AMENDED AND RESTATED SERVICE PLAN FOR THE CANYONS METROPOLITAN DISTRICT NOS. 2-4

AND

CONSOLIDATED SERVICE PLAN FOR THE CANYONS METROPOLITAN DISTRICT NOS. 5-11

CITY OF CASTLE PINES NORTH, COLORADO

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I. INTRODUCTION

A. Overview.

The Canyons Metropolitan District Nos. 1-4 ("District Nos. 1-4") were organized as quasi-municipal corporations and political subdivisions of the State of Colorado by Orders of the District Court in and for Douglas County, Colorado, after approval of such organization by such districts' electorate at an election held November 6, 2001. At the time of organization, District Nos. 1-4 were operating under a Consolidated Service Plan that was approved by the Douglas County Board of County Commissioners on August 22, 2001 (the "Original Service Plan"). This Amended and Restated Service Plan for The Canyons Metropolitan District Nos. 2-4 and Consolidated Service Plan for The Canyons Metropolitan District Nos. 5-11 (the "Service Plan") is intended to 1) amend and restate the Original Service Plan for District Nos. 2-4; 2) bring District Nos. 2-4 under the jurisdiction of the City of Castle Pines North (the "City"), as the real property located within its boundaries has been wholly annexed into the City; and 3) organize The Canyons Metropolitan District Nos. 5-11 (District Nos. 5-11). District Nos. 2-4 and District Nos. 5-11 are referred to collectively herein as the "Districts". A corresponding amended and restated service plan has been submitted to the City for The Canyons Metropolitan District No. 1 (the "Operating District").

B. Purpose and Intent.

The Districts are independent units of local government, separate and distinct from the City, and except as may otherwise be provided for by State or local law or this Service Plan, their activities are subject to review by the City only insofar as they may deviate in a material matter from the provisions of this Service Plan. It is intended that the Districts will provide a part or all of the Public Improvements, described herein, for the use and benefit of all anticipated inhabitants and taxpayers of the Districts.

In order to provide for a more efficient and streamlined structure for the Districts, District No. 1 will coordinate all activities for the Districts pursuant to an intergovernmental agreement between District No. 1 and the Districts, inclusive of construction and permitted operational activities.

District No. 1 will act as the "Operating District," coordinating all construction activities related to the Public Improvements, overall administration related to the Districts and the operation and maintenance on behalf of the Districts as is permitted hereunder. The primary purpose of the Districts ("Taxing Districts") will be to finance construction, administrative and permitted operations and maintenance activities associated with the Public Improvements.

C. Need for the Districts.

There are currently no other governmental entities, including the City, located in the immediate vicinity of the Districts that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of the Public Improvements needed for the Project as it is annexed and zoned in the City. Amendment to the Original Service Plan and formation of the new District Nos. 5-11 is

therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

D. Objective of the City Regarding Districts' Service Plans.

The objective of the Service Plan for the Districts is to authorize the Districts through coordinated efforts with District No. 1 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. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax and Fee burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

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 development needs. Operational activities are allowed, but only through an intergovernmental agreement with the City, or as otherwise permitted hereunder.

It is the intent of the Districts to initiate dissolution proceedings or to have authorization hereunder terminated (1) 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 (2) if any District has authorized operating functions provided herein or pursuant to an intergovernmental agreement with the City, to retain only the power necessary to undertake such activities.

The Districts shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from Fees or from tax revenues collected from a mill levy which shall not exceed the Maximum Debt Mill Levy on commercial and residential properties and which shall not exceed the Maximum Debt Mill Levy Imposition Term on residential properties. It is the intent of this Service Plan to assure to the extent possible that no commercial or residential property bear an economic burden that is greater than that associated with the Maximum Mill Levy in amount and that no property developed for a residential use bear an economic burden that is greater than that associated with the Maximum Debt Mill Levy Imposition Term in duration even under bankruptcy or other unusual situations.

II. DEFINITIONS

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Approved Development Plan: means a Development Plan, as defined Appendix A, item (o) in the Annexation, Development and Intergovernmental Agreement for the Canyons or other process established by the City for identifying, among other things, Public Improvements necessary for facilitating development for property within the Service Area as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time.

Board: means the board of directors of one of the Districts or the boards of directors of all Districts, in the aggregate.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which any District has promised to impose an *ad valorem* property tax mill levy, and/or collect Fee revenue.

Capital Fee: means a Fee imposed by any of the Districts for funding associated with the Public Improvements subject to the limitations set forth in Section V.A. 10 below.

City: means the City of Castle Pines North, Colorado.

City Code: means the City Code of the City of Castle Pines North, Colorado.

City Council: means the City Council of the City of Castle Pines North, Colorado.

District: means any one of the Canyons Metropolitan District Nos. 2 through 11.

District No. 1: means the Canyons Metropolitan District No. 1.

District No. 2: means the Canyons Metropolitan District No. 2.

District No. 3: means the Canyons Metropolitan District No. 3.

District No. 4: means the Canyons Metropolitan District No. 4.

District No. 5: means the Canyons Metropolitan District No. 5.

District No. 6: means the Canyons Metropolitan District No. 6.

District No. 7: means the Canyons Metropolitan District No. 7.

District No. 8: means the Canyons Metropolitan District No. 8.

District No. 9: means the Canyons Metropolitan District No. 9.

District No. 10: means the Canyons Metropolitan District No. 10.

District No. 11: means the Canyons Metropolitan District No. 11.

Districts: means District Nos. 2 through 11 collectively.

End User: means any owner, or tenant of any owner, of any taxable improvement within the Districts who is intended to become burdened by the imposition of ad valorem property taxes subject to the Maximum Mill Levy. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an End User. The business entity that constructs homes or commercial structures is not an End User.

External Financial Advisor: means a consultant that: (i) 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; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) is not an officer or employee of any of the Districts and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Fees: means any Capital Fee or Operations Fee imposed by the Operating District or any Taxing District for services, programs or facilities provided by the Districts, subject to the limitations set forth in V.A.10 below.

Financial Plan: means the Financial Plan described in Section VI which 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.

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

Inclusion Area Boundary Map: means the map attached hereto as **Exhibit B-2**, describing the property proposed for inclusion within any one, but not any more than one, of the Districts.

Initial District Boundaries: means the boundaries of the area described in the Initial District Boundary Map.

Initial District Boundary Map: means the map attached hereto as **Exhibit B-1**, describing the initial boundaries of the Districts.

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

Maximum Debt Mill Levy Imposition Term: means the maximum term for imposition of a mill levy on a particular property developed for residential uses as set forth in Section VI.D below.

Maximum Mill Levy: means a total combined Maximum Debt Mill Levy and mill levy imposed for operational or administrative purposes of sixty-nine (69) mills, provided that if, on or after January 1, 2009, 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, 2009, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in

the method of calculating assessed valuation. Notwithstanding the foregoing, nothing shall prevent the Districts from imposing a mill levy in excess of the Maximum Mill Levy where such mill levies are imposed to repay Debt that that is equal to or less than fifty percent (50%) of the District's assessed valuation in accordance with Section VI.D.2. herein.

Operating District: means District No. 1.

Operations Fee: means a Fee imposed by any of the Districts for funding of services provided in connection with permitted operation and maintenance of the Public Improvements pursuant, subject to the limitations ser forth in Section V.A.10 below.

Project: means the development or property commonly referred to as "The Canyons."

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped 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 District No. 1.

Service Area: means the property within the Initial District Boundary Map and the Inclusion Area Boundary Map.

Service Plan: means this service plan for the Districts, as approved by City Council.

Service Plan Amendment: means an amendment to the Service Plan approved by City Council in accordance with the City's policies and procedures and the applicable state law.

Special District Act: means Section 32-1-101, et seq., of the Colorado Revised Statutes, as amended from time to time.

State: means the State of Colorado.

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

Taxing District: means any one of the Canyons Metropolitan District Nos. 2 through 11.

Taxing Districts: means the Canyons Metropolitan District Nos. 2 through 11 collectively.

III. BOUNDARIES

The area of the Initial District Boundaries for District Nos. 2-4 currently includes approximately three thousand four hundred and ninety (3,490) acres. The Initial District Boundaries for District Nos. 5-11 shall include approximately thirty five (35) acres. After approval of this Service Plan, District Nos. 1-4 may undergo boundary adjustments in

accordance with Title 32, which shall decrease their Initial District Boundaries to that established hereunder for District Nos. 5-11 of approximately thirty-five (35) acres.

It is anticipated that after the initial boundary adjustments contemplated in this Section III, boundary adjustments shall thereafter be made to increase the boundaries of one or more of the Districts within the Inclusion Area Boundaries. Such boundary adjustments shall occur as development phasing requires the implementation of a Taxing District and it is anticipated that commercial and residential properties shall not be included in the same Taxing District. Currently, it is expected that as the Project is built out, commercial properties will be included in specific Taxing Districts and that residential properties will be included in different Taxing Districts.

The total area that may be included into one or more of the Districts is the entirety of the Project and constitutes approximately three thousand four hundred and ninety (3,490) acres. A legal description of the Initial District Boundaries is attached hereto as **Exhibit A**. A map of the Initial District Boundaries is attached hereto as **Exhibit B-1**, and a map of the Inclusion Area Boundaries is attached hereto as **Exhibit B-2**.

It is anticipated that the District's boundaries may continue to change from time to time as it undergoes 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.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately three thousand four hundred and ninety (3,490) acres of real property planned for residential, commercial and multi-use development. The current assessed valuation of the Service Area is $0.00 for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The population of the Districts at build-out is estimated to be approximately six thousand seven hundred and fifty (6,750) people.

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

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 provide the Public Improvements and related operation and maintenance services within and without the boundaries of the Districts as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

1. Operations and Maintenance Limitation. The purpose of the Districts is to coordinate with District No. 1 for the design, acquisition, construction, installation, relocation, redevelopment and financing of the Public Improvements. The Public Improvements shall be dedicated to the City, the Parker Water and Sanitation District ("PWSD") or other appropriate governmental entity in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. Pending final acceptance by the City, or for those Public Improvements that are not ultimately conveyed to the City, PWSD, or other appropriate governmental entity, the Districts shall at all times be authorized to undertake and coordinate any operational requirements for such Public Improvements. Upon acceptance by the City, PWSD, or other appropriate governmental entity, the Districts shall not be authorized to operate or maintain such Public Improvements, unless the provision of such operation and maintenance is pursuant to an intergovernmental agreement with the City or other appropriate governmental entity. In the event that any District is required to own, operate or maintain Public Improvements pursuant to an intergovernmental agreement, such intergovernmental agreement may authorize imposition of an additional Operations Fee, as is necessary, for the operation and maintenance of such Public Improvements.

