plan demonstrates that all requirements of C.R.S. § 32-1-202 and 203 will be satisfactorily met.

### Section C.3 Proposed Services

The District will be organized for the following purposes:

The acquisition, construction, relocation, completion, installation and/or operation and maintenance of **parks and recreational facilities** including, but not limited to, parks, bike paths and pedestrian ways, open space, landscaping, cultural activities, community recreational centers, drainage facilities, irrigation facilities, and other active and passive recreational facilities and programs, and all necessary, incidental and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the District. All such parks and recreational facilities may be maintained by the District.

The acquisition, construction, relocation, completion, installation and/or operation and maintenance of a complete local **sanitary sewage and storm water collection and transmission system** which may include, but shall not be limited to, treatment, collection mains and laterals, transmission lines, and/or storm sewer, flood and surface drainage facilities and systems, including detention/retention ponds and associated irrigation facilities, and all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said system within and without the boundaries of the District.

The acquisition, construction, relocation, completion, installation and/or operation and maintenance of facilities and/or services for a system of **traffic and safety controls** and devices on streets and highways and at railroad crossings, including signalization, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the District.

The acquisition, construction, relocation, completion, installation and/or operation and maintenance of **street improvements**, including curbs, gutters, culverts, and other drainage facilities, sidewalks, bridges, overpasses, bike paths and pedestrian ways, interchanges, median islands, paving, lighting, grading, landscaping, irrigation, public parking lots and structures; and street-related electric, telephone, gas, steam, heating, and cooling facilities and lines; together with all necessary, incidental, and appurtenant facilities, land and easements together with extensions of and improvements to said facilities within and without the boundaries of the District.

The acquisition, construction, relocation, completion, installation and/or operation and maintenance of a complete **potable local water** transmission, and distribution system, which may include, but shall not be limited to, transmission lines, distribution mains and laterals, treatment, irrigation facilities, storage facilities, land and easements, and all necessary, incidental, and appurtenant facilities, together with extensions of and improvements to said system within and without the boundaries of the District.

The design, acquisition, installation, construction, operation, and maintenance of **public transportation** system improvements, including transportation equipment, park and ride facilities and public parking lots, structures, roofs, covers, and facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extension of and improvements to said facilities or systems within and without the boundaries of the District.

The design, acquisition, installation, construction, operation, and maintenance of **television relay and translation systems** consisting of **fibre optic communications systems**, including equipment, facilities and structures, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extension of and improvements to said facilities or systems within and without the boundaries of the District. Any such system furnished by the District shall be furnished in a manner that does not conflict with any franchise granted by the City.

Services not specifically identified but which logically fall within the above described areas may be provided by the District.

#### Section C.4 Existing Governments and Services

Centennial is the primary general purpose government currently providing municipal services to the proposed service area. It is not the intent of the proposed District to duplicate the services now being provided by the City.

While the City has the ability to provide the services to the proposed metropolitan district area, the cost is prohibitive. Therefore, in order to provide these improvements, the establishment of the proposed District is necessary. The advantages are explained in more detail in the following section.

The District is overlapped by no special districts other than the fire district. Water and sewer services will be provided through the Arapahoe County Water and Wastewater Authority.

Any mill levy imposed by the new District will be in addition to the mill levies and taxes imposed by all other governmental entities.

#### Section C.5 Need for Proposed Services

Subject to the City's development review and approval, it is anticipated that the Development will result in the construction of approximately 25 acres of commercial, retail, office and service industry and mixed use space. The land use and unit projections may vary depending on future land use and development plans to be approved by the City.

In order to provide a reliable and reasonable level of services to support these developments, the organizers of the District have concluded that use of the District would be better than having services provided by a private entity or an owner association. The improvements and services to be furnished by the District are not all available through a single existing government entity, nor has any government entity offered to provide these services at the desired level of service.

The establishment of the District also provides a mechanism for the collection of ad valorem taxes, fees and charges to fairly assess property owners for their pro rata share of capital, operating and maintenance costs within the new developing area. Costs for insuring public facilities, or providing public services, may be reduced by utilizing the advantages of the Colorado Governmental Immunity Act.

The establishment of the District also provides for revenue sharing as well as opportunities to apply for various governmental grants for programs and projects that are not otherwise available to private entities.

