

SERVICE PLAN
FOR
RESOURCE COLORADO
WATER & SANITATION
METROPOLITAN DISTRICT
(WELD COUNTY, COLORADO)

Approved: August 25, 2004

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**SERVICE PLAN FOR
RESOURCE COLORADO WATER & SANITATION
METROPOLITAN DISTRICT**

I. INTRODUCTION

The proposed district shall be named the Resource Colorado Water & Sanitation Metropolitan District (the "District"). The purpose of the District is to acquire, construct, finance and maintain public water, sanitation, storm drainage, street, and mosquito control improvements for the use and benefit of service users of the District's systems. The District shall have the powers of a metropolitan district and the powers of water and sanitation districts as set forth in §32-1-103, §32-1-1001, §32-1-1004, and §32-1-1006 C.R.S., except as limited in the Service Plan.

The primary purpose of the District is to provide water and sanitation services, together with ancillary street and mosquito control improvements, through the creation of enterprises and/or authorities which will be authorized to impose and collect rates, fees, tolls and other charges for connection to and use of the District's Improvements. The District will not issue any general obligation bonds or impose or collect *ad valorem* property taxes without an amendment to this Service Plan. The revenue bonds issued by the District shall never constitute debt or indebtedness of the District, Weld County, Colorado (the "County"), or any other political subdivision of the state within the meaning of any provision or limitation of the laws of Colorado or the state constitution and shall not constitute nor give rise to a pecuniary liability of the District or charge against its general credit or taxing powers.

The proposed boundaries of the District are limited to the property presently owned by Harvey Deutsch, Jack Reutzel, Joel Farkas, Steven Deutsch, and Toni Serra ("Organizers"). The Service Plan ("Service Plan") has been prepared by McGeady Sisneros, P.C., 1675 Broadway,

Suite 2100, Denver, Colorado 80202, (303) 592-4380, with assumptions derived from a variety of sources, including the Organizers, Kirkpatrick Pettis, J R Engineering and Clifton Gunderson, LLC.

II. ESTABLISHMENT OF AN ADVISORY BOARD

The District shall establish an Advisory Board.

A. Purpose of the Advisory Board

The Advisory Board shall act as a policy advisory body for water and sanitation issues in Southern Weld County and it shall be responsible for making recommendations to the Weld County Board of County Commissioners (“County Commissioners”) and the Weld County Planning Commission if requested, as well as, the District and any other entity as determined to be appropriate by the Advisory Board, regarding the following matters: (a) planning for sanitation treatment facilities with appropriate agencies; (b) planning for potable and non-potable water with appropriate agencies; (c) undertake studies regarding water storage and water recharge possibilities; (d) recommendations regarding the extension and/or expansion of water and wastewater treatment service to underserved areas; (e) recommendations regarding water quality management activities; and (f) planning for water and sanitation service to cities, towns and areas designated for development that facilitates or implements joint planning wherever possible.

B. Members of the Advisory Board

The Advisory Board shall be comprised of seven (7) members as follows: (a) three (3) member seats shall be filled by members of or appointed by the Board of Directors of the District; and (b) four (4) member seats may be filled or appointed by the Weld County Commissioners in their discretion. If the Weld County Commissioners choose to make such

appointments, the persons eligible for appointment shall include the Weld County Commissioners or their designees, members of the Lost Creek Ground Water Management District, and members of the board of directors of Service Providers (defined below). If the Weld County Commissioners determine to not fill or appoint any of their member seats, such member seats shall be filled by members of the Lost Creek Ground Water Management District or members of the board of directors of Service Providers as appointed by the District. In the same manner as used in designating members of the Advisory Board, the County and the District may designate alternative members of the Advisory Board who may attend and vote at meetings of the Advisory Board when one or more of their designated members are unable to attend. All other provisions relating to the appointment or replacement of Advisory Board members shall be set forth in the By-laws of the Advisory Board.

C. Reporting Requirements

The District and any Service Providers that may in the future become participants in the Advisory Board shall, on an annual basis, provide the following to the Advisory Board:

1. Capital Improvement Progress Report.

(a) Summary of description and mapping of completed improvements from date of organization through December 31 of the year prior to the year of the report;

(b) Summary of description and drawing of improvements proposed to be constructed within 36 months of January 1 of the year of the report (“Three Year CIP Plan”);
and

(c) Summary of infrastructure phasing and schedules of improvements described in Three Year CIP Plan.

2. District Financial Reporting.

(a) Annual budget for year of report;

(b) Annual audit of Financial Statements for the fiscal year ending December 31 of the year prior to the year of the report; and

(c) Summary of total debt outstanding and remaining amounts of authorized but unissued debt authorization.

3. Operations Reporting.

(a) Current Rules and Regulations;

(b) Changes to District's taxing boundary or Service Area boundary, as such term is defined in District's Service Plan;

(c) Copies of executed intergovernmental agreements;

(d) Names and terms of Board members and contact information;

(e) Schedule and locations of regular board meetings; and

(f) Summary of any outstanding litigation.

The information set forth in this Section II.C shall be kept at the office of the District Manager, or such other location as the District may designate, and shall be available for review at such location during regular business hours and pursuant to any rules and regulations adopted by the District.

III. PURPOSE OF THE PROPOSED DISTRICT

A. Facilities.

The District will provide for the planning, design, acquisition, construction, installation, financing, operation and maintenance of Improvements, defined below, for the use and benefit of all users of the District's system and the District may finance all or a portion of the

Improvements through the issuance of revenue bonds as set forth in Section V. The District will work closely with and cooperate with the County to serve and promote the health, safety, prosperity, security and general welfare of its inhabitants and the inhabitants of the State of Colorado.

B. Revenue Bond Financing.

The primary purpose of the District is to provide water, sanitation and drainage services, together with ancillary street and mosquito control improvements, through the creation of enterprises and/or authorities which will be authorized to impose and collect rates, fees, tolls and other charges for connection to and use of the Improvements. The District will not issue any general obligation debt or impose or collect *ad valorem* property taxes without an amendment to this Service Plan. The revenue bonds issued by the District shall never constitute debt or indebtedness of the District, the County, or any other political subdivision of the state within the meaning of any provision or limitation of the laws of Colorado or the state constitution and shall not constitute nor give rise to a pecuniary liability of the District or charge against its general credit or taxing powers.

C. Identification of Customer Categories.

The District will provide water and sewer services to municipalities, counties, authorities, special districts (including Metropolitan Districts and Water and Sanitation Districts), water companies and ditch companies, as well as state, local and private entities (“Service Providers”) who will in turn distribute the water, collect sewage and otherwise service and bill the individual residential or commercial users or customers (“Customers”). It is not the purpose of this District to provide water or sanitation services directly to any Customers.

