

**WINDSOR HIGHLANDS
METROPOLITAN DISTRICTS
NO. 1, NO. 2, NO. 3,
NO. 4, NO. 5 AND NO. 6**

**AMENDED AND RESTATED
CONSOLIDATED SERVICE PLAN**

TOWN OF WINDSOR, LARIMER COUNTY
COLORADO

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WINDSOR HIGHLANDS METROPOLITAN DISTRICTS NOS. 1 – 6
TABLE OF CONTENTS

I.	INTRODUCTION.....	1
A.	Purpose and Intent.....	1
B.	Need for the Districts.	3
C.	Objective of the Town Regarding Districts’ Service Plan.....	3
D.	Multiple District Structure.	4
E.	Benefits of Multiple District Structure.	4
	1. Coordinated Services	4
	2. Coordinated Financing, Planning and Phasing of Public Improvements.	5
F.	Configuration of Districts.	5
G.	Property Owner Associations.....	6
II.	DEFINITIONS	6
III.	BOUNDARIES	9
IV.	PROPOSED LAND USE, POPULATION PROJECTIONS AND ASSESSED VALUATION	10
V.	DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES	10
A.	Powers of the Districts and Service Plan Amendment.	10
	1. Operations and Maintenance Limitation.....	11
	2. Construction Standards.	11
	3. Privately Placed Debt Limitation.....	12
	4. Inclusion Limitation.....	12
	5. Maximum Debt Authorization.	12
	6. Monies from Other Governmental Sources.	12
	7. Consolidation Limitation.	13
	8. Eminent Domain Limitation.	13
	9. Service Plan Amendment Requirement.....	13
B.	Preliminary Infrastructure Plan.....	13
C.	Operation of District Facilities and Services.	14
VI.	FINANCIAL PLAN.....	15
A.	General.....	15
B.	Maximum Voted Interest Rate and Maximum Underwriting Discount.	16
C.	Maximum Debt Mill Levy.	16
D.	Maximum Debt Term.....	16
E.	Maximum Operations and Maintenance Mill Levy.....	16
F.	Sources of Funds.	17

G.	Security for Debt.....	18
H.	TABOR Compliance.....	18
I.	Districts' Operating Costs.....	18
J.	Aggregate Mill Levy Cap.	19
K.	Elections.....	19
VII.	ANNUAL REPORT.....	19
A.	General.....	19
B.	Reporting of Significant Events.....	19
VIII.	CONSOLIDATION/DISSOLUTION	20
IX.	PROPOSED AND EXISTING INTERGOVERNMENTAL AGREEMENTS AND EXTRATERRITORIAL SERVICE AGREEMENTS.....	20
A.	Town IGA	21
B.	Master IGA.....	21
C.	Irrigation System Tap Fee Agreement.....	21
D.	Other Agreements/Authority.....	21
X.	MATERIAL MODIFICATIONS.....	22
XI.	CONCLUSION.....	22
XII.	ORDINANCE OF APPROVAL.....	23

WINDSOR HIGHLANDS METROPOLITAN DISTRICTS NOS. 1 – 6

LIST OF EXHIBITS

EXHIBIT A	Initial District Boundaries Map
EXHIBIT B	Legal Descriptions of Initial Districts Boundaries
EXHIBIT C	Future Inclusion Area Boundary Map
EXHIBIT D	Legal Descriptions of Future Inclusion Area Boundaries
EXHIBIT E	Windsor Vicinity Map
EXHIBIT F	Preliminary Infrastructure Plan
EXHIBIT G	Maps Depicting Public Improvements
EXHIBIT H	Financial Plan Model

I. INTRODUCTION

A. Purpose and Intent.

This Amended and Restated Consolidated Service Plan (the "Service Plan") for the Windsor Highlands Metropolitan Districts No. 1, No. 2, No. 3, No. 4, No. 5 and No. 6 (individually referred to as "District" or collectively referred to as the "Districts") constitutes a combined service plan for six Title 32 metropolitan districts within the boundaries of the Town of Windsor, Colorado (the "Town"). This Service Plan amends, restates and supersedes the Consolidated Service Plan for the Windsor Highlands Metropolitan Districts Nos. 1, 2, 3, 4 and 5 approved by the Town Council on January 26, 2004 and the amendment dated September 11, 2006 which amended the Service Plan to allow the Districts to provide for design review, covenant enforcement, and an increase in the mill levy cap from 30 mills to 35 mills to be in line with the then-current Town policies and model service plan. No additional inclusions of property or boundary modifications have occurred since formation in 2004. This Service Plan is submitted to adopt the new Model Service Plan and Town Code provisions regarding metropolitan districts, to separate the property and development comprising the non-residential/commercial property into a new District No. 6, to revise the appropriate legal descriptions, maps and service plan exhibits to add a new District No. 6 within the initial boundaries of the Windsor Highlands Metropolitan Districts Nos. 1-6 and update the exhibits and Combined Financial Plan Model based upon current information, projections and debt feasibility of the Districts. The Districts are proposed to be organized to serve the needs of a community known as "Windsor Highlands" or the "Project," developed by Country Farms, LLC, a Colorado limited liability company ("Developer"). The Districts are intended to be independent units of local government, separate and distinct from the Town, and, except as may otherwise be provided for by State or local law or this Service Plan, the Districts' activities are subject to review by the Town only insofar as they may deviate in a material manner from the requirements of this Service Plan.

It is intended that the Districts will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the Districts. The primary purpose of the Districts is to finance the construction of these Public Improvements. The Public Improvements are intended to be provided generally in eleven (11) phases, seven (7) of which are constructed and completed, four (4) of which remain to be constructed, all of which will, as construction permits, be constructed in accordance with approved development plans of the Town of Windsor. The Developer has advanced \$14 - \$18 million for Public Improvements thus far with another \$12 - \$16 million in Public Improvements needed to complete the Project per approved plans with the Town of Windsor. Approximately 250 of the projected 890 total residential units have been completed, conveyed and are occupied by residents within the current Districts. With nearly 40% of the Public Improvements needing to be completed, and the uncertainty of construction prices and financing, this Service Plan amendment and the modifications suggested herein are requested at this time to allow the project to be completed, to add an additional metropolitan district to allow for a separate commercial district with its own boundaries and a different mill levy to be assessed against the commercial property, and to allow an increase in authorized debt within the Districts that is financially feasible within the currently allowed and assessed mill levies with which to provide the Developer and the Districts with the financial capacity and capability to better ensure the Development will be completed, the

amenities constructed and operated, and the District services to be provided as intended and currently planned and approved by the Town.