2. Public Improvements Limitation. The Operating District is a party to that certain Annexation and Development Agreement (the "Development Agreement") dated October 22, 2009. As set forth in the Development Agreement, the Operating District and/or one or more of the Canyons Metropolitan District Nos. 2 – 11 (the "Financing Districts") is / are anticipated to finance the construction of Public Improvements to be more particularly identified in the Project SIA, Site SIA or in an SIPIA, as those terms are defined in the Development Agreement. Each District shall provide financial assurance of completion of any Public Improvements identified in the Project SIA, Site SIA, or in an SIPIA, in the form of a pledge of budgeted and appropriated funds of the District in an amount equal to 115% of the estimated cost of the Public Improvements for which the District has responsibility. Such budgeted and appropriated funds of the District shall be placed in a segregated escrow account that the City may access in accordance with the terms of a mutually acceptable escrow agreement, which agreement shall identify an escrow agent acceptable to the City Manager or his or her designee. Each District will be entitled to request progress payments from such escrow account following review and approval of such progress payment requests by the City Manger or his or her designee, and the City will have the unilateral right to immediately access such funds in the escrow account if the District does not construct or complete the Public Improvements in accordance with the terms and conditions of the Project SIA, Site SIA, or SIPIA, as applicable.

3. Fire Protection Limitation. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

4. Television Relay and Translation Limitation. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of

conduit as a part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City.

5. Water and Sanitation Limitation. Property within the Service Area will be provided water and sanitation services by PWSD pursuant to a Real Property Inclusion Agreement dated on or about February 27, 2003, as supplemented by a Memorandum of Understanding of the same date. For so long as PSWD, or other water and sanitation provider is providing water and sanitation services to the Service Area, the Districts shall not be permitted to own, operate or maintain water and sanitation improvements unless the same is necessary prior to the final acceptance of such water and sanitation improvements by PSWD or other appropriate service provider. Notwithstanding the foregoing limitation, the Districts shall be expressly permitted to undertake the construction and financing of water and sanitation improvements.

6. Construction Standards Limitation. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City 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, unless such standards and specifications are waived or otherwise amended. The Districts will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

7. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt, the District 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 District's 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 [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 District.

8. Inclusion Limitation. The Districts shall not include within any of their boundaries any property outside the Service Area without the prior written consent of the City Council through a resolution authorizing the same. Any Taxing District shall seek prior administrative approval of the City Manager prior to excluding residential property from such Taxing District, where such exclusion is proposed to occur following the date on which Debt has been issued by such Taxing District or the Operating District where the Taxing District has pledged any of its revenues, through an intergovernmental agreement or otherwise, to servicing Debt issued by the Operating District. Boundary adjustments made in accordance with the provisions of this Service Plan shall not constitute material modifications hereof absent a coinciding change of a basic or essential nature pursuant to Section 32-1-207(2), C.R.S.,

occurring as a result of such boundary change. The District shall provide a summary of all proposed boundary adjustments to the City Manager and the City Attorney's Office prior to any public hearing thereon and in all such summaries shall delineate whether the property at issue is commercial or residential.

9. Overlap Limitation. The boundaries of the Operating Districts shall not overlap those of any Taxing District unless the aggregate mill levy of the overlapping Districts will not at any time exceed the Maximum Mill Levy. Additionally, the Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy of the Operating District and such overlapping Districts will not at any time exceed the Maximum Mill Levy of the Districts.

10. Total Debt Issuance Limitation. The Districts shall not issue Debt in excess of $226,000,000 in the aggregate, exclusive of refundings.

11. Fee Limitation. Each of the Districts may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for operations and maintenance. No Fee related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User which has the effect, intentional or otherwise, of creating a capital cost payment obligation in any year on any Taxable Property owned or occupied by an End User. Notwithstanding any of the foregoing, the restrictions in this definition shall not apply to any Operations Fee imposed upon or collected from Taxable Property. Imposition of a Capital Fee shall be limited to an amount not greater than $5,000 per unit for residential property and $1 per each square foot of finished commercial space, increased by the greater of five percent (5%) annually or by the percentage increase in the Denver-Boulder Consumer price index percentage increase for the prior year (the "Annual Increase"). Absent further authorization provided pursuant to an intergovernmental agreement pursuant to Section V.A.1, above, imposition of an Operations Fee shall be limited to an amount not greater than $100 per month per each 2,500 square feet of built residential or commercial property, which amount may be increased, in the discretion of the Board imposing the Operations Fee, by the Annual Increase. The Districts shall be prohibited from imposing Fees which exceed the applicable Capital Fee or Operations Fee plus the applicable Annual Increase amount, without obtaining the prior written approval of the City Council.

12. Consolidation Limitation. None of the Districts shall file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City Council, unless such consolidation is with one or more of the Taxing Districts.

13. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Mill Levy, Maximum Debt Mill Levy, Maximum Debt Mill Levy Imposition Term and the Fees have been established under the authority of the City to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the "political or governmental powers" reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the "regulatory or electoral approval necessary under applicable nonbankruptcy law" as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy or the Maximum Debt Mill Levy Imposition Term, as applicable, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City Council as part of a Service Plan Amendment.

14. Dominant Eminent Domain. The Districts shall be prohibited from undertaking a condemnation action against the City without the prior approval of the City Council.

15. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities under evolving circumstances without the need for numerous amendments. Actions of the Districts which violate the limitations set forth in Sections V.A.1-13 above or in Section VI.B-G shall be deemed to be material modifications to this Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

B. Preliminary Engineering Survey.

The Districts through coordination with District No. 1 shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance and financing of the Public Improvements within and without the boundaries of the Districts, to be more specifically defined in an Approved Development Plan. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the zoning on the property in the Service Area and is approximately $220,000,000.

All of the Public Improvements will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the City and other governmental entities having proper jurisdiction, and shall be in accordance with the requirements of the Approved Development Plan. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

C. Multiple District Structure.

It is anticipated that the Operating District, collectively, will undertake the financing, construction and permitted operations and maintenance of the Public Improvements in coordination with Taxing Districts. The nature of the functions and services to be provided by the Operating District shall be clarified in an intergovernmental agreement between and among the Operating District and the Taxing Districts (the "Master IGA"). The primary purpose of such

intergovernmental agreement or agreements shall be to help assure the orderly development of the Public Improvements and the provision of essential services necessary to support the Project.

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 their revenues and by and through the proceeds of Debt to be issued by the Districts. The Financial Plan for the Districts shall be to issue such Debt as the Districts can reasonably pay within the Maximum Debt Mill Levy Imposition Term from revenues derived from the Maximum Debt Mill Levy, Fees and other legally available revenues. The total Debt that the Districts shall be permitted to issue shall not exceed $226,000,000 and shall be permitted to be issued on a schedule and in such year or years as the Districts determine shall meet the needs of the Financial Plan referenced above and shall be phased to serve development as it occurs. 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 and Fees 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 and subject to the limitations set forth in this Service Plan.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed eighteen percent (18%). The proposed maximum underwriting discount will be five percent (5%). 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 Mill Levy.

None of the Districts shall be permitted to impose a mill levy in excess of the Maximum Mill Levy, with the specific exception of mill levies imposed to repay Debt that that is equal to or less than fifty percent (50%) of the District's assessed valuation pursuant to Section VI.D.2., herein.

D. Maximum Debt Mill Levy.

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

1. For the portion of any aggregate Debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be sixty-nine (69) mills less the number of mills necessary to pay unlimited mill levy Debt

described in Section VI.C.2 below; provided that if, on or after January 1, 2009, 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, 2009, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

2. For the portion of any aggregate Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

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

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

E. Maximum Debt Mill Levy Imposition Term.

No District shall impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses within a District which exceeds forty (40) years after the year of the initial imposition of such mill levy by the respective District, unless a majority of the Board of Directors of such District imposing the mill levy are residents of such District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S.; et seq.

F. Debt Repayment Sources.

Each of the Districts may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service and for operations and maintenance, except that at no time shall the combined mill levy required for debt service and operations and maintenance services exceed the Maximum Mill Levy, unless pursuant to Section VI.C. above. The Districts may also rely upon various other revenue sources authorized by law. At the Districts' discretion, these may include the power to assess Fees, rates, tolls, penalties, or

charges as provided in Section 32-1-1001(l), C.R.S., as amended from time to time, and subject to the limitations set forth in this Service Plan.

G. Debt Instrument Disclosure Requirement.

In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

> By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the Districts.

H. Security for Debt.

The Districts shall not pledge any revenue or property of the City 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 City 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 City in the event of default by the Districts in the payment of any such obligation.

I. TABOR Compliance.

The Districts will comply with the provisions of Article X, Section 20 of the Colorado Constitution ("TABOR"). In the discretion of the Board, the Districts may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the Districts will remain under the control of the Districts' Boards, but will be subject to the provisions of Section VIII. of this Service Plan Districts' Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the Districts' organization and initial operations, are anticipated to be $200,000, which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year's operating budget is estimated to be $100,000 which is anticipated to be derived from property taxes and other revenues.

J. Districts' Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the Districts' organization and initial operations, are anticipated to be $200,000, which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year's operating budget is estimated to be $100,000 which is anticipated to be derived from property taxes and other revenues.

VII. ANNUAL REPORT AND GENERAL CITY OVERSIGHT

A. District Meetings.

The Districts shall provide notice to the City Manager's office of each regular and special meeting, along with an agenda packet therefore not later than forty-eight (48) hours prior to each scheduled meeting, which agenda packet will note the date, time and location of the meeting and shall include any documents or attachments to the agenda as have been circulated to members of the Board(s) as of forty-eight (48) hours prior to such meeting and that are not subject to privileged or confidential communications.

B. District Bond Issuance.

With the specific exception of the Master IGA or contractual loan agreements or resolutions concerning funding and reimbursement obligations from and to private entities, at least twenty (20) days prior to issuance of Debt by the Operating District or any Taxing District, such District shall remit a term sheet describing the proposed Debt issuance to the City Manager and the City Attorney's Office. Said term sheet, at a minimum, shall identify the following parties or include the following information: (1) the issuer of the Debt; (2) the purchaser(s) of the Debt to the extent the same is known or can be reasonably determined; (3) the underwriter; (4) the trustee; (5) General Counsel of the District; (6) Tax Counsel or Bond Counsel to the District; (7) the amount of the Debt; (8) a description of the Public Improvements to be financed with the Debt; (9) the term (in years) of the Debt; (10) the estimated commitment fee; (11) the estimated underwriting fee; (12) the interest rate on the Debt; and (13) the primary covenants of the District to be included in the indenture of trust or other bond documents. Following closing, the District shall submit an updated term sheet to the City Manager and the City Attorney's Office along with copies of: (1) the opinion of General Counsel of the District issued in connection with the Debt; (2) the opinion of Tax Counsel or Bond Counsel to the District issued in connection with Debt: and (3) the certification required by Section V.A.6 of this Service Plan, if applicable.