IV. PROPOSED DISTRICT BOUNDARIES, POPULATION AND VALUATION

The boundaries of the District are located entirely within the County. The total area to be initially included in the District is approximately one hundred fifty-four (154) acres (the "Property"). A legal description, boundary map and vicinity map are attached hereto as **Exhibit A**. The District is not anticipated to have any residents. The present and continuing assessed valuation of the District for purposes of this Service Plan is Zero Dollars (\$0).

The initial service area is described on **Exhibit B-1** as parcels labeled parcel boundary, attached hereto ("Service Area"). The property within the Service Area is owned by the Organizers and/or affiliated entities ("Owners") and is in need of water and sanitation service in order to develop. The property within the Service Area is in Brighton, Commerce City, Adams County and Weld County. Each of these jurisdictions require that a water source be provided prior to any development on the properties. The District, through intergovernmental agreements with Service Providers, will agree to supply water to such Service Providers for service within the Service Area. The Service Area will be expanded to serve other properties, through the use of agreements with Service Providers, as demand for service and resources to provide such services are available. The expansion of the Service Area will not be a material modification of the Service Plan and shall not require a Service Plan amendment. However, the provision of water service directly to individual Customers will be a material modification of the Service Plan requiring a Service Plan amendment.

V. INITIAL AND PHASED IMPROVEMENTS

The District initially will construct the facilities generally shown on **Exhibit B-1** which shows the Prospect Valley properties in Weld and Adams Counties which are the water supply

properties, the well and collection facilities, the storage and pipeline facilities and the properties in Weld and Adams Counties proposed to be served (the “Phase I Plan”). This plan may vary as final design is completed and certain properties may be added or deleted as planning proceeds.

After the Phase I Plan is implemented, additional phases are contemplated which may include return of treated water to recharge the Lost Creek Aquifer and use of the Aquifer for water storage, additional wells, treatment facilities, distribution and storage facilities and associated improvements. Additional services may be provided to other properties in Adams, Weld and adjacent counties. Additional phases may also include utilizing water for agricultural purposes on a temporary or permanent basis.

Any changes to either the Phase I Plan or additional phases shall not be considered a material modification of the Service Plan and shall not require a Service Plan Amendment.

VI. DESCRIPTION OF PROPOSED FACILITIES

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

A. Types of Improvements.

The District plans to provide for the planning, design, acquisition, construction, installation, financing and maintenance of certain water, sanitation and storm drainage improvements and facilities, together with ancillary street and mosquito control improvements and facilities within and without the boundaries of the District, as described in **Exhibit B-2** (the “Improvements”). The District also anticipates the use of one or more water enterprises and sewer enterprises and/or authorities, as provided by state statute, to support the planning, design, acquisition, construction, installation, financing, operation, and maintenance of the

Improvements. The combined estimated costs of the Improvements is Three Hundred Twenty-Four Million Dollars (\$324,000,000). The County is not responsible for assuming any of the costs of the Improvements funded by the District. The District shall be authorized to construct the Improvements generally described herein, subject to the specific final design and approval thereof by the appropriate jurisdiction in which the Improvements are located. Construction of the Phase I Improvements is anticipated to commence within twelve (12) months from the date of organization. Phasing of construction shall be determined by the District to meet the needs of the Customers of the District's facilities.

It is anticipated that the District will provide water, sanitation, and drainage facilities, together with ancillary street and mosquito control improvements, on a local, county, regional or statewide basis for the benefit of Service Providers of the system in accordance with the provisions of §32-1-1003, §32-1-1004 and §32-1-1006 C.R.S. The District anticipates that it will enter into various intergovernmental agreements and other agreements to provide services to cities, counties, special districts, water and sanitation districts, water companies, ditch companies, authorities, state agencies, the State of Colorado as well as private entities, within and without the boundaries of the County. The District shall be authorized to construct the Improvements generally described herein, subject to the specific final design and approval thereof by the appropriate jurisdiction in which the Improvements are located. A general description of each type of improvement and service which may be provided for by the District is set forth below:

1. Water System. The District shall have the power to provide for the planning, design, acquisition, construction, completion, installation, financing, operation and

maintenance of complete potable and nonpotable water supply systems, purification, storage, transmission and distribution systems, which may include, but shall not be limited to, water rights, water supply, reservoirs, wells, water pumps, filtration and treatment facilities, power plants, pump stations, ventilating, gauging stations, transmission lines, gathering lines, distribution mains and laterals, fire hydrants, meters, irrigation facilities, storage facilities, inlets, tunnels, flumes, conduits, canals, collection, infiltration galleries, dry year water conveyance facilities, support for irrigated agricultural uses, domestic water, land and easements, and all necessary, incidental, and appurtenant facilities, together with extensions of and improvements to said systems within and without the boundaries of the District. It is the intent of the District to provide ongoing operation, maintenance and repairs of such water systems, unless such systems are conveyed to and accepted by Weld County or another appropriate jurisdiction. The anticipated route of the initial pipeline is set forth on **Exhibit B-1** attached hereto and may be modified by the Board of Directors of the District as the District enters into intergovernmental agreements with Service Providers for the provision of water service. The District, through agreements with Service Providers, will agree to supply water to such Service Providers for service within the Service Area. The Service Area will be expanded to serve other properties, through the use of agreements with Service Providers, as demand for service and resources to provide such services are available.

2. Sanitation. The District shall have the power to provide for the planning, design, acquisition, construction, completion, installation, financing, operation and maintenance of complete sanitary sewage collection, treatment, transmission, and disposal systems which may include, but shall not be limited to, treatment plants, inlets, collection mains and laterals,

intercepting sewers, outfall sewers, lift stations, transmission lines, force mains, sludge handling and disposal facilities, closed drainage systems, and/or storm sewer, flood and surface drainage facilities and systems, including but not limited to, 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. It is the intent of the District to provide ongoing operation, maintenance and repairs of such sanitation and storm drainage facilities, unless such facilities are conveyed to and accepted by Weld County or another appropriate jurisdiction. The District, through intergovernmental agreements and in coordination with municipalities and special districts, anticipates providing centralized sanitation service, where feasible within the Service Area, as such may be expanded to meet the demand for service.