It is intended that the Districts will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the Districts, to provide for the on-going day-to-day operations of the Districts to the extent allowed by this Service Plan, and to accurately reflect the boundaries of the Districts to include the property within the six Districts' boundaries. The primary purpose of the Districts will be to finance the construction of the Public Improvements, facilities, amenities and services necessary and appropriate to serve Windsor Highlands and consistent with Town-approved development plans. These Public Improvements will be either, dedicated to the Town pursuant to Intergovernmental Agreements, retained by the Service District for the use and benefit of the Districts' inhabitants, the taxpayers and the public, or dedicated to another public entity pursuant to approved Intergovernmental Agreements for ownership, operations and maintenance. This Service Plan has been prepared in accordance with Article XV of the Town of Windsor Home Rule Charter (the "Town Charter").

District No. 5 will continue to be known as the "Service District," and is expected to continue to coordinate the financing, construction, operations and maintenance of all Public Improvements throughout the Project. Districts 1, 2, 3, 4 and 6 shall be hereinafter be known as the "Financing Districts" and are expected to include all of the current and future residential and/or non-residential development comprising the Project.

Windsor Highlands is located generally south of Larimer County Road #30 and east of Larimer County Road #5. The Districts are anticipated to consist of approximately 350.099 acres divided into five separate development areas planned for residential development and commercial development that coincide with five phases of development and the boundaries of the five Financing Districts.

The Developer also anticipates the possibility of future expansion of the Districts and inclusion of additional 263.859 acres of property in close proximity to the proposed Districts. This future inclusion area is anticipated to include the Highland Meadows Golf Course and other amenities, if financially feasible. The future inclusion area is anticipated to become part of one of the existing Financing Districts and the inclusion shall be subject to the terms of this Service Plan and applicable law. If ultimately included within the boundaries of the Districts, the future inclusion area, public improvements, public infrastructure and District services provided to this area shall be substantially similar to those provided to the existing Districts at the time of inclusion.

The Districts are not being created to provide ongoing operations and maintenance services other than as specifically set forth in this Service Plan. It is intended that the Districts will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements. This Service Plan has been prepared in accordance with Article 1 of Chapter 19 of the Town Code.

B. Need for the Districts.

There are currently no other governmental entities, including the Town, located in the immediate vicinity of the Districts that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction installation, ownership, operation, maintenance, relocation, redevelopment, and/or financing of the Public Improvements needed for the Project. Formation and implementation of the Districts is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible. The Districts are needed to provide certain public services and facilities to the local development that will result in enhanced benefits to future residents, property owners, businesses and the Town and will enhance the quality of growth in the Town. The cohesive development of Windsor Highlands as well as the construction, installation, acquisition, ownership, and ongoing operation and maintenance of the Public Improvements are made possible because the Districts will exist to provide for the Public Improvements.

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

The Town's objective in approving the Service Plan for the Districts is to authorize the Districts to provide for the planning, design, acquisition, construction, installation, relocation and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the Districts. All Debt is expected to be repaid by taxes imposed and collected by the Districts at a tax mill levy no higher than the Maximum Debt Mill Levy. Debt which is issued within these parameters (as further described in the Financial Plan) will insulate property owners from excessive tax burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt. Under no circumstances is the Town agreeing or undertaking to be financially responsible for the Debt or the construction of Public Improvements.

This Service Plan is intended to establish a limited purpose for the Districts and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with the Project and those regional improvements necessitated by the Project. Ongoing operational and maintenance activities are allowed, but only as specifically addressed in this Service Plan, and only to the extent that the Districts have sufficiently demonstrated that such operations and maintenance functions are in the best interest of the Town and the existing and future residents and taxpayers of the Districts. In no case shall the mill levies imposed by the Districts for debt service and operations and maintenance functions exceed the Aggregate Mill Levy Cap.

It is the intent of the Districts to consolidate and/or dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt and provision of operations for all of the District owned improvements. The intent of the Districts is to maintain only the Service District upon full build out to own, operate and maintain the Public Improvements not otherwise dedicated to the Town or another public entity in accordance with development agreements with the Town. The Districts seek authorization to perform certain limited operating functions under this Service Plan, and will, where necessary or requested by the Town enter into agreements regarding how the Service District will continue to exist, retaining only those powers necessary to impose and collect taxes or fees to pay for costs associated with said operations and maintenance functions.

The Districts shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from tax revenues collected from a mill levy which shall not exceed the Maximum Debt Mill Levy and which shall not exceed the Maximum Debt Mill Levy Imposition Term. It is the intent of this Service Plan to ensure to the extent possible that, as a result of the formation and operation of the Districts, no taxable property bears a tax burden that is greater than the Maximum Aggregate Mill Levy in amount, even under bankruptcy or other unusual situations. Generally, the costs of Public Improvements that cannot be funded within these parameters are not costs to be paid by the Districts.

D. Multiple District Structure.

This Service Plan is submitted and is being formed pursuant to the requirements of the Special District Control Act § 32-1-101, et seq., C.R.S. (the "Act"). It defines the powers and authorities of, as well as the limitations and restrictions on the Districts. The use of a consolidated service plan for the Districts will help assure proper coordination of the powers and authorities of the independent Districts, and will help avoid confusion regarding the separate, but coordinated, purposes of the Districts that could arise if separate service plans were used. Unless otherwise specifically noted herein, general provisions of this Service Plan apply to all Windsor Highlands Metropolitan Districts. Where possible, however, specific reference is made to an individual District to help distinguish the powers and authorities of each District.

It is anticipated that the Districts, collectively, will undertake the financing and construction, maintenance and operation of the Public Improvements. The nature of the functions and services to be provided by each District shall be clarified in a Master Intergovernmental Agreement ("Master IGA") between and among the Districts. The Master IGA will be designed to help assure the orderly development of the Public Improvements and essential services and facilities resulting in a community, which will be both an aesthetic and economic asset to the Town. Implementation of the Master IGA is essential to the orderly implementation of this Service Plan. The Master IGA may be amended by mutual agreement of the Districts without the need to amend this Service Plan.

The establishment of the Service District which will own and operate the public facilities throughout Windsor Highlands not otherwise dedicated to the Town or other governmental entities, and the establishment of the Financing Districts which will generate the tax revenue sufficient to pay a portion of the costs of the capital improvements and the operation and maintenance, will create several benefits for the inhabitants of the community and the Town. 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 reasonably uniform mill levies within each of the Districts and reasonable tax burdens on all areas of Windsor Highlands through proper management of the financing and operation of public improvements; and (c) assured compliance with state laws regarding taxation in a manner which permits the issuance of tax exempt debt at the most favorable interest rates possible.

