ICENOGLE SEAVER POGUE

January 15, 2018

Board of County Commissioners
Douglas County, Colorado
100 Third Street
Castle Rock, Colorado 80104
Attn: Lance Ingalls

Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

Douglas County Clerk and Recorder
301 Wilcox Street
Castle Rock, Colorado 80104

RE: HERITAGE HILLS METROPOLITAN DISTRICT – CLARIFIED SERVICE PLAN

To Whom It May Concern:

Please find a Notice of Clarified Service Plan and the Service Plan for Heritage Hills Metropolitan District as modified and refiled January 3, 2018 with the Douglas County District Court. Please place these document in your file for the Heritage Hills Metropolitan District.

Should you have questions, please feel free to contact our office.

Sincerely,

ICENOGLE SEAVER POGUE
A Professional Corporation

Donette B. Hunter
Paralegal

/DBH
Enclosures
cc: Tamara Seaver
Shannon Johnson
Denise Denslow (w/enclosures)

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DISTRICT COURT COUNTY OF DOUGLAS, COLORADO Court Address: Douglas County Justice Center 4000 Justice Way, Suite 2009 Castle Rock, Colorado 80109 Telephone No.: (720) 437-6200	DATE FILED: January 3, 2018 4:50 PM FILING ID: 6B05573F5D258 CASE NUMBER: 1996CV41
Petitioners: **Heritage Hills Metropolitan District**	
Attorney for Petitioners: Tamara K. Seaver Icenogle Seaver Pogue, P.C. A Professional Corporation 4725 South Monaco Street, Suite 360 Denver, Colorado 80237 Telephone: 303.292.9100 Facsimile: 303.292.9101 E-mail: TSeaver@ISP-Law.com Atty. Reg. #24721	**▲Court Use Only▲** Case Number: 1996CV000041 Div.: 3

NOTICE OF CLARIFIED SERVICE PLAN

COMES NOW, the Board of Directors of the Heritage Hills Metropolitan District (the "District"), by and through its attorneys, Icenogle Seaver Pogue, P.C., and hereby states as follows:

1. On November 16, 2017, in accordance with Section 32-1-207(3)(b), Colorado Revised Statutes ("C.R.S."), the District published in the Douglas County News Press, a newspaper of general circulation within the District, notice of its intent to file with this Court a clarified Service Plan, which notice provided, in addition to other statutory requirements, that any action to enjoin such activity as a material departure from the District's Service Plan must be brought within forty-five (45) days of publication of the notice. An affidavit of publication establishing proof of publication of this notice is attached hereto as **Exhibit A** (the "Affidavit of Publication").

2. In accordance with Section 32-1-207(3)(b), C.R.S., on November 16, 2017, the District also provided this Court notice of its proposed action to file a clarified Service Plan with the Court, which notice is attached hereto as **Exhibit B** (the "Court Notice").

3. In accordance with Section 32-1-207(3)(b), C.R.S., on November 16, 2017, the District also mailed to the Board of County Commissioners of Douglas County, Colorado (the "County") notice of the District's intention to file a clarified Service Plan with this Court, which notice is attached hereto as **Exhibit C** (the "County Notice").

4. In response to the District's notice of intent to file its clarified Service Plan with this Court, the County reviewed the District's proposed action and found that the action did not constitute a material modification of the District's Service Plan, which response is attached hereto as **Exhibit D** (the "County 45-Day Notice Response").

5. No action has otherwise been brought to enjoin the District's filing of the clarified Service Plan attached hereto as **Exhibit E** (the "Clarified Service Plan") or the District's authority to act in accordance therewith, and more than forty-five (45) days have passed since the District published notice of its intent to take such action.

6. Concurrently with the filing of this Notice of Clarified Service Plan, the Petitioners will file a copy of the Clarified Service Plan with the Douglas County Clerk and Recorder and the Division of Local Government in accordance with Section 32-1-306, C.R.S.

SERVICE PLAN
FOR

HERITAGE HILLS

METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO
DECEMBER, 1995

As modified and refiled January 3, 2018

Recorded: February, 1996

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SERVICE PLAN FOR
HERITAGE HILLS METROPOLITAN DISTRICT

I. INTRODUCTION

A. OVERVIEW

1. THE DISTRICT

The proposed Heritage Hills Metropolitan District (the "District") is located within the boundaries of the Heritage Hills subdivision in northern Douglas County, Colorado (the "County"). It lies approximately 15 miles south of Denver, Colorado and approximately 15 miles north of Castle Rock, Colorado. The District encompasses approximately 271.4 acres and is currently used for agricultural purposes. The existing zoning for the District is Planned Development (PD). The District is generally bounded on the east side by Interstate Highway 25, on the south by Lincoln Avenue, on the west by Yosemite Street, and on the north by Colorado 470. Exhibit 1 "Vicinity Map," shows the location of the District in relation to these major roadways.

The District is comprised of the single family parcels within the Heritage Hills subdivision. Upon completion, the District will have 650 dwelling units, and two neighborhood recreational facilities (which together total 5 acres and include associated swimming pools and/or tennis court facilities).

2. FINANCIAL PLAN

The Financial Plan contained in Section VII contains a financial plan showing how the proposed services and facilities are to be financed, as well as a general description of the estimated construction costs, engineering design services, legal and administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the operation of the District.

3. BOUNDARIES

The boundaries of the District are generally bounded by Colorado 470 to the north, Lincoln Avenue to the south, Interstate Highway 25 to the east, and Yosemite Street on the west. The boundaries of the District are shown in Exhibit 2, "District Map." The legal description for the District appears in Exhibit 3, "Legal Description."

4. LETTERS OF INTENT FROM SERVICE PROVIDERS

A letter of intent to deannex the District from the Park Meadows Metropolitan District is contained in Appendix B, "Letters of Intent". In addition, the following entities have issued letters of intent to provide specific services to the property within the boundaries of the District. These entities and the associated services are as follows:

1. Southgate Water and Sanitation District will provide sewage treatment and potable water. The source of potable water will be from the Denver Water Board, and not local ground water wells;

2. South Suburban Park and Recreation District, which will develop and maintain a five acre park in the Heritage Hills Subdivision and will also maintain the public open space areas along Willow Creek; and

3. The Douglas County School District RE-1 for the provision of school facilities to the inhabitants of the District. In addition, a 10 acre site within the Heritage Hills Subdivision has been identified for a future elementary school.

In addition, Castlewood Fire Protection District, which will provide fire protection to the property within the boundaries of the District.

5. INDEBTEDNESS

It is anticipated that the District will issue general obligation bonds in order to fund the facilities identified in Section I.D., "Description of Proposed Services and Facilities". The District will have the authority to issue all forms of indebtedness. The primary sources of revenue to the District will be tax revenues and interest income on construction funds.

6. SUMMARY

The District intends to provide the following services and facilities (which are described in further detail in Section I.D., "Description of Proposed Services and Facilities"): 1) construction of specific street improvements along Yosemite Street and Lincoln Avenue including, but not limited to, paving, signalization, sidewalk improvements, and storm water drainage systems; 2) construction of two detention ponds including associated improvements; 3) construction of a storm water collection system along Heritage Hills Parkway; 4) construction of two recreational centers including associated pools and/or tennis courts; 5) maintenance of all roads within the boundaries of the District including associated landscaping, lighting and storm drainage improvements; 6) maintenance of District owned and constructed recreational facilities and programs including neighborhood recreational facilities; 7) maintenance of District owned security systems including associated fencing; and 8) greenbelt maintenance.

B. STATUTORY REQUIREMENTS FOR APPROVAL

This plan sets forth a proposal for the structuring of the financing of the costs of improvements as needed by the District. The District will perform an integral role by providing the necessary public improvements to serve the District.

This Service Plan (the "Plan") is submitted in accordance with the requirements of Part 2 of Title 32 of the Colorado Revised Statutes (the "Special District Act"). The major purpose of this Plan is to produce satisfactory evidence that the requirements for County approval of the Plan, as set

forth in Sections 32-1-203 (2) and (2.5), C.R.S., have been met. The following requirements for district formation are confirmed herein:

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

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

3. The District is capable of providing economical and sufficient service to the area within the District boundaries;

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

5. Adequate service is not, or will not be, available to the area through the County, or other existing municipal or quasi municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

6. The facility and service standards of the District is compatible with the facility and service standards of Douglas County, Colorado and each municipality which is an interested party under Section 32-1-204(1), C.R.S.;

7. The proposal is in substantial compliance with the Douglas County master plan adopted pursuant to Section 30-28-106, C.R. S;

8. The proposal is in compliance with the duly adopted county, regional or state long-range water quality management plan for the area; and,

9. The creation of the proposed District will be in the best interest of the area proposed to be served.

C. CONTENTS OF THE SERVICE PLAN

The following items are included in this Service Plan:

1. A description of the proposed services and facilities;

2. A financial plan showing how the proposed services and facilities are to be financed;

3. A preliminary engineering survey showing how proposed services and facilities will be provided by the District;

4. A map of the District boundaries and an estimate of the population and valuation for assessment of the District;

5. A general description of the facilities and services to be constructed and the standards for such construction, including a statement of how the facility and service standards of the District are compatible with facility and service standards of Douglas County, Colorado and of the municipalities and special districts pursuant to Section 32-1-204(1), Colorado Revised Statues;

6. A general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the initial operation of the District; and,

7. A description of any arrangement or proposed agreement with any political subdivision for the performance of any services between the District and such other political subdivision.

D. DESCRIPTION OF PROPOSED SERVICES AND FACILITIES

The District intends to provide the following services herein after referred to as the "Services":

1. The operation and maintenance of the District owned recreational facilities including, but not limited to: landscaping; tennis courts; swimming pools; irrigation facilities; and all necessary incidental and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within the boundaries of the District. The operation and maintenance of facilities including, but not limited to: bike paths and pedestrian ways, open space, cultural activities, community recreational facilities and programs, together with extensions of and improvements to said facilities within the boundaries of the District;

2. The operation and maintenance of streets, including: curbs; gutters; sidewalks; bridges; bike paths and pedestrian ways; median islands; paving; street lighting; grading; landscaping; irrigation; snow removal and all necessary incidental and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within the boundaries of the District. The operation and maintenance of District owned culverts, storm sewers and other drainage facilities; and,

3. The operation and maintenance of the District owned security facilities and systems, including, but not limited to, perimeter fencing, gates and monitoring devices.