3. Street Improvements. To the extent necessary to provide the water and sanitary service described herein, the District shall have the power to provide for the planning, design, acquisition, construction, completion, installation, financing, operation and maintenance of street improvements, including but not limited to, curbs, gutters, culverts, and other drainage facilities, underground conduits, as well as sidewalks, retaining walls, bridges, parking areas, parking facilities, median islands, paving, lighting, striping, traffic signs, traffic signals, grading, landscaping and irrigation, 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. It is anticipated that the District shall maintain all street improvements which are not accepted by Weld County or any other appropriate jurisdiction for maintenance.

4. Mosquito Control. The eradication and control of mosquitos may become necessary in the course of the provision of the water and sanitary sewer services described herein. Therefore, to the extent necessary, as a part of the provision of water and sanitary sewer service, the District shall have the power to provide for the eradication and control of mosquitoes, including but not limited to elimination or treatment of breeding grounds and purchase, lease, contracting or other use of equipment or supplies for mosquito control within and without the boundaries of the District.

5. Other Powers. In addition to the enumerated powers, the Board of Directors (“Board”) of the District shall also have the following authority:

(a) To amend the Service Plan as needed, subject to the appropriate statutory and County procedures.

(b) Without amending this Service Plan, to defer, forego, reschedule, or restructure the financing and construction of certain Improvements and facilities, to better accommodate resource availability.

(c) Except as specifically provided herein, to provide such additional services and exercise such powers as are expressly or impliedly granted by Colorado law. The District shall have the authority, pursuant to § 32-1-1101(1)(f), C.R.S. and §§ 32-1-1101(1.5)(a) - 1.5(f), C.R.S., to divide the District into one or more areas consistent with the services, programs, and facilities to be furnished herein. The exercise of such authority shall not be deemed a material modification of this Service Plan.

B. Standards of Construction/Statement of Compatibility.

The District will ensure that the Improvements are designed and constructed in accordance with the requirements of the jurisdiction in which the Improvements are located. The District will obtain all necessary approvals from the appropriate governing entity prior to construction and installation of the Improvements. Where Improvements are constructed within the County, the District shall obtain from the County all appropriate approvals prior to commencing construction on any phase of the Improvements.

C. Ownership of Improvements.

The District shall own or acquire the necessary contract or property interests to allow it to serve the users of the system and to maintain the Improvements, and shall have the authority to do same to the extent authorized by and limited by the Constitution, the Statutes, and the common law of the State of Colorado.

VII. FINANCIAL PLAN/PROPOSED INDEBTEDNESS

The Financial Plan attached hereto as **Exhibit C** describes the proposed facilities and/or services and includes revenue bond capacity and other major expenses related to the organization and operation of the District. The purpose of the District is to provide water and sanitation services, together with ancillary street and mosquito control improvements, through the creation of enterprises and/or authorities which will be authorized to impose and collect rates, fees, tolls and other charges for connection to and use of the District's Improvements. The District will not issue any general obligation bonds or impose or collect *ad valorem* property taxes without an amendment to this Service Plan. The revenue bonds issued by the District shall never constitute debt or indebtedness of the District, the County, or any other political subdivision of the state

within the meaning of any provision or limitation of the laws of Colorado or the state constitution and shall not constitute nor give rise to a pecuniary liability of the District or charge against its general credit or taxing powers.

A. General.

The provision of the Improvements and services by the District will be paid for through rates, fees, tolls and charges imposed by the District for connection to and use of the systems and may be financed through revenue bonds issued by the District, acting by and through water and sewer enterprises and/or authorities, or financed using other legally available sources of revenue. Bonds may be issued in one or more series. Prior to the first bond issuance, construction costs may be advanced by the Organizers of the District, or their affiliates, until the facilities are capable of producing revenue. The District shall reimburse the Organizers, or their affiliates, for construction costs advanced, together with interest thereon, pursuant to the terms of an advance and reimbursement agreement between the District and the Organizers, or their affiliates.

B. Revenue Bond Issuance.

In order to fund the planning, design, acquisition, construction, completion and installation of the Improvements on a regional basis, the District may issue revenue bonds, or other contractual obligations or multiple-fiscal year obligations, which will be payable from fees, rates, tolls or charges imposed by the District upon the Service Providers who shall collect such fees, rates, tolls or charges from the Customers. The District anticipates imposing infrastructure fees in order to defray the cost of infrastructure construction, operations and maintenance. Bonds will be issued in several series to providing funding to phase the Improvements to meet

increasing service demand. The District will not issue any general obligation bonds or impose or collect *ad valorem* property taxes without an amendment to this Service Plan. The revenue bonds issued by the District shall never constitute debt or indebtedness of the District, the County, or any other political subdivision of the state within the meaning of any provision or limitation of the laws of Colorado or the state constitution and shall not constitute nor give rise to a pecuniary liability of the District or charge against its general credit or taxing powers.

Prior to the issuance of any bonds, the District will have a rate study prepared based on the estimated capital costs and operation and maintenance costs for the Improvements that will be necessary to serve the next phase of service demand. The District will implement a schedule of rates, fees and charges as determined from the rate study, which will provide sufficient revenue for the payment of principal and interest on the District's indebtedness, as well as provide the necessary revenue for ongoing operation, maintenance and capital repair and replacement of the Improvements.

C. Services of the District.

The District will require sufficient operating funds to plan and cause the Improvements to be constructed and maintained. The initial costs of operation are expected to include: organizational, legal, engineering, accounting and debt issuance costs, compliance with state reporting and other administrative requirements. The initial annual operating budget is estimated to be Fifty Thousand Dollars (\$50,000), which amount may increase as additional users are added to the system. Any rate studies that are prepared will provide for the imposition of rates, fees, tolls and charges in amounts which are sufficient to adequately provide for the ongoing operation, maintenance, capital repair and replacement of the Improvements.

Prior to the District having sufficient revenue to pay its ongoing operations and maintenance expenses, the Organizers, or their affiliates, will advance funds to the District. The District shall have the authority to repay the Organizers, or their affiliates, for amounts advanced for operations and maintenance expenses, together with interest thereon, pursuant to an operation funding and reimbursement agreement between the District and the Organizers, or their affiliates.

VIII. ANNUAL REPORT

The District will submit an annual report to the County within two hundred ten (210) days from the conclusion of the District's fiscal year. The District's fiscal year shall end on December 31. The annual report shall include information as to the following matters which occurred during the year:

- (a) Changes in the District's taxing boundary or Service Area boundary;
- (b) Intergovernmental Agreements;
- (c) Changes in the District's rules and regulations;
- (d) A summary of any litigation which involves the District;
- (e) Status of construction of Improvements;
- (f) Annual audited financial statements of the District or appropriate exemptions from Audit; and
- (g) A summary of total debt authorized, issued and outstanding.