E. Benefits of Multiple District Structure.

1. Coordinated Services. As presently planned, development of Windsor Highlands will proceed in several phases, each of which will require the extension of public

services and facilities. The multiple district structure will assure that the construction and operation of each phase of public facilities will be primarily administered by a single board of directors consistent with a long-term construction and operations program. Use of the Service District as the entity responsible for construction of each phase of the Public Improvements and for management of operations will facilitate a well-planned financing effort through all phases of construction and will assist in assuring coordinated extension of services.

The multiple district structure will also help assure that Public Improvements will be provided when they are needed, and not sooner. Appropriate development agreements between Service District and the Developer will allow the postponement of financing for improvements which are not needed until well into the future, thereby helping residents avoid the long-term carrying costs associated with financing improvements too early. This, in turn, allows the full costs of Public Improvements to be allocated over the full build-out of Windsor Highlands and helps avoid disproportionate cost burdens being imposed on the early phases of development.

2. Coordinated Financing, Planning and Phasing of Public Improvements. Allocation of the responsibility for paying debt for Public Improvements and capital costs will be managed through development of a unified financing plan for those improvements and through development of an integrated operating plan for long-term operations and maintenance. Use of the Service District to manage these functions will help assure that the phasing of the Public Improvements will occur as logical and necessary to conform to development plans approved by the Town and will help maintain reasonably uniform mill levies and fee structures throughout the coordinated construction, installation, acquisition, financing and operation of Public Improvements throughout Windsor Highlands. Intergovernmental Agreements among the Districts will assure that the roles and responsibilities of each District are clear in this coordinated development and financing plan.

F. Configuration of Districts.

In order to implement the multiple district structure, the boundaries of the Service District and the Financing Districts were configured to approximate the original plan for phases of development. Maps showing the boundaries of the Districts are provided in **Exhibit A**. The combined acreage of the Districts covers all acreage within the current boundaries of Windsor Highlands. Legal descriptions of the property within the boundaries of each of the Districts are attached to the end of this Service Plan as part of **Exhibit B**. The boundaries of the individual Districts may change through future inclusions and exclusions as provided herein. Generally, the development within each District is anticipated to be as follows: District No. 5 is proposed to contain no development and act as the Service District for the Project. Districts Nos. 1, 2, 3 and 4 are proposed to contain primarily residential development. District No 6 is proposed to contain retail and commercial development. The Service District will be permitted to provide public services and facilities throughout the Districts pursuant to the Service Plan. The Service District will be responsible for managing the construction, installation, acquisition, and operation of facilities and Public Improvements for the Project as well as coordinating the financing and management of the public facilities and services as approved by the Town throughout the Project. The Financing Districts will be responsible for producing property tax and other

revenue sufficient to pay the costs of operations and debt service expenses incurred for the Public Improvements, until such obligations are discharged, creating mutual benefits for Windsor Highlands and the Town. The Developer anticipates the need for five (5) Financing Districts at this time, but reserves the right to create an additional Financing District with similar rights and obligations to accommodate the inclusion of Future Inclusion Area property, subject to the express written approval of the Town Manager.

G. Property Owner Associations.

It is anticipated that one or more property owner's associations have been or may be formed for the different developer and/or builders within Windsor Highlands to coincide with particular property type and development areas. The Districts will work with any applicable property owners association that may be formed in the future. The Districts shall have the power to provide covenant enforcement and design review services within the Districts, pursuant to § 32-1-1004 (8), C.R.S., if the Districts and the governing body of a property owner association or similar body contract for such services, or if the declaration, rules and regulations, or any similar document containing the covenants to be enforced for the area within the Districts name the Districts as the enforcement or design review entity.

II. DEFINITIONS

In this Service Plan, the following terms which appear in a capitalized format herein shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Aggregate Mill Levy Cap: means the maximum aggregate mill levy a District is permitted to impose for debt service and operations and maintenance, as set forth in Section VI.H below.

Approved Development Plan: means a development plan or other process established by the Town (including but not limited to approval of a final plat or PUD by the Town Board for any phase of the Project) for identifying, among other things, Public Improvements necessary for facilitating development for property within the Service Area as approved by the Town pursuant to the Town Code and as amended pursuant to the Town Code from time to time.

Board: means the Board of Directors of one District or the boards of directors of all Districts, in the aggregate, as is contextually appropriate.

Bond, Bonds or Debt: means bonds or other financial obligations for which a District has promised to impose an ad valorem property tax mill levy, and other legally available revenue, for payment. Such terms do not include intergovernmental agreements pledging the collection and payment of property taxes in connection with a service district and financing district(s) structure, if applicable, and other contracts through which the District procures or provides services or tangible property.

Developer: means Country Farms, LLC, a Colorado limited liability company, and its affiliates, successors or assigns.

District: means any one of the Windsor Highlands Metropolitan Districts Nos. 1 through 6.

District IGA's: means one or more agreements between one or more Districts and another public entity pertaining to District business or activities.

Districts: means the Windsor Highlands Metropolitan Districts No. 1, No. 2, No. 3, No. 4, No. 5 and District No. 6 collectively.

External Financial Advisor: means a consultant that: (1) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (2) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (3) is not an officer or employee of the Districts.

Fees: means any fee, toll, rate, penalties, or charges imposed by the Districts for services, programs or facilities, operation and maintenance provided by the Districts, as permitted by applicable law and/or as authorized in Section 32-1-1001(1), C.R.S., as amended from time to time.

Financial Plan: means the Financial Plan described in Section VI which is prepared by an External Financial Advisor in accordance with the requirements of the Town Code and describes (i) how the Public Improvements are to be financed; (ii) how the Debt is expected to be incurred; and (iii) the estimated operating revenue derived from property taxes for the first budget year through the year in which all District Debt is expected to be defeased; and (iv) proposed sources of revenue and projected expenses of the Districts. In the event the Financial Plan is not prepared by an External Financial Advisor, the Financial Plan is accompanied by a letter of support from an External Financial Advisor.

Financing District(s): means Windsor Highlands Metropolitan District Nos. 1, 2, 3, 4 & 6 individually or collectively. The Financing Districts will have power to assess taxes and other charges permitted by law.

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

Future Inclusion Area Boundary Map: means the map attached hereto as **Exhibit C**, depicting the property proposed for inclusion within the Districts (if any) in the future.

Initial Districts Boundaries: means the initial boundaries of the Districts as described in the Initial Districts Boundaries Map.

Initial Districts Boundaries Map: means the map attached hereto as **Exhibit A**, depicting the initial boundaries of the Districts.