#### Section C.6 Compliance with City Comprehensive Plan

The overall plans for the organization of the District, the services to be provided and the area to be served have been developed to comply with and implement the goals of the City's Comprehensive Plan, as the same may be amended.

#### Section C.7 Compliance with State Long-Range Water Quality Management Plan

This Service Plan and the proposed services to be provided will comply with the applicable Area Wide Water Quality Management Plan (208 Plan) for the service area of the District.

### D. ASSESSED VALUATION AND POPULATION

#### *Assessed Valuation*

The assessed valuation of the District is assumed to increase with the sale of parcels and the build-out of properties. The projected assessed value is shown in Exhibit D. A mill is one-tenth of one cent or one dollar of tax for every \$1,000 of assessed value. The current assessed value of the property in the District is \$332,660.

#### *Population*

The current population is zero. Total population estimates within the District at build-out have been projected at zero persons.

#### E. FINANCIAL PLAN

A schedule of projected property assessments has been developed and compared to proposed debt requirements and the estimated annual costs of operation and maintenance. The results of this comparative analysis indicate that the District has the ability to cover its expenditures on a reasonable basis as described in more detail below.

The District will have the power to assess *ad valorem* taxes, to receive specific ownership taxes, to levy rates, fees and charges and to issue general obligation bonds with the authorization of the constituents and revenue bonds by board approval. The District's Board of Directors will from time to time determine what expenditures should be made by the District and what options for debt service and mix of taxes and other revenues should be exercised.

##### Section E.1 Property Tax Mill Levies

It is anticipated that the vast majority of the District's financial obligations will be funded through tax and fee revenues, as well as developer contributions in the early years. In order to assure that the obligations are met, the District will have the power to impose an ad valorem mill levy of up to 50 mills to pay indebtedness; and the Board may adjust the 50 mill limit to offset changes in the method of calculating assessed valuation, including offsets for changes caused by the Gallagher Amendment (Colo. Const. Art. X, Sec. 3). The District is expected to impose initially a mill levy of zero mills on the property within its boundaries only until the 2005 tax year (2006 collection year), when 35 mills are proposed. As shown in Exhibit D, the levy is expected to decrease in future years. In any case, as any mill levy on the property could affect the competitiveness of the Development and harm marketing efforts, the debt service mill levy will be limited and calculated to yield only that amount which is absolutely necessary to support the debt.

The District may also impose an operations and maintenance general fund mill levy of up to 5 mills; and the Board may adjust the 5 mill limit upward or downward to offset changes in the method of calculating assessed valuation, including offsets for changes caused by the Gallagher Amendment (Colo. Const. Art. X, Sec. 3).

The total levy for the first tax collection year in which taxes will be collected of 2006 is expected to be 40 mills, which is expected to result in tax revenues to the District of \$13,306.

The Arapahoe County Treasurer's Office is responsible for the collection of all *ad valorem* taxes levied within the County. All property listed and valued as of January 1 each year will be included in the next year's tax roll. All taxes required to be paid are due in full by June 15th. Although taxes are received by the County on a continuous basis, the primary receipt dates are February 15, April 30 and June 15. Therefore, the bulk of tax receipts to the District, if any



are assessed, will be received in March, May and July. Arapahoe County currently has power to retain up to 3% of all taxes collected on behalf of the taxing entities in the County.

#### Section E.2 Specific Ownership Taxes

If the District certifies a mill levy, it will also be entitled to a share of specific ownership taxes collected by the County Treasurer's Office for vehicles registered in the County. The disbursements for these taxes are made on the same basis as for property taxes and are received by the District throughout the year. These additional revenues can be used by the District to offset the required expenditures. Estimates of revenues from this source are shown in Exhibit D.

#### Section E.3 Fees and Charges

The District will also be authorized to establish fees and charges for services furnished. The District may establish subareas as allowed by §32-1-1101, C.R.S. The District's Board of Directors will determine which services will be subject to fees or charges and the level of fees and charges to be assessed from time to time. The District's Board will also determine the percentage of income to be derived from each type of revenue, allowing a potential for fee revenue to be used rather than mill levy revenue.

It is anticipated that the District may construct conduit systems and other facilities for the purpose of coursing fibre optic communications systems. The District may charge access fees for those systems, which will be the District's fee to retain and spend for public purposes; provided that nothing herein shall be construed as affecting in any way the City's lawful right to impose and collect franchise or other fees.