The information set forth in this Section VIII shall be kept at the office of the District Manager, or such other location as the District may designate, and shall be available for review at such location during regular business hours and pursuant to any rules and regulations adopted by the District.

IX. RESOLUTION OF APPROVAL

The District shall incorporate the Weld County Board of County Commissioners' Resolution, attached hereto as **Exhibit D**, approving the Service Plan into the petition presented to the District Court.

X. MATERIAL MODIFICATION

Any of the following actions by the District shall constitute a material modification of the Service Plan requiring approval of a Service Plan Amendment by the County pursuant to a public hearing thereon: (a) expansion of District Boundaries; (b) provision of water and/or sewer service directly to Customers; (c) issuance of any bonds prior to a rate study ("Rate Study") being prepared and provided to the County pursuant to the procedure set forth below; (d) issuance of any bonds prior to the District submitting to the County, pursuant to the procedures set forth below, any intergovernmental agreements between the District and Service Providers, which have not previously been reviewed by the County, which shall include provisions therein for lines of succession for operation and maintenance of the infrastructure system ("IGA"); (e) issuance of general obligation bonds or the imposition or collection of ad valorem property taxes by the District; and (f) failure of the District to establish an Advisory Board within 60 days of the District's organizational meeting.

The District shall comply with the following procedure when submitting a Rate Study or IGA to the County:

- (1) The District shall publish a notice of its intent to issue bonds in relation to the Rate Study or IGA, pursuant to and in compliance with the provisions set forth in 32-1-207(3)(b) C.R.S..

(2) The Rate Study or IGA will be provided to the County. The County shall have ten (10) days from receipt of the Rate Study or IGA in which to notify the District of its intent to have the Rate Study or IGA reviewed by an independent third party to be selected by the County. Such notification shall be in writing and shall include the following information (“Information”): (a) a proposal from such independent third party; and (b) an estimate of the cost for such review (“Costs”).

(3) Within three (3) days of receipt of the Information, the District shall provide funds to the County in an amount equal to the Costs (“Funds”).

(4) The County shall have 32 days from receipt of the Funds in which to obtain an opinion from such independent third party and object, in writing, to the Rate Study or IGA. If the County fails to object in writing within such 32-day period, the County’s right to object to the Rate Study or IGA shall terminate.

(5) If the County objects to the Rate Study or IGA, the District may revise the Rate Study and IGA and resubmit the revised Rate Study or IGA to the County for review subject to the procedure set forth above.

XI. INTERGOVERNMENTAL AND OTHER AGREEMENTS

No intergovernmental agreements are proposed at this time. However, the District anticipates that it will enter into various intergovernmental agreements and other agreements to provide services to cities, counties, special districts, water and sanitation districts, water companies, ditch companies, authorities, state agencies, the State of Colorado as well as private entities, within and without the boundaries of the County. The District shall provide the Weld County Board of County Commissioners with notice of all intergovernmental agreements entered into by and between the District and any other jurisdictions.

XII. CONCLUSION

It is submitted that this Service Plan for the proposed Resource Colorado Water & Sanitation Metropolitan District, as required by § 32-1-203(2), C.R.S., establishes that:

(a) The properties owned by the Owners in Weld County, Adams County, Commerce City and Brighton (“Development Properties”) as shown on **Exhibit B-1** are in need of water and sanitation service in order to be developed. Therefore, there is sufficient existing and projected need for organized service in the area to be serviced by the District;

(b) There is not presently water or sanitation service available to the Development Properties through Weld County, Adams County, Commerce City or Brighton or any nearby special districts. Therefore, the existing service in the area to be served by the District is inadequate for present and projected needs;

(c) The District will finance the construction of the water and sanitation infrastructure through the issuance of revenue bonds which will be payable from fees, rates, tolls or charges imposed by the District upon the Service Providers who shall collect such

fees, rates, tolls or charges from the Customers. Prior to the issuance of any bonds, the District will have a rate study prepared based on the estimated capital costs and operation and maintenance costs for the infrastructure that will be necessary to serve the next phase of service demand. Therefore, the District is capable of providing economical and sufficient service to the area within its proposed boundaries;

(d) The District will implement a schedule of rates, fees and charges as determined from the rate study, which will provide sufficient revenue for the payment of principal and interest on the District's indebtedness, as well as provide the necessary revenue for ongoing operation, maintenance and capital repair and replacement of the infrastructure. Therefore, the area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

(e) The Development Properties will be unable to develop without water and sanitation service. Presently, water and sanitation service are not available to the Development Properties through Weld County, Adams County, Commerce City or Brighton or any nearby special districts. Therefore, adequate service is not, or will not be, available to the area through the County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

(f) The District will ensure that the infrastructure is designed and constructed in accordance with the requirements of the jurisdiction in which such infrastructure is located. Therefore, the facility and service standards of the District are compatible with the facility and service standards of Weld County and each municipality which is an interested party under § 32-1-204(1), C.R.S.;

(g) The District will be a provider to water distributors and sewer providers who are in need of support and will work with municipalities, special districts and other local water and sewer Service Providers who will provide service to the ultimate User. Therefore, the proposal is in substantial compliance with any duly adopted county, regional or state long-range water quality management plan for the area;

(h) The proposal is in substantial compliance with a master plan adopted pursuant to § 30-28-106, C.R.S.; and

(i) The creation of the District is in the best interests of the area proposed to be served.

Tab **A**

EXHIBIT A

LEGAL DESCRIPTION, BOUNDARY MAP AND VICINITY MAP



LEGAL DESCRIPTION

PARCEL L-2

LOT C, RECORDED EXEMPTION NO. 1477-34-2-RE2066, RECORDED OCTOBER 21, 1997 IN BOOK 1633 AS RECEPTION NO. 2574979, BEING A PART OF THE NORTHWEST ONE-QUARTER OF SECTION 34, TOWNSHIP 1 NORTH, RANGE 63 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF WELD, STATE OF COLORADO; AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE WEST LINE OF THE NORTHWEST ONE-QUARTER OF SECTION 34, TOWNSHIP 1 NORTH, RANGE 63 WEST OF THE SIXTH PRINCIPAL MERIDIAN BEING ASSUMED TO BEAR $N00^{\circ}38'43''W$ A DISTANCE OF 2658.19 FEET. MONUMENTED BY A 2-1/2" ALUMINUM CAP STAMPED "INTERMILL LS 12374" AT THE NORTHWEST CORNER AND AT THE WEST ONE-QUARTER CORNER.