Irrigation System Tap Fee: means the one-time irrigation system tap fee that may or may not be imposed by the Districts on a per-unit (residential) or per equivalent unit (non-residential)

basis at or prior to the issuance of a certificate of occupancy for the unit or structure to pay for the costs related to the connection of property owners and residents to the Districts' non-potable irrigation water system ("Irrigation Water System"), subject to the limitations set forth in Section VI of the Service Plan. The Irrigation System Tap Fee may be used as a source of revenue to finance, defray, reimburse, plan, acquire, construct, install, implement and administer the Irrigation Water System facilities, improvements and monitoring systems, and for operations and maintenance. If the Districts choose to impose such an Irrigation System Tap Fee, an agreement regarding the imposition of such Fee shall be recorded against the applicable property prior to imposing such a Fee.

Map Depicting Public Improvements: means the map or maps attached hereto as **Exhibit G**, showing the approximate location(s) of the Public Improvements listed in the Preliminary Infrastructure Plan.

Master IGA: means one or more agreements among the Districts that establish the obligation of the Financing Districts to fund capital and operational costs incurred by the Service District on behalf of the Districts.

Maximum Debt Authorization: means the total Debt the Districts are permitted to issue as set forth in Section V.A.5 and supported by the Financial Plan.

Maximum Debt Mill Levy: means the maximum mill levy the Districts are permitted to impose for payment of Debt as set forth in Section VI.C. below.

Maximum Operations and Maintenance Mill Levy: means the maximum mill levy the Districts are permitted to impose for payment of administration, operations, and maintenance costs as set forth in Section VI.E. below.

Preliminary Infrastructure Plan: means the Preliminary Infrastructure Plan described in Section V.D. which includes: (a) a preliminary list of the Public Improvements to be developed by the Districts; and (b) an estimate of the cost of the Public Improvements.

Project: means the development or property commonly referred to as Windsor Highlands.

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

Service Area: means the property within the Initial District Boundaries and the Future Inclusion Area Boundaries which may legally be served by the Districts. The Service District will have power to impose taxes only within its legal boundaries, and will be permitted to provide public services to the entire community within the boundaries of the Districts of Windsor Highlands.

Service District: means Windsor Highlands Metropolitan District No. 5.

Service Plan: means this amended and restated consolidated service plan for the Districts approved by Town Board.

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

Special District Act or the "Act": means Article 1 of Title 32 of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

TABOR: means Article 10 Section 20 of the Colorado Constitution, as may be amended from time to time.

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

Town: means the Town of Windsor, Colorado, a home rule municipality duly organized and existing under Article XX of the Colorado Constitution.

Town Board: means the Town Board of the Town of Windsor, Colorado.

Town Code: means the Windsor Municipal Code and any regulations, rules, or policies promulgated thereunder, as the same may be amended from time to time.

Town Intergovernmental Agreement or Town IGA: means an intergovernmental agreement between the Districts and the Town as required by Town Code.

III. BOUNDARIES

The area of the Initial District Boundaries includes approximately 350.099 acres and the total area proposed to be included in the Future Inclusion Area Boundaries is approximately 263.859 acres. A map of the Initial District Boundaries is attached hereto as **Exhibit A**. A legal description of the Initial District Boundaries for each District is attached hereto as **Exhibit B**. A map of the Future Inclusion Area Boundaries is attached hereto as **Exhibit C**. A legal description of the Future Inclusion Area Boundaries is attached hereto as **Exhibit D**. A vicinity map is attached hereto as **Exhibit E**. It is anticipated that the internal boundaries of the Districts may change from time to time as they undergo inclusions and exclusions pursuant to Section 32-1-401, et seq., C.R.S., and Section 32-1-501, et seq., C.R.S., subject to the limitations set forth in Article V below.

The Districts shall be entitled to change the configuration of their internal boundaries, without changing the total acreage of the Project or reconfiguring the Districts' Service Area, as their Boards of Directors may deem necessary. Any such internal reconfiguration shall be submitted to the Town's Planning Department for administrative review, who shall determine if such an internal reconfiguration constitutes a material modification of this Service Plan. In no event, shall any District include into its legal boundaries any property not located within the

corporate limits of the Town at the time of inclusion. All changes in the Districts' boundaries must be made in compliance with the Special District Act.

IV. PROPOSED LAND USE, POPULATION PROJECTIONS AND ASSESSED VALUATION

The Service Area consists of approximately 350.099 acres of Initial District area land and approximately 263.859 acres of Future Inclusion Area land. The current assessed valuation of the Service Area for 2009 is assumed to be \$13,796,035 and, at build out is expected to be approximately \$40,612,568 (in 2018), which amount is expected to be sufficient to reasonably discharge the Debt as demonstrated in the Financial Plan. The current development plan provides for 890 residential units which are projected to absorb as reflected in the Financial Plan based upon absorption and assessed valuations that are market-based, market-comparable valuation and absorption data provided by the Developer. The population of the Districts at build-out is currently estimated to be approximately 2,450 persons based upon an approximation of 2.5 persons per residence for 890 residential units.

Approval of this Service Plan by the Town 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 which may be identified in this Service Plan or any of the exhibits attached thereto or any of the Public Improvements, unless the same is contained within an Approved Development Plan. Approval of this Service Plan shall not be deemed to modify any Approved Development Plan pre-dating the approval date of this Service Plan.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the Districts and Service Plan Amendment.

The Districts shall have the power and authority to acquire, construct and install the Public Improvements 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 State Constitution, subject to the limitations set forth herein.

If, after the Service Plan is approved, the State Legislature includes additional powers or grants new or broader powers for Title 32 districts by amendment of the Special District Act, to the extent permitted by law any or all such powers shall be deemed to be a part hereof and available to or exercised by the Districts upon execution of a written agreement with the Town Board concerning the exercise of such powers. Execution and performance of such agreement by the Districts shall not constitute a material modification of this Service Plan by the Districts.

The Service District will operate and maintain certain Public Improvements within the Project on a long-term basis, the Financing Districts will provide the tax base necessary to pay for the Public Improvements and services needed for the Districts, and the Service Plan demonstrates how the Financing Districts will work in cooperation with the Service District. The Districts will work together to serve the Windsor Highlands Project (which is within the Highland Meadows Golf Course Subdivision) and to provide the necessary Public

Improvements and services needed by the residents within the Service Area in accordance with the Master IGA.