#### Section E.4 Capitalized Interest and Investment Income

Capitalized interest provides for the use of bond proceeds to pay interest on the bonds during the time period from when the bonds are sold to when other revenues are available to pay the bonds. Exhibit C shows 3.0 years of capitalized interest.

The investment income in Exhibit C shows projected interest earnings on District investments. The District is subject to the legal investment statute.

#### Section E.5 Proposed Capital Expenditures & Debt

As briefly described previously, the District anticipates the construction of roadways, storm drainage system, water improvements, sanitation improvements, transportation facilities, street lighting, traffic signals, signs, traffic medians and other public safety improvements, communications systems, public park facilities and common areas and open spaces, and irrigation systems for common areas and open spaces.

The above list is meant to be indicative of the types of improvements to be included in the District and should not be considered to be either all inclusive, or a commitment to build.

The Board of Directors of the District will be responsible for determining the type and timing of all improvements and the authorization of all District debt. A list of the potential initial costs to be incurred by the District is set forth below.

Notwithstanding any other provision of this Service Plan, the District shall only furnish public improvements that have been approved by the City during its development review process.

The following represents the initial understanding of the costs of providing the above improvements. District constructed utilities are included in the costs shown for street improvements.

#### Initial Public Improvement Costs

Roadways, including traffic improvements, roadways, signage, signals, lighting	\$780,000
Water	\$567,000
Sewer – sanitary and storm	\$798,000
Parks and Recreation - Landscape, Buffer, Open Space	\$782,000
Engineering, Design, and Soft Costs	\$586,000
<b>TOTAL</b>	<b>\$3,513,000</b>

#### Service Plan Debt Authorization

The Service Plan debt authorization consists of the above figures rounded up, with engineering and management, capitalized interest, bond issuance costs, district organizational costs and contingencies included per category of improvements.

Roadways, including traffic improvements, roadways, signage, signals, lighting	\$1,252,500
Water	\$910,500
Sewer – sanitary and storm	\$1,281,400
Parks and Recreation - Landscape, Buffer, Open Space	<u>\$1,255,700</u>
<b>TOTAL</b>	<b>\$4,700,000</b>

It is currently proposed that the District would issue no more than \$4,700,000 in general

obligation bonds. The actual costs of all improvements needed for the Development is expected to be less than the total authorized amount.

Authorization for expenditures for one category of improvements may be shifted to any other category as long as the total debt limit is not exceeded.

As described in the Cash Flow Forecast, it is anticipated that the general obligation bonds will be issued in 2004 or 2005.

***The District will not pledge any City funds or assets for security for the indebtedness set forth in the financial plan of the District, and in no case shall the debt of the District be construed or presented as indebtedness of the City.***

The bonds will be used to generate revenues adequate to defray necessary and customary district organizational expenses, legal services and issuing expenses, capitalized interest, as well as the estimated costs of the design and construction of facilities and improvements to be constructed and installed, including the costs of engineering services, legal services, administrative services, and major expenses related to the facilities and improvements to be constructed and installed. The pace and timing of development within the District is expected to require expenditures for some of the public infrastructure described in this Service Plan before the District has funds available for these expenditures. As a result, private financing sources will be called upon to make funds advances for these costs. Because these costs would be properly within the scope of the District, the District may reimburse the private expenditures when and if the District receives funds available for that purpose. It is expected that a portion of the initial bonds and other revenues of the District will be used to make these reimbursements.

In addition, the estimated costs of the organization and initial operation of the District, including legal, administrative and financial services, are expected to be approximately \$30,000. These costs will be paid initially by the Developer and may be reimbursed by the District out of its initial revenue sources.

The bonds, when issued, will mature not more than forty (40) years from date of issuance, as required by statute. The proposed maximum voted net effective interest rate for such issue is 10%. The bonds may be underwritten, and if so the proposed maximum underwriting discount will be 4%.

Additional debt over the initially authorized amount may be issued under the Special District Act only if the District applies to the City for an amendment to this Service Plan and otherwise complies with the legal limits on the issuance of general obligation bonds by the District. Should the District be unable to issue additional debt under these restrictions, the traditional methods of financing infrastructure through developer funding will be required to meet the needs of the Development.