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 34;

THENCE ALONG THE NORTH LINE OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 34, $N89^{\circ}02'49''E$ A DISTANCE OF 265.44 FEET;

THENCE $S00^{\circ}03'13''E$ A DISTANCE OF 30.00 FEET, TO THE SOUTHERLY RIGHT-OF-WAY LINE OF WELD COUNTY ROAD 4 AND THE INTERSECTION OF THE EASTERLY LINE OF LOT A, SAID RECORDED EXEMPTION NO. 1477-34-2-RE2066, RECORDED OCTOBER 21, 1997 IN BOOK 1633 AS RECEPTION NO. 2574979 BEING THE TRUE POINT OF BEGINNING;

THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF WELD COUNTY ROAD 4 WHICH IS 30.00 FEET SOUTH AND PARALLEL WITH SAID NORTH LINE OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 34, $N89^{\circ}02'49''E$ A DISTANCE OF 715.92 FEET, TO THE WESTERLY LINE OF LOT B, SAID RECORDED EXEMPTION NO. 1477-34-2-RE2066;

THENCE ALONG THE WESTERLY, SOUTHERLY AND EASTERLY LINES OF SAID LOT B THE FOLLOWING THREE (3) COURSES:

1. $S00^{\circ}57'11''E$ A DISTANCE OF 70.00 FEET;
2. $N89^{\circ}02'49''E$ A DISTANCE OF 435.60 FEET;
3. $N00^{\circ}57'11''W$ A DISTANCE OF 70.00 FEET, TO SAID SOUTHERLY RIGHT-OF-WAY LINE OF WELD COUNTY ROAD 4;

THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF WELD COUNTY ROAD 4 WHICH IS 30.00 FEET SOUTH AND PARALLEL WITH SAID NORTH LINE OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 34, $N89^{\circ}02'49''E$ A DISTANCE OF 1223.21 FEET, TO THE EAST LINE OF SAID NORTHWEST ONE-QUARTER OF SECTION 34;

THENCE ALONG SAID EAST LINE OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 34, $S00^{\circ}47'11''E$ A DISTANCE OF 2630.74 FEET, TO THE CENTER ONE-QUARTER CORNER OF SAID SECTION 34;

THENCE ALONG THE SOUTH LINE OF SAID NORTHWEST ONE-QUARTER OF SECTION 34, $S89^{\circ}06'10''W$ A DISTANCE OF 2616.31 FEET, TO THE EASTERLY RIGHT-OF-WAY LINE OF WELD COUNTY ROAD 67;

THENCE ALONG SAID EASTERLY RIGHT-OF-WAY LINE OF WELD COUNTY ROAD 67 WHICH IS 30.00 FEET EAST AND PARALLEL WITH THE WEST LINE OF SAID NORTHWEST ONE-QUARTER OF SAID SECTION 34, $N00^{\circ}38'43''W$ A DISTANCE OF 2196.76 FEET, TO THE SOUTHERLY LINE OF SAID LOT A, RECORDED EXEMPTION NO. 1477-34-2-RE2066;



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A Subsidiary of Westrian

THENCE ALONG THE SOUTHERLY AND EASTERLY LINES OF SAID LOT A, RECORDED EXEMPTION NO. 1477-34-2-RE2066, THE FOLLOWING TWO (2) COURSES:

1. N89°38'58"E A DISTANCE OF 230.64 FEET;
2. N00°03'13"W A DISTANCE OF 433.92 FEET TO THE POINT OF BEGINNING.

CONTAINING AN AREA OF 6,739,733 SQUARE FEET OR 154.723 ACRES.

THE ABOVE AND FOREGOING DESCRIBES A SURFACE ESTATE ONLY. EXPRESSLY EXCLUDED FROM THIS LEGAL DESCRIPTION ARE ANY ESTATES BELOW THE SURFACE INCLUDING OIL, GAS AND OTHER MINERALS (INCLUDING SAND AND GRAVEL) AND ANY RELATED RIGHTS OF SURFACE USE.