1. Operations and Maintenance Limitation. The purpose of the Districts is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The Districts shall dedicate the Public Improvements to the Town or other appropriate jurisdiction or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the Town, and applicable provisions of the Town Code. The Districts shall be authorized to own, operate and maintain any part or all of the Public Improvements, but only as expressly set forth in this Service Plan or in a written agreement with the Town Board concerning such operation and maintenance activities. Currently, the Districts own, operate and maintain the Windsor Highlands Metropolitan District Pool, clubhouse, cabana, entry features, certain landscaping, and greenbelt improvements, open space and the Districts' non-potable irrigation water system. In connection therewith, the mill levy imposed for operations and maintenance activities made necessary by the Districts operations and maintenance of these improvements and provision of the related services, is expressly permitted and approved by the Town Board. Execution and performance of such an agreement by the Districts concerning operation and maintenance of District Improvements and infrastructure referenced herein shall not constitute a material modification of this Service Plan. The Districts' shall be authorized to perform operations and maintenance services, in perpetuity, unless and until some other public entity agrees to provide the same services upon the same or similar terms and conditions of the Districts, upon approval of the Town Board. Because of the long term nature of these specific operations and maintenance, the Districts shall not be required to seek additional Town approval to provide such services. Should the Districts seek to provide any additional services or acquire additional property (specifically the Highland Meadows Golf Course), the Districts shall be required to obtain Town approval prior to acquisition of the Future Inclusion Area property and prior to provision of services, activities and amenities of the golf course. Additionally, the Districts shall be required to submit an additional financial plan demonstrating the financial feasibility of acquiring the improvements and amenities within the Future Inclusion Area and the feasibility of operating and maintaining the golf course and its related services.

2. Construction Standards. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the Town and of other governmental entities having proper jurisdiction, and of those special districts that qualify as "interested parties" under Section 32-1-204(1), C.R.S as applicable. The Districts will obtain approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements from the Town. Unless waived by the Town, the Districts shall be required, in accordance with the Town Code, to post a surety bond, letter of credit, or other approved development security for any Public Improvements to be constructed by the Districts. Such development security may be released when the Districts have obtained funds, through bond issuance or otherwise, adequate to insure the construction of the Public Improvements. Any limitation or requirement concerning the time within which the Town must review a District proposal or application for an Approved Development Plan or other land use approval is hereby waived by the Districts.

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

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

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

4. Inclusion Limitation. Unless otherwise provided for herein, the Districts shall not include within their boundaries any property outside the Service Area (the Initial District Boundaries and the Future Inclusion Area Boundaries) without the prior written consent of the Town Board. Inclusions or exclusions not described in this Service Plan shall require the prior approval of the Town Board by written agreement with the Districts and, if approved, shall not constitute a material modification of this Service Plan. Any such internal reconfiguration shall be submitted to the Town's Planning Department for administrative review, who shall determine if such an internal reconfiguration constitutes a material modification of this Service Plan. In no event, shall any District include into its legal boundaries any property not located within the corporate limits of the Town at the time of inclusion. All changes in the Districts' boundaries must be made in compliance with the Special District Act.

5. Maximum Debt Authorization. The Districts shall not collectively issue Debt in excess of Thirteen Million, Four Hundred Fifty Thousand Dollars (\$13,450,000) without the approval of the Town. The Maximum Debt Authorization may be increased in the future to accommodate the additional development and property that may include into the Districts from the Future Inclusion Area. In order to do so, the Districts must submit a revised financial plan along with their request for an increase in the Maximum Debt Authorization to demonstrate the financial feasibility of any increases in the Maximum Debt Authorization. Increases which do not exceed 25% of the amount set forth above, and which are approved by the Town Board in a written agreement, shall not constitute a material modification of this Service Plan.

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

7. Consolidation Limitation. The Districts shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the Town, unless such consolidation is with another Windsor Highlands Metropolitan District.

8. Eminent Domain Limitation. The Districts shall not exercise their statutory power of eminent domain, except strictly in compliance with State law, and shall require the prior approval of the Town Board.

9. Service Plan Amendment Requirement. This Service Plan is general in nature and does not include specific detail in some instances because development plans have not been finalized. The 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. Modification of the general types of services and facilities making up the Public Improvements, and changes in proposed configurations, locations or dimensions of the Public Improvements shall be permitted to accommodate development needs consistent with the then-current Approved Development Plan(s) for the Project. The Districts shall be independent units of local government, separate and distinct from the Town, and their activities are subject to review by the Town only insofar as they may deviate in a material manner from the requirements of the Service Plan. Any action of the Districts which: (1) violates the limitations set forth in Sections V.A. above or (2) violates the limitations set forth in Section VI. below, shall be deemed to be a material modification to this Service Plan unless otherwise agreed by the Town as provided for in Section X of this Service Plan or unless otherwise expressly provided herein. Unless otherwise expressly provided herein, any other departure from the provisions of this Service Plan shall be considered on a case-by-case basis as to whether such departure is a material modification. Any determination by the Town that a departure is not a material modification shall be conclusive and final and shall bind all residents, property owners and others affected by such departure.

To the extent permitted by law, the Districts may seek formal approval from the Town Board of modifications to this Service Plan which are not material, but for which the Districts may desire a written amendment and approval by the Town Board. Such approval may be evidenced by any instrument executed by the Town Manager, Town Attorney, or other specially designated representative of the Town Board as to the matters set forth therein and shall be conclusive and final.

B. Preliminary Infrastructure Plan.

The Districts shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, operation, 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. The Preliminary Infrastructure Plan, including: (1) a list of the Public Improvements to be developed by the Districts; and (2) an estimate of the cost of the Public Improvements is attached hereto as **Exhibit F** and is hereby deemed to constitute the preliminary engineering or architectural survey required by Section 32-1-202(2)(c), C.R.S. The Maps Depicting Public Improvements are attached hereto as **Exhibit G** and are also available in size and scale approved by the Town Planning Department.

It is anticipated that the Districts will acquire the completed Public Improvements from the Developer, and/or complete the construction of such Public Improvements, and may then transfer certain improvements to the Town, as long as such improvements are constructed and accepted in accordance with Town regulations, while retaining, operating and maintaining all other Public Improvements not otherwise dedicated to other public agencies. If appropriate, the Districts may contract with other public and/or private entities to complete the Public Improvements and to affect such functions and activities, including without limitation funding, acquisition and reimbursement agreements with the Developer or other developers and builders.

As shown in the Preliminary Infrastructure Plan, the estimated cost of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed by the Districts is approximately \$30,370,536 exclusive of any Public Improvement costs related to the Future Inclusion Area or the Highland Meadows Golf Course (currently estimated to be an additional \$7,715,675).

The Districts shall be permitted to allocate costs between such categories of the Public Improvements as deemed necessary in its discretion.