The District intends to provide the following facilities herein after referred to as the "Facilities":

1. The acquisition, construction, completion and installation of public street improvements along Yosemite Street and Lincoln Avenue as shown in Exhibit 5, "Preliminary Engineering Survey" - "Street Improvements", including: curbs; gutters; other drainage facilities; pedestrian ramps; pedestrian ways; paving; traffic signalization; grading; and all necessary incidental and appurtenant facilities, land and easements,

together with extensions of and improvements to said facilities within and without the boundaries of the District;

2. The acquisition, construction, completion, and installation of a complete local storm sewer collection system along Heritage Hills Parkway. Tracts "A" and "C" detention ponds, which may include, but shall not be limited to: inlets; collection mains and laterals; flood and surface drainage facilities and systems including detention/retention ponds; landscaping; and all necessary incidental and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the District; and,

3. The acquisition, construction, completion, and installation of two recreational centers, including, but not limited to: tennis courts; swimming pools; restroom facilities; equipment buildings and parking areas.

E. EXISTING SPECIAL DISTRICTS AND MUNICIPALITIES

The existing taxing municipalities and special districts that will be providing major services to the District include: potable water and sewage treatment from Southgate Water and Sanitation District (Southgate); fire protection services from Castlewood Fire Protection District (Castlewood); educational services from Douglas County School District Re1 (Douglas County Schools); and open space maintenance from South Suburban Park and Recreation District (South Suburban). Letters of from these entities which will be providing specific services to the District are include within Appendix B "Letters of Intent".

II. DISTRICT BOUNDARIES AND ESTIMATE OF POPULATION AND ASSESSED VALUATION

A. DISTRICT BOUNDARIES AND LEGAL DESCRIPTIONS

The property located within the boundaries of the District is entirely within Douglas County, Colorado. The boundaries of the District are shown in Exhibit 2, "District Map." The District is generally south of Colorado 470, east of Yosemite Street, north of Lincoln Avenue, and west of Interstate 25, as displayed in Exhibit 1, "Vicinity Map." The legal description for the District is shown in Exhibit 3, "Legal Description." The zoning plan for the entire Heritage Hills Subdivision, including the District, appears as Exhibit 4, "Zoning Plan", with the majority bulk of the District appearing in PA 1 to PA 6.

B. CURRENT AND ESTIMATED ASSESSED VALUATION

The present assessed valuation of the property within the District is $4,700.00. The estimated 1997 developed assessed valuation is $ 994,560, subsequent year assessed valuations are shown in Table 3, "Assessed Valuation".

C. CURRENT AND ESTIMATED POPULATION

Currently the property within which the District is located is used for agricultural purposes, and as a result, there is no one residing or working full-time within the District. An estimated population at build out is 2,112 people.

III. DEVELOPMENT PROJECTIONS

At the present time the property within the District is zoned Planned Development (PD). As presently planned the District will proceed in several phases over the next 15 years. The proposed phasing of the District's Facilities and Services may be adjusted by the Board of the District as necessary to meet the demands and needs of the District. Phasing will enable the District to spread the costs of development in a manner which will not place an undue financial burden upon the owners of the property within the District. The planned Facilities and Services are intended to provide the Services and Facilities necessary to accommodate the ultimate land users and population within the District. Preliminary population projections are set forth in Section 2.C., "Current and Estimated Population", above.

The land uses within the District include single family residential, neighborhood recreational centers including swimming pools and/or tennis courts, and greenbelt open spaces. This information is displayed in Table 1, "Development Projections."

Current development projections for the District are 650 single family residential units, 5 acres of neighborhood recreational centers, greenbelt open space areas, and roadway rights-of-way.

The land use within the District is currently agricultural/vacant land. Major existing services for the site include fire protection from the Castlewood Fire Protection District, water and sewage treatment from Southgate Water and Sanitation District (which will obtain potable ground water from Denver Water Board), open space maintenance from South Suburban Park and Recreation District, and school facilities from Douglas County Schools District Re1. Currently there are no services on the site. Neither the County nor any other special district have any plans to provide services and maintenance of said facilities within a reasonable time and on a comparable basis. In order to facilitate the development of the property as planned, organized provision of facilities and services to be provided by the District are necessary.

IV. PROPOSED IMPROVEMENTS

A. GENERAL

The District proposes to provide those Facilities and Services required to serve the District. A general description and preliminary engineering survey, as appropriate, of the Facilities and Services to be constructed and/or acquired are described herein.

Construction of the planned Facilities will be scheduled to allow for proper sizing and phasing to keep pace with the need for service. All descriptions of the specific Facilities and improvements to be constructed, and their related costs, are estimates only and are subject to revisions during

the final design process due to economics, the requirements of the appropriate governing agency, development plans and construction scheduling, and any other unforeseen events. The descriptions included in this Plan are intended to demonstrate in general terms the extent to which Facilities and improvements to be constructed by the District.

B. STANDARDS OF CONSTRUCTION/STATEMENT OF COMPATIBILITY

Based on an analysis of jurisdictions which are interested parties in the Plan proceedings according to the Colorado State Statutes, it has been determined that the standards by which the Facilities are to be constructed will be compatible with the P.D. standards of Douglas County and of other applicable jurisdictions. These jurisdictions include, but are not limited to, Southgate, Castlewood and Douglas County.

C. STREET SYSTEM

1. GENERAL

The District will construct the street system improvements along Yosemite Street and Lincoln Avenue which are adjacent to the District and will serve the entire Heritage Hills subdivision. All Facilities will be designed and installed in accordance with applicable regulatory standards and the approved P.D. and/or Douglas County as applicable.

2. STREETS

Street improvement Facilities include asphalt or concrete paving, construction of curbs and gutters, construction of pedestrian pathways and pedestrian ramps, installation of associated storm drainage improvements including, but not limited to inlets, cross pans, manholes, related underground collection improvements, and installation of signalization as required.

Street lighting will be provided along Heritage Hills Parkway by the Developer. The District will be responsible for the operating costs of these lights. All streets within the boundaries of the District not previously conveyed to the County or another appropriate governing agency will be maintained by the District, this includes snow removal.

a. STREET LANDSCAPING

The District intends to maintain all landscaping along streets within the boundaries of the District. This maintenance shall include sprinkler installation and maintenance, signage, street lighting, island landscape maintenance and associated trees and flowers.

3. STORM DRAINAGE

a. GENERAL

Storm drainage Facilities provided by the District include a network of storm sewer Facilities to capture and funnel much of the storm flows away from private property.

These Facilities include, but shall not be limited to: channel improvements; erosion control measures; inlets; drop structures; landscaping; storm water detention and/or retention ponds; landscape improvements along channels and detention/retention ponds, and other improvements as may be deemed necessary. In addition, the District will construct storm sewer improvements along Heritage Hills Parkway which shall include, but not be limited to: underground collection system; inlets and manholes.

The design for storm drainage Facilities is based on the procedures set forth in the Areawide Urban Runoff Control Manual and the requirements of Douglas County, Colorado. All structures within the District will be designed for the appropriate storm event.

b. SYSTEM

As a natural occurrence in every developed area, much of the storm runoff flows will collect in the streets. This runoff will be captured at low points in the streets and released by storm sewer inlets into underground collection systems. In most instances, the flows will be diverted to detention/retention ponds before being diverted off site.

Where needed, the District may provide for erosion and sediment control Facilities in and along existing channel banks. Erosion control measures may include riprapping, installation of vegetation, and installation of drop structures, as may be required.

D. RECREATIONAL FACILITIES

At the present time, two District owned neighborhood recreational centers and associated amenities are planned. These amenities include, but are not limited to: swimming pools; tennis courts; restroom facilities; equipment buildings; and parking areas; landscaping of recreational and perimeter areas; and greenbelt landscaping.

E. SECURITY SYSTEM

A series of perimeter security fencing, gates and television monitoring devices will be installed in the residential areas by the Developer. These security Services will be owned and maintained by the District.

F. ESTIMATED COSTS OF FACILITIES AND SERVICES

The estimated costs of the Facilities to be constructed, installed and/or acquired by the District and Services to be provided by the District are set forth in Appendix A, "Cost Summaries."

G. PRELIMINARY ENGINEERING SURVEY

A preliminary engineering survey can be found in Exhibit 5 "Preliminary Engineering Survey", which presents a plan view of the general layout of the Facilities to be constructed by the

District. This survey is preliminary at this time, and may change due to on site conditions uncovered at the time of design of the final engineering construction plans.

V. LETTERS OF INTENT FROM SERVICE PROVIDERS

Letters of intent to provide service to the property within the boundaries of the District are included within Appendix B "Letters of Intent". These service providers include: Southgate Water and Sanitation District who will provide wastewater treatment service and potable Denver Water Board water to the property within the District; In addition, Castlewood Fire Protection District will provide fire protection services to property within the boundaries of the District. Finally, both South Suburban Park and Recreation District, and the Douglas County School District Re-1 will provide respective services to the property within the boundaries of the District. A letter of intent to deannex the District from the Park Meadows Metropolitan District has been received by Celebrity Development Corporation, the "Developer", which can be found in Appendix B, "Letters of Intent."

In addition, the District may enter into additional intergovernmental agreement(s) for sharing the costs of providing certain facilities of common benefit and available for use by members of the general public, including the residents of the District, and lawfully authorized to be provided by each, pursuant to the Colorado Constitution, Article XIV, Section 18 (2) (a) and Section 29-1-201, et seq., Colorado Revised Statues, as deemed necessary in the future.

VI. OPERATION AND MAINTENANCE COST

Following a two year warranty on District constructed public street improvements along Lincoln Avenue and Yosemite Street, the District will convey those roadway Facilities to Douglas County and/or the appropriate jurisdiction for operations and maintenance. The District will maintain all other street improvements within the boundaries of the District. Certain other Facilities, such as greenbelt landscape, security facilities, and recreational facilities will also be owned and maintained by the District. Estimated costs for operation and maintenance functions are shown in Table 2, "Operation and Maintenance Cost Projections."

VII. FINANCIAL PLAN

A. GENERAL

It has been decided that the provision of the Facilities by the District will be financed by the issuance of General Obligation Bonds, secured by the unlimited ad-valorem taxing authority of the District. It is anticipated at this time that the first issuance of bonds will occur in mid 1996, with an additional issue in the year 2000. Any District costs for the construction of Facilities or provision of Services incurred by the developer prior to the issuance of bonds shall be reimbursed by the District.