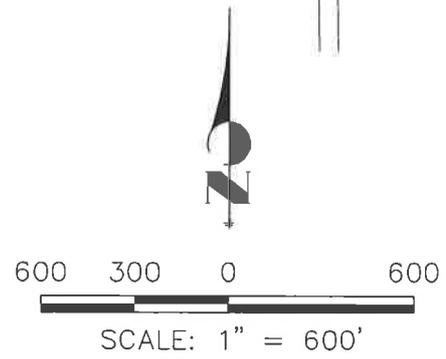
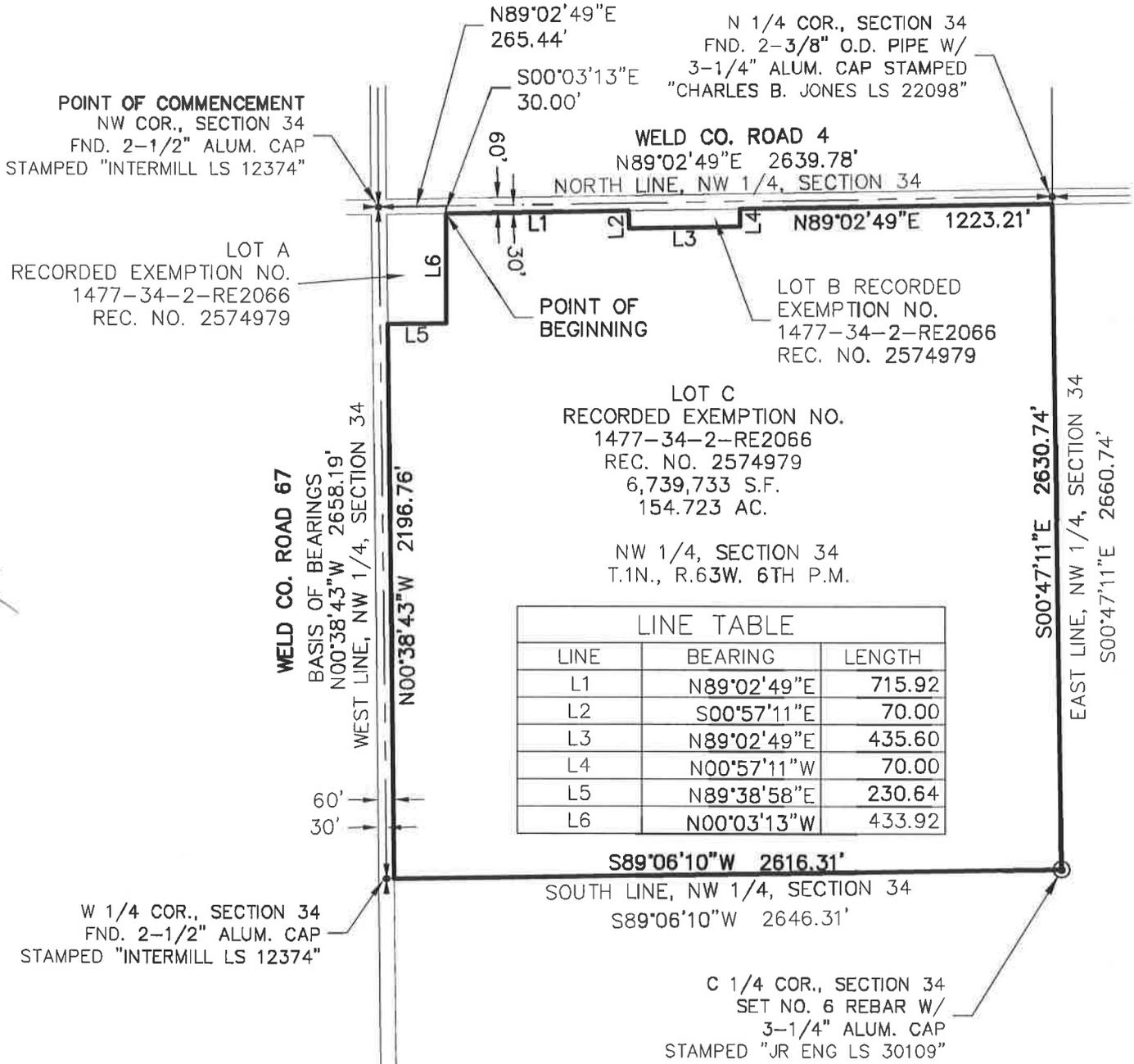
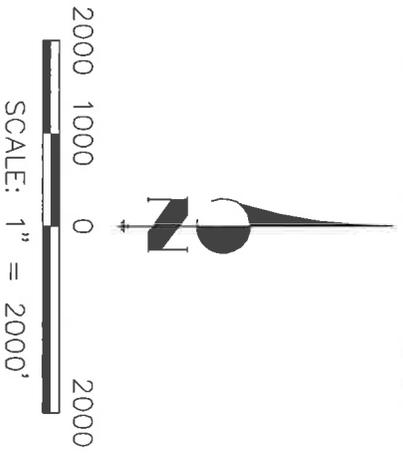
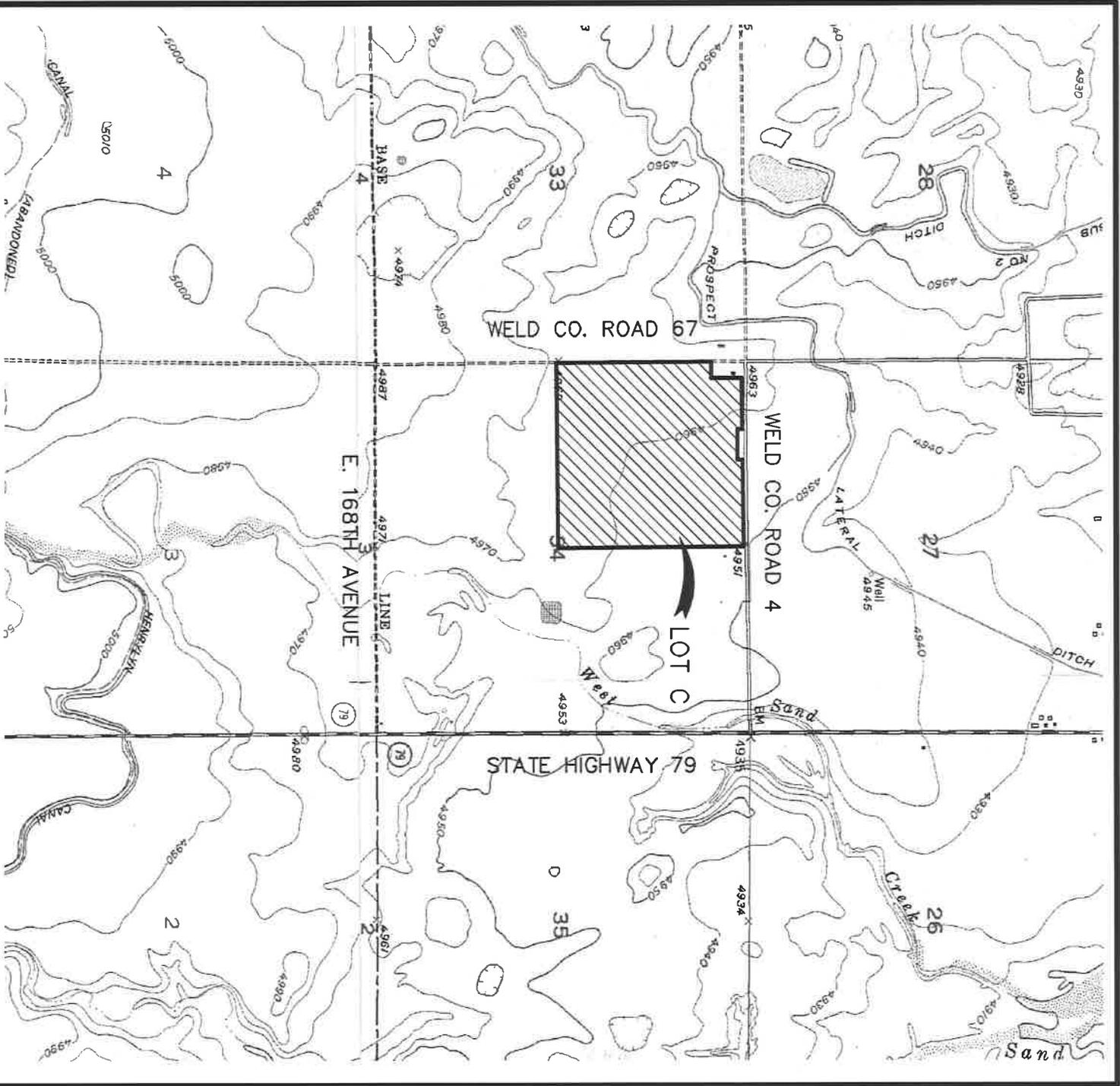