All of the Public Improvements described herein will be designed in such a way as to assure that the Public Improvements standards will be consistent with or exceed the standards of the Town or any other entity that is intended to have ownership and/or operation and maintenance responsibility for the Public Improvements and shall be in accordance with the requirements of the Approved Development Plan(s). All descriptions of the Public Improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the Town's requirements, and construction scheduling may require. Upon approval of this Service Plan, the Districts will continue to develop and refine the Preliminary Infrastructure Plan and the Map Depicting Public Improvements, as necessary, and prepare for issuance of Debt. All cost estimates will be inflated to then-current dollars at the time of the issuance of Debt and construction. All construction cost estimates contained in **Exhibit F** assume construction to applicable local, State or Federal requirements. Changes in the Public Improvements, Preliminary Infrastructure Plan, Map Depicting Public Improvements, or costs, which are approved by the Town Board in an Approved Development Plan, shall not constitute a material modification of this Service Plan. Additionally, due to the preliminary nature of the PIP, the Town shall not be bound by the PIP in reviewing and approving the Approved Development Plan and the Approved Development Plan shall supersede the PIP.

C. Operation of District Facilities and Services.

The Districts anticipate providing for ongoing operations and maintenance of the District Pool, clubhouse and cabana, the adjacent parking lot and related appurtenances, District landscaping and landscape median, buffer, and set backs, non-potable irrigation facilities and services, drainage and storm sewer services not otherwise provided by the Town, covenant enforcement and design review, security services, television and cable relay and translation to the extent not provided by the Town, and mosquito and pest control. The Districts currently own, operate and maintain the Highland Meadows District Pool. Additionally, the Districts' may be responsible for operation, maintenance, and repair of Public Improvements prior to their

acceptance by the Town, Larimer County, the Fort Collins-Loveland Water District, the South Fort Collins Sanitation District or their designees, or the Districts' warranty obligations.

VI. FINANCIAL PLAN

A. General.

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the Districts. The Financial Plan for the Districts shall be to: (i) issue no more Debt than the Districts can reasonably pay within thirty (30) years for each series of Debt from revenues derived from the Maximum Debt Mill Levy and other legally available revenues and (ii) satisfy all other financial obligations arising out of the Districts' administrative and operations and maintenance activities. The total Debt that the Districts shall be permitted to issue shall not exceed the Maximum Debt Authorization; provided, however, that Debt issued to refund outstanding Debt of the Districts, including Debt issued to refund Debt owed to the developer of the Project pursuant to a reimbursement agreement or other agreement, shall not count against the Maximum Debt Authorization so long as such refunding Debt does not result in a net present value expense. District Debt shall be permitted to be issued on a schedule and in such year or years as the Districts determines shall meet the needs of the Financial Plan referenced above and phased to serve the Project as it occurs. All Bonds and other Debt issued by the Districts may be payable from any and all legally available revenues of the Districts, including general ad valorem taxes 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 Maximum Debt Authorization is supported by the Financial Plan prepared by Stan Bernstein & Associates, Inc., attached hereto as **Exhibit H**. The Financial Plan Model does not include the Future Inclusion Area. Once the inclusion of the Future Inclusion Area becomes feasible, a separate financial model and memorandum for review and consideration by the Town shall be submitted to the Town for its consideration regarding any impact the Future Inclusion Area may have on the Districts. The Financial Plan attached to this Service Plan satisfies the requirements of the Town Code.

Prior to the issuance of long-term bonds, the Districts may issue bond anticipation notes or other multiple-fiscal year financial obligations secured by the revenues generated from property taxes, Irrigation System Tap Fees, district fees, and any other District revenues collected by the Districts. Credit enhancement may be provided for any obligation of the Districts, if necessary. The Districts may make multiple-fiscal year financial obligation pledges secured by property taxes, specific ownership taxes and the capital facilities fee revenue to fund the acquisition and installation of the Public Improvements for the Project. Revenue from property taxes, specific ownership taxes and capital facilities fees and from other available sources will be used to retire District bonds, other debt or multiple-fiscal year financial obligations.

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 permitted to exceed twelve percent (12%). The proposed maximum underwriting discount will be three percent (3%). Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

C. Maximum Debt Mill Levy.

The "Maximum Debt Mill Levy" shall be the maximum mill levy each of the Districts is permitted to impose upon the taxable property within each of the Districts for payment of Debt, and shall be thirty (30) mills; provided that if, on or after January 1, 2006, 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, 2006, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. 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.

D. Maximum Debt Term.

The scheduled final maturity of any Debt or series of Debt shall be limited to thirty (30) years, including refundings thereof, unless a majority of the Board are residents of the Districts and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101 *et seq.*, C.R.S.

As demonstrated in the Districts' Financial Plan, the Districts anticipate a build out and phased construction and absorption of development over 20 or more years, which may result in a longer period of time than the Town's current policy of limiting new Debt issuance within a period of fifteen (15) years from the date of the Districts' first debt authorization elections. As the current Financial Plan demonstrates, the Districts may need to issue Debt more than fifteen years from the date of the first debt authorization election, in order to provide the services and amenities outlined in this Service Plan, and to provide for infrastructure construction and financing for the entire Project in accordance with necessary phasing and when financing is needed. Allowing issuance of debt for a longer time period would be in the financial best interests of the Districts and issuance of debt may occur within twenty-five (25) years from the date of the Districts' first debt authorization elections in accordance with current projections contained in the Financial Plan attached hereto.

E. Maximum Operations and Maintenance Mill Levy.

The "Maximum Operations and Maintenance Mill Levy" shall be the maximum mill levy each of the Districts is permitted to impose upon the taxable property within each of the Districts for payment of costs and expenses related to the operations and maintenance of the Districts' public improvements. For a temporary period of time, the Maximum Operations and Maintenance Mill Levy, beginning in 2009, shall be sixteen (16) mills decreasing as additional development and assessed valuation is realized within the Districts. The Districts shall be permitted to utilize a higher Maximum Operations and Maintenance Mill Levy to account for the increased costs due to pool, clubhouse and related recreational facilities ownership, operation and maintenance by the Districts. It is anticipated that all of the Districts Operations and Maintenance Mill Levies will be below the Town's preferred ten (10) mill levy maximum for Operations and Maintenance Mill Levy Cap by 2017, when it is reasonably anticipated that sufficient absorption and assessed valuation will exist and allow a smaller amount of the Districts' Combined Mill Levy will need to be utilized for operations and maintenance costs; provided that if, on or after January 1, 2006, 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 Operations and Maintenance 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, 2006, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. The Maximum Operations and Maintenance Mill Levy may be increased with the approval of the Town Board. Notwithstanding anything in this Service Plan to the contrary, the total amount of property taxes to be imposed by the Districts shall not exceed the Aggregate Mill Levy Cap.