Pursuant to Section 32-1-1101, Colorado Revised Statues, such bonds would mature not more than twenty years from the date of issuance, with the first maturity being not later than three years from the date of their issuance. The maximum interest rate is estimated at 12%, and the

maximum discount at 3%. The exact interest rates and discounts will be determined at the time the bonds are sold by the District, and will reflect market conditions at the time of sale. Subject to market conditions at the time of issuance, the bonds will contain adequate call provisions to allow for the prior redemption or refinancing of bonds sold by the District. The District may also issue revenue bonds, notes, certificates, debentures or other evidences of indebtedness.

A total of $3,000,000 of General Obligation (G.O.) bonds is the maximum amount of debt that the District is allowed to issue. This total G.O. debt will be submitted to, and approved by, the electors of the District on or before May 7, 1996. The amount approved will exceed the amount of bonds to be sold, as shown in the attached schedules, to allow for unforeseen contingencies and increases in construction costs to due inflation, and to cover all issuance cost, including capitalized interest, reserve funds and discounts.

The District will have a mill levy assessed on all taxable property within the District as a primary source of revenue. In addition, the District may capitalize interest to permit payment of interest during the time lapse between development of taxable properties and the collection of tax levies therefrom. Interest income through the reinvestment of construction funds, capitalized interest and annual tax receipts will provide additional funds. These revenue sources should be sufficient to retire the proposed indebtedness if growth occurs as projected.

B. COST PROJECTIONS AND BOND DEVELOPMENT

The following is the Financial Plan showing how the proposed Facilities and/or Services are to be financed, including the estimated costs of engineering services, legal services, administrative services, initial proposed indebtedness and estimate proposed maximum interest rates and discounts, provision of proposed Services and other major expenses related to the initial operation of the District. The amount of bonds sold will be based upon final engineering estimates and/or actual construction contracts. The Financial Plan demonstrates that, at the projected level of development, the District has the ability to finance the Facilities identified herein and will be capable of discharging the proposed debt on a reasonable basis.

The Financial Plan shown in Table 4, "Estimated Financing Plan," projects the anticipated flow of funds and is based upon estimates of construction and project needs for bond proceeds to finance the District's improvements. The Financial Plan indicates the best estimate of growth within the District and allows the District's Board a measure of flexibility such that the District need not incur debt in excess of what it needs to meet a growing population's demands for Facilities and Services.

A detailed analysis of the financial potential of the District was prepared by Kirkpatrick, Pettis, Smith, Polian, Inc., based upon assumptions provided by the Developer. Facilities to be constructed by the District and Facilities and Services to be provided by the District will be financed by general obligation bonds to be authorized and issued in accordance with the authorizing act approved by the Colorado Legislature. The amount of bonds sold will depend upon engineering plans and/or actual construction contracts. The exact interest rates and discounts will be established and will reflect market conditions at the time of sale. This analysis

indicates that the proposed capital improvements schedule will result in the service area to be financed through a proposed series of bond issues as reflected in the Financial Plan.

The scheduled sale of bonds to finance District improvements is based upon estimates of growth and is scheduled as to maintain the lowest tax burden possible. The phasing of future bond sale(s) is intended to be consistent with the projections of development within the projected service area.

It is the intention of the District to provide the Facilities identified in this Plan by installing those Facilities identified in a phased basis to coincide with the needs of the inhabitants and users of the District, consistent with sound financial planning. General Obligation bonds will be issued as needed to provide capital for the District's Facilities. The Districts main source of funds will be tax revenues. Ad-valorem taxes to be levied against all properties within the District. This is a means of ensuring that all property owners share in the cost of the District's Facilities and Services that benefit properties within the District. Based upon projections of growth within the District the assessment to retire the debt will result in an initial mill levy of approximately 20 mills with an average mill levy over the life of the bonds of approximately 15 mills. In addition, the initial mill levy for operation and maintenance expense will be 25 mills, at buildout, the projected mill levy for operation and maintenance will be 15 mills. Additional source of funds include capitalized interest that results in the proceeds received directly from bond issues to provide funds for interest payments in the early years of each bond issue.

The District will set the rate for income sources so that they are well balanced and provide income to service all debt requirements as well as administrative, operation and maintenance expenses. The District will invest, in legal investments, any monies, which may include construction funds, capitalized interest, reserve funds and bond proceeds, to assist in the sound financial planning of the District. The income from these investments has been estimated in the Financial Plan and is competitive with that experienced by similar districts in the area.

General Obligation bonds will provide funds for construction of the Facilities and have been projected to be phased in two issues for financial planning purposes. The construction of the Facilities and corresponding bond issues have been projected to correlate with the currently anticipated development of the service area. All costs are estimated using a base year of 1995. Subsequent financial planning will be adjusted to reflect cost increases or decreases as they become known. Summaries of the Facilities construction appear in Appendix A, "Cost Summaries". Table 2, "Operation and Maintenance Cost Projections", estimates the yearly costs for maintenance of District operation and maintenance functions.

The debt repayment schedule shown in the Estimated Debt Service Schedule which indicates a debt amortization model for the District based upon estimated interest rates and is illustrated in the schedule of estimated principal and interest shown in Table 5 "Estimated Debt Service Plan." The electors of the District will be asked to authorize the issuance of general obligation bonds or other legal debt.

The schedule of estimated bond sales is based upon the District's estimates of the Facilities construction and maintenance requirements and potential future growth, and is scheduled so as to

maintain an equitable and competitive balance between the major sources of income (property tax revenues, and capitalized interest). Capital project requirements will be financed through the phased sale of bonds.

C. PROJECTIONS AND ASSESSED VALUATION

Increases in assessed valuation are based on the amount of development projected to occur within the District from the year 1996 to the projected payoff date of the proposed bonds. The assessed valuation is based on projections for development within the service area as shown in other parts of this Plan. These projections estimate the amount of development that will occur during the years 1996 through the projected payoff of the proposed bonds. The ultimate assessed valuation has been based on an assessment value of 10.36% of market values for residential areas. It is the intention of the District to utilize conservative projections so as not to overstate the taxing ability of the District. Further details are presented in Table 3, "Assessed Valuation."

D. OPERATIONS

Administrative and operations and maintenance expenses incurred by the District may be paid from tax revenue sources available to the District. The Plan projects that an average mill levy of 25 mills would be sufficient to cover the expenses of providing the District's Services. The details of the Financial Plan for the proposed mill levy to cover the District's operation and maintenance Service expenses are shown in Table 2, "Operation and Maintenance Cost Projections and Financing Plan." In addition, in the early years of the District, the District will place in escrow all operation and maintenance taxes collected and the Developer will fund all District operation and maintenance expenses until at such time that the total amount in the escrow account plus the mill levy taxes collected for that taxable year exceed the total annual expenses for the District's operation and maintenance expenses. After such time, the District will be responsible for all operation and maintenance expenses.

VIII. CONCLUSION

It is submitted that the Service Plan for Heritage Hills Metropolitan District, as required by Section 32-1-203 (2) and (2.5), Colorado Revised Statues, establishes that:

(a) There is sufficient existing and projected need for organized service in the area serviced by the District;

(b) The existing service in the area serviced by the District is inadequate for present and projected needs;

(c) The District is capable of providing economical and sufficient service to the area within its boundaries;

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

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

(f) The facility and service standards of the District are compatible with the facility and service standards of the County within which the District is located and with each municipality that is an interested party under Section 32-1-204 (1), Colorado Revised Statues;

(g) The proposal is in substantial compliance with a master plan adopted pursuant to Section 30-28-108, Colorado Revised Statues;

(h) The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area; and,

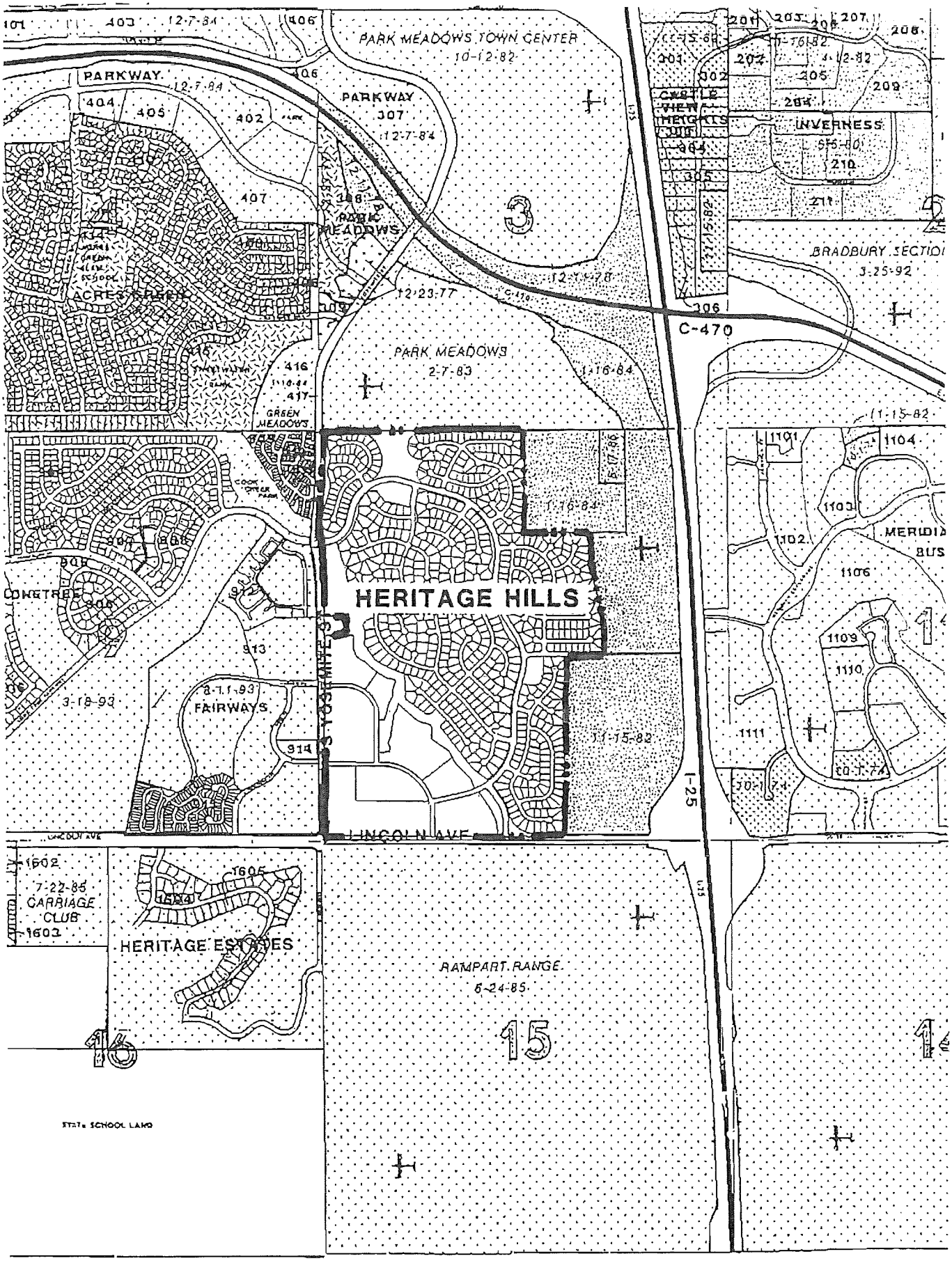
(i) The creation of the proposed District will be in the best interest of the area proposed to be served.