EXHIBIT DIRECTORS PARCEL
LOT C
JOB NO. 15006.00
MARCH 19, 2004
SHEET 03 OF 03



6020 Greenwood Plaza Blvd. • Englewood, CO 80111
303-740-8393 • Fax: 303-721-9019 • www.jrengineering.com



VICINITY MAP
 LOT C
 JOB NO.15006.00
 MARCH 19, 2004
 SHEET 01 OF 01



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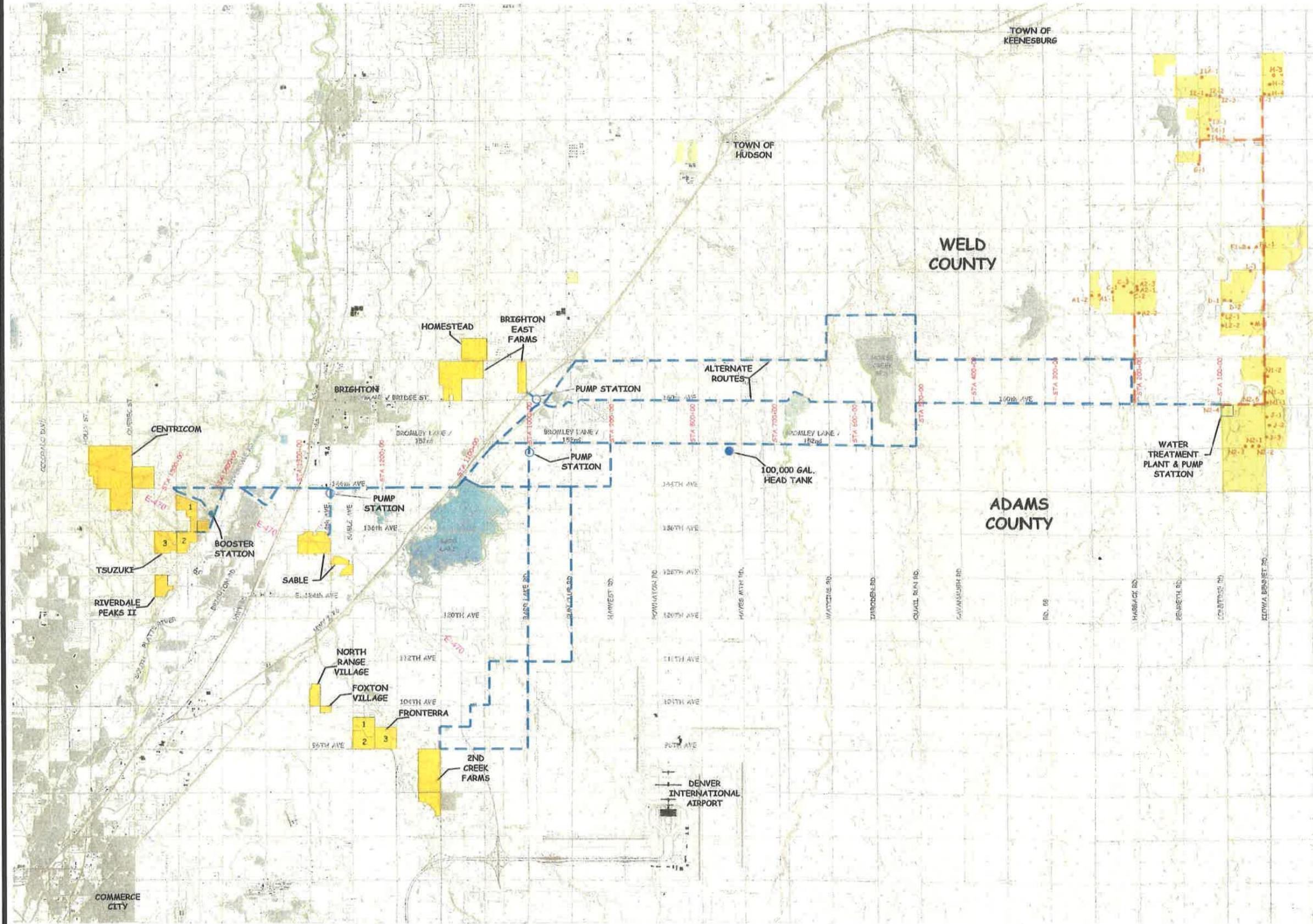
Tab **B**

1

EXHIBIT B-1

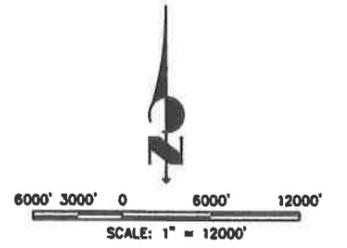
SERVICE AREA AND ANTICIPATED INITIAL PIPELINE LOCATION

PRELIMINARY PIPELINE ROUTING PLAN RESOURCE COLORADO WATER AND SANITATION METROPOLITAN DISTRICT



LEGEND

- WATER SUPPLY PROPERTIES
- PARCEL BOUNDARY
- E-470 (APPROXIMATE)
- WELL LOCATION AND DESIGNATION
- ALTERNATE DISTRIBUTION PIPELINE ROUTE
- ALTERNATE COLLECTION PIPELINE ROUTE



**PRELIM. PIPELINE ROUTING PLAN
PHASE I PLAN
JOB NO. 14921.00
2/2/2004, REVISED 3/18/2004**

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2

EXHIBIT B-2

DESCRIPTION OF FACILITIES AND COSTS

Water System Improvements (Potable and Non-Potable)

Water Rights Acquisition

Water Transmission Lines/Distribution Mains/Collection Lines

Pumping Facilities

Surface Storage Facilities/Reservoirs

Underground Storage Facilities including tanks

Above Ground Storage Facilities

Water Filtration and Treatment Plants

Well Systems

Pump Stations

Fire Hydrants

Meters

Irrigation Facilities

Power Plants

Ventilation

Gauging Stations

Inlets

Tunnels

Flumes

Conduits

Canals

Collection Facilities

Infiltration Galleries

Miscellaneous Appurtenant Facilities

Contingencies

Sanitation System Improvements

Treatment Plants

Transmission/Collection Lines/Mains/Force Mains

Lift Stations

Sludge Handling and Disposal Facilities

Storm Sewer Systems (Open and Closed)

Flood and Surface Drainage Facilities

Inlets

Intercepting Sewers

Outfall Sewers

Detention/Retention Ponds

Miscellaneous Appurtenant Facilities

Contingencies

Street Improvements

Curbs/Gutters

Culverts and Other Drainage Facilities

Streets

Sidewalks

Bridges

Parking Facilities

Paving

Lighting and Associated Facilities

Grading

Landscaping

Traffic Signs/Signals

Miscellaneous Appurtenant Facilities

Contingencies

Mosquito Control Improvements

Mosquito Spraying Equipment

Total estimated Cost \$324,000,000

Tab C

EXHIBIT C

FINANCIAL PLAN

The District will establish enterprises to manage, fund, and operate such facilities, services, and programs as may qualify for enterprise status using the procedures and criteria provided by COLO. CONST. Art. X, § 20 (the "Tabor Amendment") and other applicable statutory provisions. To the extent permitted by law, any enterprise created by the District will remain under the control of the Board. The District will utilize governmental enterprises and authorities to issue revenue bonds secured by the payment of infrastructure fees and service charges of Customers, thereby not relying upon property taxes or sales taxes for any portion of the supporting revenues.