C. Annual Report.

The Operating Districts shall be responsible for submitting an annual report to the City Manager no later than August 1st of each year beginning with August 1, 2011. The annual report may be submitted on a consolidated basis.

The annual report shall include, at a minimum, information pertaining to all of the following report areas:

1. Boundary changes made or proposed to the Districts' boundary as of December 31 of the prior year.

2. Intergovernmental Agreements with other governmental entities, either entered into or proposed as of December 31 of the prior year.

3. Copies of the Districts' rules and regulations, if any as of December 31 of the prior year.

4. A summary of any litigation which involves the Districts Public Improvements as of December 31 of the prior year.

5. Status of the Districts' construction of the Public Improvements as of December 31 of the prior year.

6. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City as of December 31 of the prior year.

7. The assessed value of the District for the report year.

8. Current year budget including a description of the Public Improvements to be constructed in such year.

9. Audit of the Districts financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

10. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.

11. Any inability of the Districts to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

VIII. DISSOLUTION

Upon an independent determination of the City Council that the purposes for which any one or more of the Districts was created has been accomplished, such District agrees to a file petition in the appropriate District Court for dissolution, pursuant to the Special District Act, which petition shall contain a plan for dissolution, if required. If a plan for dissolution is required by the Special District Act, the respective Board agrees to submit such plan to the City Manager and City Attorney for review and approval prior to submitting the petition for dissolution in the appropriate District Court. In the event a dissolution is not completed or can not be completed under the process outlined in the Special District Act by any such District, including but not limited to a situation wherein an election held on the question of dissolution is unsuccessful, all of the power and authority of such District under this Service Plan shall automatically terminate,

except for such limited power and authority as is necessary to be retained to ensure that the payment or discharge of all outstanding indebtedness and other financial obligations of the District is adequately addressed. In the event that a dissolution is not completed as contemplated above, the respective District and the City expressly intend that the appropriate District Court shall be authorized to remove all members of the then-current Board of Directors for cause in accordance with the provisions of Section 32-1-905(1)(f), C.R.S., and authorized to appoint the members of City Council as the Board of Directors of such District in order to take any administrative actions necessary to ensure that the remaining financial obligations of such District are satisfied, substantially in accordance with the procedure outlined at Section 32-1-707(2)(c), C.R.S. Once all outstanding indebtedness and financial obligations of the respective District have been fully satisfied, the City Council, in its capacity as the Board of Directors of such District shall be authorized to initiate dissolution proceedings as authorized by the Special District Act. In no event shall a final dissolution occur in relation to any District until such District has provided for the payment or discharge of all of its outstanding indebtedness and other obligations, inclusive of outstanding operational requirements, as required pursuant to the Special District Act.

IX. DISCLOSURE TO RESIDENTS AND TAXPAYERS

The Districts shall cause a joint written notice regarding the existence of the Districts to be recorded against all of the real property situate within the boundaries of the Project. Said written notice shall, at a minimum, describe the purposes for which the Districts were formed, and shall provide a summary of the Maximum Mill Levy and the ability of the Districts to impose and collect Fees. The notice required by this Section IX shall be recorded prior to the date on which property within the Operating District or any of the Taxing Districts is sold to third party purchasers for construction and sale of residential or commercial property. Such notice shall be filed with the City Manager and the City Attorney's Office within thirty (30) days following the date on which the same has been recorded in the real property records of Douglas County, Colorado.

X. INTERGOVERNMENTAL AGREEMENT

The form of intergovernmental agreement relating to the limitations imposed on the Districts' activities is attached hereto as **Exhibit C**. The Districts shall approve the intergovernmental agreement in substantially the form attached as **Exhibit C** at the first joint meeting of the Districts occurring in 2010, but in any case not later than December 31, 2010. Failure of the District to execute the intergovernmental agreement as required herein shall constitute a material modification and shall require a Service Plan Amendment. The City Council shall approve the intergovernmental agreement in substantially the form attached as **Exhibit C** at the public hearing approving the Service Plan.

XI. CONCLUSION

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

1. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;

2. The existing service in the area to be served by the Districts is inadequate for present and projected needs;

3. The Districts are capable of providing economical and sufficient service to the area within its proposed boundaries; and

4. The area to be included in the Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

Respectfully submitted this 14th day of October, 2009.

By: _____
White, Bear & Ankele Professional Corporation
Attorneys for the Proponents of the Districts

EXHIBIT A

Legal Descriptions – Initial District Boundaries

LEGAL DESCRIPTION - The Canyons Metropolitan District No. 2 06/06/2001

A TRACT OF LAND LOCATED IN SECTIONS 1, 2, 3, 10, 11, 12, 14 AND 15 OF TOWNSHIP 7 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING DESCRIBED AS FOLLOWS:

"COMMENCING" AT THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 2 AND CONSIDERING THE NORTH LINE OF SAID NORTHEAST QUARTER TO BEAR NORTH 88°58'39" EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO; THENCE NORTH 88°58'39" EAST, ALONG SAID NORTH LINE, A DISTANCE OF 1439.92 FEET TO THE "POINT OF BEGINNING"; THENCE CONTINUING ALONG SAID NORTH LINE, NORTH 88°58'39" EAST, A DISTANCE OF 1234.40 FEET TO THE NORTHEAST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 2; THENCE SOUTH 00°25'50" EAST, ALONG THE EAST LINE OF SAID NORTHEAST QUARTER, A DISTANCE OF 2640.85 FEET TO THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER, SAID POINT BEING ALSO THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 1; THENCE NORTH 89°02'12" EAST, ALONG THE NORTH LINE OF SAID SOUTHWEST QUARTER AND ALONG THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 1, A DISTANCE OF 5233.34 FEET TO THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 1; THENCE SOUTH 00°35'50" EAST, ALONG THE EAST LINE OF SAID SOUTHEAST QUARTER, A DISTANCE OF 2650.53 FEET TO THE SOUTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 1, SAID POINT BEING ALSO THE NORTHEAST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 12; THENCE SOUTH 00°33'53" EAST, ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 12, A DISTANCE OF 2640.88 FEET TO THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER; THENCE SOUTH 00°34'38" EAST, ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 12, A DISTANCE OF 894.87 FEET; THENCE SOUTH 83°51'57" WEST, A DISTANCE OF 1908.90 FEET; THENCE NORTH 72°05'38" WEST, A DISTANCE OF 320.00 FEET; THENCE SOUTH 46°57'21" WEST, A DISTANCE OF 190.00 FEET; THENCE SOUTH 16°22'00" WEST, A DISTANCE OF 695.00 FEET; THENCE SOUTH 66°35'20" WEST, A DISTANCE OF 490.00 FEET; THENCE SOUTH 31°30'26" WEST, A DISTANCE OF 375.00 FEET; THENCE SOUTH 75°40'10" WEST, A DISTANCE OF 240.00 FEET; THENCE SOUTH 53°21'10" WEST, A DISTANCE OF 415.00 FEET; THENCE NORTH 44°24'09" WEST, A DISTANCE OF 199.00 FEET; THENCE NORTH 54°03'44" WEST, A DISTANCE OF 250.00 FEET; THENCE SOUTH 32°28'32" WEST, A DISTANCE OF 340.00 FEET; THENCE NORTH 89°40'37" WEST, A DISTANCE OF 970.24 FEET TO THE SOUTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 11; THENCE SOUTH 89°41'18" WEST, ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 11, A DISTANCE OF 1336.54 FEET TO THE SOUTHWEST CORNER OF SAID SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER; THENCE SOUTH 89°42'04" WEST, ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 11, A DISTANCE OF 1336.83 FEET TO THE SOUTHWEST CORNER OF SAID SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER; THENCE SOUTH 89°41'34" WEST, ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 11, A DISTANCE OF 1169.65 FEET TO THE SOUTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 11, SAID POINT BEING ALSO THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 14;

THENCE SOUTH 01°18'50" EAST, ALONG THE EAST LINE OF SAID NORTHWEST QUARTER OF THE NORTHWEST QUARTER, A DISTANCE OF 676.00 FEET TO THE SOUTHEAST CORNER OF THE NORTH HALF OF SAID NORTHWEST QUARTER OF THE NORTHWEST QUARTER; THENCE SOUTH 89°34'52" WEST, ALONG THE SOUTH LINE OF SAID NORTH HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER, A DISTANCE OF 1494.10 FEET TO THE SOUTHWEST CORNER OF THE NORTH HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 14, SAID POINT BEING ALSO THE SOUTHEAST CORNER OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 15; THENCE NORTH 89°31'58" WEST, ALONG THE SOUTH LINE OF SAID NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER, A DISTANCE OF 1306.74 FEET TO THE SOUTHWEST CORNER OF THE NORTH HALF OF SAID NORTHEAST QUARTER OF THE NORTHEAST QUARTER; THENCE NORTH 01°17'07" WEST, ALONG THE WEST LINE OF SAID NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER, A DISTANCE OF 673.86 FEET TO THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 15; THENCE NORTH 89°51'59" WEST, ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 15, A DISTANCE OF 5.76 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF U.S. INTERSTATE HIGHWAY No. 25; THENCE NORTHERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE THE FOLLOWING 18 (EIGHTEEN) COURSES:

1) NORTH 01°47'39" EAST, A DISTANCE OF 89.85 FEET;

2) NORTH 88°12'20" WEST, A DISTANCE OF 199.79 FEET;

3) NORTH 81°05'50" WEST, A DISTANCE OF 402.69 FEET;

4) NORTH 12°34'50" WEST, A DISTANCE OF 788.50 FEET;

5) NORTH 01°51'25" EAST, A DISTANCE OF 825.44 FEET TO A POINT OF CURVE;

6) ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 05°01'57", A RADIUS OF 11360.00 FEET, AN ARC LENGTH OF 997.81 FEET AND A CHORD WHICH BEARS NORTH 04°22'23" EAST, A DISTANCE OF 997.49 FEET;

7) NORTH 06°53'22" EAST, A DISTANCE OF 1549.94 FEET;

8) NORTH 20°56'18" EAST, A DISTANCE OF 103.05 FEET;

9) NORTH 06°57'02" EAST, A DISTANCE OF 868.35 FEET;

10) NORTH 06°57'02" EAST, A DISTANCE OF 1736.47 FEET;

11) NORTH 13°44'43" EAST, A DISTANCE OF 621.90 FEET;

12) NORTH 13°44'43" EAST, A DISTANCE OF 239.32 FEET;

13) NORTH 30°46'48" EAST, A DISTANCE OF 310.57 FEET;

14) SOUTH 89°53'36" EAST, A DISTANCE OF 576.10 FEET;

15) NORTH 03°31'49" EAST, A DISTANCE OF 80.01 FEET;

16) NORTH 82°58'29" WEST, A DISTANCE OF 575.77 FEET;

17) NORTH 16°22'13" WEST, A DISTANCE OF 782.54 FEET;

18) NORTH 00°36'01" WEST, A DISTANCE OF 114.71 FEET TO A POINT ON THE NORTH LINE OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 3;

THENCE SOUTH 89°56'22" EAST, ALONG THE NORTH LINE OF SAID SOUTHEAST QUARTER OF THE NORTHEAST QUARTER, A DISTANCE OF 1211.01 FEET TO THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 3, SAID POINT BEING ALSO THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 2; THENCE NORTH 89°11'36" EAST, ALONG THE NORTH LINE OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 2, A DISTANCE OF 2679.57 FEET TO THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 2; THENCE NORTH 49°34'18" EAST, A DISTANCE OF 415.00 FEET; THENCE NORTH 68°05'15" EAST, A DISTANCE OF180.00 FEET; THENCE NORTH 86°41'52" EAST, A DISTANCE OF 280.00 FEET; THENCE SOUTH 78°29'21" EAST, A DISTANCE OF 698.08 FEET; THENCE NORTH 01°01'21" WEST, A DISTANCE OF 1120.00 FEET TO THE **"POINT OF BEGINNING"**. CONTAINING 2390.241 ACRES OR 104,118,889 SQUARE FEET MORE OR LESS.