Finally, in addition to the more restrictive mill levy limit set forth herein, the District's debt shall be further limited generally as provided in the Special District Act as follows (and the most restrictive limit shall control):

*Section 32-1-1101(6)(a) The total principal amount of general obligation debt of a special district issued pursuant to subsection (2) of this section, which debt is issued on or after July 1, 1991, shall not at the time of issuance exceed the greater of two million dollars or fifty percent of the valuation for assessment of the taxable property in the special district, as certified by the assessor, except for debt which is:*

*(I) Rated in one of the four highest investment grade rating categories by one or more nationally recognized organizations which regularly rate such obligations;*

*(II) Determined by the board of any special district in which infrastructure is in place to be necessary to construct or otherwise provide additional improvements specifically ordered by a federal or state regulatory agency to bring the district into compliance with applicable federal or state laws or regulations for the protection of the public health or the environment if the proceeds raised as a result of such issue are limited solely to the direct and indirect costs of the construction or improvements mandated and are used solely for those purposes;*

*(III) Secured as to the payment of the principal and interest on the debt by a letter of credit, line of credit, or other credit enhancement, any of which must be irrevocable and unconditional, issued by a depository institution:*

*(A) With a net worth of not less than ten million dollars in excess of the obligation created by the issuance of the letter of credit, line of credit, or other credit enhancement;*

*(B) With the minimum regulatory capital as defined by the primary regulator of such depository institutional to meet such obligation; and*

*(C) Where the obligation does not exceed ten percent of the total capital and surplus of the depository institution, as those terms are defined by the primary regulator of such depository institution; or*

*(IV) Issued to financial institutions or institutional investors.*

*(b) Nothing in this title shall prohibit a special district from issuing general obligation debt or other obligations which are either payable from a limited debt service mill levy, which mill levy shall not exceed fifty mills, or which are refundings or restructurings of outstanding obligations, or which are obligations issued pursuant to part 14 of this article.*

#### Section E.6 Proposed Operations and Maintenance, Initial Budget Costs

Initially the operations and maintenance efforts will be contracted to private businesses to take advantage of existing expertise and to limit both operational and capital cost requirements. Annual operations and maintenance requirements include administrative services such as management and accounting, required special district audits, reporting, record keeping and compliance, legal counsel, engineering, and constituent services. Overall operations and maintenance services costs will be very low, given the fact that nearly all of what the District

will build will be dedicated to the City or others. The first year of operation expenditures are estimated at \$30,000 for administrative and facility operations and maintenance. The costs associated with the provision of the services have been included within the initial budget projections, Exhibit C. To the extent financial limits allow, annual maintenance requirements may include supplemental snow plowing, sanding and snow removal from roadways, sidewalks and public common areas, landscape maintenance, mowing, irrigation, weed and dust control of common areas, open space, traffic medians, drainage ways and detention ponds, sign replacement, traffic control, street sweeping and required ancillary maintenance services. To the extent that the District is unable to meet these needs, owners associations or the Developer will be expected to provide for such needs.

In the first stages of development within the District, administrative expenses will include the cost of managing capital expenditures, including legal, project administration and engineering review costs. In addition, costs associated with District accounting, record keeping, audits and County tax collection fees are also anticipated. Required funding of a perpetual 3% TABOR emergency fund will vary as a result of the total non-debt budget figure, and cost variances for the Arapahoe County Treasurer's collection fee will result from changes in tax receipts.

F. PRELIMINARY ENGINEERING SURVEY AND FACILITIES PLAN

The Development requires streets, roadways, transportation and traffic facilities, box culverts, water detention ponds, storm drainage and storm sewers, water and sanitary sewer facilities, parks, pedestrian walkways, and public safety systems, as part of the master planned development.

In conjunction with these street improvements the District shall fund and construct water, sanitation, storm drainage, and utility systems within the rights of way.

G. COMPLIANCE WITH CITY STANDARDS AND SPECIFICATIONS

All City adopted standards and specifications for facilities not regulated by more restrictive District standards and specifications or District rules and regulations shall be strictly adhered to, and any variance to any City standards, either more or less restrictive, will be requested in writing prior to construction or implementation.

H. MODIFICATION OF SERVICE PLAN

The District shall obtain the approval of the City under §32-1-207, C.R.S. before making any material modifications to this service plan. Material modifications shall include modifications of a basic or essential nature including any additions to the types of services initially provided by the District or a change in debt limits. The examples above are only examples and are not an exclusive list of all actions which may be identified as a material modification. City approval shall not be required for mechanical modifications to this service

plan necessary for the execution of the original financing plan for public improvements previously outlined in the plan.