F. Sources of Funds.

The Districts may impose a mill levy on taxable property within their boundaries as a primary source of revenue for repayment of debt service, administrative expenses and operations and maintenance, to the extent operations and maintenance functions are specifically addressed in this Service Plan. In addition to ad valorem property taxes generated by the Districts' mill levies, and in order to offset the expenses of the anticipated Districts' operations and maintenance costs, the Districts may also rely upon various other revenue sources authorized by law. At the Districts' discretion, these may include loans from the developer of the Project as well as the statutorily defined power to assess fees, rates, tolls, penalties, or charges that are reasonably related to the costs of operating District services and facilities being provided in accordance with Section 32-1-1001(1), C.R.S., as amended from time to time. Any imposition of fees for purposes of defraying Debt, other than the Irrigation System Tap Fee (defined below), must be specifically authorized by the Town Board. In no event shall the debt service mill levy in any of the Districts exceed the Maximum Debt Mill Levy.

The Districts shall be permitted to implement and collect a one time Irrigation System Tap Fee on each home or single family equivalent unit of up to \$2,500, to pay for the costs and expenses related to connecting property owners to the Districts' Irrigation Water System and to defray the costs of the initial Districts operations, administration and maintenance

and construction of the facilities and improvements needed to connect property owners to the Irrigation Water System. It is expected that these revenues will be paid to the Developers as they are collected by the District pursuant to a cost recovery agreement.

The Districts shall be empowered to provide non-potable water irrigation to the majority of parks, greenbelts, recreational landscaping and open spaces as well as the residential lots for use in the yards within the Districts. Any necessary approvals from the Town shall be sought and obtained prior to installation and implementation of any non-potable irrigation water system provided within the Districts.

The Irrigation Water System Tap Fee set forth in this Service Plan may increase by up to the Consumer Price Index for Denver-Boulder, all items, all urban consumers (or its successor index for any years for which Consumer Price Index is not available) each year thereafter (as an inflation adjustment) commencing on January 1, 2009. The Irrigation Water System Tap Fee shall be collected by the Districts prior to issuance of a certificate of occupancy. While the Districts desire the ability, but not the requirement to assess such an Irrigation Water System Tap Fee, the Financing Plans for the Districts have not projected any revenue from the Irrigation Water System Tap Fees to account for the possibility that the Districts may choose not to assess the Irrigation Water System Tap Fee. Town parks and other Town property will exempt from the Irrigation Water System Tap Fee.

G. Security for Debt.

The Districts do not have the authority and shall not pledge any revenue or property of the Town 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 Town 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 Town in the event of default by the Districts in the payment of any such obligation or performance of any other obligation.

H. TABOR Compliance.

The Districts will comply with the provisions of 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' Board.

I. 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 incurred since the time of formation in 2004, have been or are anticipated to be reimbursed 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 operated and maintained. The current year's operating budget is estimated to be payable from

existing mill levy revenues from the Districts. Ongoing administration, operations, and maintenance costs may be paid from property taxes and other revenues.

J. Aggregate Mill Levy Cap.

The “Aggregate Mill Levy Cap” shall be the maximum mill levy the District is permitted to impose upon the taxable property within the Districts for payment of Debt and operations and maintenance functions, and shall be thirty-five (35) mills; this means that no District may impose the full Maximum Debt Mill Levy (30 mills) and the full Maximum Operations and Maintenance Mill Levy (10 mills) (or such other amount as approved by the Town Board) at the same time.

K. Elections.

The Districts will call an election on the questions of organizing the Districts, electing the initial and future Boards, and setting in place financial authorizations as required by TABOR. The elections will be conducted as required by law.

VII. ANNUAL REPORT

A. General. The Districts shall be responsible for submitting an annual report with the Town Clerk not later than September 1st of each year following the year in which the Order and Decree creating the Districts have been issued by the District Court for and in Town of Windsor, Colorado. The Town may waive this requirement in its sole discretion.

B. Reporting of Significant Events.

The annual report shall include the following:

1. A narrative summary of the progress of the Districts in implementing its service plan for the report year;
2. Except when exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the Districts for the report year including a statement of financial condition (*i.e.*, balance sheet) as of December 31 of the report year and the statement of operations (*i.e.*, revenues and expenditures) for the report year;
3. Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the Districts in development of Public Improvements in the report year;
4. Unless disclosed within a separate schedule to the financial statements, a summary of the financial obligations of the Districts at the end of the report year, including the amount of outstanding indebtedness, the amount and terms of any new District indebtedness or long-term obligations issued in the report year, the amount of payment or retirement of existing indebtedness of the Districts in the report year, the total assessed valuation of all taxable

properties within the Districts as of January 1 of the report year and the current mill levy of the Districts pledged to debt retirement in the report year; and

5. Any other information deemed relevant by the Town Board or deemed reasonably necessary by the Town Manager.

In the event the annual report is not timely received by the Town Clerk or is not fully responsive, notice of such default may be given to the Board of such District, at its last known address. The failure of the Districts to file the annual report within forty-five (45) days of the mailing of such default notice by the Town Clerk may constitute a material modification, at the discretion of the Town.

VIII. CONSOLIDATION/DISSOLUTION

The consolidation of any Districts with any other special district (other than with another Windsor Highlands Metropolitan District) shall be subject to the approval of the Town. Following completion of construction of the improvements provided for in this Service Plan, the dedication of applicable improvements to other governmental entities, the repayment or discharge of all of the Districts' outstanding indebtedness and other financial obligations as required by statute, and the assignment or assumption of all operating and maintenance responsibilities for the Districts improvements to other entities or owners' associations and at such time as the Districts do not need to remain in existence to discharge their financial obligations or perform their services, the electorate of the Districts will have the opportunity to consider either the consolidation of the Service District and the Financing Districts into a single entity, or the dissolution of Financing Districts in accordance with state law.

It is currently planned that the Service District or some form of consolidated Financing and Service District will continue in perpetuity to maintain the signage, greenbelts and open spaces, parks and recreation facilities not otherwise dedicated to the Town or another public entity, maintenance facilities, landscaping and covenant enforcement for the Districts. The non-potable water irrigation water system and any extension of the non-potable water irrigation system to the lots are expected to be operated and maintained through the Service District as well. At such time as the Districts do not need to remain in existence to discharge its financial obligations or perform its services, the Town may file an application with the Districts' Boards to dissolve the Districts pursuant to Title 32, Article 1, Part 7, C.R.S., as amended from time to time. The Districts' Boards shall, promptly and in good faith, take the necessary steps to evaluate the Town's application and, where appropriate, either consolidate or dissolve the Districts in accordance with state statutes.