THEREFORE, it is requested that the Board of County Commissioners of Douglas County, Colorado, which has jurisdiction to approve this Service Plan for Heritage Hills Metropolitan District by virtue of the Special District Act, adopt a resolution for the District approving this Service Plan as submitted.

HERITAGE HILLS

METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO

EXHIBIT 1 - VICINITY MAP



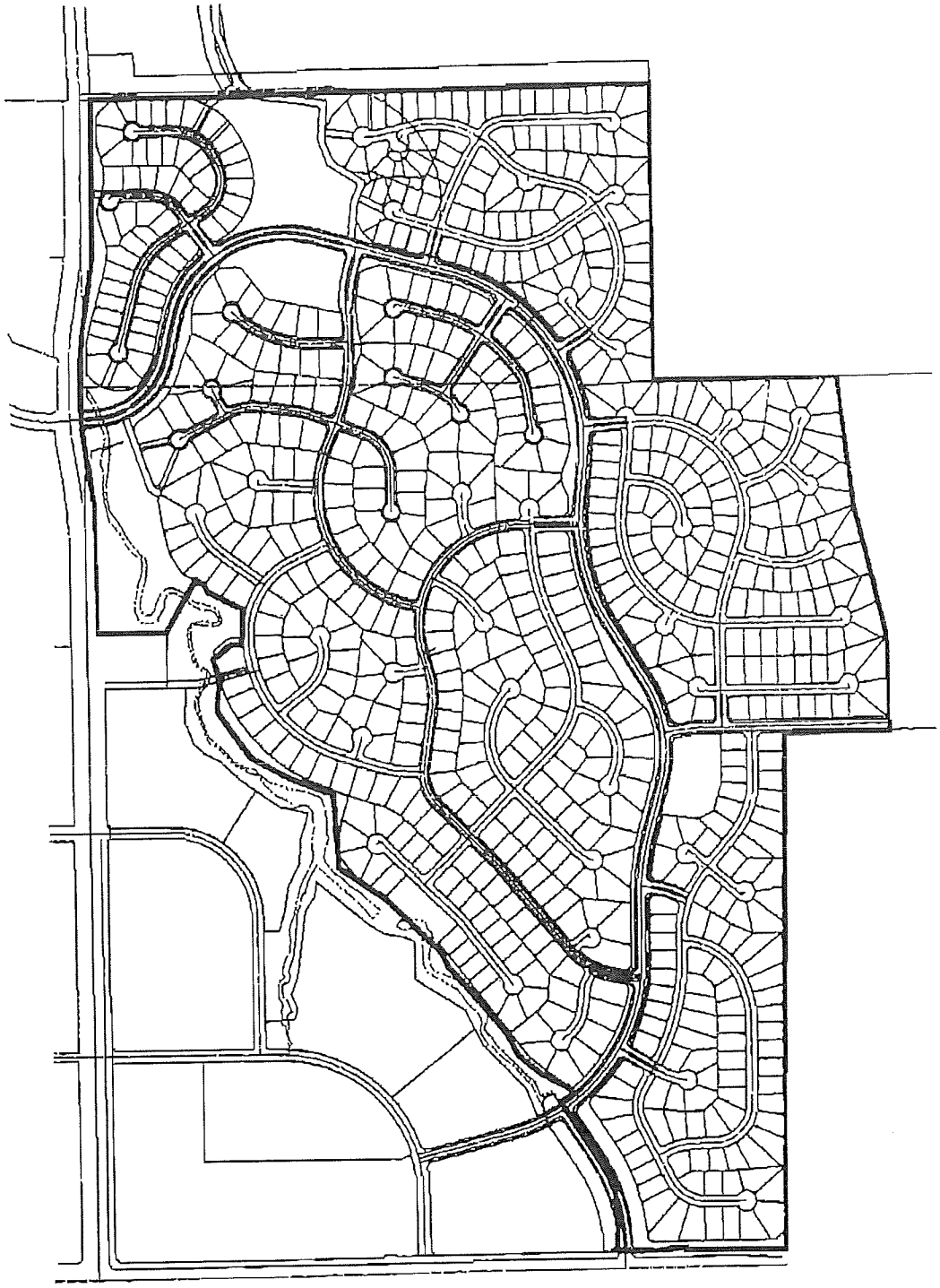
VICINITY MAP

HERITAGE HILLS

METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO

EXHIBIT 2 - DISTRICT MAP

DISTRICT MAP



HERITAGE HILLS

METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO

EXHIBIT 3 - LEGAL DESCRIPTIONS

LEGAL DESCRIPTION - DISTRICT BOUNDARY

A TRACT OF LAND LOCATED IN SECTIONS 9 AND 10, TOWNSHIP 6 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE WEST LINE OF THE NORTHWEST ONE-QUARTER OF SECTION 10 BEING MONUMENTED AT THE WEST ONE-QUARTER CORNER BY A 3 1/4" ALUMINUM CAP IN RANGE BOX P.L.S. NO. 13155 MERRICK & CO. AND THE NORTHWEST CORNER BY A 3 1/4" ALUMINUM CAP IN RANGE BOX P L S NO 12405 WITH A LINE BETWEEN CONSIDERED TO BEAR N00°11'17"E.

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 10, THENCE N88°57'14"E ALONG THE NORTH LINE OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 10, A DISTANCE OF 60.01 FEET TO A POINT ON THE EASTERLY LINE OF SOUTH YOSEMITE STREET, SAID POINT BEING THE POINT OF BEGINNING;

THENCE N88°57'14"E ALONG SAID NORTH LINE OF THE NORTHWEST ONE-QUARTER, A DISTANCE OF 2489.57 FEET TO THE NORTH ONE-QUARTER CORNER OF SAID SECTION 10; THENCE S00°06'23"E ALONG THE EAST LINE OF SAID NORTHWEST ONE-QUARTER, A DISTANCE OF 1328.25 FEET TO THE SOUTHWEST CORNER OF THE NORTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 10; THENCE N89°10'39"E ALONG THE SOUTH LINE OF SAID NORTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER, A DISTANCE OF 821.02 FEET;

THENCE THE FOLLOWING SIX (6) COURSES:

1. S06°43'36"E A DISTANCE OF 584.58 FEET;
2. S13°35'50"E A DISTANCE OF 607.83 FEET;
3. S01°18'48"E A DISTANCE OF 366.68 FEET;
4. S00°36'00"E A DISTANCE OF 60.00 FEET;
5. S89°24'00"W A DISTANCE OF 478.27 FEET;
6. S00°46'23"W A DISTANCE OF 2318.42 FEET TO A POINT ON THE NORTHERLY LINE OF EAST LINCOLN AVENUE AS DESCRIBED UNDER RECEPTION NO. 8716748 IN THE DOUGLAS COUNTY RECORDS;

THENCE ALONG SAID NORTHERLY LINE OF EAST LINCOLN AVENUE, THE FOLLOWING FIVE (5) COURSES:

1. S89°49'36"W A DISTANCE OF 451.11 FEET;
2. N00°10'24"W A DISTANCE OF 10.00 FEET;
3. S89°49'36"W A DISTANCE OF 80.00 FEET;
4. S00°10'24"E A DISTANCE OF 10.00 FEET;
5. S89°49'03"W A DISTANCE OF 285.77 FEET;

THENCE THE FOLLOWING TWENTY-NINE (29) COURSES:

1. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE CENTER BEARS N00°10'57"W, HAVING A DELTA OF 90°00'00", A RADIUS OF 30.00 FEET AND AN ARC LENGTH OF 47.12 FEET;
2. N00°10'57"W A DISTANCE OF 156.25 FEET;
3. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A DELTA OF 35°18'53", A RADIUS OF 465.00 FEET AND AN ARC LENGTH OF 286.81 FEET;
4. N35°29'50"W A DISTANCE OF 271.96 FEET;
5. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE CENTER BEARS N32°53'31"W, HAVING A DELTA OF 05°57'59", A RADIUS OF 770.00 FEET AND AN ARC LENGTH OF 80.18 FEET;
6. N56°47'23"W A DISTANCE OF 50.53 FEET;
7. N53°25'11"W A DISTANCE OF 116.98 FEET;
8. N50°07'48"W A DISTANCE OF 134.84 FEET;