I. RESOLUTION OF APPROVAL

The District agrees to incorporate the City Council's Resolution of Approval, including any conditions on such approval into the Service Plan presented to the District Court.

J. INTERGOVERNMENTAL AGREEMENTS

The District may enter into agreements with the City or other unit of government concerning joint construction or maintenance of road, utility, drainage and other infrastructure.

K. COMBINED DISTRICT ORGANIZATION AND TABOR ELECTION

Following approval of this Service Plan by the City, and after acceptance of the organizational petition and issuance of orders from the District Court, an election on the question of organizing the District may be held in November, 2004 and approving bonded indebtedness and various agreements described herein will be scheduled. All elections will be conducted as provided in the Uniform Election Code (as amended), and the TABOR Amendment, and the financial election is currently planned for November, 2004. The election questions will include whether to organize the District, election of initial directors, TABOR Amendment ballot questions and term limit questions. Thus, the ballot may deal with the following topics (in several questions, but not necessarily using the exact divisions shown here):

1. Whether to organize the District
2. Membership and terms of the initial board members,
3. Approval of new taxes,
4. Approval of maximum operational mill levies,
5. Approval of bond and other indebtedness limits,
6. Approval of an initial property tax revenue limit,
7. Approval of an initial total revenue limit,
8. Approval of an initial fiscal year spending limit,
9. Approval of a four-year delay in voting on ballot issues, and
10. Elimination of term limits.

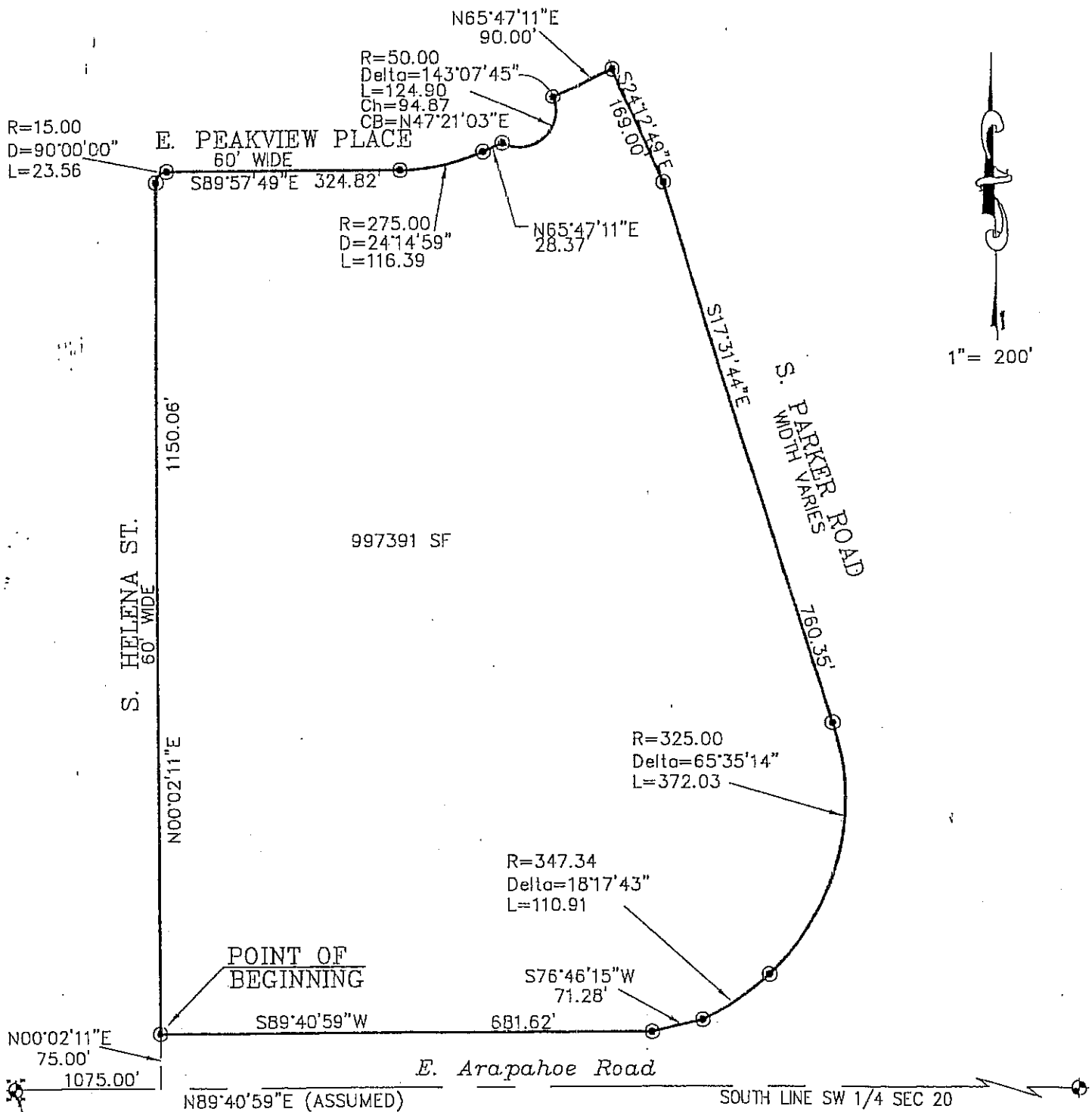
Ballot issues may be consolidated. The organizers of the District shall follow both the letter and the spirit of the Special District Act, the Uniform Election Code, and the TABOR Amendment during organization of the District. Future elections to comply with the TABOR Amendment are anticipated, and may be held as determined by the elected Board of Directors of the District.