EXCEPT THAT PARCEL OF LAND DESCRIBED IN THE RECORDS OF THE OFFICE OF THE DOUGLAS COUNTY CLERK AND RECORDER IN BOOK 297 AT PAGE 644 AND ALSO BEING DESCRIBED AS FOLLOWS:

"COMMENCING" AT THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 12; THENCE NORTH 43°07'27" EAST, A DISTANCE OF 1024.09 FEET TO THE "POINT OF BEGINNING"; THENCE NORTH 01°13'48" EAST, A DISTANCE OF 300.00 FEET; THENCE SOUTH 88°55'46" EAST, A DISTANCE OF 300.00 FEET; THENCE SOUTH 01°13'48" WEST, A DISTANCE OF 300.00 FEET; THENCE NORTH 88°55'46" WEST, A DISTANCE OF 300.00 FEET TO THE "POINT OF BEGINNING". CONTAINING 2.066 ACRES OR 90,000 SQUARE FEET, MORE OR LESS.

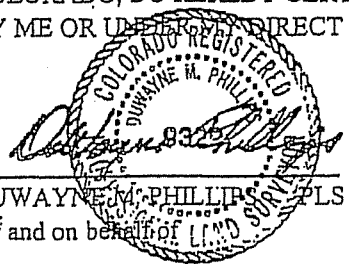
AND EXCEPT THAT PARCEL OF LAND DESCRIBED IN THE RECORDS OF THE OFFICE OF THE DOUGLAS COUNTY CLERK AND RECORDER IN BOOK 157 AT PAGE 30 AND ALSO BEING DESCRIBED AS FOLLOWS:

"BEGINNING" AT THE SOUTHWEST CORNER OF SAID SECTION 11; THENCE NORTH 00°28'09" WEST, ALONG THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 11, A DISTANCE OF 438.50 FEET; THENCE SOUTH 33°45'18" EAST, A DISTANCE OF 525.49 FEET TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 11; THENCE SOUTH 89°41'11"

WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 288.40 FEET TO THE "POINT OF BEGINNING". CONTAINING 1.452 ACRES OR 63,231 SQUARE FEET, MORE OR LESS.

ALTOGETHER CONTAINING A NET AREA OF 2386.723 ACRES OR 103,965,658 SQUARE FEET, MORE OR LESS.

I, DUWAYNE M. PHILLIPS, A PROFESSIONAL LAND SURVEYOR, LICENSED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THE ABOVE LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND CHECKING.



DUWAYNE M. PHILLIPS, PLS 9329
for and on behalf of

ROCKY MOUNTAIN CONSULTANTS, INC.
8301 EAST PRENTICE AVE. #101
GREENWOOD VILLAGE, COLORADO 80111
(303) 741-6000

LEGAL DESCRIPTION - The Canyons Metropolitan District No. 3 06/06/2001

A TRACT OF LAND LOCATED IN SECTIONS 12 AND 13 OF TOWNSHIP 7 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING DESCRIBED AS FOLLOWS:

"BEGINNING" AT THE NORTHEAST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 13 AND CONSIDERING THE EAST LINE OF SAID NORTHEAST QUARTER TO BEAR SOUTH 00°35'07" EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO; THENCE SOUTH 00°35'07" EAST, ALONG THE EAST LINE OF SAID NORTHEAST QUARTER, A DISTANCE OF 2640.33 FEET TO THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER; THENCE SOUTH 00°52'20" EAST, ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 13, A DISTANCE OF 1542.52 FEET; THENCE SOUTH 89°59'24" WEST, A DISTANCE OF 1527.44 FEET; THENCE SOUTH 32°54'10" WEST, A DISTANCE OF 274.95 FEET; THENCE NORTH 89°40'49" WEST, A DISTANCE OF 827.47 FEET; THENCE SOUTH 20°19'05" EAST, A DISTANCE OF 275.00 FEET; THENCE SOUTH 11°05'17" EAST, A DISTANCE OF 321.00 FEET; THENCE SOUTH 16°51'29" EAST, A DISTANCE OF 350.00 FEET TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 13; THENCE SOUTH 89°06'19" WEST, ALONG SAID SOUTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER, A DISTANCE OF 395.01 FEET TO THE SOUTHWEST CORNER OF SAID SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER; THENCE NORTH 89°55'43" WEST, ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 13, A DISTANCE OF 1320.03 FEET TO THE SOUTHWEST CORNER OF SAID SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER; THENCE NORTH 89°56'18" WEST, ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 13, A DISTANCE OF 1320.25 FEET TO THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 13; THENCE NORTH 00°19'21" WEST, ALONG THE WEST LINE OF SAID SOUTHWEST QUARTER, A DISTANCE OF 2674.96 FEET TO THE NORTHWEST CORNER OF SAID SOUTHWEST CORNER; THENCE NORTH 00°19'13" WEST, ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 13, A DISTANCE OF 2674.87 FEET TO THE NORTHWEST CORNER OF THE NORTHWEST QUARTER OF SAID SECTION 13; THENCE SOUTH 89°40'37" EAST, ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 13, A DISTANCE OF 970.24 FEET; THENCE NORTH 32°28'32" EAST, A DISTANCE OF 340.00 FEET; THENCE SOUTH 54°03'44" EAST, A DISTANCE OF 250.00 FEET; THENCE SOUTH 44°24'09" EAST, A DISTANCE OF 199.00 FEET; THENCE NORTH 53°21'10" EAST, A DISTANCE OF 415.00 FEET; THENCE NORTH 75°40'10" EAST, A DISTANCE OF 240.00 FEET; THENCE NORTH 31°30'26" EAST, A DISTANCE OF 375.00 FEET; THENCE NORTH 66°35'20" EAST, A DISTANCE OF 490.00 FEET; THENCE NORTH 16°22'00" EAST, A DISTANCE OF 695.00 FEET; THENCE NORTH 46°57'21" EAST, A DISTANCE OF 190.00 FEET; THENCE SOUTH 72°05'38" EAST, A DISTANCE OF 320.00 FEET; THENCE NORTH 83°51'57" EAST, A DISTANCE OF 1908.90 FEET TO THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 12; THENCE SOUTH 00°34'38" WEST, ALONG SAID EAST LINE, A DISTANCE OF 1745.93 FEET TO THE "POINT OF BEGINNING". CONTAINING 695.113

ACRES OR 30,279,120 SQUARE FEET MORE OR LESS.

I, DUWAYNE M. PHILLIPS, A PROFESSIONAL LAND SURVEYOR, LICENSED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THE ABOVE LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND CHECKING.

DUWAYNE M. PHILLIPS, PLS 9329
for and on behalf of

ROCKY MOUNTAIN CONSULTANTS, INC.
8301 EAST PRENTICE AVE. #101
GREENWOOD VILLAGE, COLORADO 80111
(303) 741-6000

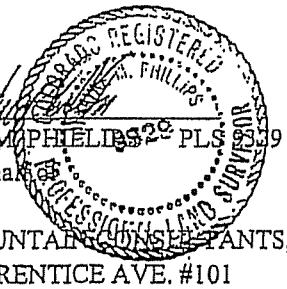
LEGAL DESCRIPTION - The Canyons Metropolitan District No. 4 06/06/2001

A TRACT OF LAND LOCATED IN SECTIONS 13, 24 AND 25 OF TOWNSHIP 7 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING DESCRIBED AS FOLLOWS:

"BEGINNING" AT THE NORTHEAST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 24 AND CONSIDERING THE EAST LINE OF SAID NORTHEAST QUARTER TO SOUTH 00°26'33" EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO; THENCE SOUTH 00°26'33" EAST, ALONG SAID EAST LINE OF THE NORTHEAST QUARTER, A DISTANCE OF 2652.35 FEET TO THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER; THENCE SOUTH 00°25'54" EAST, ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 24, A DISTANCE OF 2010.57 FEET TO A NON-TANGENT POINT OF CURVE ON THE NORTHERLY RIGHT-OF-WAY LINE OF CROWFOOT VALLEY ROAD; THENCE SOUTHWESTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, ALONG THE ARC OF A NON-TANGENT CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 20°06'39", A RADIUS OF 1587.00 FEET, AN ARC LENGTH OF 557.04 FEET AND A CHORD WHICH BEARS SOUTH 45°05'30" WEST, A DISTANCE OF 554.18 FEET TO A POINT TANGENT; THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, SOUTH 55°08'49" WEST, A DISTANCE OF 1124.16 FEET TO THE WEST LINE OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 25; THENCE NORTH 00°23'06" WEST, ALONG THE WEST LINE OF SAID NORTHEAST QUARTER OF THE NORTHEAST QUARTER, A DISTANCE OF 383.80 FEET TO THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 25, SAID POINT BEING ALSO THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 24; THENCE SOUTH 89°44'11" WEST, ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER, A DISTANCE OF 1322.24 FEET TO THE SOUTHWEST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 24; THENCE NORTH 00°34'36" WEST, ALONG THE WEST LINE OF SAID SOUTHEAST QUARTER AND ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 24, A DISTANCE OF 3965.01 FEET TO THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24; THENCE SOUTH 89°52'52" WEST, ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 1320.71 FEET TO THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER OF THE NORTHWEST QUARTER; THENCE NORTH 00°32'33" WEST, ALONG THE WEST LINE OF SAID NORTHEAST QUARTER OF THE NORTHWEST QUARTER, A DISTANCE OF 1316.88 FEET TO THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24; THENCE SOUTH 89°55'43" EAST, ALONG THE NORTH LINE OF SAID NORTHEAST QUARTER OF THE NORTHWEST QUARTER, A DISTANCE OF 1320.03 FEET TO THE NORTHEAST CORNER OF SAID NORTHEAST QUARTER OF THE NORTHWEST QUARTER; THENCE NORTH 89°06'19" EAST, ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 24, A DISTANCE OF 395.01 FEET; THENCE NORTH 16°51'29" EAST, A DISTANCE OF 350.00 FEET; THENCE NORTH 11°05'17" WEST, A DISTANCE OF 321.00 FEET; THENCE NORTH 20°19'05"

WEST, A DISTANCE OF 275.00 FEET; THENCE SOUTH 89°40'49" EAST, A DISTANCE OF 827.47 FEET; THENCE NORTH 32°54'10" EAST, A DISTANCE OF 274.95 FEET; THENCE NORTH 89°59'24" EAST, A DISTANCE OF 1527.44 FEET TO THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 13; THENCE SOUTH 00°52'20" EAST, ALONG SAID EAST LINE, A DISTANCE OF 1099.15 FEET TO THE **"POINT OF BEGINNING"**. CONTAINING 416.430 ACRES OR 18,139,693 SQUARE FEET MORE OR LESS.