Prior to the issuance of any revenue bonds the District will have a rate study prepared based on the estimated capital and operation and maintenance costs (including an inflation factor) for the Improvements that will be necessary to serve the next phase of service demand. The District will implement a schedule of rates, fees and charges as determined from the rate study, which will provide sufficient revenue for the payment of principal and interest on the District's indebtedness as well as provide the necessary revenue for ongoing operation, maintenance and capital repair and replacement of the Improvements. The rate study will also provide for the necessary debt coverage factor to be required by revenue bond investors.

The District will not issue any general obligation bonds or impose or collect *ad valorem* property taxes without an amendment to this Service Plan. The revenue bonds shall never constitute debt or indebtedness of the District, the County, or any other political subdivision of the State of Colorado within the meaning of any provision or limitation of the laws of Colorado or the state constitution and shall not constitute nor give rise to a pecuniary liability of the District or charge against its general credit or taxing powers. The exact interest rates, discounts, and their form will be determined at the time the bonds are sold by the District and will reflect market conditions at the time of sale.

It is anticipated that a total of Three Hundred Twenty-Four Million Dollars (\$324,000,000) in revenue bonds may be issued. The revenue bonds shall have a maximum interest rate of eighteen percent (18%) and a maximum discount of five percent (5%). Such bonds may be issued in one or more series, may bear such date, may mature at such time, may be in such denominations, may carry such registration privileges, may be subject to such terms of redemption in advance of maturity in such order or by lot or otherwise at such time with or without a premium, may be executed in such manner, may bear such privileges for re-issuance in the same or other denominations, may be so reissued, and may be in such form as may be provided by the Board. The District may capitalize interest as may be considered necessary or appropriate by the Board. Interest income through the reinvestment of construction funds will provide additional income.

Kirkpatrick Pettis

A Mutual of Omaha Company

December 12, 2003

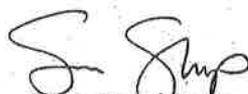
Re: Resource Colorado Water and Sanitation Metropolitan District (the "District")

The purpose of the District is to provide water and sanitation services. The District will utilize a governmental enterprise fund to issue revenue bonds secured by the payment of facilities fees and service charges by customers, users and other participants. The District will not issue general obligation bonds or impose or collect *ad valorem* property taxes. Revenue bonds issued by the District shall not constitute debt or indebtedness of the District, Weld County or any other political subdivision of the State of Colorado.

The Financial Plan ("Financial Plan") contained in the Service Plan for the proposed District sets forth how the services and facilities of the District will be financed, including the maximum proposed indebtedness. Prior to the issuance of any bonds, the District will have a study prepared based on the estimated capital costs and operation and maintenance costs for the Improvements that will be necessary to serve the next phase of service demand. As the District constructs each phase of the Improvements based upon the information obtained from the rate study, the District will be capable of projecting the provision of economical and sufficient service to the customers, users and other participants. The information contained in the rate study will also allow the District to implement a schedule of rates, fees and charges which will provide: (a) sufficient revenue for the payment of principal and interest on the District's indebtedness, thereby ensuring a discharge of the proposed indebtedness on a reasonable basis, and (b) the necessary revenue for ongoing operation and maintenance and capital repair and replacement of the Improvements. A reasonable expectation of repayment will be a key feature in the credit analysis accompanying a bond underwriting. This analysis will also include reviewing the competitiveness of the District's fee and rate structure and obtaining firm commitments by users as appropriate.

We hope this letter helps to clarify the Financial Plan of the Service Plan. We find this Financial Plan to be a reasonable approach to the financing of these water and sewer improvements. Please let us know if you require further information.

Sincerely,



Vice President

Tab **D**

EXHIBIT D

**BOARD OF COUNTY COMMISSIONERS' RESOLUTION
RESOLUTION NO. _____**

**A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF
THE COUNTY OF WELD, COLORADO, APPROVING THE SERVICE
PLAN FOR THE RESOURCE COLORADO WATER & SANITATION
METROPOLITAN DISTRICT**

WHEREAS, §32-1-204 C.R.S. provides that no special district shall be organized except upon adoption of a resolution approving the Service Plan of the proposed special district; and

WHEREAS, a Service Plan has been submitted to the Weld County Board of County Commissioners ("Board of County Commissioners") for the proposed Resource Colorado Water & Sanitation Metropolitan District ("District") pursuant to §32-1-201, *et seq.*, C.R.S.; and

WHEREAS, the territory of the District is located wholly within the boundaries of Weld County ("County"); and

WHEREAS, the Board of County Commissioners conducted a public hearing on the Service Plan for the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WELD COUNTY, COLORADO, AS FOLLOWS:

§ 1. The notice of hearing was properly given pursuant to §32-1-201 and §32-1-204, C.R.S., and the Board of County Commissioners has jurisdiction to hear this matter.

§ 2. The Board of County Commissioners makes the following findings:

- A. There is sufficient existing and projected need for organized service in the area to be served by the proposed District;
- B. The existing service in the area to be served by the proposed District is not adequate for present and projected needs;
- C. The proposed District is capable of providing economical and sufficient service to the area that it intends upon serving;
- D. The area to be included in the proposed District has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
- E. Adequate service is not, or will not be, available to the area through the County or other municipal or quasi-municipal corporations, including

existing special districts, within a reasonable time and on a comparable basis;

- F. The facility and service standards of the proposed District are compatible with the facility and service standards of the County and each municipality which is an interested party under § 32-1-204(1), C.R.S.;
- G. The proposal is in substantial compliance with a master plan adopted pursuant to § 30-28-106, C.R.S.;
- H. The proposal is in substantial compliance with any duly adopted county, regional or state long-range water quality management for the area; and
- I. The creation of the District is in the best interests of the area proposed to be served.

RESOLVED AND PASSED this _____ day of _____, 2004.

BOARD OF COUNTY COMMISSIONERS
WELD COUNTY, COLORADO

By: _____
Chairman, Board of County Commissioners

ATTEST:

Clerk