L. STATUTORY REQUIREMENTS

It is submitted that this Service Plan for the Valley Club Pointe Metropolitan District meets the requirements of the Special District Control Act and meets applicable requirements of the Colorado Constitution. It is further submitted that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District;
2. The existing service in the area to be served by the District is inadequate for projected needs;
3. The District is capable of providing economical and sufficient service to the area within their boundaries;
4. The area within the District does have, and will have, the financial ability to discharge the existing and proposed indebtedness on a reasonable basis;
5. Adequate service is not, and will not be, available to the area through the City or other existing municipal or quasi-municipal corporations, including existing special districts (other than the District), within a reasonable time and on a comparable basis;
6. The facility and service standards of the District are compatible with the facility and service standards of the City and each municipality which is an interested party under Section 32-1-204(1), Colorado Revised Statutes;
7. The Service Plan is in compliance with any applicable comprehensive plans adopted by the City;
8. The Service Plan is in compliance with any duly adopted and applicable long-range water quality management plan and drainage plan for the area; and
9. The Service Plan will be in the best interests of the area served by the District.

EXHIBIT A  
Map



SW CORNER SECTION 20 FOUND  
3 1/4" BRASS CAP LS 13486 IN  
RANGE BOX

S 1/4 CORNER SECTION 20 FOUND  
3 1/4" ALUMINUM CAP LS 29420  
IN RANGE BOX



EXHIBIT B  
Legal Description

A PARCEL OF LAND LOCATED IN THE SOUTHWEST ONE-QUARTER OF SECTION 20, TOWNSHIP 5 SOUTH, RANGE 66 WEST OF THE 6<sup>TH</sup> P.M., COUNTY OF ARAPAHOE, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE SOUTH LINE OF THE SOUTHWEST ONE-QUARTER OF SECTION 20, TOWNSHIP 5 SOUTH, RANGE 66 WEST OF THE 6<sup>TH</sup> P.M., BEING MONUMENTED AT THE SOUTHWEST CORNER OF SAID SECTION BY A 3 1/4" BRASS CAP IN A MONUMENT BOX "LS 13486" AND AT THE SOUTH ONE-QUARTER BY A 3 1/4" ALUMINUM CAP, WITH THE LINE BETWEEN ASSUMED TO BEAR N89°40'59" E.

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 20, THENCE N89°40'59" E. ALONG THE SOUTH LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 20, A DISTANCE OF 1075.00 FEET; THENCE N 00°02'11"E, A DISTANCE OF 75.00 FEET TO A POINT, SAID POINT BEING AT THE INTERSECTION OF THE NORTHERLY LINE OF EAST ARAPAHOE ROAD AND THE EASTERLY LINE OF SOUTH HELENA STREET, AND ALSO BEING THE POINT OF BEGINNING;

THENCE ALONG SAID EASTERLY LINE OF SOUTH HELENA STREET, THE FOLLOWING TWO (2) COURSES:

1. N00°02'11" E, A DISTANCE OF 1150.06 FEET TO A POINT OF CURVATURE;
2. 23.56 FEET ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 15.00 FEET, AN INTERIOR ANGLE OF 90°00'00", TO A POINT ON THE SOUTHERLY LINE OF EAST PEAKVIEW PLACE;

THENCE ALONG SAID SOUTHERLY LINE OF EAST PEAKVIEW PLACE, THE FOLLOWING FOUR (4) COURSES:

1. S 89°57'49"E, A DISTANCE OF 324.82 FEET TO A POINT OF CURVE;
2. 116.39 FEET ALONG THE ARC OF SAID CURVE TO THE LEFT HAVING A RADIUS OF 275.00 FEET, AN INTERIOR ANGLE OF 24°14'59", TO A POINT;
3. N65°47'11"E, A DISTANCE OF 28.37 FEET TO A POINT OF NONTANGENT CURVATURE;
4. 124.90 FEET ALONG THE ARC OF SAID CURVE TO THE LEFT HAVING A RADIUS OF 50.00 FEET, AN INTERIOR ANGLE OF 143°07'45", AND A CHORD OF 94.87 FEET WHICH BEARS N 47°21'03"E TO A POINT;

THENCE N 65°47'11"E, A DISTANCE OF 90.00 FEET TO A POINT ON THE WESTERLY LINE OF PARKER ROAD (STATE HIGHWAY NO. 83);

THENCE ALONG SAID WESTERLY LINE THE FOLLOWING FIVE (5) COURSES:

1. S 24°12'49"E A DISTANCE OF 169.00 FEET TO A POINT;
2. S 17°31'44"E A DISTANCE OF 760.35 FEET TO A POINT OF CURVATURE;
3. 372.03 FEET ALONG THE ARC OF SAID CURVE TO THE RIGHT CONTAINING A RADIUS OF 325.00 FEET AN INTERIOR ANGLE OF 65°35'14" TO A POINT OF COMPOUND CURVATURE;
4. 110.91 FEET ALONG THE ARC OF SAID CURVE TO THE RIGHT CONTAINING A RADIUS OF 347.34 FEET AN INTERIOR ANGLE OF 18°17'43" TO A POINT;
5. S 76°46'15" W A DISTANCE OF 71.28 FEET TO A POINT ON THE NORTHERLY LINE OF EAST ARAPAHOE ROAD (STATE HIGHWAY NO. 88);

THENCE S 89°40'59" W ALONG SAID NORTHERLY LINE A DISTANCE OF 681.62 FEET TO THE POINT OF BEGINNING.

CONTAINING 997391 SQUARE FEET OR 22.8969 ACRES OF LAND, MORE OR LESS

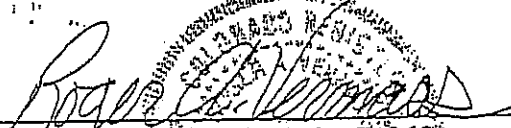
  
Roger A. Vermaas, PLS No. 24968  
Aspen Surveying, Inc. 3/31/04  
2993 South Peoria Street, Ste 130

Exhibit C  
districtbudgetaxis

Valley Club Pointe Metropolitan District  
Centennial, Colorado  
\$3,513,000 in net bond proceeds  
\$4,700,000 in bonds at 7%