I, DUWAYNE M. PHILLIPS, A PROFESSIONAL LAND SURVEYOR, LICENSED IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THE ABOVE LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND CHECKING.



DUWAYNE M. PHILLIPS PLS 32329
for and on behalf of

ROCKY MOUNTAIN SUNSET PANTS, INC.
8301 EAST PRENTICE AVE. #101
GREENWOOD VILLAGE, COLORADO 80111
(303) 741-6000

LEGAL DESCRIPTION- THE CANYONS METROPOLITAN DISTRICTS No. 5-11

A PARCEL OF LAND LOCATED IN A PORTION OF SECTION 2, TOWNSHIP 7 SOUTH, RANGE 67 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE WEST LINE OF THE NORTHWEST ONE-QUARTER OF SECTION 13, TOWNSHIP 7 SOUTH, RANGE 67 WEST OF THE 6TH PRINCIPAL MERIDIAN, MONUMENTED AT THE WEST ONE-QUARTER OF SAID SECTION 13 BY A RECOVERED AND ACCEPTED 2 INCH ALUMINUM CAP STAMPED "RMC, T7S, R67W, 1/4, S14/S13, 2002, PLS 23515" AND MONUMENTED AT THE NORTHWEST CORNER OF SAID SECTION 13 BY A RECOVERED AND ACCEPTED 2 INCH ALUMINUM CAP STAMPED "RMC, T7S, R67W, S11/S12/S14/S13, 2002, PLS 23515" WITH THE LINE CONSIDERED TO BEAR N00°06'11"W, WITH ALL OTHER BEARINGS CONTAINED HEREIN RELATIVE THERETO.

BEGINNING AT THE NORTHWEST CORNER OF GOVERNMENT LOT 1 OF THE NORTHEAST ONE-QUARTER OF SECTION 2, TOWNSHIP 7 SOUTH, RANGE 67 WEST OF THE 6TH PRINCIPAL MERIDIAN;

THENCE N89°12'20"E ALONG THE NORTH LINE OF SAID GOVERNMENT LOT 1 OF THE NORTHEAST ONE-QUARTER OF SECTION 2, A DISTANCE OF 2250.99 FEET TO A POINT ON "PARCEL 1 REVISED" AS SHOWN ON THE "ORDER FOR IMMEDIATE POSSESSION", DISTRICT COURT, DOUGLAS COUNTY, STATE OF COLORADO CASE NUMBER 08-CV-1689 OF RECORD AT RECEPTION NUMBER 2008057654;

THENCE THE FOLLOWING TWENTY (20) COURSES ALONG THE WESTERLY BOUNDARY LINES OF SAID "PARCEL 1 REVISED";

1. S32°36'41"W, A DISTANCE OF 45.64 FEET;
2. S45°50'00"W, A DISTANCE OF 120.00 FEET;
3. S22°42'21"E, A DISTANCE OF 180.00 FEET;
4. S39°20'25"W, A DISTANCE OF 100.00 FEET;
5. N31°50'22"W, A DISTANCE OF 185.00 FEET;
6. N86°43'27"W, A DISTANCE OF 120.00 FEET;
7. S77°39'47"W, A DISTANCE OF 350.00 FEET;
8. N34°14'40"W, A DISTANCE OF 100.00 FEET;
9. N67°07'22"W, A DISTANCE OF 220.00 FEET;
10. S64°32'16"W, A DISTANCE OF 150.00 FEET;
11. S17°27'33"E, A DISTANCE OF 275.00 FEET;
12. S52°33'17"E, A DISTANCE OF 250.00 FEET;
13. S57°06'30"W, A DISTANCE OF 455.00 FEET;
14. S85°32'06"W, A DISTANCE OF 262.45 FEET;
15. S71°09'56"W, A DISTANCE OF 135.00 FEET;
16. N78°50'43"W, A DISTANCE OF 140.00 FEET;
17. S71°21'21"W, A DISTANCE OF 240.00 FEET;
18. S49°49'00"W, A DISTANCE OF 170.00 FEET;

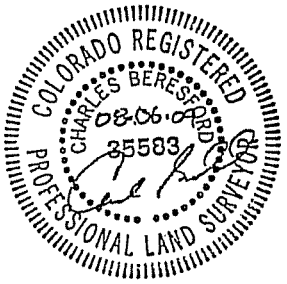
19. S68°30'42"W, A DISTANCE OF 86.02 FEET;
20. S05°50'35"W, A DISTANCE OF 156.25 FEET;

THENCE S46°41'12"W ACROSS SAID GOVERNMENT LOT 1 OF THE NORTHEAST ONE-QUARTER OF SECTION 2 A DISTANCE OF 147.94 FEET TO THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 1 OF THE NORTHEAST ONE-QUARTER OF SECTION 2;

THENCE N00°09'47"W ALONG THE WEST LINE OF SAID GOVERNMENT LOT 1 OF THE NORTHEAST ONE-QUARTER OF SECTION 2 A DISTANCE OF 1314.50 FEET TO THE POINT OF BEGINNING.

CONTAINING A CALCULATED AREA OF 1,358,312 SQUARE FEET OR 31.2 ACRES, MORE OR LESS.

I, CHARLES BERESFORD, A PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THE ABOVE METROPOLITAN DISTRICT LEGAL DESCRIPTION WAS PREPARED UNDER MY RESPONSIBLE CHARGE, AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF, IS CORRECT.



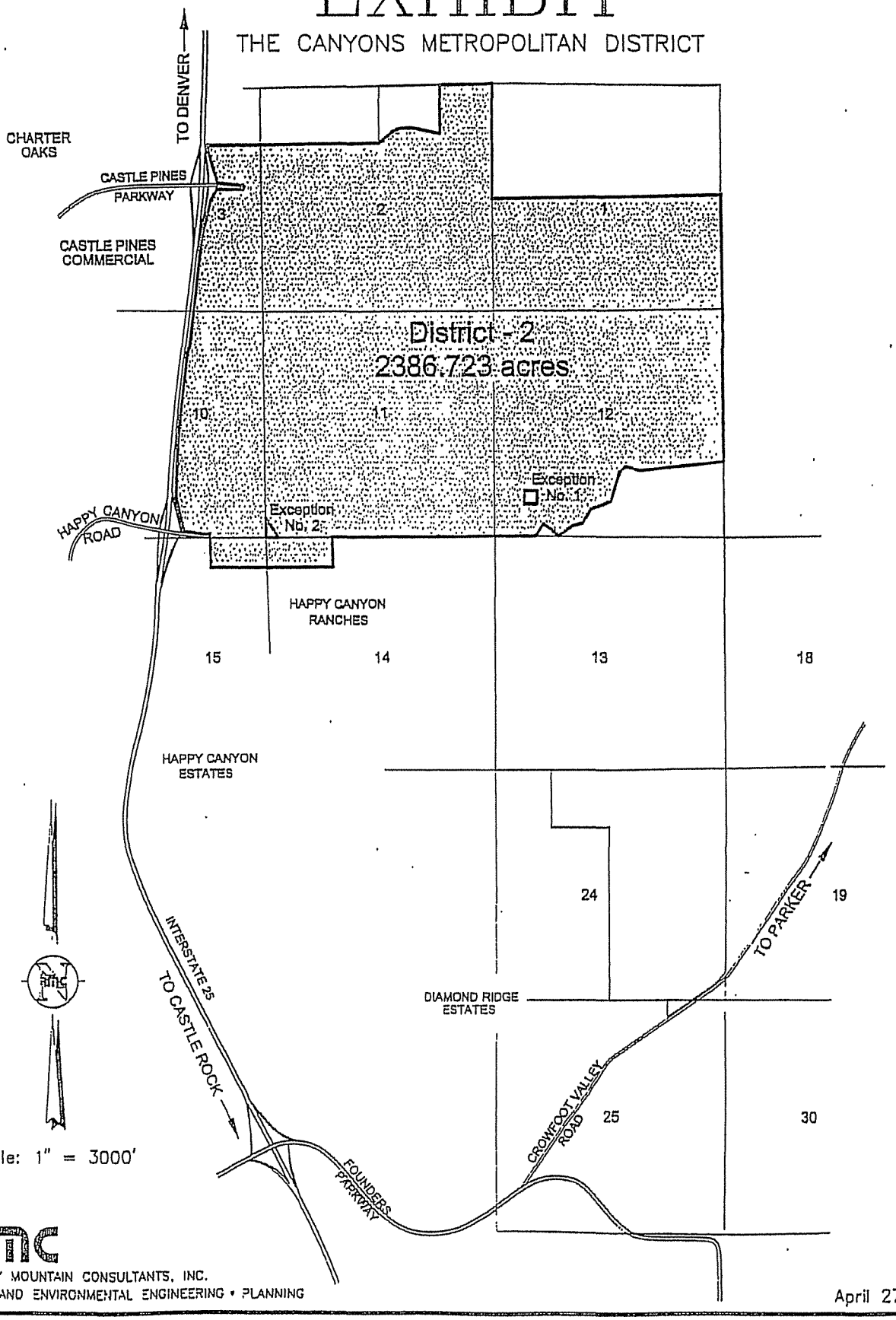
CHARLES BERESFORD, PROFESSIONAL LAND SURVEYOR
COLORADO REGISTRATION No. 35583
FOR AND ON BEHALF OF NOLTE ASSOCIATES, INC.
8000 S. CHESTER STREET, SUITE 200
CENTENNIAL, COLORADO 80112