9. N28°20'07"W A DISTANCE OF 108.22 FEET;
10. N38°22'32"W A DISTANCE OF 228.80 FEET,
11. N43°21'53"W A DISTANCE OF 177.59 FEET;
12. N22°40'29"W A DISTANCE OF 76.51 FEET;
13. N44°57'13"W A DISTANCE OF 329.87 FEET;
14. N54°37'57"W A DISTANCE OF 268.38 FEET;
15. N02°52'38"W A DISTANCE OF 325.27 FEET;
16. N69°06'27"W A DISTANCE OF 210.00 FEET;
17. N60°34'04"W A DISTANCE OF 190.87 FEET;
18. N34°25'32"W A DISTANCE OF 259.53 FEET;
19. N08°03'14"E A DISTANCE OF 128.10 FEET;
20. N14°58'10"W A DISTANCE OF 103.72 FEET;
21. N60°15'24"E A DISTANCE OF 103.40 FEET;
22. S89°46'27"E A DISTANCE OF 49.02 FEET;
23. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS N87°21'35"E, HAVING A DELTA OF 07°13'01", A RADIUS OF 600.00 FEET AND AN ARC LENGTH OF 75.58 FEET;
24. N04°34'36"E A DISTANCE OF 81.97 FEET,
25. N62°27'52"W A DISTANCE OF 176.39 FEET;
26. N24°30'01"W A DISTANCE OF 35.43 FEET;
27. N60°42'28"W A DISTANCE OF 44.28 FEET;
28. S29°17'19"W A DISTANCE OF 267.88 FEET TO THE NORTHEAST CORNER OF PARCEL OF LAND AS DESCRIBED IN BOOK 151 AT PAGE 24 IN THE DOUGLAS COUNTY RECORDS;
29. S89°24'00"W ALONG NORTHERLY LINE OF SAID PARCEL, A DISTANCE OF 300.00 FEET TO A POINT ON THE EASTERLY LINE OF SOUTH YOSEMITE STREET AS DESCRIBED IN BOOK 395 AT PAGE 708 IN THE DOUGLAS COUNTY RECORDS:

THENCE ALONG SAID EASTERLY LINE OF SOUTH YOSEMITE STREET, THE FOLLOWING SEVEN (7) COURSES:

1. N00°11'17" E A DISTANCE OF 360.52 FEET,
2. ALONG THE ARC OF A CURVE TO THE LEFT WHOSE CENTER BEARS N89°48'43"W, HAVING A DELTA OF 09°15'46", A RADIUS OF 2074.70 FEET AND AN ARC LENGTH OF 335.41 FEET;
3. N09°04'29"W A DISTANCE OF 100.00 FEET;
4. ALONG THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS N80°55'31"E, HAVING A DELTA OF 18°31'32", A RADIUS OF 1950.00 FEET AND AN ARC LENGTH OF 630.50 FEET;
5. N09°27'03"E A DISTANCE OF 100.00 FEET;
6. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A DELTA OF 09°15'46", A RADIUS OF 2074.70 FEET AND AN ARC LENGTH OF 336.41 FEET;
7. N00°11'17"E A DISTANCE OF 533.75 FEET TO THE POINT OF BEGINNING.

CONTAINING 271.420 ACRES.

LEGAL DESCRIPTION STATEMENT

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

Steven L. Smith 25642 9/29/95

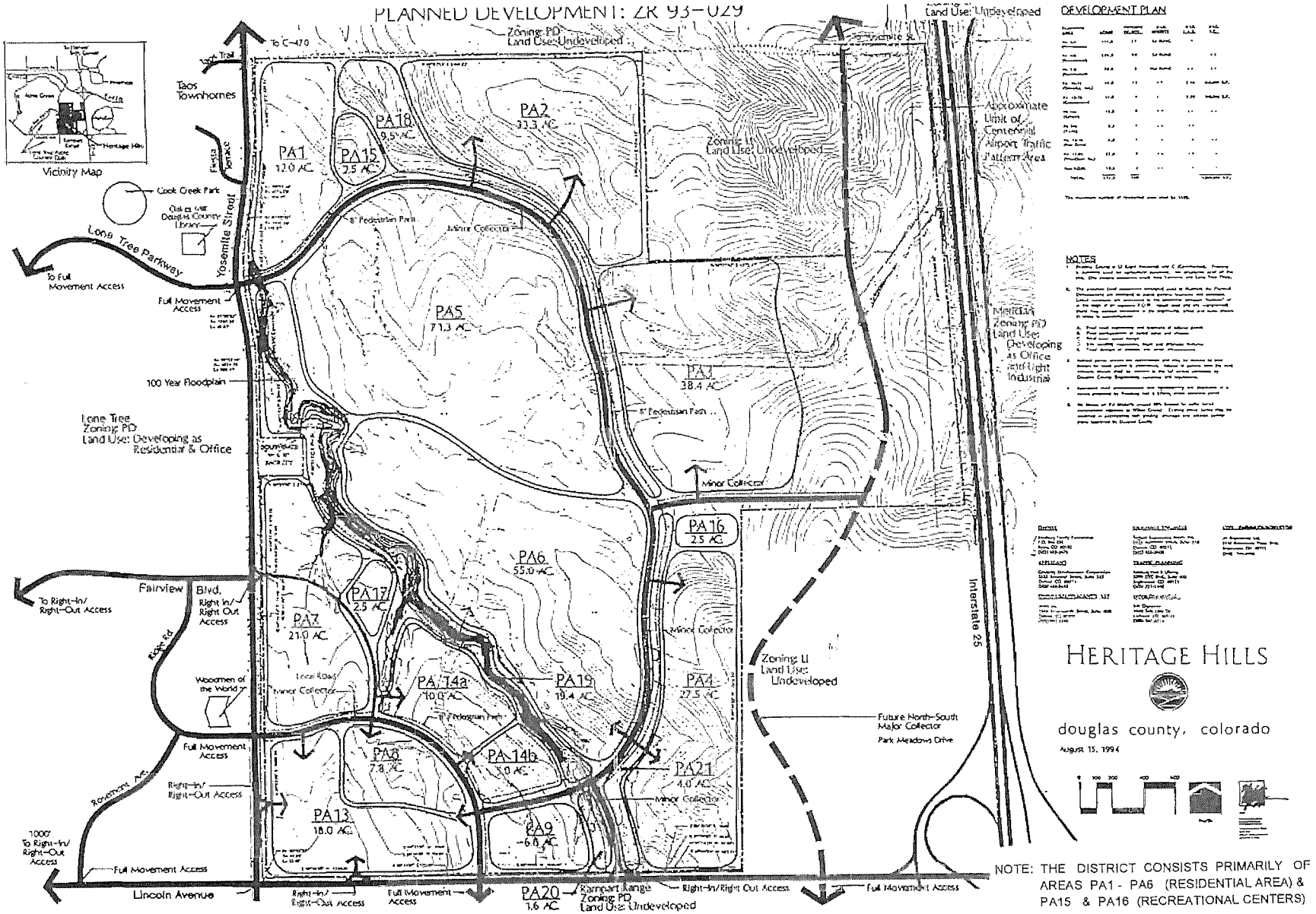
STEVEN L. SMITH, PROFESSIONAL LAND SURVEYOR DATE
COLORADO NO. 25642
FOR AND ON BEHALF OF JR ENGINEERING, LTD.
6110 GREENWOOD PLAZA BOULEVARD
ENGLEWOOD, COLORADO 80111

321600H2.LGL

HERITAGE HILLS

METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO

EXHIBIT 4 - SKETCH PLAN

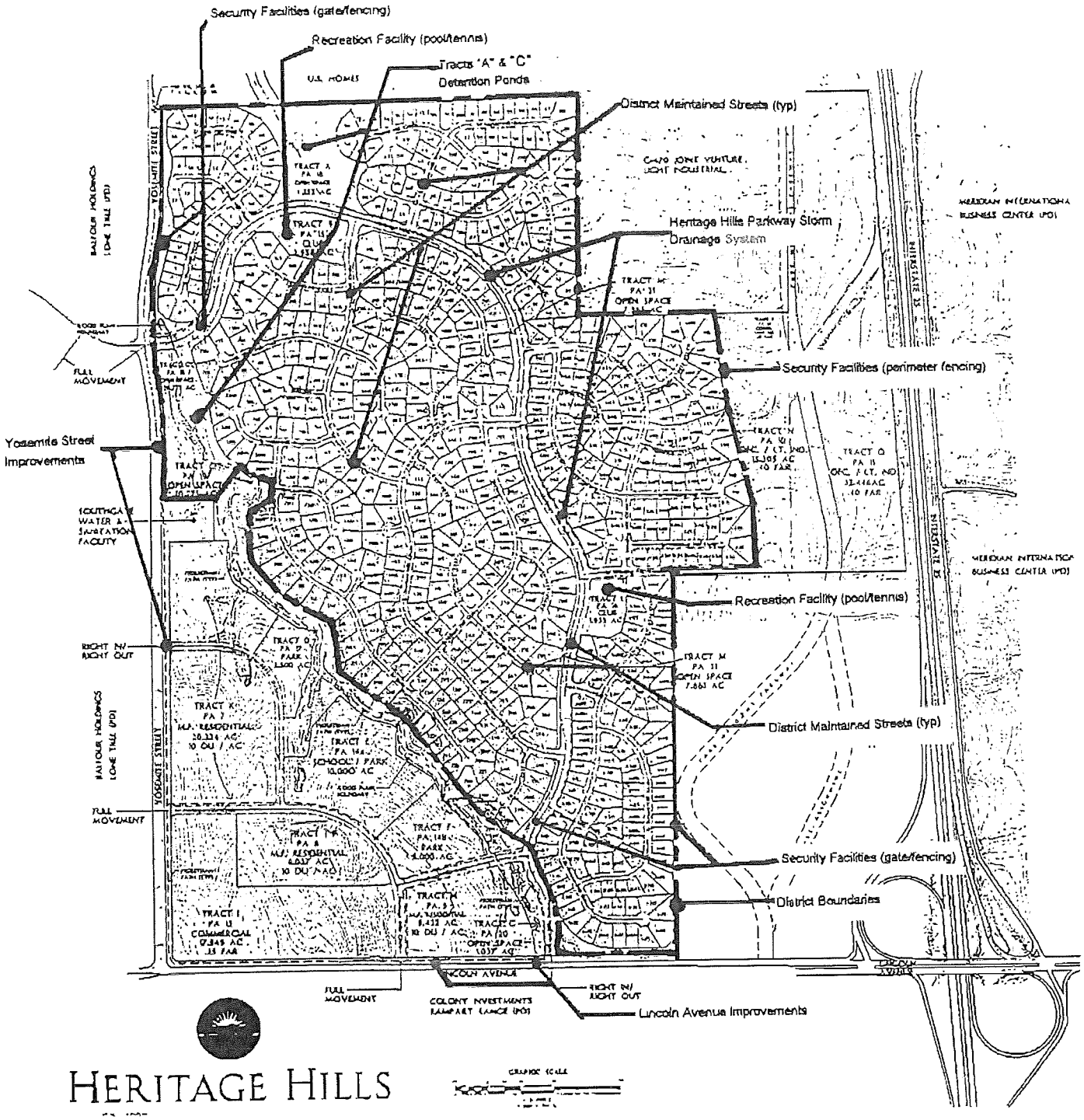


NOTE: THE DISTRICT CONSISTS PRIMARILY OF AREAS PA1 - PA6 (RESIDENTIAL AREA) & PA15 & PA16 (RECREATIONAL CENTERS)

HERITAGE HILLS

METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO

EXHIBIT 5 - PRELIMINARY ENGINEERING SURVEY


Security Facilities (gate/fencing)
Recreation Facility (pool/tennis)
Tracts "A" & "C"
Detention Ponds
District Maintained Streets (typ)
Heritage Hills Parkway Storm
Drainage System
Security Facilities (perimeter fencing)
Yosemite Street
Improvements
Recreation Facility (pool/tennis)
District Maintained Streets (typ)
Security Facilities (gate/fencing)
District Boundaries
Lincoln Avenue Improvements
HERITAGE HILLS

HERITAGE HILLS

METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO

TABLE 1 - DEVELOPMENT PROJECTIONS

TABLE 1
DEVELOPMENT PROJECTIONS

YEAR	SINGLE FAMILY UNITS
1996	24
1997	45
1998	45
1999	45
2000	45
2001	45
2002	45
2003	45
2004	45
2005	45
2006	45
2007	45
2008	45
2009	45
2010	41
TOTAL	650

HERITAGE HILLS

METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO

TABLE 2 - OPERATION AND MAINTENANCE COST PROJECTIONS AND FINANCING PLAN

OPERATION AND MAINTENANCE
COST PROJECTIONS

HERITAGE HILLS O&M														
YEARS	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
UTILITIES														
PUBLIC SERVICE	3,500	10,105	10,408	10,720	11,042	11,373	17,571	18,098	18,641	19,200	24,720	25,462	26,226	27,013
TELEPHONE	1,300	1,940	1,998	2,058	2,120	2,184	4,499	4,634	4,773	4,916	5,063	5,215	5,371	5,532
WATER / SEWER	15,000	15,000	15,450	15,914	16,391	16,883	25,084	26,887	27,673	28,503	36,698	37,799	38,933	40,101
TOTAL UTILITIES	19,800	27,045	27,856	28,692	29,553	30,440	46,154	49,599	51,087	52,619	66,481	68,476	70,530	72,646
GREENBELT														
MAINTENANCE	35,000	36,050	37,132	38,246	39,393	40,575	62,688	64,569	66,506	68,501	86,195	90,841	93,566	96,373
SPRINKLER REPAIRS	0	1,000	1,030	1,061	1,093	3,000	4,635	4,774	4,917	5,065	6,521	6,717	6,918	7,127
LIGHTS REPAIRS	0	1,000	1,030	1,061	1,093	2,500	3,863	3,979	4,098	4,221	5,435	5,598	5,766	5,939
SIGNS	0	500	1,000	1,030	1,061	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167
TREES, FLOWERS	10,000	10,300	10,609	10,927	11,255	11,593	17,911	18,448	19,001	19,571	25,198	25,954	26,733	27,535
TOTAL GREENBELT	45,000	48,850	50,801	52,325	53,895	60,168	91,672	94,422	97,254	100,172	126,247	132,095	136,059	140,141
RECREATION														
POOL MAINT & GUARDS	0	15,550	16,017	16,498	16,993	17,503	36,056	37,138	38,252	39,400	40,582	41,799	43,053	44,345
CHEMICALS	0	4,025	4,146	4,270	4,398	4,530	9,332	9,612	9,900	10,197	10,503	10,818	11,143	11,477
POOL REPAIRS	0	0	1,000	1,030	1,061	2,500	2,575	5,305	5,464	5,628	5,797	5,971	6,150	6,335
TENNIS CTS REPAIRS	0	0	500	515	530	1,000	1,030	2,122	2,186	2,252	2,320	2,390	2,462	2,536
TOTAL RECREATION	0	19,575	21,663	22,313	22,982	25,533	48,993	54,177	55,802	57,477	59,202	60,978	62,808	64,693
SECURITY														
GATE REPAIRS	0	2,500	2,575	2,652	2,732	3,500	7,210	7,426	7,649	7,878	8,114	8,357	8,608	8,866
MONITORING	1,200	1,236	1,273	1,311	1,350	1,391	1,433	1,476	1,520	1,566	1,613	1,661	1,711	1,762
CAMERA REPAIRS	0	500	515	530	546	1,500	1,545	1,591	1,639	1,688	1,739	1,791	1,845	1,900
TOTAL SECURITY	1,200	4,236	4,363	4,493	4,628	6,391	10,188	10,493	10,808	11,132	11,466	11,809	12,164	12,528
STREETS														
SNOW REMOVAL	3,250	3,348	3,448	4,723	4,865	5,011	5,161	5,316	7,282	7,500	7,725	7,957	10,900	11,227
TOTAL STREET MAINT	3,250	3,348	3,448	4,723	4,865	5,011	5,161	5,316	7,282	7,500	7,725	7,957	10,900	11,227
FENCE REPAIRS	0	1,000	1,030	1,061	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262
MISC														
INSURANCE	4,000	5,500	5,665	5,835	7,103	7,316	10,500	10,815	11,139	11,473	11,817	12,172	12,537	12,913
LEGAL FEES	1,000	1,030	1,061	1,093	1,126	1,160	1,195	1,231	1,268	1,306	1,345	1,385	1,427	1,470
RESERVES														
POOL RESERVE	0	0	0	0	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750
TENNIS RESERVE	0	0	0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
STREET RESERVE	0	0	0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
FENCE RESERVE	0	0	0	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
STORM SEWER RESERVE	0	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL RESERVES	0	0	0	0	36,750	36,750	36,750	36,750	36,750	36,750	36,750	36,750	36,750	36,750
TOTAL EXPENSE	74,250	111,564	110,917	121,596	163,402	175,344	255,265	265,535	274,204	281,327	328,018	334,697	346,342	355,630

HERITAGE HILLS METROPOLITAN DISTRICT

Operations & Maintenance Financing Plan

Table 2

YEAR	Assessed Values Levied @ 10.36% of Market	Mill Levy	Taxes Collected
1995			
1996			
1997	$994,560	25.0	$24,864
1998	2,915,304	25.0	72,883
1999	4,836,048	25.0	120,901
2000	6,814,414	25.0	170,360
2001	8,792,781	25.0	219,820
2002	10,830,498	25.0	270,762
2003	12,868,215	22.0	283,101
2004	14,967,064	20.0	299,341
2005	17,065,913	18.0	307,186
2006	19,227,727	18.0	346,099
2007	21,389,542	17.0	363,622
2008	23,616,210	15.0	354,243
2009	25,842,879	15.0	387,643
2010	28,136,348	15.0	422,045
2011	30,288,641	15.0	454,330
2012	30,288,641	15.0	454,330
2013	30,288,641	15.0	454,330
2014	30,288,641	15.0	454,330
2015	30,288,641	15.0	454,330
2016	30,288,641	15.0	454,330
2017	30,288,641	15.0	454,330
2018	30,288,641	15.0	454,330
2019	30,288,641	15.0	454,330
2020	30,288,641	15.0	454,330
		18.3 Avg.	

HERITAGE HILLS

METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO

TABLE 3 - ASSESSED VALUATION

HERITAGE HILLS METROPOLITAN DISTRICT

Assessed Valuation

Table 3

YEAR	Single Fam. Detached Units Built	Single Fam. Price/unit Infl odd yrs @ 3.0%	Market Value of Single Fam. Sales	Cumulative Single Fam. Market Value	Assessed Values Levied 1 Yr Later @ 10.36% of Market
1995					
1996	24	$400,000	$9,600,000	$9,600,000	
1997	45	412,000	18,540,000	28,140,000	$994,560
1998	45	412,000	18,540,000	46,680,000	2,915,304
1999	45	424,360	19,096,200	65,776,200	4,836,048
2000	45	424,360	19,096,200	84,872,400	6,814,414
2001	45	437,091	19,669,086	104,541,486	8,792,781
2002	45	437,091	19,669,086	124,210,572	10,830,498
2003	45	450,204	20,259,159	144,469,731	12,868,215
2004	45	450,204	20,259,159	164,728,889	14,967,064
2005	45	463,710	20,866,933	185,595,822	17,065,913
2006	45	463,710	20,866,933	206,462,756	19,227,727
2007	45	477,621	21,492,941	227,955,697	21,389,542
2008	45	477,621	21,492,941	249,448,639	23,616,210
2009	45	491,950	22,137,730	271,586,368	25,842,879
2010	41	506,708	20,775,029	292,361,397	28,136,348
2011		521,909		292,361,397	30,288,641
2012		537,567		292,361,397	30,288,641
2013		553,694		292,361,397	30,288,641
2014		570,304		292,361,397	30,288,641
2015		587,413		292,361,397	30,288,641
2016		605,036		292,361,397	30,288,641
2017		623,187		292,361,397	30,288,641
2018		641,883		292,361,397	30,288,641
2019		661,139		292,361,397	30,288,641
2020		680,973		292,361,397	30,288,641
	650		292,361,397		

HERITAGE HILLS

METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO

TABLE 4 - ESTIMATED FINANCING PLAN

HERITAGE HILLS METROPOLITAN DISTRICT

Estimated Financing Plan

Table 4

YEAR	Assessed Values Levied @ 10.35% of Market	Assumed Mill Levy	Taxes Collected	Ser. 1995/ Ser. 2000 Capitalized Interest Funds	Net Available for Debt Svc	Less Ser. 1995 Bond Debt Service	Less Ser. 2000 Bond NET Debt Svc (1)	Annual Surplus/ (Shortfall)	Cumulative Surplus/ (Shortfall)
1995									
1996				$75,000	$75,000	$75,000			
1997	$994,560	19.5	$19,394	90,000	109,394	90,000		$19,394	$19,394
1998	2,915,304	19.5	56,848	105,000	161,848	105,000		56,848	76,242
1999	4,836,048	19.5	94,303		94,303	125,000		(30,697	45,545
2000	6,814,414	19.5	132,881		132,881	139,550		(6,669	38,876
2001	8,792,781	19.5	171,459	67,500	238,959	139,100	$63,000	36,859	75,736
2002	10,830,498	19.5	211,195		211,195	138,650	126,000	(53,455	22,280
2003	12,868,215	19.5	250,930		250,930	138,200	126,000	(13,270	9,010
2004	14,967,064	18.0	269,407		269,407	137,750	131,000	657	9,668
2005	17,065,913	16.3	278,174		278,174	147,300	130,550	324	9,992
2006	19,227,727	15.4	296,107		296,107	165,950	130,100	57	10,049
2007	21,389,542	14.9	318,704		318,704	187,800	129,650	1,254	11,303
2008	23,616,210	14.3	337,712		337,712	207,400	129,200	1,112	12,415
2009	25,842,879	13.7	354,047		354,047	224,750	128,750	547	12,962
2010	28,136,348	13.3	374,213		374,213	244,850	128,300	1,063	14,026
2011	30,288,641	12.9	390,723		390,723	262,250	127,850	623	14,649
2012	30,288,641	12.9	390,723		390,723	261,950	127,400	1,373	16,023
2013	30,288,641	13.0	393,752		393,752	265,300	126,950	1,502	17,525
2014	30,288,641	13.0	393,752		393,752	266,850	126,500	402	17,927
2015	30,288,641	12.8	387,695		387,695	261,600	126,050	45	17,972
2016	30,288,641	11.1	336,204		336,204		335,600	604	18,576
2017	30,288,641	11.1	336,204		336,204		336,250	(48	18,530
2018	30,288,641	11.1	336,204		336,204		335,100	1,104	19,634
2019	30,288,641	11.2	339,233		339,233		337,150	2,083	21,717
2020	30,288,641	11.1	336,204		336,204		336,950	(746	20,970
		15.1 Avg.	6,806,070	337,500	7,143,570	3,584,250	3,538,350	20,970	

(1) Net of Reserve Fund earnings.

Note: Additional taxes will be collected each year for assessed values levied for improved building sites and unimproved land within the District.

HERITAGE HILLS

METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO

APPENDIX A - COST SUMMARIES

HERITAGE HILLS METRO DISTRICT
(Single Family Detached Area)

1. Tract A - Detention Pond (South of Entry)		
600 L.F. - 8' dia. alum.-stl. pipe @$180/L.F.		$ 108,000
Construct bulk head		10,000
Connect to existing pipe		10,000
Trash rack		5,000
Grading 6.62 acres & excavating		120,000
Erosion control		5,000
Landscaping (seeding, etc.)		86,000
Channel improvements 750 L.F.		15,000
Drop structure		20,000
Inlets/pipe		8,000
18" RCP storm pipe 300 L.F.		7,200
(2) Flare ends		600
Rip-Rap		6,000
	Total	400,800
2. Tract B - Detention pond (north of Rec Area)		
100 L.F. - 36" R.C.P.		$ 4,500
(2) flare ends		600
Drop structure		6,000
Rip-rap		2,000
Grading - 6.6 acres		140,000
Erosion control		5,000
Landscaping (sprinkler sys., seeding, etc.)		130,000
Channel improvements - 500 L.F.		10,000
	Total	298,100
3. Heritage Hills parkway Storm Sewer		
633 L.F. - 18' RCP @ $24/L.F.		$ 15,192
1508 L.F. - 36" RCP @ 40/L.F.		60,320
401 L.F. - 48" RCP @ 56/L.F.		22,456
56 L.F. - 54" RCP @ 70/L.F.		3,920
690 L.F. - 60" RCP @ 87/L.F.		60,030
1415 L.F. - 66" RCP @ 100/L.F.		141,500
177 L.F. - 98" Alum.-Stl. @ 180/L.F.		31,860
(18) inlets @4500 each		81,000
(5) Flared ends		
(2) @ 66" @2000 ea.		4,000
(2) @ 98" @4000 ea.		8,000
(1) @ 18" @ 500 ea.		500
(24) manholes @ 1200 ea.		28,800
	Total	457,578
4. Lincoln Avenue		
Asphalt 2100 sq. yds. @ $15/sy		$ 37,800
Curb & Gutter 800 L.F. @700/L.F.		5,600
8' wide pathway		14,400
Storm sewer		35,000
	Total	92,800
5. Yosemite Street		
Asphalt 1500 sq. yd. @ $15/sy		$ 22,500
Curb & Gutter 400 L.F. @ 7/L.F.		2,800
8' wide pathway - 2400 L.F.		43,200
Storm sewer		20,000
Signal light		90,000
		$ 178,500
6. Lincoln Avenue		
(2) Corner Ped. ramps		$ 750
(1) Cross pan		2,500
	Total	3,250
7. Yosemite Street		
(2) Corner Ped. ramps		$ 750
(1) Cross Pan		2,500
	Total	$ 3,250
8. North Rec. Area		
Swimming pool - Jr. oly.		$ 140,000
(2) tennis courts		60,000
Parking lot		10,000
Restrooms & Equip. bldg.		40,000
Tap fees		15,000

	Shade & Deco structure		$ 5,000
	Landscaping		150,000
		Total	420,000
9.	South Rec. Area	Total	420,000
10.	Engineering		112,000
		Grand Total	2,386,278

Plus:

Bond expense
Forming district

HERITAGE HILLS

METROPOLITAN DISTRICT
DOUGLAS COUNTY, COLORADO

APPENDIX B - LETTERS OF INTENT

AGREEMENT

THIS AGREEMENT is made and entered into as of this 25 day of JANUARY, 1996, by and between CELEBRITY DEVELOPMENT CORPORATION, a Delaware corporation ("Celebrity"), and PARK MEADOWS METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado ("Park Meadows"). It is the intention of this Agreement that the rights and obligations as pertains to Celebrity will be assigned to and ratified by the Heritage Hills Metropolitan District, once formed as a quasi-municipal corporation and political subdivision of the State of Colorado ("Metro District").

RECITALS

WHEREAS, Celebrity is the proponent for the formation of a metropolitan district and has filed a service plan ("Service Plan") with Douglas County, Colorado, for the formation of the Heritage Hills Metropolitan District ("Heritage Hills") and

WHEREAS, the Board of County Commissioners approved the Service Plan subject, however, to an agreement entered into between Park Meadows and Celebrity which would require the property within the boundaries of Heritage Hills to be excluded from Park Meadows; and

WHEREAS, it is to the mutual benefit of Celebrity and Park Meadows that Heritage Hills be formed in that assessed valuation will increase within the boundaries of the Heritage Hills which will increase the tax revenue received by Park Meadows for payment upon existing bonded indebtedness, and secondly, Heritage Hills will contribute to the construction of landscaped medians within Yosemite Street and Lincoln Avenue abutting the boundaries of Heritage Hills, which will be designed, constructed and maintained by Park Meadows;

WHEREAS, Celebrity has filed a Petition for Exclusion of Land ("Petition") with Park Meadows and the Board of Park Meadows held a public hearing, after publication of notice of the filing of the Petition, on January 22, 1996 and are prepared to grant the Petition immediately after the organization of Heritage Hills pursuant to the provisions of §§32-1-301 et seq. C.R.S. and after execution of this Agreement by Park Meadows and Celebrity.

NOW, THEREFORE, in consideration of the foregoing promises and the covenants and agreements of each of the parties hereto, to be kept and performed by each of them and their successors, the parties agree as follows:

1.0 Organization and Exclusion

1.1 Upon the organization of Heritage Hills pursuant to §§32-1-301 et seq. the Board of Park Meadows shall timely make a finding and order pursuant to §32-1-501 (3) and (4)

granting the Petition and shall timely file a certified copy of the Order granting the Petition and excluding the property described in the petition from Park Meadows with the clerk of the District Court of the County of Douglas.

1.2 If Heritage Hills is not organized pursuant to §§32-1-301 et seq. C.R.S. on or before December 31, 1996, then this Agreement shall be null and void and Park Meadows and Celebrity shall be released from all obligations under this Agreement.

2.0 Yosemite Street Medians

2.1 Within six (6) months after the organization of Heritage Hills pursuant to §§ 32-1-301 et seq. C.R.S. or on or before December 31, 1996, whichever is the later date, Park Meadows shall cause to be prepared plans and specifications ("Yosemite Design") for a landscaped median project to be constructed within the right-of-way of Yosemite Street, a portion of which will exist commencing at Taos Trail intersection thence south approximately 2375 feet to the north site of the north boundary of the existing Southgate Water and Sewer District facility, ("Yosemite Project").

2.2 Park Meadows shall submit the Yosemite Design for the Yosemite Project to Heritage Hills and Douglas County for approval by both entities prior to construction of the Yosemite Project. The approval by Heritage Hills will not be unreasonably withheld or delayed and such approval will be based on the intent of Article 2.0 of this Agreement which is to construct landscaped medians within the Yosemite Street right-of-way.

2.3 On or before six (6) months from the date of last approval by Douglas County and Heritage Hills of the Yosemite Design for the Yosemite Project Park Meadows shall enter into a contract for construction of all or any portion of the Yosemite Project in accordance with the approved Yosemite Design.

2.4 Heritage Hills shall pay to Park Meadows fifty percent (50%) of each invoice from the Yosemite Project contractor which has been approved by Park Meadows and which is for work on that portion of the Yosemite Project which commences at the intersection of Taos Trail thence south approximately 2,375 feet to the north boundary of the existing Southgate Water and Sewer District facility. When Heritage Hills has paid to Park Meadows a total of $75,000 pursuant to this Section 2.4 and pursuant to Section 3.4 below then Heritage Hills shall have no further financial obligation to the Yosemite Project and the Lincoln Project.

2.5 After completion of the Yosemite Project Park Meadows shall be responsible for maintaining the landscaped areas of the Yosemite Project in an irrigated park like condition as opposed to highly manicured.

3.0 Lincoln Street Medians.

3.1 At the sole discretion of Park Meadows, it may cause to be prepared plans and specifications ("Lincoln Design") for a landscaped median project to be constructed within the right-of-way of Lincoln Street, a portion of which will exist commencing at the

intersection of Heritage Hills Parkway thence east approximately 675 feet to the east boundary of Heritage Hills ("Lincoln Project").

3.2 If Park Meadows prepares the Lincoln Design pursuant to Section 3.1 it shall submit the Lincoln Design for the Lincoln Project to Heritage Hills and Douglas County for approval by both entities prior to construction of the Lincoln Project. The approval by Heritage Hills will not be unreasonably withheld or delayed.

3.3 Park Meadows, at its sole discretion, may enter into a contract for the construction of all or any portion of the Lincoln Project in accordance with the approved Lincoln Design. If no contract for the construction for the Lincoln Project is entered into on or before December 31, 2005, then any financial obligations of Heritage Hills and/or Celebrity under this Article 3.0 will terminate.

3.4 If Heritage Hills has not paid out $75,000 pursuant to Section 2.4 above, then Heritage Hills shall pay to Park Meadows fifty percent (50%) of each invoice from the Lincoln Project contractor which has been approved by Park Meadows and which is for work for that portion of the Lincoln Project commencing at the intersection of Heritage Hills Parkway thence east approximately 675 feet to the east boundary of Heritage Hills. When Heritage Hills has paid to Park Meadows a total of $75,000 pursuant to Section 2.4 above and this Section 3.4 then Heritage Hills shall have no further financial obligation to the Yosemite Project and the Lincoln Project.

3.5 After completion of the Lincoln Project Park Meadows shall be responsible for maintaining the landscaped areas of the Lincoln Project in an irrigated park like condition as opposed to highly manicured.

4.0 Execution by Heritage Hills

4.1 Subsequent to the organization of Heritage Hills pursuant to §§32-1-301 et seq., Celebrity shall cause Heritage Hills to execute this Agreement within sixty (60) days from the date of organization.

4.2 If Celebrity is unable to cause the execution of this Agreement pursuant to the terms of Section 4.1 above then Celebrity shall be responsible for the financial obligations of Heritage Hills as set forth in Sections 2.4 and 3.4 above.

5.0 Miscellaneous

5.1 Notices. Any and all written communications required or permitted by this Agreement or by law to be served or given upon any party hereto by any other party hereto shall be in writing and deemed served and given when personally delivered to the party, or in lieu of personal service seventy-two (72) hours after same shall have been deposited in the United States mail, postage prepaid, addressed to the party as follows:

To Celebrity:

Celebrity Development Corporation
2525 Sixteenth Street, #225
Denver, CO 80211
Attention: Donald W. Verdoorn, President

To Park Meadows:

Park Meadows Metropolitan District
c/o Ray S. Wells
6200 South Syracuse Way, #150
Greenwood Village, CO 80111-4738

To Heritage Hills:

Heritage Hills Metropolitan District
2525 Sixteenth Street, #225
Denver, CO 80211
Attention: Donald W. Verdoorn

Any party may, by written notice to the other party, change the address to which notices shall thereafter be sent.

5.2 Entire Agreement. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof, and all prior agreements or understandings shall be deemed merged in this Agreement.

5.3 No Oral Amendment or Modification. No amendments, waivers or modifications hereof shall be made or deemed to have been made unless in writing executed by all the parties.

5.4 Captions for Convenience. All headings and captions used herein are for convenience only and are of no meaning in the interpretation or effect of this Agreement.

5.5 Applicable Law. This Agreement shall be interpreted and enforced according to the laws of the State of Colorado.

5.6 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one agreement.

5.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties hereto; however, no party may assign this Agreement without written consent of all other parties.

5.8 Dissolution. In the event of the dissolution of Park Meadows it shall have the right to assign all of its obligations under this Agreement to another governmental entity and, upon such assignment, shall be released from all further obligations under this Agreement. Written notice of any assignment made hereunder shall be given by Park Meadows to Heritage Hills and Celebrity.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first above written.

CELEBRITY DEVELOPMENT CORPORATION

By _____

Name: DONALD W. VERDOORN

Title: PRESIDENT

ATTEST:

_____

STATE OF COLORADO)
) ss.
City and County of Denver)

The foregoing Agreement was acknowledged before me this 25th day of January, 1996, by Donald W. Verdoorn as President and Sandra A. Hammack as Secretary of Celebrity Development Corporation, a Delaware corporation.

Witness my hand and official seal.

_____
Notary Public

My Commission Expires: 2/3/98

PARK MEADOWS METROPOLITAN DISTRICT

By _____

Name: JOHN T. BANKS

Title: PRESIDENT

STATE OF COLORADO)
) ss.
County of Arapahoe)

The foregoing Agreement was acknowledged before me this 25 day of January, 1996, by John T. Banks as President of Park Meadows Metropolitan District.

Witness my hand and official seal.

_____
Notary Public

My Commission Expires: MY COMMISSION EXPIRES 2/23/98

ANGELA VINCI
NOTARY PUBLIC
STATE OF COLORADO

INTERGOVERNMENTAL AGREEMENT
HERITAGE HILLS

THIS AGREEMENT is made and entered into as of this 12th day of January, 1995, by and between CELEBRITY DEVELOPMENT CORPORATION, a Colorado corporation of the State of Colorado ("Celebrity"), and SOUTH SUBURBAN PARK AND RECREATION DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado ("South Suburban"). It is the intention of this Agreement that its rights and obligations as pertains to Celebrity will be assigned to and ratified by the Heritage Hills Metropolitan District, once formed as a quasi-municipal corporation and political subdivision of the State of Colorado ("Metro District").

RECITALS

WHEREAS, Celebrity is the proponent for the formation of Metro District and has filed a petition with Douglas County, Colorado, for the formation of a district including limited park and recreation activities within the Heritage Hills Subdivision shown on Exhibit A (the "Property"); and

WHEREAS, Celebrity is the owner of 100% of the Property and desires to obtain from formation of Metro District the financing and operation of two pool and tennis facilities and landscaping services; and

WHEREAS, the Property will soon be located within South Suburban via a previously approved Inclusion Petition which is unable to be withdrawn; and

WHEREAS, South Suburban has the authority to provide all park and recreation services to the Property; although South Suburban is not currently providing, nor does it intend to provide in the future, the two tennis and pool facilities or the landscaping specifically benefitting the Property, all contemplated by this Agreement and by the Service Plan of Metro District; and

WHEREAS, Metro District shall not provide any park and recreation service currently provided by South Suburban, or as may be provided by South Suburban in the future, to the Property, except as set forth in this Agreement; and

WHEREAS, the parties are authorized to enter into this Agreement by the Colorado Constitution, Article XIV, Section 18(2)(a).

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first above written.

CELEBRITY DEVELOPMENT
CORPORATION

By: _____
Name: DONALD W VERDOORN
Title: PRESIDENT

ATTEST:

_____

STATE OF COLORADO)
)ss.
COUNTY OF Denver)

The foregoing Intergovernmental Agreement was acknowledged before me this 16th day of January, 1996 by DONALD W. VERDOORN as PRESIDENT of Celebrity Development Corporation.

Witness my hand and official seal.

_____
Notary Public

My Commission expires: 10/14/99

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first above written.

SOUTH SUBURBAN PARK AND
RECREATION DISTRICT

By: _____
Name: JAMES A. TAYLOR
Title: Chairman

ATTEST:

_____

STATE OF COLORADO)
)ss.
COUNTY OF ARAPAHOE)

The foregoing Intergovernmental Agreement was acknowledged before me this 8th day of November, 1995 by JAMES A. TAYLOR as CHAIRMAN of South Suburban Park and Recreation District.

Witness my hand and official seal.

_____
Notary Public

My Commission expires: July 27, 1996

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first above written.

ACKNOWLEDGED AND APPROVED:

HERITAGE HILLS METROPOLITAN DISTRICT

By:_____
Name:_____
Title:_____

Dated Acknowledged:_____

STATE OF COLORADO)
)ss.
COUNTY OF)

The foregoing Intergovernmental Agreement was acknowledged before me this __ day of _____, 19__, by _____ as _____ of Heritage Hills Metropolitan District.

Witness my hand and official seal.

_____
Notary Public

My Commission expires:_____

SOUTHGATE
Water & Sanitation Districts

3722 E. Orchard Road
Littleton, Colorado 80121
(303) 779-0261
Fax: (303) 779-0220

October 10, 1995

Mr. Dale Verdoorn
Celebrity Development
2525 Sixteenth Street
Suite 225
Denver, Colorado 80211

RE: Heritage HillsMetropolitan District

Dear Mr. Verdoorn:

We have received and reviewed your transmittal of the Service Plan, (October, 1995), for the proposed Heritage Hills Metropolitan District, Douglas County, Colorado. Further we have reviewed that Service Plan with the Directors of the Southgate Sanitation and Southgate Water Districts.

We observe no conflict between said Service Plan and the functions and plans of the Southgate Districts.

Accordingly, we respond with a statement of "no adverse findings".

Regards,

Duane Tinsley

cc: Directors

OCT 13 '95

DOUGLAS COUNTY SCHOOL DISTRICT Re.1
620 Wilcox Street Castle Rock, Colorado 80104 (303) 688-3195

Dr. Richard O'Connell
Superintendent

October 18, 1995

Ms. Donna Madey
Douglas County Planning Department
188 Third Street
Castle Rock, CO 80104

Re: Proposed Service Plan for Heritage Hills Metropolitan District

Dear Donna:

The school district received the service plan for the above-mentioned metropolitan district and a letter from Celebrity Development Corporation (dated October 16, 1995). The latter stipulates that the maximum amount of general obligation bonds that would be issued is $3,000,000. However, the proposed service plan in section VII Financial Plan (page 13) indicates "...it is anticipated that a total of $3,000,000 of bonds will be issued". Consequently, it is not clear that the $3,000,000 in the service plan is a maximum amount to be issued; this is clarified by the October 16th letter.

As per our letter to Mr. Dale Verdoorn dated September 2, 1995, with a copy to Sarah Tresouthick-Koerner, the school district remains opposed to the creation of any new metropolitan or special districts that creates the ability to issue additional general obligation debt. That letter explained the reasons why the school district is opposed to the formation of new special districts and the fact that the district stands by this position at least until the overlapping debt situation allows the school district to be granted an "A" rating. However, should the county approve this new metropolitan district, it is strongly recommended that the following be required:

- The $3,000,000 maximum debt issuance be specifically included in the service plan or other applicable recorded document, to ensure public knowledge of this intent; and
- that Standard & Poors Corporation and Moodys both be requested to provide a written response regarding the effects that creation of such a metro district, with the attendant general obligation debt, would have upon the school district's and other entities' bond ratings. If that response is negative, the metropolitan district should not be formed.

If you have any questions or comments, please contact me at your convenience. Thank you for the opportunity to comment upon these items that are of interest to both the county and the school district as well as our mutual constituency.

Sincerely,

Denny Hill,
Planning Coordinator

DH:brr
xc:Dale Verdoorn