Beginning Cash Available

Revenues:  
35 miles  
5 mills  
5% real property

3.50%

Expenditures:  
3%  
3% growth  
3% growth

Net Income (Loss)  
Ending Cash Available

Debt Mill Levy  
Assessed Valuation

	2005	2006	2007	2008	2009	2010	2011	2011	2011	2012	2013	2014	2015	2016
Total	1,018,478	694,224	357,695	425,511	416,937	419,937	435,274	453,745	463,745	506,189	506,189	563,483	598,077	646,907
Property Taxes - debt service	10,080,961			357,788	368,521	379,577	390,964	402,693	414,774	427,217	402,316	414,386	426,817	426,817
Property Taxes - operating	1,759,623			51,113	52,646	54,225	55,852	57,528	59,253	61,031	62,862	64,748	66,690	66,690
Specific Ownership Taxes	592,029			20,445	21,058	21,690	22,341	23,011	23,701	24,412	23,259	23,957	24,675	24,675
Project Proceeds	3,513,000	3,513,000												
Capitalized Interest/Reserves	987,000	987,000												
Investment Income	910,349	61,478	35,647	24,298	12,519	14,893	14,593	15,295	16,231	17,717	19,722	20,933	22,642	22,642
Total Annual Income	17,842,961	4,561,478	35,647	24,298	441,864	457,118	470,085	483,855	498,466	513,960	530,377	508,159	524,023	540,825
Debt Service	10,630,716		329,000	329,000	329,000	419,292	419,292	419,292	419,292	419,292	419,292	419,292	419,292	419,292
Construction	3,513,000	3,513,000												
Tax Collection Fees	355,218		20,600	21,218	12,267	12,635	13,014	13,404	13,807	14,221	14,647	13,955	14,374	14,805
Administration	814,193		20,000	21,218	21,855	22,510	23,165	23,861	24,597	25,335	26,095	26,878	27,685	28,515
Operating Expenses	407,096		10,000	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,842	14,258
Total Annual Expenses	15,720,223	3,543,000	359,900	360,827	374,049	455,692	457,084	468,518	469,995	471,516	473,083	473,565	475,193	476,870
Net Income (Loss)	1,018,478	-324,253	-336,529	67,816	-8,574	3,001	15,337	28,471	42,444	57,294	34,594	48,830	63,955	63,955
Ending Cash Available	1,018,478	694,224	357,695	425,511	416,937	419,937	435,274	453,745	463,745	506,189	506,189	563,483	598,077	646,907
Debt Mill Levy				35	35	35	35	35	35	35	35	35	32	32
Assessed Valuation				10,222,500	10,529,175	10,845,050	11,170,402	11,505,514	11,850,679	12,206,200	12,572,386	12,949,557	13,338,044	

- Notes:
1. Bond Debt of \$4.7M, interest only at 7% for three years, then amortized over remaining 22 years.
  2. Debt Service Mill Levy begins at 35, then decreases over term.
  3. Assessed Valuation is based on 235,000 square feet at \$150 per square foot, increasing by 3% per year.
  4. Cost of issuing bonds including bond and disclosure counsel and underwriting costs are estimated at \$200,000.

Exhibit C  
 districtbudget.xls

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	710,862	762,847	830,044	913,387	983,229	1,069,230	1,172,366	1,260,202	1,365,093	1,488,057	1,593,592	1,717,002	1,859,340	1,981,748
412,146	424,510	437,245	420,338	432,949	445,937	426,507	439,302	452,481	430,205	443,111	456,405	430,922	443,850	
68,691	70,752	72,874	75,060	77,312	79,632	82,021	84,481	87,016	89,626	92,315	95,084	97,837	100,875	
24,042	24,763	25,506	24,770	25,513	26,278	26,426	26,189	26,975	25,992	26,771	27,574	26,443	27,236	
24,880	26,790	29,052	31,969	34,413	37,423	41,033	44,107	47,778	52,082	55,776	60,095	65,077	69,361	
529,758	546,724	564,677	552,137	570,187	589,270	574,987	594,080	614,250	597,905	617,973	639,159	620,379	641,322	
419,292	419,292	419,292	419,292	419,292	419,292	419,292	419,292	419,292	419,292	419,292	419,292	419,292	419,292	
14,425	14,858	15,304	14,862	15,308	15,767	15,256	15,713	16,185	15,595	16,063	16,545	15,866	16,342	
29,371	30,252	31,159	32,094	33,057	34,049	35,070	36,122	37,206	38,322	39,472	40,656	41,876	43,132	
14,685	15,126	15,580	16,047	16,528	17,024	17,535	18,061	18,603	19,161	19,736	20,328	20,938	21,566	
477,773	479,528	481,335	482,295	484,185	486,132	487,153	489,189	491,286	492,370	494,562	496,820	497,971	500,331	
51,985	67,197	83,342	68,842	86,002	103,138	87,834	104,891	122,964	105,535	123,411	142,338	122,408	140,991	
762,847	830,044	913,387	983,229	1,069,230	1,172,368	1,260,202	1,365,093	1,488,057	1,593,592	1,717,002	1,859,340	1,981,748	2,122,739	
30	30	30	28	28	28	26	26	26	24	24	24	22	22	
13,738,185	14,150,331	14,574,841	15,012,086	15,462,448	15,926,322	16,404,112	16,896,235	17,403,122	17,925,216	18,462,972	19,016,861	19,587,367	20,174,988	