IX. PROPOSED AND EXISTING INTERGOVERNMENTAL AGREEMENTS AND EXTRATERRITORIAL SERVICE AGREEMENTS

All intergovernmental agreements must be for purposes, facilities, services or agreements lawfully authorized to be provided by the Districts, pursuant to the State Constitution, Article XIV, Section 18(2)(a) and Sections 29-1-201, et seq., C.R.S. To the extent practicable, the Districts may enter into additional intergovernmental and private agreements to better ensure long-term provision of the Public Improvements identified herein or for other lawful purposes of

the Districts. Agreements may also be executed with property owner associations and other service providers.

A. Town IGA. The Town may require the Districts to execute some form of intergovernmental agreement relating to the limitations imposed on the Districts' activities and/or the assumption by the Districts of the responsibility to construct public improvements necessary for the Development. Should a Town IGA be necessary, the Districts shall approve the intergovernmental agreement at their first Board meetings after their organizational elections. The Town Board shall approve the intergovernmental agreement at a public hearing.

B. Master IGA. The relationship between the Service District and the Financing Districts, including the means for approving, financing, constructing, and operating the public services and improvements needed to serve the Project has been established by means of a Master IGA. The Master IGA will be amended as necessary to make sure that it is subject to and in accordance with the Service Plan as amended. The Master IGA is expected to generally provide that the Financing Districts will pay to and/or reimburse the Service District over a period of years the costs of (1) the construction, acquisition, installation and financing of certain public facilities and services, and (2) the operation and maintenance of the facilities. Under the Master IGA, the Financing Districts are expected to covenant to levy the taxes necessary, together with other available funds, to meet the payment obligations set forth in the Master IGA. In return for the payment under the agreement, the Service District would agree to (1) acquire, construct and equip the facilities, (2) provide for their operation and maintenance, and (3) provide service to the property within the Districts or convey facilities to other appropriate entities which will provide service.

C. Irrigation System Tap Fee Agreement. The Service District may enter into an Irrigation System Tap Fee Agreement with the Developer and other developers and/or builders as a source of revenue for repayment of capital costs related to the extension of non-potable irrigation service to property owners and residents including but not limited to the connection, installation, inspection, metering and administration of a property owner's connection to the Districts' Irrigation Water System. Under the Irrigation System Tap Fee Agreement, the Developer and other developers and/or builders will be obligated to pay a one-time Irrigation System Tap Fee in the amounts set forth in Section VI.F above based upon a residential unit or equivalent unit calculation. The Service District may increase the Irrigation Water System Tap Fee by up to the Consumer Price Index for Denver-Boulder, all items, all urban consumers (or its successor index for any years for which Consumer Price Index is not available) each year thereafter (as an inflation adjustment) commencing on January 1, 2007. Any increases beyond these Consumer Price Index increases will require Town Board approval. If an Irrigation Water System Tap Fee Agreement is entered into, the Irrigation System Tap Fee will constitute an unconditional obligation of, and lien against, each lot within the Development until paid.

D. Other Agreements/Authority. To the extent necessary, the Service District may enter into additional intergovernmental and private agreements to ensure the long-term provision of the public facilities and services needed for the Project and for the effective management of District affairs. Agreements may also be entered into with the Developer, other developers and/or builders, owner associations, and other service providers to discharge any facility or

service responsibility of the Districts. All such agreements are authorized to be provided pursuant to Colorado Constitution, Article XIV, Section 18 (2) (a), Section 29-1-201, et seq., and Section 32-1-1001, et seq., Colorado Revised Statutes.

The Amended and Restated Service Plan does not conflict with the terms of any other existing District Agreement. No other agreements are required, or known at the time of approval of the Amended and Restated Service Plan of the Districts to likely be required, to fulfill the purposes of the Districts. Execution of intergovernmental agreements or agreements for extraterritorial services by the Districts that are not described in this Service Plan and which are likely to cause a substantial increase in the Districts budget shall require the prior approval of the Town Board, which approval shall not constitute a material modification hereof.

X. MATERIAL MODIFICATIONS

Material modifications to this Service Plan may be made only in accordance with Section 32-1-207, C.R.S. No modification shall be required for an action of the Districts which does not materially depart from the provisions of this Service Plan. The Districts may request from the Town Manager (or his or her designee) a determination as to whether the Town believes any particular action constitutes a material departure from the Service Plan, and the Districts may rely on the Town Manager's written determination with respect thereto; provided that the Districts acknowledge that the Town Manager's determination as aforesaid will be binding only upon the Town, and will not be binding upon any other party entitled to enforce the provisions of the Service Plan as provided in Section 32-1-207, C.R.S., except as otherwise expressly provided herein. Such other parties shall be deemed to have constructive notice of the provisions of this Service Plan concerning changes, departures or modifications which may be approved by the Town in procedures described herein and not provided in Section 32-1-207, C.R.S., and, to the extent permitted by law, are deemed to be bound by the terms hereof.

XI. CONCLUSION

It is submitted that this Service Plan for the Districts, as required by Section 32-1-203(2), and Section 32-1-204.5, C.R.S., establishes that:

- i. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;
- ii. The continued existence of the Districts and the organization of District No. 6 are needed to ensure that the existing service in the area to be served by the Districts is addressed as the existing service in the area is inadequate for present and projected needs;
- iii. The Districts are capable of providing economical and sufficient service to the area within their proposed boundaries; and
- iv. 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.

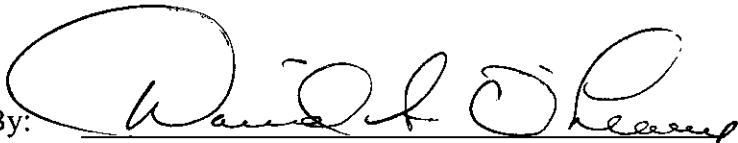
XII. ORDINANCE OF APPROVAL

The Districts agree to incorporate the Town Board's ordinance of approval, including any conditions on any such approval, into the Service Plan presented to the District Court for and in Larimer County, Colorado.

Therefore, it is hereby respectfully requested that the Town Board of the Town of Windsor, Colorado, which has jurisdiction to approve this Service Plan by virtue of Section 32-1-204.5, C.R.S., *et seq.*, as amended, adopt an ordinance which approves this "Amended and Restated Consolidated Service Plan for Windsor Highlands Metropolitan Districts No. 1, No. 2, No. 3, No. 4, No. 5 and No. 6" as submitted.

Respectfully revised and resubmitted this 30th day of July, 2009.

DUFFORD & BROWN, P.C.

By: 
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