EXHIBIT B-1

Initial District Boundary Map

EXHIBIT

THE CANYONS METROPOLITAN DISTRICT



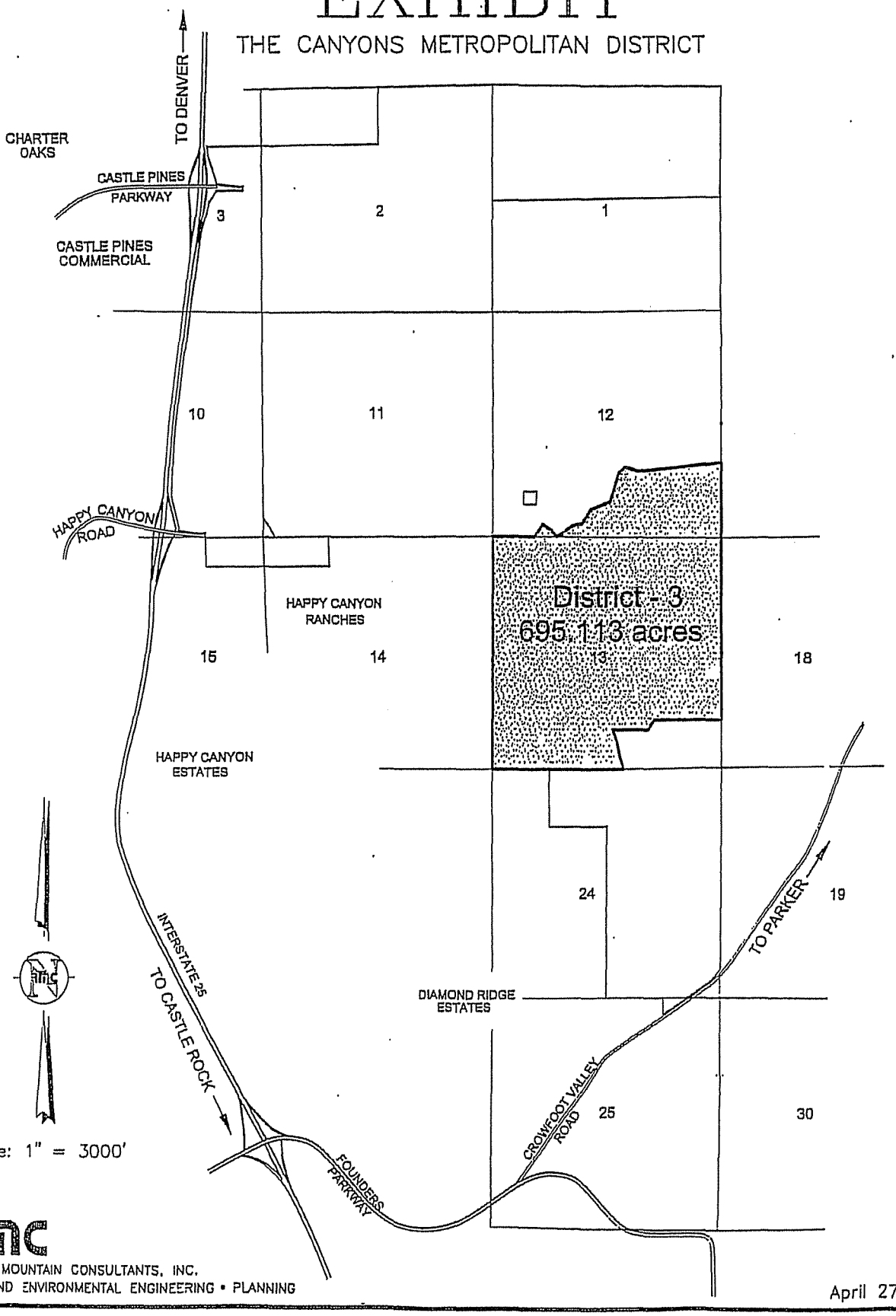
Scale: 1" = 3000'

RMC
ROCKY MOUNTAIN CONSULTANTS, INC.
CIVIL AND ENVIRONMENTAL ENGINEERING • PLANNING

April 27, 2001

EXHIBIT

THE CANYONS METROPOLITAN DISTRICT



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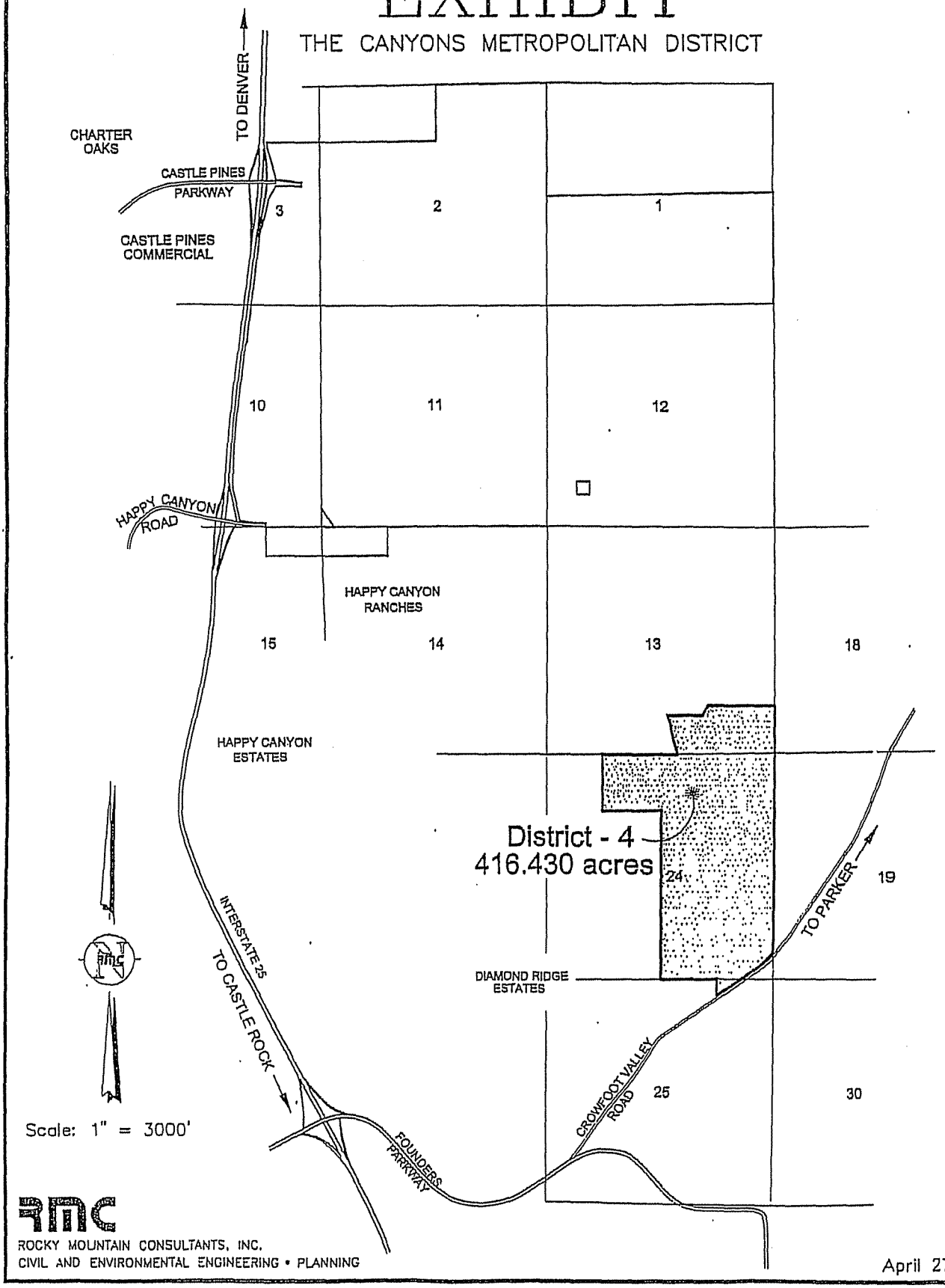


Scale: 1" = 3000'

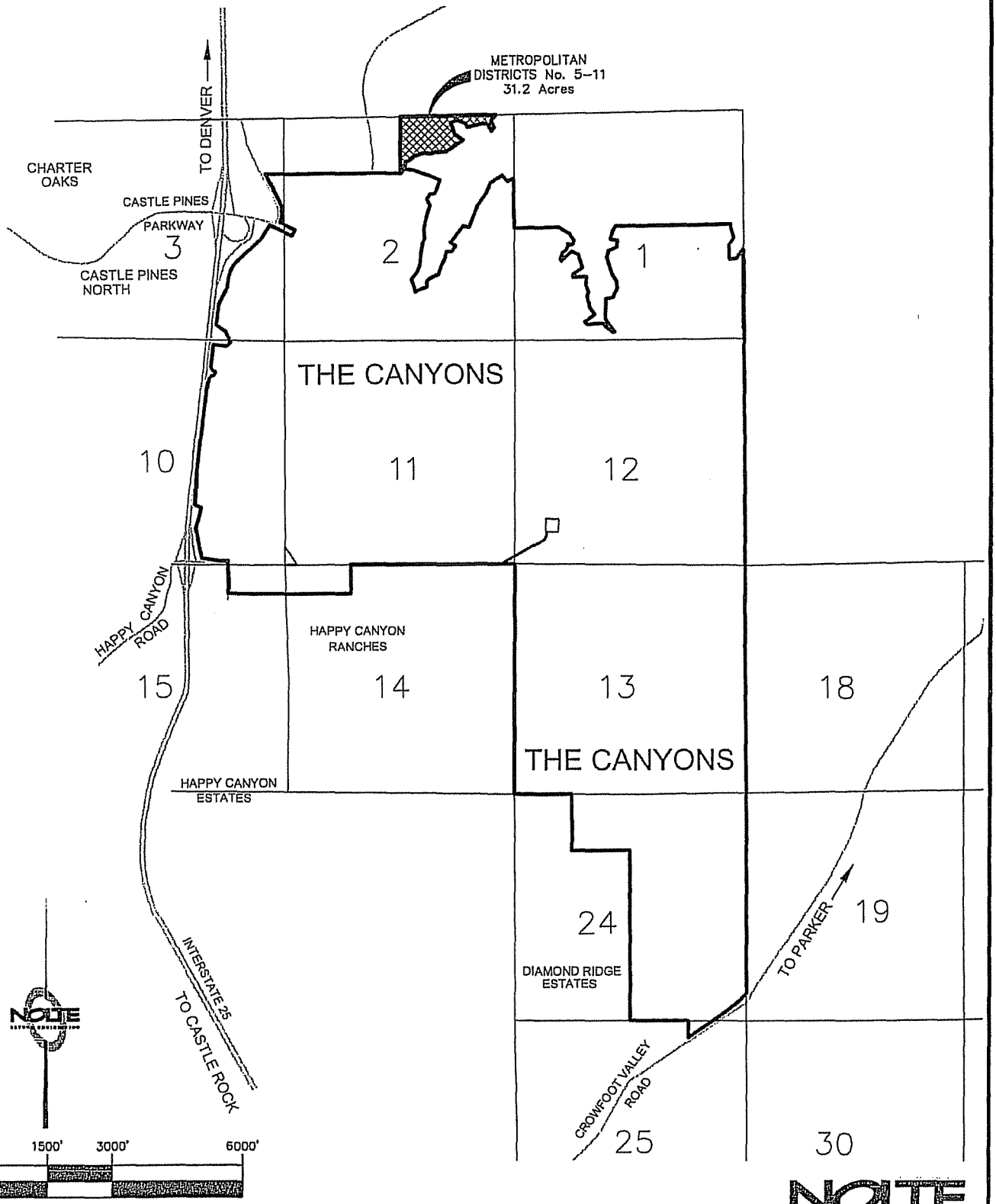
RMC

ROCKY MOUNTAIN CONSULTANTS, INC.
CIVIL AND ENVIRONMENTAL ENGINEERING • PLANNING

April 27, 2001

EXHIBIT

THE CANYONS METROPOLITAN DISTRICTS No. 5-11



1 inch = 3000 ft.

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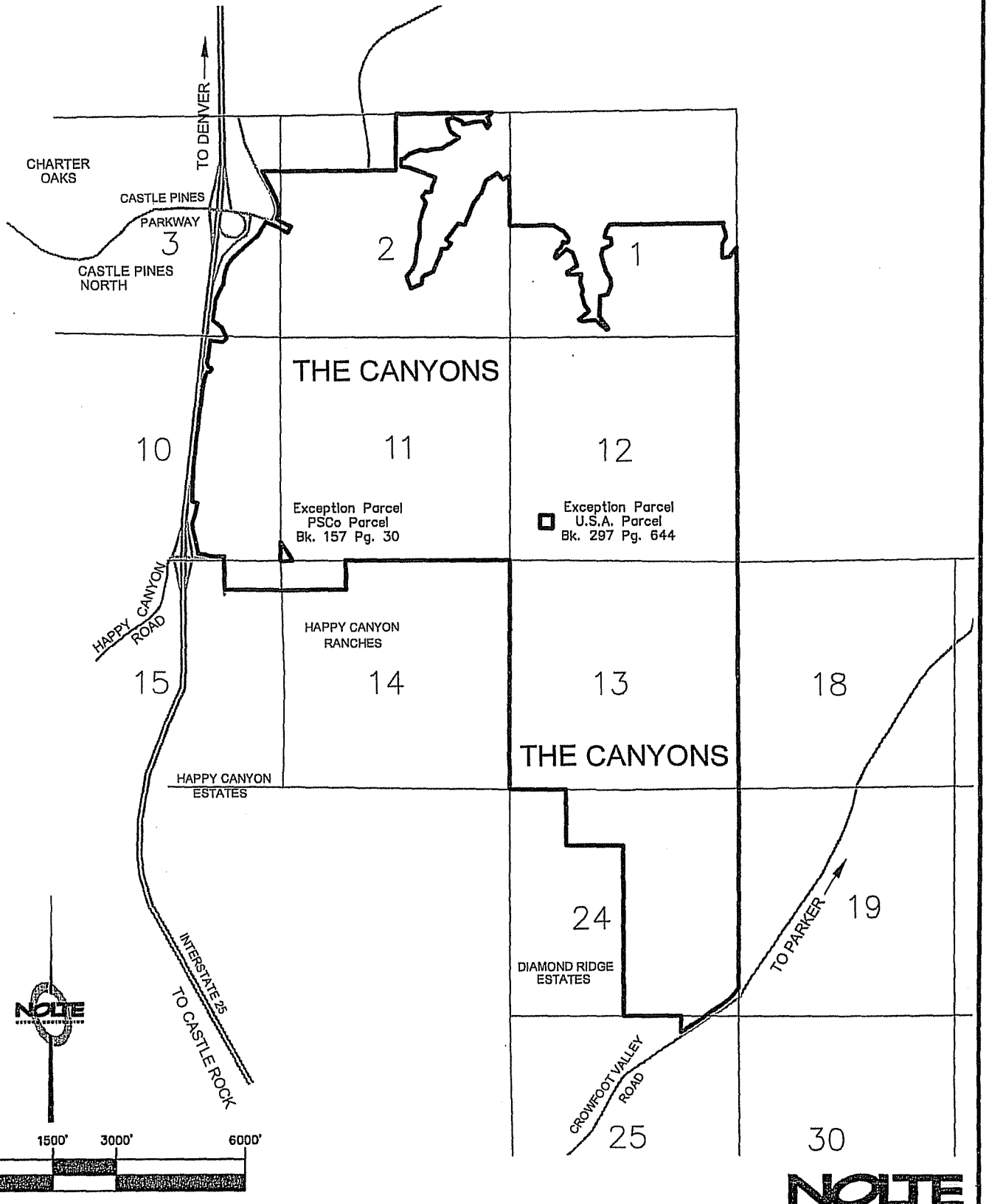
NOLTE
BEYOND ENGINEERING

EXHIBIT B-2

Inclusion Area Boundary Map

EXHIBIT

THE CANYONS METROPOLITAN DISTRICT OVERALL BOUNDARY



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NOLTE
BEYOND ENGINEERING

EXHIBIT C

Intergovernmental Agreement between
District Nos. 2-11 and Castle Pines North

CITY INTERGOVERNMENTAL AGREEMENT

THE CANYONS METROPOLITAN DISTRICT NOS. 1 - 11

THIS INTERGOVERNMENTAL AGREEMENT (the "Agreement") is made and entered into as of this ___ day of _____, 2010, by and between the **CITY OF CASTLE PINES NORTH** (the "City"), and **THE CANYONS METROPOLITAN DISTRICT NOS. 1 - 11**, inclusive, all quasi-municipal corporations and political subdivisions of the State of Colorado (each, a "District" and collectively the "Districts"). The City and the Districts are referred to herein as the Parties.

RECITALS

WHEREAS, the Districts were organized to provide those services and to exercise powers as are more specifically set forth in the Districts' service plans approved by the City on October 22, 2009 ("Service Plans"); and

WHEREAS, the Service Plans require the execution of an intergovernmental agreement by the Parties; and

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

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

COVENANTS AND AGREEMENTS

1. Definitions. Unless otherwise defined herein, the terms used in this Agreement shall have the same definitions as are set forth in the Service Plans.

2. Operations and Maintenance. The Public Improvements shall be dedicated to the City, the Parker Water and Sanitation District ("PWSD") or other appropriate governmental entity in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. Pending final acceptance by the City, or for those Public Improvements that are not ultimately conveyed to the City, PWSD, or other appropriate governmental entity, the Canyons Metropolitan District No. 1 (the "Operating District") shall at all times be authorized to undertake and coordinate any operational requirements for such Public Improvements. Upon acceptance by the City, PWSD, or other appropriate governmental entity, the Operating District shall not be authorized to operate or maintain such Public Improvements, unless the provision of such operation and maintenance is pursuant to an intergovernmental agreement with the City or other appropriate governmental entity. In the event that the Operating District is required to own, operate or maintain Public Improvements pursuant to an intergovernmental agreement, such intergovernmental agreement may authorize imposition of an additional Operations Fee, as is necessary, for the operation and maintenance of such Public Improvements.

3. Public Improvements Limitation. The Operating District is a party to that certain Annexation and Development Agreement (the "Development Agreement") dated October 22, 2009. As set forth in the Development Agreement, the Operating District and/or one or more of the Canyons Metropolitan District Nos. 2 – 11 (the "Financing Districts") is / are anticipated to finance the construction of Public Improvements to be more particularly identified in the Project SIA, Site SIA or in an SIPIA, as those terms are defined in the Development Agreement. Each District shall provide financial assurance of completion of any Public Improvements identified in the Project SIA, Site SIA, or in an SIPIA, in the form of a pledge of budgeted and appropriated funds of the District in an amount equal to 115% of the estimated cost of the Public Improvements for which the District has responsibility. Such budgeted and appropriated funds of the District shall be placed in a segregated escrow account that the City may access in accordance with the terms of a mutually acceptable escrow agreement, which agreement shall identify an escrow agent acceptable to the City Manager or his or her designee. Each District will be entitled to request progress payments from such escrow account following review and approval of such progress payment requests by the City Manger or his or her designee, and the City will have the unilateral right to immediately access such funds in the escrow account if the District does not construct or complete the Public Improvements in accordance with the terms and conditions of the Project SIA, Site SIA, or SIPIA, as applicable.

4. Fire Protection. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

5. Television Relay and Translation. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City.

6. Water and Sanitation. Property within the Service Area will be provided water and sanitation services by PWSD pursuant to a Real Property Inclusion Agreement dated on or about February 27, 2003, as supplemented by a Memorandum of Understanding of the same date. For so long as PWSD, or other water and sanitation provider is providing water and sanitation services to the Service Area, the Districts shall not be permitted to own, operate or maintain water and sanitation improvements unless the same is necessary prior to the final acceptance of such water and sanitation improvements by PWSD or other appropriate service provider. Notwithstanding the foregoing limitation, the Districts shall be expressly permitted to undertake the construction and financing of water and sanitation improvements.

7. Construction Standards. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City 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, unless such standards and specifications are waived or otherwise amended. The Districts will obtain the

City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

8. Issuance of Privately Placed Debt. 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 District's 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 [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 District.

9. Inclusion Limitation. The Districts shall not include within any of its boundaries any property outside the Service Area without the prior written consent of the City Council through a resolution authorizing the same. Any Taxing District shall seek prior administrative approval of the City Manager prior to excluding residential property from such Taxing District, where such exclusion is proposed to occur following the date on which Debt has been issued by such Taxing District or the Operating District, where the Taxing District has pledged any of its revenues, through an intergovernmental agreement or otherwise, to servicing Debt issued by the Operating District. Boundary adjustments made in accordance with the provisions of this Service Plan shall not constitute material modifications hereof absent a coinciding change of a basic or essential nature pursuant to Section 32-1-207(2), C.R.S., occurring as a result of such boundary change. The Districts shall provide a summary of all proposed boundary adjustments to the City Manager and the City Attorney's Office prior to any public hearing thereon, and in all such summaries shall delineate whether the property at issue is commercial or residential.

10. Overlap Limitation. The boundaries of the Operating District shall not overlap those of any Taxing District unless the aggregate mill levy of the overlapping Districts will not at any time exceed the Maximum Mill Levy. Additionally, no District shall consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of any of the Districts unless the aggregate mill levy of said District(s) and any such newly proposed overlapping district will not at any time exceed the Maximum Mill Levy.

11. Total Debt Issuance. The Districts shall not issue Debt in excess of $226,000,000 in the aggregate, exclusive of refundings.

12. Fee Limitation. Each of the Districts may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for operations and maintenance. No Fee related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User which has the effect,

intentional or otherwise, of creating a capital cost payment obligation in any year on any Taxable Property owned or occupied by an End User. Notwithstanding any of the foregoing, the restrictions in this definition shall not apply to any Operations Fee imposed upon or collected from Taxable Property. Imposition of a Capital Fee shall be limited to an amount not greater than $5,000 per unit for residential property and $1 per each square foot of built commercial property, increased by the greater of five percent (5%) annually or by the percentage increase in the Denver-Boulder Consumer price index percentage increase for the prior year (the "Annual Increase"). Absent further authorization provided pursuant to an intergovernmental agreement pursuant to Paragraph 2, above, imposition of an Operations Fee shall be limited to an amount not greater than $100 per month per each 2,500 square feet of built residential or commercial property, which amount may be increased, in the discretion of the Board imposing the Operations Fee, by the Annual Increase. The Districts shall be prohibited from imposing Fees which exceed the applicable Capital Fee or Operations Fee plus the applicable Annual Increase amount, without obtaining the prior written approval of the City Council.

13. Debt Issuance Limitation. With the specific exception of the Master IGA or contractual loan agreements or resolutions concerning funding and reimbursement obligations from and to private entities, the Districts shall not be authorized issue any Debt until such time as the Districts have executed this Agreement and have complied with other applicable provisions of the Service Plans.

14. Consolidation. No District shall file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City, unless such consolidation is with the Operating District or another of the Taxing Districts.

15. Dominant Eminent Domain. No District shall undertake any condemnation action against the City without the prior written approval of the City Council.

16. Disclosure to Residents and Taxpayers. The Districts shall cause a joint written notice regarding the existence of the Districts to be recorded against all of the real property situate within the boundaries of the Project. Said written notice shall, at a minimum, describe the purposes for which the Districts were formed, and shall provide a summary of the Maximum Mill Levy and the ability of the Districts to impose and collect Fees. The notice required by this Section IX. shall be recorded prior to the date on which property within the Operating District or any of the Taxing Districts is sold to third party purchasers for construction and sale of residential or commercial property. Such notice shall be filed with the City Manager and the City Attorney's Office within thirty (30) days following the date on which the same has been recorded in the real property records of Douglas County, Colorado.

17. Annual Report. Each of the Districts shall be responsible for submitting an annual report to the City Manager no later than August 1st of each year beginning with August 1, 2011, pursuant to Section VII.C. of the Service Plans. The annual report may be submitted on a consolidated basis by the Districts.

18. District Meetings. The Districts shall provide notice to the City Manager's office of each regular and special meeting, along with an agenda packet therefore not later than forty-eight (48) hours prior to each scheduled meeting, which agenda packet will note the date, time

and location of the meeting and shall include any documents or attachments to the agenda as have been circulated to members of the Board(s) as of forty-eight (48) hours prior to such meeting and that are not subject to privileged or confidential communications.

19. Maximum Mill Levy and Maximum Debt Service Mill Levy. The Districts shall not impose a mill levy in excess of the Maximum Mill Levy or the Maximum Debt Service Mill Levy, except as may be specifically permitted by the Service Plans.

20. Maximum Debt Mill Levy Imposition Term. No District shall impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds forty (40) years after the year of the initial imposition of such mill levy by the respective District, unless a majority of the Board of Directors of such District are residents of such District and have voted in favor of a refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S., et seq.

21. Monies from Other Governmental Sources. No District shall apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the City is eligible to apply for, except as may be specifically provided for herein. This Paragraph shall not apply to specific ownership taxes which may be distributed to and constitute a revenue source for the Districts.

22. Applicable Laws. The Districts acknowledge that all real property within the Service Area shall be subject to all ordinances, rules and regulations of the City, including, without limitation, ordinances and rules and regulations relating to zoning, subdivision, building and land use, and relating to all City land use policies, comprehensive plans, and related plans.

23. Issuance of Debt by the Districts. With the specific exception of the Master IGA or contractual loan agreements or resolutions concerning funding and reimbursement obligations from and to private entities, at least twenty (20) days prior to issuance of Debt by the Operating District or any Taxing District, such District shall remit a term sheet describing the proposed Debt issuance to the City Manager and the City Attorney's Office. Said term sheet, at a minimum, shall identify the following parties or include the following information: (1) the issuer of the Debt; (2) the purchaser(s) of the Debt to the extent the same is known or can be reasonably determined; (3) the underwriter; (4) the trustee; (5) General Counsel of the District; (6) Tax Counsel or Bond Counsel to the District; (7) the amount of the Debt; (8) a description of the Public Improvements to be financed with the Debt; (9) the term (in years) of the Debt; (10) the estimated commitment fee; (11) the estimated underwriting fee; (12) the interest rate on the Debt; and (13) the primary covenants of the District to be included in the indenture of trust or other bond documents. Following closing, the District shall submit an updated term sheet to the City Manager and the City Attorney's Office along with copies of: (1) the opinion of General Counsel of the District issued in connection with the Debt; (2) the opinion of Tax Counsel or Bond Counsel to the District issued in connection with the Debt; and (3) the certification required by Section V.A.6 of the Service Plans, if applicable.

24. Dissolution. Upon an independent determination of the City Council that the purposes for which one or more of the Districts was or were created have been accomplished, the

District(s) subject to such City Council determination agree to file a petition in the appropriate District Court for dissolution, pursuant to the Special District Act, which petition(s) shall contain a plan for dissolution, if required. If a plan for dissolution is required by the Special District Act, the Board(s) agrees to submit such plan(s) to the City Manager and City Attorney for review and approval prior to submitting the petition(s) for dissolution in the appropriate District Court. In the event a dissolution is not completed or can not be completed under the process outlined in the Special District Act, including but not limited to a situation wherein an election held on the question of dissolution is unsuccessful, all of the power and authority of the District(s) under the applicable Service Plan shall automatically terminate, except for such limited power and authority as is necessary to be retained to ensure that the payment or discharge of all outstanding indebtedness and other financial obligations of the District(s) is adequately addressed. In the event that a dissolution is not completed as contemplated above, the District(s) and the City expressly intend that the appropriate District Court shall be authorized to remove all members of the then-current Board(s) of Directors for cause in accordance with the provisions of Section 32-1-905(1)(f), C.R.S., and authorized to appoint the members of City Council as the Board(s) of Directors of the District(s) in order to take any administrative actions necessary to ensure that the remaining financial obligations of the District(s) are satisfied, substantially in accordance with the procedure outlined at Section 32-1-707(2)(c), C.R.S. Once all outstanding indebtedness and financial obligations of the District(s) have been fully satisfied, the City Council, in its capacity as the Board(s) of Directors of the District(s) shall be authorized to initiate dissolution proceedings as authorized by the Special District Act. In no event shall a final dissolution occur until the payment or discharge of all of the outstanding indebtedness and other obligations of the District(s) has been adequately addressed, inclusive of outstanding operational requirements, as required pursuant to the Special District Act.

25. Service Plan Amendment Requirement. Actions of the Districts which violate the limitations set forth in V.A.1-13 or VI.B-H of the applicable Service Plan or which violate the provisions of this Agreement shall, in City Council's discretion, be deemed to be a material modification of the affected Service Plan, and the City shall be entitled to all remedies available under State and local law to enjoin actions of the Districts.

26. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via United Parcel Service or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the Districts:
Canyons Metropolitan District Nos. 1 – 11
(as applicable)
White, Bear & Ankele Professional Corporation
1805 Shea Center Drive Suite 100
Highlands Ranch, CO 80129
Attn: Kristen D. Bear, Esq.
Phone: (303) 858-1800
Fax: (303) 858-1801

To the City: City of Castle Pines North
558 Castle Pines Parkway
Unit B4-208
Castle Rock, CO 80108
Attn: City Manager
Phone: (303) 705-0200
Fax: (303) 705-0201

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States mail. By giving the other party/parties hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

27. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto.

28. Assignment. No Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of all other Parties, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

29. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Parties shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party/Parties in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

30. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado. Venue for all actions brought hereunder shall be in the District Court in and for Douglas County.

31. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

32. Integration. This Agreement merges and supersedes all prior negotiations, representations, and agreements between the Parties relating to the subject matter hereof and this Agreement, together with the provisions of the Service Plans that serve to supplement or complement this Agreement, constitutes the entire agreement between the Parties with respect to the subject matter hereof.

33. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the Districts and the City any right, remedy, or claim under or by reason of this Agreement or any covenants,

terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Districts and the City shall be for the sole and exclusive benefit of the Districts and the City.

34. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

35. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

36. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

37. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plan.

THE CANYONS METROPOLITAN DISTRICT NO. 1

By: _____
President

ATTEST:

_____
Secretary

THE CANYONS METROPOLITAN DISTRICT NO. 2

By: _____
President

ATTEST:

_____
Secretary

THE CANYONS METROPOLITAN DISTRICT NO. 3

By: _____
President

ATTEST:

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Secretary

THE CANYONS METROPOLITAN DISTRICT NO. 4

By: _____
President

ATTEST:

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Secretary

THE CANYONS METROPOLITAN DISTRICT NO. 5

By: _____
President

ATTEST:

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Secretary

THE CANYONS METROPOLITAN DISTRICT NO. 6

By: _____
President

ATTEST:

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Secretary

THE CANYONS METROPOLITAN DISTRICT NO. 7

By: _____
President

ATTEST:

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Secretary

THE CANYONS METROPOLITAN DISTRICT NO. 8

By: _____
President

ATTEST:

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Secretary

THE CANYONS METROPOLITAN DISTRICT NO. 9

By: _____
President

ATTEST:

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Secretary

THE CANYONS METROPOLITAN DISTRICT NO. 10

By: _____
President

ATTEST:

_____
Secretary

THE CANYONS METROPOLITAN DISTRICT NO. 11

By: _____
President

ATTEST:

_____
Secretary

CITY OF CASTLE PINES NORTH, COLORADO

By: _____
Maureen Shul, Mayor

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney