

**MOUNTAIN SHADOWS METROPOLITAN DISTRICT
SERVICE PLAN**

TOWN OF FIRESTONE, COLORADO

Submitted December 3, 2013

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DIV OF LOCAL GOVERNMENT

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**MOUNTAIN SHADOWS METROPOLITAN DISTRICT
SERVICE PLAN**

I. INTRODUCTION

The District shall be named the Mountain Shadows Metropolitan District (the "District"). This District is formed from the property comprising Filing No. 2 of the Mountain Shadows Subdivision (the "Property") to service this Property. The purpose of the District is to finance certain streets, traffic safety controls, street lighting, sanitary sewer, water, landscaping, storm drainage, and park and recreation improvements for developments to be known as the Mountain Shadows Subdivision Filing No. 2 ("Mountain Shadows"). The developer of Mountain Shadows, owner of the Property, excluding rights-of-way and tracts dedicated to the Town, and the petitioner for the formation of the District is MSP Corporation, a Colorado corporation, its affiliates, subsidiaries, successors, heirs and assigns (collectively referred to herein as the "Developer"). The District is intended to provide for the financing of public improvements for Mountain Shadows, but is not intended to be a District with perpetual existence. The District will consist of approximately thirty-nine and six hundred twenty-five hundredths (39.625) acres and no changes in the District's boundaries are anticipated or authorized. The District shall be dissolved when its financial obligations are paid or provided for or when the Town of Firestone, Colorado (the "Town") requests dissolution, provided then-applicable statutory requirements are met, all as further described in this Service Plan, together with all exhibits hereto (the "Service Plan").

Except as expressly provided in this Service Plan, all public improvements and facilities that are financed, constructed, installed or acquired by the District shall be dedicated and conveyed to the Town, or its designee and will be operated and maintained by the Town or its designee upon Town acceptance and completion of the District's warranty obligations. The Town may require that specific landscaping, storm drainage, and parks and recreation improvements that are

dedicated and conveyed to the Town be maintained by a homeowners' association formed for the Mountain Shadows development, for the use and benefit of residents, taxpayers and property owners. The District shall not provide fire protection or emergency services, which fire protection and emergency services shall be provided by the Frederick-Firestone Area Fire Protection District, either directly or, with respect to emergency services, through contract. The District may exercise those powers of a metropolitan district set forth in §§32-1-1001 and -1004, C.R.S. only to implement the provisions of this Service Plan and only to the extent authorized by and in a manner consistent with this Service Plan.

The District is generally located at the northwest corner of Colorado Boulevard and Firestone Boulevard. The proposed boundaries of the District are limited to those boundaries described in **Exhibit A**, attached hereto.

This Service Plan has been prepared by the following Developer and participating consultants (the "Organizers"):

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Pursuant to the requirements of the Special District Control Act, § 32-1-201, *et seq.*, C.R.S., this Service Plan consists of a financial analysis and an engineering plan showing how the proposed facilities and services of the Mountain Shadows Metropolitan District will be provided and financed. As required by § 31-1-202(2), C.R.S., the following items are included in this Service Plan:

- a. A description of the proposed services;
- b. A financial plan showing how the proposed services are to be financed, including all elements required by § 32-1-202(2)(b), C.R.S.;
- c. A preliminary engineering or architectural survey showing how the proposed services are to be provided;
- d. A map of the proposed District's boundaries and an estimate of the population and valuation for assessment of the proposed District;
- e. A general description of the facilities to be constructed and the standards for construction, including a statement of how the facility and service standards of the proposed District are compatible with facility and service standards of the Town and special districts which are interested parties pursuant to § 32-1-204(1), C.R.S.;
- f. 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 organization and initial operation of the District; and

g. A description of any arrangement or proposed agreement with any political subdivision for the performance of any services between the proposed District and such other political subdivision and, if applicable, a form of the agreement.

II. PURPOSE OF THE PROPOSED DISTRICT

The District will assist with the financing of the construction of public improvements for the Mountain Shadows development, which improvements shall be constructed to Town standards, warranted by the District, and dedicated and conveyed to the Town or its designee as provided in this Service Plan, or as otherwise required by the Town. The Town may require that specific landscaping, storm drainage, and parks and recreation improvements that are dedicated and conveyed to the Town be operated and maintained by a homeowners' association formed for the Mountain Shadows development, for the use and benefit of residents, taxpayers and property owners. The public improvements shall be financed, in part, through the issuance of indebtedness as set forth in Article V, "Financial Plan." Except as specified in or pursuant to this Service Plan, the District shall not construct or own any improvements, shall not provide for any maintenance, repair or operation of any improvements, and shall not perform any services without the consent of the Town as evidenced by a resolution of approval of the Town of Firestone Board of Trustees (the "Board of Trustees"). In addition, the District will not contract with any other governmental entity to receive any services which are or may become available from the Town, or to provide any services to or within any other governmental entity without the prior written consent of the Town. The District shall not provide any services or facilities within

any area of the District overlapping with the service area of another district without first obtaining the written consent of each and every district whose service area is so overlapped.

The District shall dissolve when its financial obligations are paid or provided for, or otherwise upon request of the Town, subject to then-applicable statutory requirements, all as further provided in Article VIII.

III. BOUNDARIES, POPULATION & VALUATION

The District consists of approximately thirty-nine and six hundred twenty-five hundredths (39.625) acres located entirely within the boundaries of the Town, as more particularly set forth in the legal description attached hereto as **Exhibit A** and as shown on the boundary map, attached hereto as **Exhibit B**, and the vicinity map, attached hereto as **Exhibit C**. The petitioner, also the Developer of the District property, has received the consents of the property owners to the formation of this District, which consents, for the owners of all property to be located within the District, are attached hereto as **Exhibit D** and incorporated herein by this reference.

The Mountain Shadows Subdivision, Filing No. 2 is being developed for the anticipated construction of one hundred fifty-four (154) single-family homes, which will require a replatting of the property from 126 to 154 single-family home lots. The current population of the District is zero. The population of the District at full build-out is estimated to be four hundred sixty-two (462) people subject to development approval by the Town. It is acknowledged that Town development standards and requirements may affect the foregoing numbers of anticipated homes and population. The estimated assessed value at full build-out in 2019 of the project is Four Million Five Hundred Sixty Four Thousand, Eighty-Three Dollars (\$4,564,083). The property is currently zoned PUD-RA, for various residential use categories. The current assessed value is estimated to be approximately One Hundred Thousand Dollars (\$100,000.00) for

purposes of this Service Plan. The total overlapping mill levy imposed upon the property within the proposed District for tax collection year 2013 is anticipated to be One Hundred and Nine Hundred Six Thousandths of One (100.906) mills without the District mill levies.

The District shall be required to obtain written approval from the Town of a Service Plan modification prior to any inclusion or exclusion of property to or from the District, or any other change in its boundaries. Any such approval may be granted or denied by resolution of the Board of Trustees, in its discretion. Any inclusion may be on the condition that all property originally in the District remain in the District, and on such other conditions as the Town may impose. Any exclusion may be on the condition that there is no detriment to the remaining residents and taxpayers within the District, or to the District's bondholders, and on such other conditions as the Town may impose. No changes in the boundaries of the District shall be made, unless the prior written approval of the Board of Trustees has been obtained as part of a Service Plan modification, as provided herein.

IV. DESCRIPTION OF PROPOSED FACILITIES

a. Type of Improvements.

The District will provide for the financing, construction, acquisition and installation of public improvements consisting of streets, traffic safety control, street lighting, sanitary sewer, water, landscaping, storm drainage, and park and recreation improvements and facilities (as the foregoing terms are used in § 32-1-1004(2), C.R.S, and the sections referenced therein) within the boundaries of the District. The District is also authorized to finance park, recreation or other capital improvements of the Town that are identified by the Town and located outside of the District, as provided in Article V.c. below. With the exception of those public improvements specifically identified in **Exhibit F** and authorized by this Service Plan, the District shall not finance, construct,

acquire or install any improvements outside the boundaries of the District unless: (1) the Town, by written determination of its Town Engineer, determines that such improvements are necessary to connect service for the District to the facilities of the Town or other entities involved in providing services to the District; and (2) such proposed improvements are approved in advance by resolution of the Board of Trustees.

The property within the District will receive water service from the Town and no other source. The District may finance, design, construct and install Town water system improvements and facilities located within the boundaries of the District. However, all water systems improvements within the District shall be dedicated and conveyed to and owned by the Town upon Town acceptance and completion of the District's warranty obligations. All water rights for water service to the property shall be owned by the Town; the District shall not purchase, own, manage, adjudicate or develop any water rights or water resources.

The property within the District will receive sanitary sewer service from the St. Vrain Sanitation District. The District may finance, design, construct and install sanitary sewer system improvements and facilities located within and without the boundaries of the District as approved by the Town and St. Vrain Sanitation District. However, all sanitary sewer improvements within the District shall be dedicated and conveyed to and owned by the St. Vrain Sanitation District upon acceptance and completion of the District's or its designee's warranty obligations.

The Organizers of the District have prepared a preliminary engineering report based on the Town's construction standards. The table, attached hereto as **Exhibit E**, lists all facilities which the District, subject to development approval of the Town, will be authorized to finance, acquire, design, construct, and install, including the costs in current dollars of each, together with an explanation of the methods, basis and/or assumptions used. A letter concerning the reasonableness

of the cost estimates, and of the methods, bases and assumptions used, is included in **Exhibit E**. Subject to the debt limit set forth in Article V of this Service Plan and the other limitations and requirement of Article V, the District will be authorized to fund any combination of the improvements from all funding sources authorized and available to the District. The combined estimated cost of the public improvements needed for the Mountain Shadows project with a portion to be financed by the District is Three Million, Three Hundred Ninety-Six Thousand, Nine Hundred Sixty Four Dollars and One Cent (\$3,396,964.01), which exceeds the estimated debt capacity of the District. Funding for improvements not funded by the District shall remain the responsibility of the Developer. The Town is not responsible for assuming any of the costs of the improvements funded by the District or necessary for service to the proposed Mountain Shadows development.

A map showing the location of the public improvements to be financed by the District is attached as **Exhibit F**. All water and sanitary sewer improvements are anticipated to be constructed within street right-of-way, unless otherwise required by the Town. The District shall be authorized to finance, acquire, design, construct and install those types of public improvements and facilities which are authorized under this Article IV and which are generally shown on **Exhibit F**, subject to the specific final design and approval thereof by the Town. Phasing of construction shall be determined by the District to meet the needs of the residents and taxpayers within its boundaries; provided, however, those improvements shall be installed in compliance with any phasing plan approved for the Mountain Shadows development at the request of the Developer.

b. Description of Existing Conditions.

The area is partially developed with a majority of the lots being permit ready or partially finished lots.

c. Anticipated Development.

The Developer anticipates total build-out to occur by 2018, with the construction of ten (10) single-family residences in 2013, thirty-six (36) single-family residences in 2014, thirty-six (36) single-family residences in 2015, thirty-six (36) single-family residences in 2016, and thirty-six (36) single-family residences in 2017, subject to final design and development approval by the Town. It is acknowledged by the Developer that Town development standards and requirements may affect the foregoing numbers of anticipated homes and the foregoing anticipated build-out schedule.

d. Public Improvement Schedule.

Construction of the public improvements has begun and will continue as soon as possible following approval of the Service Plan. The public improvements will be phased to meet the development schedule, and shall be installed in compliance with any phasing plan approved by the Town for the Mountain Shadows development.

e. Town Construction Standards.

All proposed facilities and improvements shall be designed and constructed in accordance with the standards and specifications established by the Town and in effect from time to time, and with applicable standards and specifications of the federal government and State of Colorado. All proposed facilities and improvements shall be compatible with those of the Town. The District and its engineer have designed and shall design the facilities and improvements to meet such standards, specifications and compatibility requirements of the Town. In addition, any water facilities proposed to be financed by the District and dedicated to the Central Weld County Water District shall be designed by the Central Weld County Water District, in accordance with the design standards of that District and the Town. In addition, any sanitary sewer facilities proposed to be financed by the District and dedicated to the St. Vrain Sanitation District shall be

designed in accordance with the design standards of that District and the Town. The District or its Developer will obtain approval of civil engineering plans and permits for construction and installation of facilities improvements from the Town prior to the construction or installation of any facilities or improvements. The District shall be subject to all applicable provisions of the Firestone Municipal Code and to all Town rules, regulations and policies with respect to the conduct of its work on the improvements, as in effect from time to time.

f. **Limitation on Eminent Domain.**

The District shall not exercise any power of dominant eminent domain against the Town and shall not exercise any power of eminent domain without the prior written consent of the Town. No exercise of eminent domain by the District is contemplated or authorized in this Service Plan, and any proposed use thereof shall be considered a material modification of this Service Plan, and shall be subject to the Town's prior written approval.

g. **Dedication of Improvements to the Town.**

Except as specifically set forth within Article IV.h. of this Service Plan, the District shall dedicate and convey to the Town or its designee, or cause to be dedicated and conveyed to the Town or its designee, all public improvements and facilities, including, but not necessarily limited to, all streets, traffic safety controls, street lighting, sidewalks, sanitary sewer, water, landscaping, storm drainage and park and recreation improvements and facilities, as well as all rights-of-way, fee interests and easements necessary for access to and operation and maintenance of such improvements and facilities, to the extent such property interests have not been acquired by the Town through the land use approval process. The District shall not operate or maintain any public improvements, except as necessary to comply with its warranty obligations hereunder. The District shall also dedicate and convey to the Town or its designee any other facilities and improvements contemplated in this Service Plan, together with necessary rights-of-way, fee interests and easements. All such

improvements, facilities, easements and rights-of-way shall be conveyed to the Town or its designee immediately upon completion of construction, installation and expiration of the one (1) year warranty period that commences after the Town has issued a Conditional Acceptance as set forth below. All improvements, facilities, rights-of-way, fee interests and easements shall be conveyed and dedicated to the Town or its designee by instruments acceptable to the Town, free and clear of all liens and encumbrances, except those which are acceptable to the Town in its sole discretion. Failure to comply with the requirements of this Article IV shall be deemed to be an unauthorized material modification of this Service Plan.

Once a public improvement to be dedicated to the Town is constructed and installed, the Town shall issue a "Conditional Acceptance" letter stating that the improvement has been constructed or installed in conformance with the Town's standards, or shall issue a letter stating the corrections necessary to bring the improvement into compliance with Town standards for the issuance of such a "Conditional Acceptance" letter. The District at its expense shall promptly undertake any necessary corrections. Upon issuance of the "Conditional Acceptance" letter, the public improvements shall be warranted for one (1) year from the date of such "Conditional Acceptance", during which time the District shall maintain the improvements and correct all deficiencies therein as directed by the Town. At the conclusion of such one (1) year period, the Town shall issue a "Final Acceptance" letter if the public improvements conform to the Town's specifications and standards, or shall issue a letter stating the correction necessary to bring the improvement into compliance with Town standards for the issuance of such a "Final Acceptance" letter. The District at its expense shall promptly undertake any necessary corrections. A "Final Acceptance closing" shall then be arranged and held (such closing in no event to occur more than one hundred twenty (120) days after the issuance of the "Final Acceptance" letter), at which time the Town will issue a "Final Acceptance" for all public improvements to be accepted by it, and the District will execute and deliver to the Town all necessary instruments to

dedicate and convey to the Town the improvements and facilities, and all necessary rights-of-way, fee interests and easements.

h. Ownership and Operation of Facilities by the District.

The District shall not be authorized to own or operate any improvements or facilities to be provided pursuant to this Service Plan, other than as necessary to permit the financing and construction thereof (including compliance by the District with its warranty obligations as provided in Article IV.g. above), except through approval by the Town by resolution or through an amendment to this Service Plan. Nothing herein shall limit the Town's authority to require that improvements and facilities be operated or maintained by a homeowners' association formed for the Mountain Shadows development. The District shall not own fee title to any real property.

i. Acquisition of Land for Public Improvements.

The District shall acquire at no cost to the Town all lands or interests in land required by the Town for construction of street, traffic safety control, street lighting, sanitary sewer, water, landscaping, storm drainage, park and recreation improvements being constructed or installed by the District. Such land or interests in land may be acquired by the District by instruments of conveyance and/or plat dedication, in form and substance acceptable to the Town. All land and interests in land shall be conveyed to the Town or its designee at no cost to the Town at such times and by such instruments of conveyance as the Town may reasonably require (but in no event shall such conveyances be made later than the "Final Acceptance closing" described in Article IV.g., above), free and clear of all liens and encumbrances, except those which are acceptable to the Town. Exceptions must be approved by the Town in advance and in writing. Failure to comply with this provision shall be deemed to be an unauthorized material modification of this Service Plan.

j. Services to be Provided by other Governmental Entities.

The District proposes to finance, construct, acquire and install the public improvements necessary to serve the District's residents and taxpayers, but is not authorized to and shall not provide any ongoing services within the District. The District shall receive fire protection and emergency services from the Frederick-Firestone Fire Protection District, either directly or with respect to emergency services, through contract. The District shall receive sanitary sewer service from the St. Vrain Sanitation District. The District shall not provide any sanitary sewer services. The District shall obtain a resolution from the Carbon Valley Park and Recreation District consenting to the overlapping boundaries for financing purposes only. The District shall not provide ongoing park and recreation services to the District. The District shall obtain a resolution from the Central Weld County Water District consenting to the overlapping boundaries for financing purposes only. The District shall not provide ongoing water services to the District. Nothing herein shall limit or discharge the District's responsibilities for operation, maintenance and repair of public improvements prior to their acceptance by the Town and conveyance to the Town or its designee, or limit or discharge the District's warranty obligations.

k. Integration.

All facilities and improvements shall be constructed so as to be integrated with existing and planned facilities and improvements of the Town and other entities providing service to the Mountain Shadows development. The District shall obtain from such other serving entities approval of the proposed plans for the facilities and improvements. The District shall provide the Town with copies of any submittals to such entities at the time of their submittal, and with copies of any approvals from such entities upon receipt.

l. Other Services.

Unless such facilities and services are provided pursuant to an intergovernmental agreement with the Town, the District shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate, maintain or provide: (a) any television relay and translation facilities and services, other than for the trenching for and installation of conduit as a part of a construction project; (b) any mosquito control facilities and services; (c) any solid waste disposal, collection and transportation facilities and services; and (d) any security, covenant enforcement and design review services.

m. Subdistricts & Other Entities.

No subdistricts shall be created by the District pursuant to Section 32-1-1101(1.5), C.R.S. without approval from the Town Board of Trustees by resolution. The Board of Trustees may elect to treat the organization of any such subdistrict(s) as a material modification of the Service Plan. The District shall not create any corporation to issue bonds on the District's behalf.

n. Bankruptcy Limitation.

Subject to federal bankruptcy law, all of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the maximum mill levy have been established under the authority of the Town 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 mill levy shall be deemed a material departure from this Service Plan pursuant to Section 32-1-207, C.R.S., and the Town shall be entitled to all remedies available under state and local law to enjoin such actions of the District.

V. FINANCIAL PLAN

This Article V describes the nature, basis, method of funding and debt and mill levy limitations and other financial requirements and restrictions for the District's public improvements program and operations. Together with the Financing Plan attached hereto as **Exhibit G** and further described below, this Article V constitutes the financial plan for the District as required by § 32-1-202(2)(b), C.R.S. The Financing Plan, consisting of the Cash Flow Forecast and Projected Assessment Valuation, includes a summary of forecast assumptions. The Financing Plan includes estimated operations, administration costs (including estimated costs of warranty maintenance), proposed indebtedness and estimated interest rates and discounts and other major expenses related to the organization and operation of the District. The Financing Plan projects the issuance of the debt and the anticipated repayment based on the development assumptions (including market projections and absorption forecasts set forth therein) for property within the boundaries of the District. The Financing Plan demonstrates that, at the projected level of development, and with the projected Developer support, the proposed District has the ability to finance the facilities identified herein, and will be capable of discharging the proposed indebtedness on a reasonable basis.

a. General.

The provision of improvements and facilities by the proposed District will be financed through the issuance of general obligation bonds or developer bonds (the "District Bonds"), secured by the *ad valorem* taxing authority of the proposed District and other District revenues. The Financing Plan anticipates the issuance of one (1) or more series of District Bonds. The term of any District Bonds issued by the District shall not exceed thirty (30) years. The combined estimated cost of the public improvements needed for the entire project with a portion to be financed by the District is Three Million, Three Hundred Ninety-Six Thousand, Nine Hundred Sixty Four Dollars and One Cent (\$3,396,964.01), which exceeds the estimated debt capacity of the District. The District has the capacity to issue District bonds in the aggregate principal amount of approximately Two Million Nine Hundred Thousand Dollars (\$2,900,000.00). Accordingly, it is currently anticipated that the bond proceeds will be insufficient to allow for repayment of a portion of the capital infrastructure costs of the District, which will be contributed by the Developer or other sources; however, if the financing capability of the District or alternative sources of revenue are made available to the District and those changes in District revenue sources will permit additional repayment in the future (due to higher than anticipated assessed values, lower interest rates, greater sources of revenue to the District, or any other circumstance), the District may agree to repay the Developer for unreimbursed public infrastructure costs so long as the District has the capacity to make such payments without exceeding the debt limit or Mill Levy Limit provided in this Service Plan, subject to all other requirements of Article V.h., below. Payments made to the Developer by the District are expected to be made principally from Bond proceeds and shall not exceed the amount advanced or financed by the Developer for capital costs of District public improvements. The Financial Planners and Consultant's Forecasted Cash Surplus Balance and Cash Receipts and Disbursements in Exhibit G do not include the above-described Developer contribution to the costs

of public improvements or other alternative sources of revenue which may be used to finance capital improvement costs related to the District.

b. Debt Issuance.

The District shall be allowed to issue developer bonds after approval of the Service Plan and completion and Conditional Acceptance by the Town of all public improvements required to service the Property within the District and Mountain Shadows Subdivision Filing No. 2. Additional District Bonds may be issued in the future consistent with and in compliance with the Service Plan as amended, Town Code and applicable law, but not in excess of the debt limitation as authorized by the Service Plan.

(i) Maximum Debt Authorization.

The District intends to issue District Bonds in one or more series in the aggregate principal amount of approximately Two Million, Nine Hundred Thousand Dollars (\$2,900,000), provided, however, that if other forms of revenue sharing, cost sharing or cost reimbursement becomes available and contributed to, by or on behalf of the District, or as a District revenue source in the future, the District shall issue debt that is financially feasible and able to be discharged pursuant to the parameters provided in this Service Plan. The aggregate principal amount of all District Bonds, debt and forms of borrowing by the District, throughout the District's existence and regardless of subsequent payments and discharges, shall be limited to a total of Three Million One Hundred Ninety Thousand Dollars (\$3,190,000) unless otherwise approved by the Town (the "debt limit"); except to the extent otherwise provided in Article V.g., with respect to refunding bonds and in Article V.h., with respect to construction financing notes (i.e., notes or other financial obligations, if any, issued by the District to the Developer to evidence the District's obligation to repay the Developer's advances or financing of capital improvements or for construction costs).

(ii) Developer Bonds.

The District shall be allowed to issue developer bonds after formation of the District and completion and Conditional Acceptance by the Town of all public improvements required to service property within the District and Mountain Shadows Subdivision Filing No. 2. Additional District Bonds secured by the ad valorem taxing authority of the proposed District and other District revenues may be issued in the future consistent with and in compliance with the Service Plan (as may be amended from time to time), in compliance with Town Code and applicable law, but not in excess of the debt limit as authorized by this Service Plan. Developer bonds shall be subordinate to any other District secured debt. All issuance of District Bonds and all other forms of borrowing by the District, throughout the District's existence and regardless of subsequent payments and discharges, shall be limited to the debt limit provided in Section V.b.(i); except to the extent otherwise provided in Article V.g with respect to refunding bonds and in Article V.h with respect to construction financing notes (i.e., notes or other financial obligations, if any, issued by the District to the Developer to evidence the District's obligation to repay the Developer's advances for construction, organization and formation costs). Any other Developer reimbursement notes or debt shall be subordinate to any other District bonds. Developer bonds shall be issued only to the Developer, or one of their related affiliates, successors, heirs and assigns.

(iii). Bond Issuance.

The District may issue District Bonds after formation of the District and completion and Conditional Acceptance by the Town of all public improvements required to service the property within the District and Mountain Shadows Subdivision Filing No. 2. The Developer expects that issuance of such District Bonds as provided herein would be made on the basis that there is a reasonable likelihood that projected future development will occur and will result in increased assessed valuation levels to support payment of such bonds within a 30 year period of

time from the date of issuance. As set forth in **Exhibit G**, the District's Financial Planners and Consultants have indicated that issuance of certificates of occupancy and building permits are generally accepted lending criteria for special district debt, and that necessary development thresholds will evidence sufficient development activity within the District to support repayment of the corresponding debt.

c. Required Transfer of Capital Improvement Funds to the Town.

The District will pay to the Town for deposit into the Town's capital improvement fund a total of 15% of the gross amount of bonds issued, up to a maximum of Four Hundred Thirty-Five Thousand Dollars (\$435,000), which amount shall be paid to the Town concurrently or prior to and as a condition of the issuance and delivery of the first series of any District Bonds, including developer bonds, or the issuance of any construction financing notes to the Developer. District Bonds shall be issued by October 31, 2015. Notwithstanding anything in this Service Plan to the contrary, the deadline set forth for bond issuance may be extended for all periods of delay caused by events that are beyond the reasonable control of the District, including, without limitation, limited availability of materials and labor, unusually adverse weather conditions, acts of God, acts of war, acts of terrorism, or delays in issuing approvals or permits by any Governmental Agency. With Town approval, such contribution may alternatively be paid by the Developer to the Town but, in such case the Town and the Developer will amend the subdivision improvement agreement for Mountain Shadows Subdivision Filing No. 2 to provide that this Town contribution shall be paid to the Town's capital improvement fund directly by the Developer prior to the issuance of any District bonds, including developer bonds, or any construction financing notes to Developer. The contribution to the Town capital improvement fund shall be used by the Town to finance improvements (whether inside or outside the boundaries of the District) that the Town and the District would otherwise be empowered to construct, and for which the District is authorized to

incur indebtedness (i.e., streets, street lighting, traffic safety controls, sanitary sewer, water, landscaping, storm drainage or park and recreation improvements and facilities), which improvements shall be of benefit to the Town and the District.

The District acknowledges that the foregoing provisions for payment of this Town contribution to the Town's capital improvements fund for capital improvements are material considerations in, and conditions of the Town's approval of this Service Plan, and the Town has relied thereon in approving this Service Plan. The District shall not issue District Bonds, including developer bonds, or any construction financing notes to Developer, without there having been delivered to the Town concurrently with or prior to such issuance capital improvement contribution funds totaling 15% of the gross amount of bonds issued, up to a maximum of Four Hundred Thirty-Five Thousand Dollars (\$435,000), and such delivery to the Town of funds concurrently with or prior to such issuance shall be a condition of issuance for such District Bonds, including developer bonds, or any construction financing notes to Developer. District Bonds shall be issued by October 31, 2015. Notwithstanding anything in this Service Plan to the contrary, the deadline set forth for bond issuance may be extended for all periods of delay caused by events that are beyond the reasonable control of the District, including, without limitation, limited availability of materials and labor, unusually adverse weather conditions, acts of God, acts of war, acts of terrorism, or delays in issuing approvals or permits by any Governmental Agency.

Further, the District shall not be authorized to incur any financial obligations of any kind or perform any other functions authorized under this Service Plan until the governing body of the District, upon formation thereof; has executed: (1) the intergovernmental agreement provided for in Article XIII and **Exhibit N**, with such amendments as the parties may mutually agree, stating its agreement to comply with the provisions of this Article V.c.; and (2) the District indemnity letter provided for in Part II of **Exhibit I**.

d. **Other Financial Restrictions, Limitations and Requirements, Resources**

The District shall request voter authorization for such amount of general obligation debt as the District deems sufficient to allow for allocation of the amounts deposited in the Town's capital improvements fund (as described in Article V c., above) among the District's powers, unforeseen contingencies, increases in construction costs due to inflation and all costs of issuance, including capitalized interest, reserve funds, discounts, legal fees and other incidental costs of issuance and other available revenue sharing, cost sharing or cost reimbursements available to the District now or in the future; provided, however, that the amount of general obligation debt (together with construction financing and developer bonds notes) actually issued by the District shall not exceed the debt limitation of Three Million, One Hundred Ninety Thousand Dollars (\$3,190,000) as stated in Article V.b., above. All bonds of the District will be sold for cash. The authorized maximum voted interest rate is fifteen percent (15%) per annum and the maximum underwriting discount is four percent (4%) of bond principal. The actual interest rates and discounts, within such maximum voted amounts, will be determined at the time the bonds are sold by the District and will reflect market conditions at the time of sale; provided, however, that the actual interest rate shall not exceed Five Hundred (500) basis points above the Thirty (30) year 'AAA' Municipal Market Data rate in effect at the time the bonds are sold.

Estimated interest rates used in **Exhibit G** are based on information furnished by the Developer. In the event bonds are issued at an interest rate higher than the estimated rates used in **Exhibit G**, the principal amount of bonds will be reduced so as to result in total debt service payments approximately equal to those projected in **Exhibit G**, and so that debt service on the bonds can be paid from the revenue sources contemplated in this Service Plan. If actual increases in District assessed valuation are less than the projected increases for those factors as shown in the **Exhibit G** forecasts, it is expected that the District would compensate by

increasing its mill levy (subject to the Limited Mill Levy) or reducing the principal amount of the bonds issued.

The Developer acknowledges and accepts the risk that, if all or a part of the District Bonds proposed to be issued by the District are not issued, because of changes in financial conditions or for any other reason, the Developer may not be paid or reimbursed for the cost of public improvements or other advances to the District.

No bonds issued by the District shall provide for acceleration as a remedy upon default, unless the District has received the prior written administrative approval of the Town, which approval may be granted only by the Town Manager or the Board of Trustees. Except as provided below, with respect to notes issued to the Developer for construction financing, this Service Plan authorizes only the issuance of District Bonds within the above stated limits, and subject to the provisions as to the Limited Mill Levy as set forth below. The District may be authorized to issue certificates, debentures or to enter into lease-purchase transactions, only upon approval of an amendment to this Service Plan, and such an amendment shall be considered a material modification of the Service Plan. The District does not anticipate the imposition of development fees or user charges, and the District is not authorized to impose any taxes other than *ad valorem* property taxes as provided in this Service Plan. The District may be authorized to impose development fees, user charges or taxes other than *ad valorem* property taxes only upon the prior written approval of the Board of Trustees.

All bonds of the District shall be structured utilizing a commercial bank with trust powers as trustee to hold the bond proceeds and debt service funds and to pursue remedies on behalf of the bondholders.

Any bonds issued by the District pursuant to this Service Plan shall be in compliance with all applicable legal requirements, including without limitation § 32-1-1101(6) and article

59 of title 11, C.R.S., and shall be approved by nationally recognized bond counsel. An opinion shall also be obtained from bond counsel or counsel to the District that the bonds comply with all requirements of this Service Plan.

e. **Limited Mill Levy.**

"Limited Mill Levy" shall mean an ad valorem mill levy (a mill being equal to 1/10 of \$.01) imposed upon all taxable property in the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the bonds as the same become due and payable, and to make up any deficiencies in any debt service reserve for the bonds, but, together with all other District mill levies (including, without limitation, all mill levies for administration, maintenance, and other operating expenses), such mill levy shall not exceed fifty (50) mills; provided, however, that in the event of changes in the ratio of actual valuation to assessed valuation for residential real property, pursuant to Article X, section 3(1)(b) of the Colorado Constitution and legislation implementing such constitutional provision, the fifty (50) mill levy limitation provided herein will be increased or decreased (as to all taxable property in the District, including both residential and commercial property) to reflect such changes so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes ("Gallagher adjustment"). Limited Mill Levy shall be an enforceable limit on all District mill levies for debt service purposes.

f. **Investor Suitability.**

Except as provided below in this Article VI as to rated bonds, the District's bonds shall be issued only to financial institutions, institutional investors or qualified investors within the meaning of § 32-1-1101(6)(a)(IV), § 32-1-103(6.5) and § 11-59-103(8), C.R.S. The District shall provide for and shall utilize mechanisms and procedures for transfers and exchanges of bonds which are reasonably designed to insure continuing compliance with such limitation of

sales to institutional investors. If the District's bonds are rated in one of the four highest investment grade rating categories by one or more nationally recognized organizations which regularly rate such obligations, compliance with the institutional investor limitation set forth above shall not be required. Developer bonds may be issued to MSP Corporation, a Colorado corporation, its affiliates, subsidiaries, heirs, successors or assigns (collectively, the "Developer"). The actual amount of the bonds issued will be subject to assessed valuations and market conditions as they exist at the time of issuance of bonds, and will be issued only in compliance with the above-stated debt limit and other applicable requirements and restrictions of the Service Plan. Privately placed Developer bonds shall have no-call protection, and no-call protection shall exceed a period of five (5) years from the date of initial issuance.

g. Refunding bonds.

General obligation refunding bonds may be issued by the District to defease original issue District Bonds in compliance with applicable law, but any such refunding shall not extend the maturity of the bonds being refunded nor increase the total debt service thereon and shall meet the requirements of § 32-1-1101(6)(a), C.R.S. Refunding bonds shall not be subject to the debt limit stated in Article V.b., above, provided that such refunding bonds demonstrate net present value debt service savings; but if such refunding bonds do not demonstrate net present value debt service savings, any increase in principal amount of the refunding bonds over the principal amount of bonds being refunded shall be subject to such debt limit. Any issuance of refunding bonds must comply with Article V.f., above ("Investor Suitability"). Except to the extent expressly provided in this Article V all limitations, restrictions and requirements of this Service Plan with respect to general obligation bonds of the District shall be applicable to refunding bonds, including, without limitation, Limited Mill Levy, debt limit, maximum interest rate, maximum discount, maximum term, prohibition on acceleration, bank trustee requirement and opinion requirements, however, if the District's bonds are rated in one of the four highest

investment grade rating categories by one or more nationally recognized organizations which regularly rate such obligations, compliance with the institutional investor limitation set forth above shall not be required.

h. Construction Financing Notes Issued to Developer.

The District may issue construction financing notes to the Developer to evidence the District's obligation to reimburse the Developer's advances for construction costs; any Developer advances which are not so reimbursed shall be treated as Developer contributions as described in Article V.a., above. Such notes shall be subject to the following restrictions set forth above for general obligation bonds: Limited Mill Levy, debt limitation, interest rate limitations, maximum term, prohibition on acceleration, and opinion as to Service Plan compliance; but such notes shall not be subject to the above-stated bank trustee requirement, minimum denomination, or bond counsel opinion requirements. The repayment of construction financing notes from proceeds of an equal or lesser principal amount of the District's bonds shall not be treated as an increase in the principal amount of District debt for purposes of the debt limit under this Service Plan. Such notes shall not be general obligations of the District (see **Exhibit G**), shall be issued only to the Developer (and therefore shall not be subject to any underwriting discount), and shall not be transferred, assigned, participated or used as security for any borrowing. The Developer hereby represents that it is an accredited investor, as that term is defined under §§ 3(b) and (4)(2) of the federal "Securities Act of 1933" by regulation adopted thereunder by the Securities and Exchange Commission, and the Developer agrees that it will also be such an accredited investor if and when it acquires such notes. Such notes shall be paid from proceeds of the District's general obligation bonds (when and if received by the District, and subject to prior payment of amounts payable to the Town as provided in Article V.c., above); otherwise the notes will be unsecured obligations of the District. To the extent that any of such notes are outstanding when the District's general obligation bonds are also outstanding, payments on the notes may be made only if such

payments do not adversely affect the District's ability to pay its general obligation bonds. The Developer solely assumes the risk of nonpayment or other default on such notes, including, without limitation, delay, inability or failure of the District to sell or issue its general obligation bonds.

i. Identification of District Revenue.

The District will impose a mill levy on all taxable property in the District as the primary source of revenue for repayment of debt service and for operations and maintenance. The mill levy imposed by the District for debt service and administration, warranty maintenance and other operating expenses purposes shall not exceed fifty (50.000) mills, except for Gallagher adjustments permitted under Article V.e., above. Although the mill levy imposed may vary depending on the phasing of facilities anticipated to be funded, it is estimated that a mill levy of approximately fifty (50.000) mills will produce revenue sufficient to support debt service and administration, warranty maintenance and other operating expenses throughout the repayment period.

j. Security for Debt.

The District will not pledge any Town funds or assets for security for the indebtedness set forth in the Financing Plan of the District.

k. Services of District.

The District will require sufficient operating funds to plan and cause the public improvements to be constructed. The costs are expected to include: organizational costs, legal, engineering, accounting and debt issuance costs, compliance with warranty obligations, compliance with state reporting and other administrative requirements. The first year's operating budget (for 2013) is estimated to be Twenty-Five Thousand Dollars (\$25,000.00). The operating budget amounts shown in Exhibit G are expected to be sufficient to enable the District to comply with its warranty obligations as described in Article IV.g., above. Until the District

receives sufficient revenue from *ad valorem* taxes and other District sources, funds for District organizational costs, operations and administration will be contributed by the Developer.

l. Quinquennial Review.

Pursuant to § 32-1-1101.5, C.R.S., the District shall submit application for a quinquennial finding of reasonable diligence in every fifth (5th) calendar year after the calendar year in which the District's ballot issue to incur general obligation indebtedness is approved by its electorate. Upon such application, the Board of Trustees may accept such application or hold a public hearing thereon and take such actions as are permitted by law. The District shall be responsible for payment of the Town consultant and administrative costs associated with such review, and the Town may require a deposit of the estimated costs thereof. The Town shall have all powers concerning the quinquennial review as provided by statutes in effect from time to time.

m. Letters.

There is attached hereto as **Exhibit H** a letter from legal counsel for the District stating that the petition for organization of the District, this Service Plan, notice and hearing procedures in connection therewith, and provisions thereof (including without limitation provisions as to the District's bonds, fees and revenue sources) meet the requirements of titles 11 and 32, C.R.S., and other applicable law.

VI LANDOWNERS' OBLIGATIONS AS TO PUBLIC IMPROVEMENTS

The creation of the District shall not relieve the Developer, the landowner or any subdivider of property within the District, or any of their respective successors or assigns, of obligations to construct public improvements for the Mountain Shadows development; of the obligation to enter into an amendment to the Mountain Shadows Filing No. 2 Subdivision Improvement Agreement, for payment to the Town of the Developer's contribution to the Town as set forth in Section V.c (if such

payment is to be made by the Developer rather than the District); of obligations to provide to the Town letters of credit as required by the Town to ensure the completion of such public improvements, or of any other obligations to the Town under Town ordinances, rules, regulations or policies, or under other agreements affecting the property within the District or the Mountain Shadows development, or any other agreement between the Town and the Developer (or any such landowner, subdivider or successors or assigns).

VII. ANNUAL REPORT

The District shall be responsible for submitting an annual report to the Town within one hundred twenty (120) days from the conclusion of the District's fiscal year. Failure of the District to submit such report shall not constitute a material modification hereof; unless the District refuses to submit such report within thirty (30) days after a written request from the Town to do so. The District's fiscal year shall end on December 31st of each year. The content of the annual report shall include information as to the following matters which occurred during the year:

- a. Boundary changes made or proposed;
- b. Intergovernmental Agreements entered into or proposed;
- c. Changes or proposed changes in the District's policies;
- d. Changes or proposed changes in the District's operations;
- e. Any changes in the financial status of the District including any issuance of financial obligations or any change in revenue projections or operating costs;
- f. A summary of any litigation and notices of claim involving the District;
- g. Proposed plans for the year immediately following the year summarized in the annual report;

- h. Status of construction of public improvements;
- i. The current assessed valuation in the District; and
- j. A schedule of all taxes imposed and tax or other revenues received in the report year, and proposed taxes to be imposed, and identified revenues to be received in the following year and the revenues raised or proposed to be raised therefrom.

The foregoing list shall not be construed to excuse the requirement for prior written Town approval of those matters that are considered material modifications of this Service Plan or for any other required Town approval. The annual report shall be signed by the President and attested by the Secretary of the District. Along with the annual report, and at any more frequent intervals as reasonably requested by the Town, the District shall provide to the Town a currently dated and written certificate, signed by the President and Secretary of the District, certifying that the District is in full compliance with this Service Plan. If the District is not in full compliance with this Service Plan, the certificate shall include a detailed statement describing such noncompliance, and the District shall cooperate fully with the Town in providing further information as to, and promptly remedying, any such noncompliance. The Town reserves the right, pursuant to § 32-1-207(3)(c), C.R.S., to request reports from the District beyond the mandatory statutory five (5) year reporting report. In addition to the foregoing, the District shall cooperate with the Town by providing prompt responses to all reasonable requests by the Town for information, and the District shall permit the Town to inspect all public improvements and facilities and all books and records of the District.

VIII. DISSOLUTION

Promptly when all of the general obligation bonds to be issued by the District have been paid (or when provision for payment thereof has been made through establishment of an escrow as provided by § 32-1-702(3)(b), C.R.S.), the District will so notify the Town and will cooperate fully with the Town in taking all steps necessary under then applicable law to dissolve the District (including, without limitation: formulating a plan of dissolution; executing the District's consent to dissolve pursuant to § 32-1-704(3)(b), C.R.S.; making any necessary agreements as to continuation or transfer of warranty maintenance and other services, if any, which are then being provided by the District; submitting a petition for dissolution to the District Court; and, conducting any required dissolution election).

In addition, at any time after the District has issued all of its general obligation bonds (excluding refunding bonds) as contemplated by the Financial Plan, upon the Town's request, the District will cooperate fully with the Town to dissolve the District pursuant to a plan for dissolution stating that there are outstanding financial obligations and providing that the District will continue in existence (with the Town Board of Trustees serving as the District Board of Directors if the Town so elects) to such extent as is necessary to adequately provide for the payment of such financial obligations, as provided in §§ 32-1-702(3)(c) and 32-1-707(2)(c), C.R.S. Also, on or after December 31, 2020, if the District has not issued any of its general obligation bonds, the Town shall have the right to require the District to dissolve in accordance with applicable law, and the District will cooperate fully with the Town to dissolve the District.

To the maximum extent permitted by law, the above-stated agreements to cooperate in dissolution of the District shall be binding on the undersigned Developer and other landowners signing the Consent contained in **Exhibit D** to this Service Plan (together constituting the owners of

one hundred percent (100%) of the land in the District) and shall also be binding on their successors in title to any and all land in the District (including the nominees for the initial Board of Directors set forth in Article X hereof and succeeding directors who own land within the District); and such agreements shall obligate all such persons to cooperate fully with the Town as described above, including without limitation, the signing of petitions, execution of consents, and voting in favor of dissolution in any required election.

IX. CONSOLIDATION

The District shall not file a request with the District Court to consolidate with another district without the prior written approval of the Board of Trustees.

X. ELECTIONS

Following approval of this Service Plan by the Town, and after acceptance of the organizational petition and issuance of orders from the District Court, elections on the questions of organizing the District and approving bonded indebtedness and various agreements described herein, including the intergovernmental agreement between the Town and the District contemplated in Article XIII and **Exhibit L** hereof; will be scheduled. All elections will be conducted as provided in the court orders, the Uniform Election Code of 1992 (as amended by House Bill 93-1255 and as otherwise amended from time to time), and Article X §20 of the Colorado Constitution (the "TABOR Amendment"), and are currently planned for November 2013, but may be held on any legally permitted date. The election questions are expected to include whether to organize the District, election of initial directors, and TABOR Amendment ballot issues and questions. Thus, the initial ballot may deal with the following topics (in several questions, but not necessarily using the exact divisions shown here):

- a. Whether to organize the District,
- b. Membership and terms of the initial board members,
- c. Approval of new taxes,
- d. Approval of maximum operational mill levies,
- e. Approval of bond and other indebtedness limits,
Approval of an initial property tax revenue
limit,
- g. Approval of an initial total revenue limit,
- h. Approval of an initial fiscal year spending limit, and
- i. Approval of a four (4) year delay in voting on ballot issues.

Ballot issues may be consolidated as approved in court orders. The petitioners intend to follow both the letter and the spirit of the Special District Act, the Uniform Election Code and the TABOR Amendment during organization of the District. Future elections to comply with the TABOR Amendment may be held as determined by the elected Board of Directors of the District.

The following persons, who are or will be owners of property within the District, are anticipated to be nominated for the initial board of directors of the District:

Marcus Palkowitsh
c/o MSP Corporation
720 S. Colorado Blvd.
Suite 940 – North Tower
Denver, Colorado 80246
(303) 399-9804

Chad Rodriguez
c/o MSP Corporation
720 S. Colorado Blvd.
Suite 940 – North Tower
Denver, Colorado 80246
(303) 399-9804

John Will
c/o MSP Corporation
720 S. Colorado Blvd.
Suite 940 – North Tower
Denver, Colorado 80246
(303) 399-9804

Eugene Coppola
9323 Erminedale Drive
Lone Tree, Colorado 80124

Robert R. Graft
Box 82, 1478 North Highway 83
Franktown, Colorado 80116

XI. INDEMNITIES

The fully executed MSP Corporation Indemnity Letter attached hereto as Part I of **Exhibit I** is submitted by the Developer to the Town as part of this Service Plan. The form of the District Indemnity Letter attached hereto as Part II of **Exhibit I** shall be executed by the District and delivered to the Town immediately upon formation of the District. The District shall not incur any financial obligations of any kind or otherwise perform any functions authorized under this Service Plan until the District Indemnity Letter has been duly executed by the District and delivered to the Town. The execution of such Indemnity Letters are material considerations in the Town's approval of this Service Plan, and the Town has relied thereon in approving this Plan.

XII. DISCLOSURE AND DISCLAIMER; NO THIRD-PARTY RIGHTS

The District will also record a statement against the property within the District which will include notice of the existence of the District, anticipated mill levy and maximum allowed mill levy. The form of the notice is attached hereto and incorporated herein as **Exhibit J**, subject to any changes requested by the Town in the future. In addition, there is attached hereto as **Exhibit K** a form of the Town's disclaimer statement. The District shall conspicuously include this disclaimer statement, or any modified or substitute statement hereafter furnished by the Town, in all offering materials used in connection with any bonds or other financial obligations of the District (or, if no offering materials are used, the District shall deliver the disclaimer statement to *any* prospective purchaser of such bonds or financial obligations). No changes

shall be made to the disclosure and the disclaimer set forth in **Exhibits J and K**, respectively, except as directed by the Town. Neither this Service Plan, the intergovernmental agreement to be entered into between the Town and the District as described in Article XIII below, nor any other related agreements shall be construed to impose upon the Town any duties to or confer any rights against the Town upon, any bondholders, investors, lenders or other third parties.

XIII. INTERGOVERNMENTAL AGREEMENTS

The District shall enter into an intergovernmental agreement with the Town which shall be in substantially the form set forth in **Exhibit L**. The District shall execute and deliver the intergovernmental agreement to the Town immediately upon formation of the District. The District shall not incur any financial obligations of any kind or otherwise perform any functions authorized under this Service Plan until the intergovernmental agreement has been executed and delivered to the Town. The execution of such Agreement is a material consideration in the Town's approval of this Service Plan, and the Town has relied thereon in approving this Plan. No other intergovernmental agreements are proposed at this time. Any intergovernmental agreements proposed regarding the subject matter of this Service Plan shall be subject to review and approval by the Board of Trustees prior to their execution by the District. Failure of the District to obtain such approval shall constitute a material modification of this Service Plan.

XIV. CONSERVATION TRUST FUND

The District shall not apply for or claim any entitlement to funds from the Conservation Trust Fund which is derived from lottery proceeds, or other funds available from or through governmental or nonprofit entities for which the Town is eligible to apply. The District shall remit to the Town any and all conservation trust funds which it receives.

XV. MODIFICATION OF SERVICE PLAN

The District shall obtain the prior written approval of the Town before making any material modifications to this Service Plan. Material modifications require a Service Plan amendment and include modifications of a basic or essential nature, including, but not limited to, the following:

1. Any change in the stated purposes of the District or additions to the types of facilities, improvements or programs provided by the District;
2. Any issuance by the District of financial obligations not expressly authorized by this Service Plan, or under circumstances inconsistent with the District's financial ability to discharge such obligations as shown in the build out, assessed valuation and other forecasts contained in **Exhibit G**, or any change in debt limit, change in revenue type (including, without limitation, the imposition of any tax other than *ad valorem* property tax as provided in this Service Plan) or change in maximum mill levy (except for any necessary Gallagher adjustment as provided in Article V .e above);
3. Any change in the types of improvements or change of more than fifteen percent (15%) in the estimated costs of improvements from what is stated in **Exhibit E** of this Service Plan;
4. Failure by the District to comply with the requirements of Article V.c. of this Service Plan or Section 6 of the intergovernmental agreement (the form of which is attached hereto as **Exhibit L**) concerning transfer of bond proceeds to the Town; or
5. Failure by the District to enter into the intergovernmental agreement (the form of which is attached hereto as **Exhibit L**) or failure to execute and deliver the District indemnity

letter (the form of which is attached hereto as **Exhibit I Part II**) immediately upon the District's formation as provided in Articles X and XI, respectively, of this Service Plan;

6. Failure to comply with the requirements of this Service Plan concerning the dedication of improvements or the acquisition and conveyance of lands or interests in land;

7. The failure of the District to develop any capital facility proposed in its Service Plan when necessary to service approved development within the District;

8. Any proposed use of the powers set forth in §§ 32-1-1101(1)(f) and 1101(1.5), C.R.S., respecting division of the District;

9. The occurrence of any event or condition which is defined under the Service Plan or intergovernmental agreement as necessitating a service plan amendment;

10. The default by the District under any intergovernmental agreement;

11. Any of the events or conditions enumerated in § 32-1-207(2), C.R.S., of the Special District Act; or

12. Any action or proposed action by the District which would interfere with or delay the planned dissolution of the District as provided in Article VIII hereof.

(The examples above are only examples and are not an exclusive list of all actions which may be identified as a material modification).

The District will pay all reasonable expenses of the Town, its attorneys and consultants, as well as the Town's reasonable processing fees, in connection with any request by the District for modification of this Service Plan or administrative approval by the Town of any request hereunder. The Town may require a deposit of such estimated costs.

XVI. FAILURE TO COMPLY WITH SERVICE PLAN

In the event it is determined that the District has undertaken any act or omission which violates the Service Plan or constitutes a material departure from the Service Plan (including,

without limitation, any material modification of the Service Plan as described in Article XV which is not duly authorized by the Town), the Town may utilize the remedies set forth in the statutes to seek to enjoin the actions of the District, or may withhold issuance of any permit, authorization, acceptance or other administrative approval for the Mountain Shadows development, or may pursue any other remedy available at law or in equity, including affirmative injunctive relief to require the District to act in accordance with the provisions of this Service Plan. The District shall pay any and all costs, including attorneys' fees, incurred by the Town in enforcing any provision of the Service Plan. To the extent permitted by law, the District hereby waives the provisions of § 32-1-207(3)(b), C.R.S. and agrees it will not rely on such provisions as a bar to the enforcement by the Town of any provisions of this Service Plan.

XVII. RESOLUTION OF APPROVAL

The Developer and other proponents of the proposed District agree to and shall incorporate the Board of Trustees' Resolution of Approval, including any conditions on such approval, into the Service Plan presented to the appropriate district court. Such resolution shall be attached as **Exhibit M**.

XVIII. SEVERABILITY

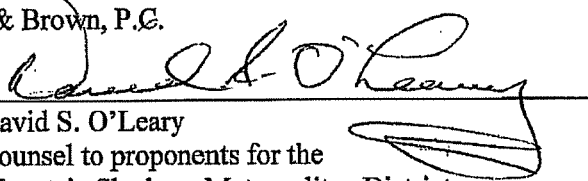
If any portion of this Service Plan is held invalid or unenforceable for any reason by a court of competent jurisdiction, such portion shall be deemed severable and its invalidity or its unenforceability shall not cause the entire Service Plan to be terminated. Further, with respect to any portion so held invalid or unenforceable, the District and Town agree to pursue a Service Plan amendment or take such other actions as may be necessary to achieve to the greatest degree possible the intent of the affected portion.

XIX. CERTIFICATION

This Service Plan is submitted to the Town by the undersigned on behalf of the Developer, which is the District petitioner, and with the consent of all owners of all private property within the boundaries of the proposed District. The undersigned will cause written notice of the Town's hearing on the proposed Service Plan to be duly given to all "interested parties" within the meaning of § 32-1-204, C.R.S., and will or has caused all other required filings to be made and all other applicable procedural requirements to be met. Therefore, it is hereby respectfully requested that the Town Board of Trustees of the Town of Firestone, Colorado, which has jurisdiction to approve this Service Plan by virtue of Section 32-1-204.5., et seq., as amended, adopt a resolution of approval which approves this Service Plan for the Mountain Shadows Metropolitan District as submitted.

Dufford & Brown, P.C.

By:



David S. O'Leary
Counsel to proponents for the
Mountain Shadows Metropolitan District

EXHIBIT A
Legal Description

Mountain Shadows Subdivision Filing No. 2

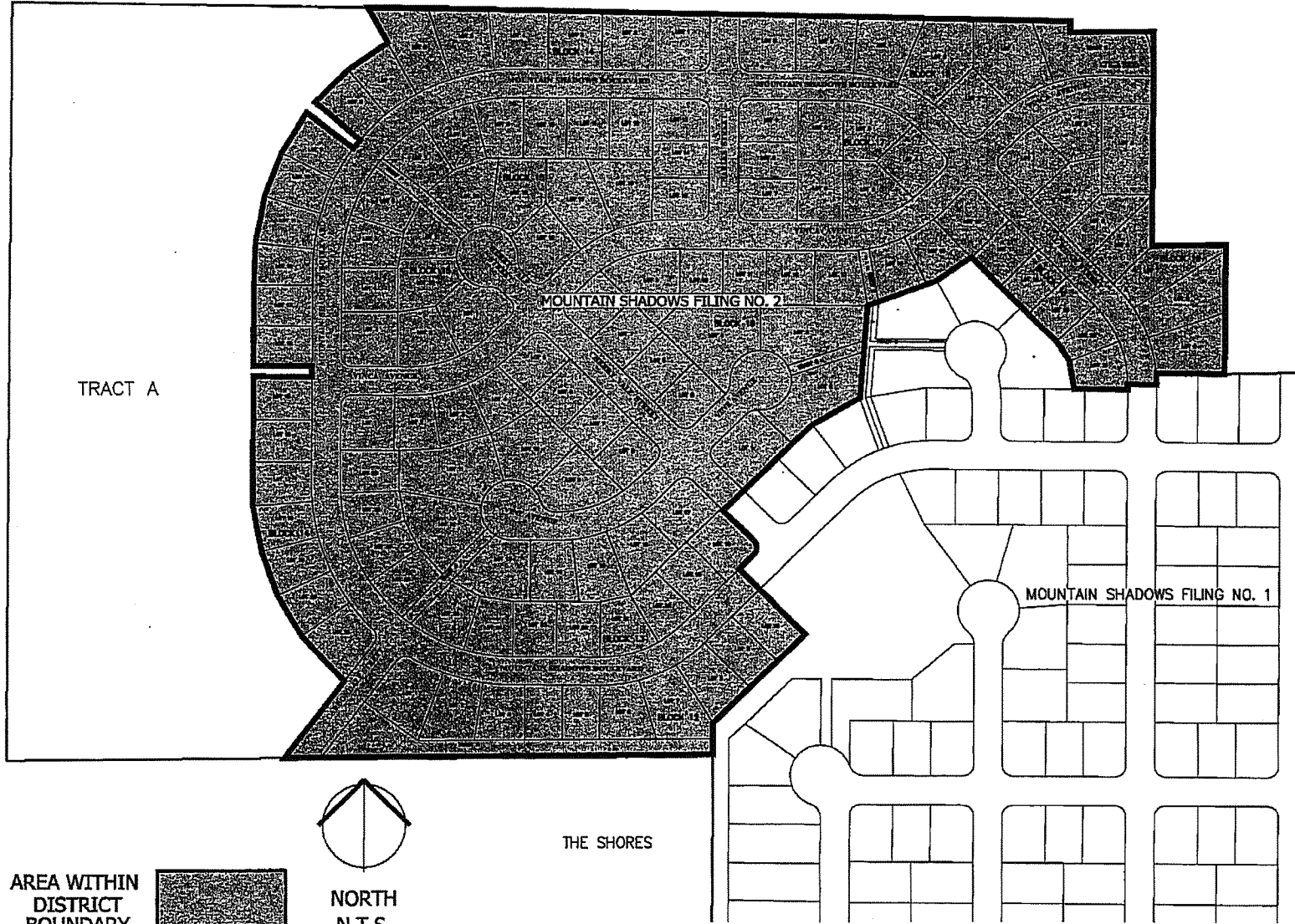
Legal Description:

A parcel of land located in the East Half of Section 1, Township 2 North, Range 68 West of the Sixth Principal Meridian, Town of Firestone, County of Weld, State of Colorado being all of the property described on the plat titled "Mountain Shadows Subdivision Filing No. 2" recorded in the office of the Weld County Clerk and Recorder on August 1, 2013 at Reception No. 3952378, containing 1,726,080 sq. ft. or 39.625 acres more or less.

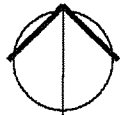
EXHIBIT B

Boundary Map

EXHIBIT B MOUNTAIN SHADOWS METROPOLITAN DISTRICT DISTRICT BOUNDARY



AREA WITHIN
DISTRICT
BOUNDARY



NORTH
N.T.S.

THE SHORES

TRACT A

MOUNTAIN SHADOWS FILING NO. 2

MOUNTAIN SHADOWS FILING NO. 1

EXHIBIT C

Vicinity Map

EXHIBIT C

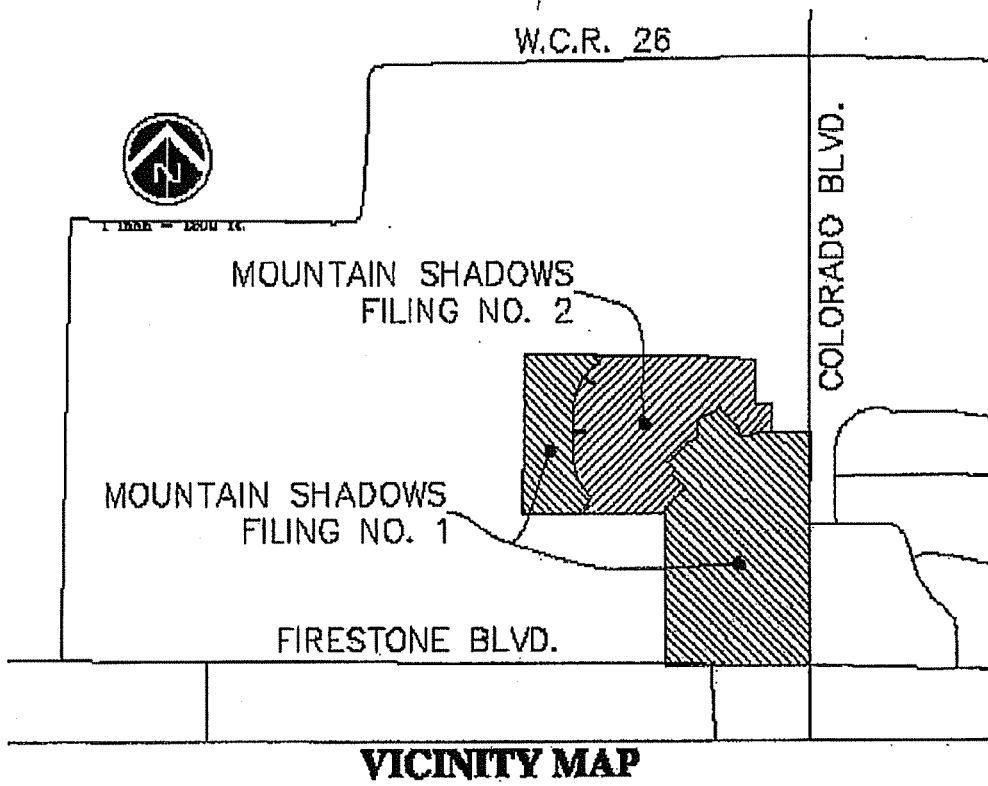


EXHIBIT D

Property Owners' Consents

MSP CORPORATION
720 S. Colorado Boulevard, Suite 940 – North Tower
Denver, Colorado 80246

December 3, 2013

Board of Trustees
Town of Firestone
151 Grant Ave.
Post Office Box 100
Firestone, CO 80520

RE: Proposed Mountain Shadows Metropolitan District (the "District")

To the Board of Trustees:

MSP Corporation is the owner of the property, excluding rights of way and tracts dedicated to the Town, attached hereto as Exhibit A, which property comprises the Mountain Shadows Subdivision Filing No. 2 and is proposed to constitute the boundaries of the District. The purpose of this letter is to advise that the property owner consents to the organization of the District

MSP CORPORATION
A Colorado Corporation

By:

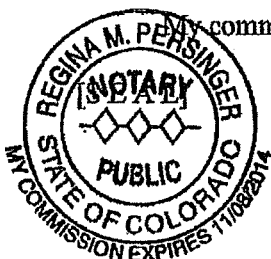

Marcus Palkowitsh, President

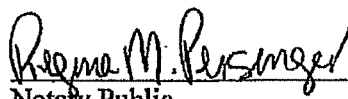
STATE OF COLORADO)
) ss.
COUNTY OF Arapahoe)

On this 3rd day of December, 2013, before me, a Notary Public, personally appeared Marcus Palkowitsh in his capacity as President of MSP Corporation, a Colorado corporation, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same in the indicated capacity as his free act and deed.

Witness my hand and seal of office.

My commission expires: 11/8/14




Notary Public

Mountain Shadows Subdivision Filing No. 2

Legal Description:

A parcel of land located in the East Half of Section 1, Township 2 North, Range 68 West of the Sixth Principal Meridian, Town of Firestone, County of Weld, State of Colorado being all of the property described on the plat titled "Mountain Shadows Subdivision Filing No. 2" recorded in the office of the Weld County Clerk and Recorder on August 1, 2013 at Reception No. 3952378, containing 1,726,080 sq. ft. or 39.625 acres more or less.

EXHIBIT E

Engineering Estimates



**NORTHERN
ENGINEERING**

ADDRESS:
200 S. College Ave, Suite 10
Fort Collins, CO 80524

PHONE: 970.221.4158

FAX: 970.221.4159

WEBSITE:
www.northernengineering.com

November 26, 2013

**Town of Firestone
151 Grant Street
Firestone, Colorado 80520**

RE: Proposed Mountain Shadows Metropolitan District

Staff,

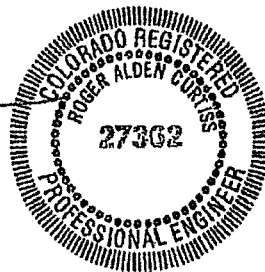
I, Roger A Curtiss, a Registered Professional Engineer in the State of Colorado, have reviewed the Mountain Shadows Metropolitan District Public Improvements Estimate of Probable Construction Costs within the proposed Mountain Shadows Metropolitan District area as prepared by MSP Corporation. This estimate was based on the following assumptions:

- 1. The quantities and unit costs for each item are based on an estimate(s) of improvements plans for Mountain Shadows Filing No. 2 by J3 Engineering dated 7-25-06 (last revision). While the most current version of the site improvement plans by Northern Engineering is different than the approved J3 version, the unit costs for the improvements are valid, and the quantities for the proposed public improvements have been also adjusted to represent the current site configuration.**

Based on the above assumption, I believe the Public Improvement Estimate of Probable Construction Costs contained within the Service Plan for Mountain Shadows Metropolitan District is reasonable for the public improvements portion of the project per the proposed utility plans for Mountains Shadows dated October 2013, by Northern Engineering Services, Inc.

Sincerely,

**Roger A Curtiss, P.E.
Northern Engineering Services, Inc.**



MOUNTAIN SHADOWS FILING NO. 2, FIRESTONE, CO						
154 LOTS						
Item	Cost Code	Description	Qty.	Unit	Unit Price	Cost
COSTS PRIOR TO CONSTRUCTION						
1	3-01-0000	ENGINEERING FEES FOR PUBLIC IMPROVEMENTS				
a	3-01-0000	Civil Engineering/Surveying	1	ls	\$ 97,000.00	\$ 97,000.00
		Subtotal				\$ 97,000.00
COSTS PRIOR TO CONSTRUCTION SUBTOTAL						\$ 97,000.00
CONSTRUCTION COSTS						
3	4-01-0010	CONSTRUCTION INSPECTION FEES FOR PUBLIC IMPROVEMENTS				
a	4-01-0010	Town of Firestone	1	ls	\$ 30,000.00	\$ 30,000.00
b	4-01-0010	St. Vrain Sanitation District	1	ls	\$ 7,000.00	\$ 7,000.00
		Subtotal				\$ 37,000.00
4	3-01-0000	CONSTRUCTION ENGINEERING/SURVEYING				
a	3-01-0020	Construction Engineering	1	ls	\$ 10,000.00	\$ 10,000.00
b	3-01-0050	Construction Surveying	1	ls	\$ 45,000.00	\$ 45,000.00
c	3-01-0300	Geotech Testing	1	ls	\$ 45,000.00	\$ 45,000.00
		Subtotal				\$ 100,000.00
5	6-01-0100	EROSION CONTROL				
a	6-01-0100	Mobilization	4	ls	\$ 1,100.00	\$ 4,400.00
b	6-01-0100	Silt Fence	11,450	lf	\$ 1.50	\$ 17,175.00
c	6-01-0100	Vehicle Tracking Control	9	ea	\$ 2,000.00	\$ 18,000.00
d	6-01-0100	Concrete Washout	3	ea	\$ 850.00	\$ 2,550.00
e	6-01-0100	Inlet Protection	7	ea	\$ 500.00	\$ 3,500.00
f	6-01-0100	Outlet Protection	1	ea	\$ 200.00	\$ 200.00
g	6-01-0100	Seed, Mulch, Crimp	37	ac	\$ 1,400.00	\$ 52,360.00
		Subtotal				\$ 98,185.00
6	6-01-0000	EARTHWORK				
a	6-01-0125	Mobilization	4	ls	\$ 7,400.00	\$ 29,600.00
b	6-01-0025	Clear & Grub	4	ls	\$ 3,000.00	\$ 12,000.00
c	6-01-0325	Strip Topsoil @ 4" to stockpile	6,776	cy	\$ 1.60	\$ 10,841.49
d	6-01-0125	Earthwork Cut to Fill	16,985	cy	\$ 2.75	\$ 46,708.20
		Subtotal				\$ 99,149.69
7	6-03-0250	SANITARY SEWER				
a	6-03-0250	Mobilization	4	ls	\$ 4,100.00	\$ 16,400.00
b	6-03-0250	8" PVC SDR35 Main	6,286	lf	\$ 31.00	\$ 194,866.00
c	6-03-0250	4" PVC SDR35 SS Services	154	ea	\$ 890.00	\$ 137,060.00
d	6-03-0250	4' ID Manhole	38	ea	\$ 2,150.00	\$ 81,700.00
e	6-03-0250	Tie to Existing Main	6	ea	\$ 1,800.00	\$ 10,800.00
		Subtotal				\$ 440,826.00
8	6-03-0275	STORM SEWER				
a	6-03-0275	60" RCP CL3	240	lf	\$ 180.00	\$ 43,200.00
b	6-03-0275	54" RCP CL3	712	lf	\$ 160.00	\$ 113,920.00
c	6-03-0275	48" RCP CL3	984	lf	\$ 125.00	\$ 123,000.00
d	6-03-0275	24" RCP CL3	247	lf	\$ 50.00	\$ 12,350.00
e	6-03-0275	18" RCP CL3	549	lf	\$ 45.00	\$ 24,705.00
f	6-03-0275	Box Base Manhole	1	ea	\$ 5,351.00	\$ 5,351.00
g	6-03-0275	6' ID Manhole	13	ea	\$ 4,184.00	\$ 54,392.00
h	6-03-0275	5' ID Manhole	2	ea	\$ 3,036.00	\$ 6,072.00
i	6-03-0275	15' Type R Inlet	1	ea	\$ 5,078.00	\$ 5,078.00
j	6-03-0275	10' Type R Inlet	2	ea	\$ 4,838.00	\$ 9,676.00
k	6-03-0275	5' Type R Inlet	9	ea	\$ 2,444.00	\$ 21,996.00
l	6-03-0275	60" FES w/ Trashrack	1	ea	\$ 2,853.00	\$ 2,853.00
m	6-03-0275	Tie to Existing 48" RCP	1	ea	\$ 2,000.00	\$ 2,000.00
n	6-03-0275	Concrete Encase Storm Joints	23	ea	\$ 350.00	\$ 8,050.00
o	6-01-0225	Type M Riprap	200	sf	\$ 4.00	\$ 800.00
		Subtotal				\$ 433,443.00

9	6-03-0075	WATER					
a	6-03-0075	8" PVC Main	7,141	lf	\$	20.60	\$ 147,094.30
b	6-03-0075	Tie to Existing Stub	10	ea	\$	452.00	\$ 4,520.00
c	6-03-0075	8" Gate Valve & Box	18	ea	\$	1,600.00	\$ 28,800.00
d	6-03-0075	8"x8" Cross	3	ea	\$	515.00	\$ 1,545.00
e	6-03-0075	8"x8" Tee	4	ea	\$	515.00	\$ 2,060.00
f	6-03-0075	8"x6" Swivel Tee	16	ea	\$	427.00	\$ 6,832.00
g	6-03-0075	8" Horizontal Bend	2	ea	\$	485.00	\$ 970.00
l	6-03-0075	8" Plug	10	ea	\$	3,500.00	\$ 35,000.00
j	6-03-0075	8"x2" Blow-off Assembly	10	ea	\$	235.00	\$ 2,350.00
k	6-03-0075	Fire Hydrant Assembly	8	ea	\$	2,300.00	\$ 18,400.00
l	6-03-0075	3/4" K Copper Waterline	154	ea	\$	600.00	\$ 92,400.00
m	6-03-0100	3/4" Water Service w/o Meter Pit	154	ea	\$	728.00	\$ 112,112.00
		Subtotal					\$ 452,083.30
10	6-02-0125	CONCRETE					
a	6-02-0125	Mobilization Concrete	4	ls	\$	\$2,700.00	\$ 10,800.00
b	6-02-0350	Combo Curb Gutter and 3'-9" Walk	13,196	lf	\$	\$18.70	\$ 246,765.20
c	6-02-0125	8" Crosspan	3,285	sf	\$	\$6.40	\$ 21,024.00
d	6-02-0350	Radius Ramps	22	ea	\$	\$878.00	\$ 19,316.00
e	6-02-0350	Midblock Ramps	9	ea	\$	\$904.00	\$ 8,136.00
f	6-02-0350	8' Wide Concrete Trail	600	lf	\$	\$36.20	\$ 21,720.00
g	6-02-0350	10' Wide Concrete Trail	80	lf	\$	\$41.20	\$ 3,296.00
		Subtotal					\$ 331,057.20
11	6-02-0250	ASPHALT PAVING					
a	6-02-0250	Mobilization	4	ls	\$	6,370.00	\$ 25,480.00
b	6-01-0300	12" Thick Scarify and Recompact	27,517	sy	\$	2.00	\$ 55,034.00
c	6-02-0250	6" Thick Full Depth Asphalt Paving	27,517	sy	\$	20.70	\$ 569,601.90
d	6-03-0250	Adjust Manhole	55	ea	\$	480.00	\$ 26,400.00
e	6-03-0075	Adjust Valve Box/Cleanouts	47	lf	\$	240.00	\$ 11,280.00
		Subtotal					\$ 687,795.90
12	6-02-0125	CARBONDALE/CHERRY VALE INTERSECTION (OFFSITE)					
a	6-01-0300	12" Thick Scarify and Recompact	495	sy	\$	2.40	\$ 1,188.00
b	6-02-0250	6" Thick Full Depth Asphalt Paving	495	sy	\$	21.80	\$ 10,791.00
		Subtotal					\$ 11,979.00
13	6-02-0400	SIGNAGE AND STRIPING					
a	6-02-0400	Mobilization	1	ls	\$	500.00	\$ 500.00
b	6-02-0400	Crosswalk	2	ea	\$	660.00	\$ 1,320.00
c	6-02-0400	Traffic Sign	4	ea	\$	350.00	\$ 1,400.00
d	6-02-0400	Stop Signs with Street Blades	11	ea	\$	420.00	\$ 4,620.00
		Subtotal					\$ 7,840.00
14	6-04-0000	STREET LIGHTS AND PUBLIC ROW SLEEVING					
a	6-04-0050	Street Lights	28	ea	\$	6,000.00	\$ 168,000.00
b	6-04-0150	Public Row Trenching for Sleeves	1,560	lf	\$	9.80	\$ 15,288.00
c	6-04-0175	4" SCH 40 PVC - Public ROW Sleeve Material	3,120	lf	\$	5.10	\$ 15,912.00
		Subtotal					\$ 199,200.00
CONSTRUCTION COSTS SUBTOTAL							\$ 2,898,559.09
PROJECT SUBTOTAL							\$ 2,995,559.09
5% CONTINGENCY							\$ 149,777.95
8% PROJECT ADMINISTRATION AND CONSTRUCTION MANAGEMENT							\$ 251,626.96
TOTAL							\$ 3,396,964.01

EXHIBIT F

Location of Public Improvements

EXHIBIT F

MOUNTAIN SHADOWS 2 METROPOLITAN DISTRICT

SANITARY SEWER SYSTEM EXHIBIT

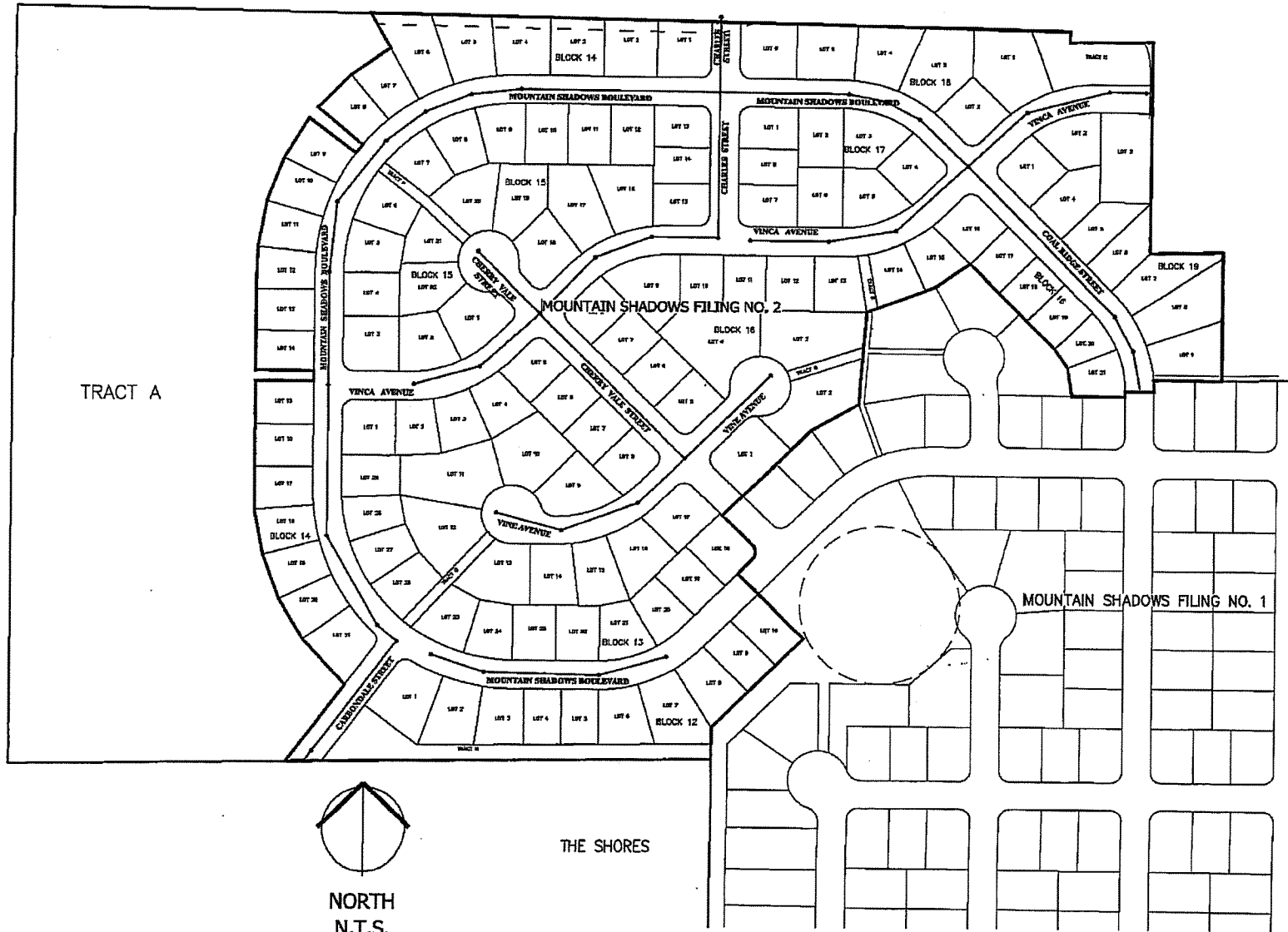


EXHIBIT F

MOUNTAIN SHADOWS 2 METROPOLITAN DISTRICT

STORM SEWER EXHIBIT

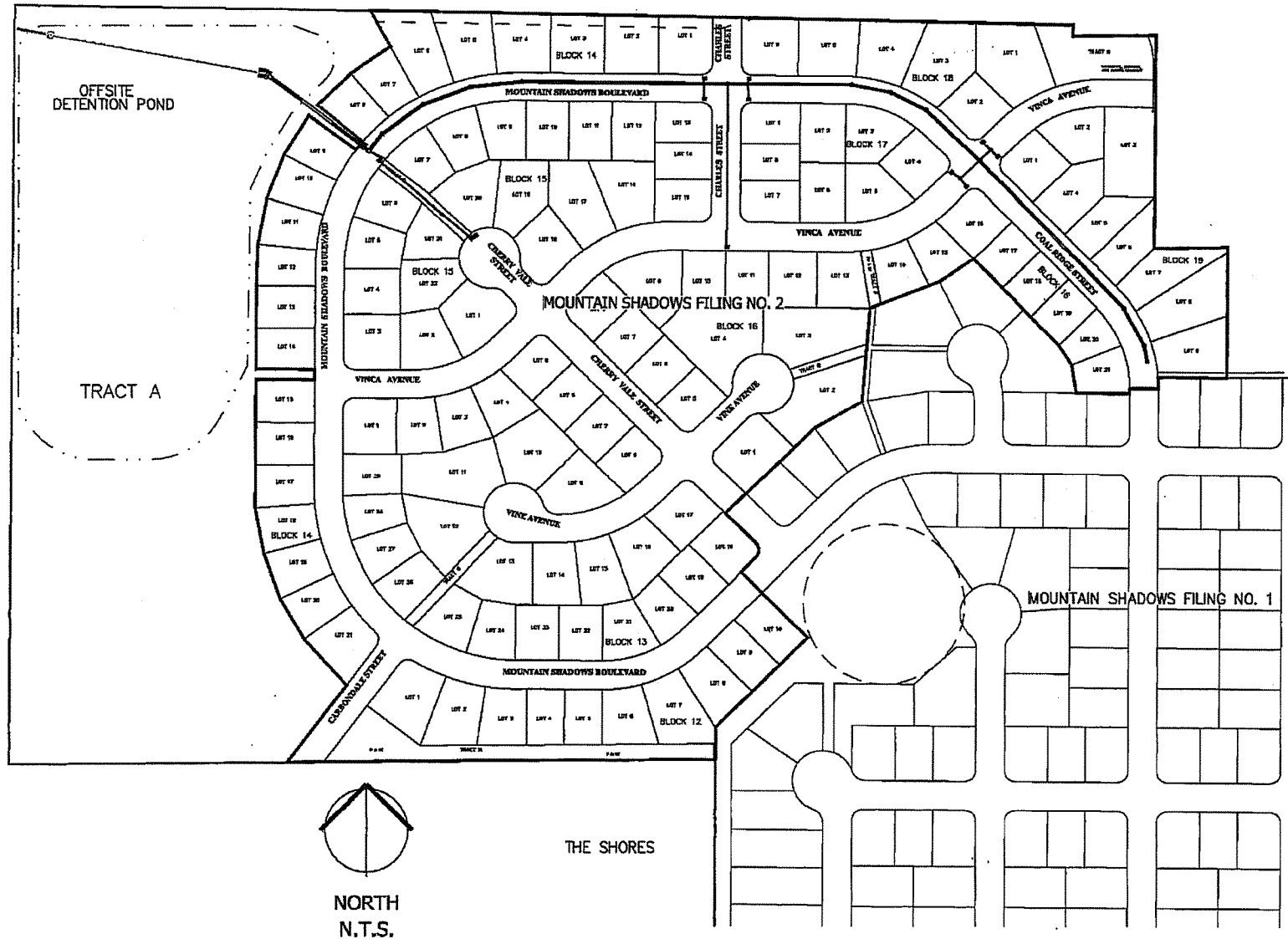


EXHIBIT F

MOUNTAIN SHADOWS 2 METROPOLITAN DISTRICT

WATER SYSTEM EXHIBIT

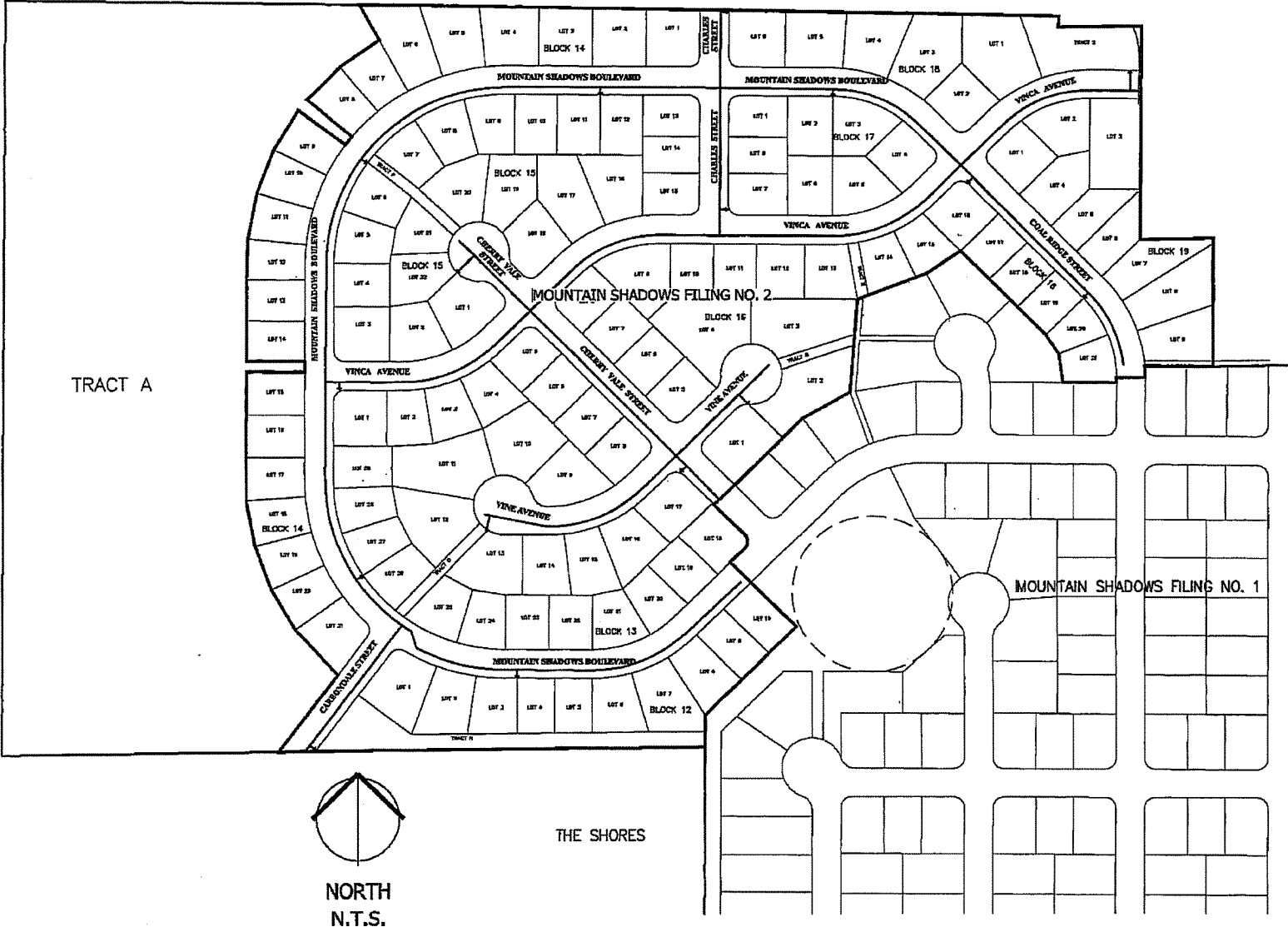


EXHIBIT F

MOUNTAIN SHADOWS 2 METROPOLITAN DISTRICT

STREETS EXHIBIT

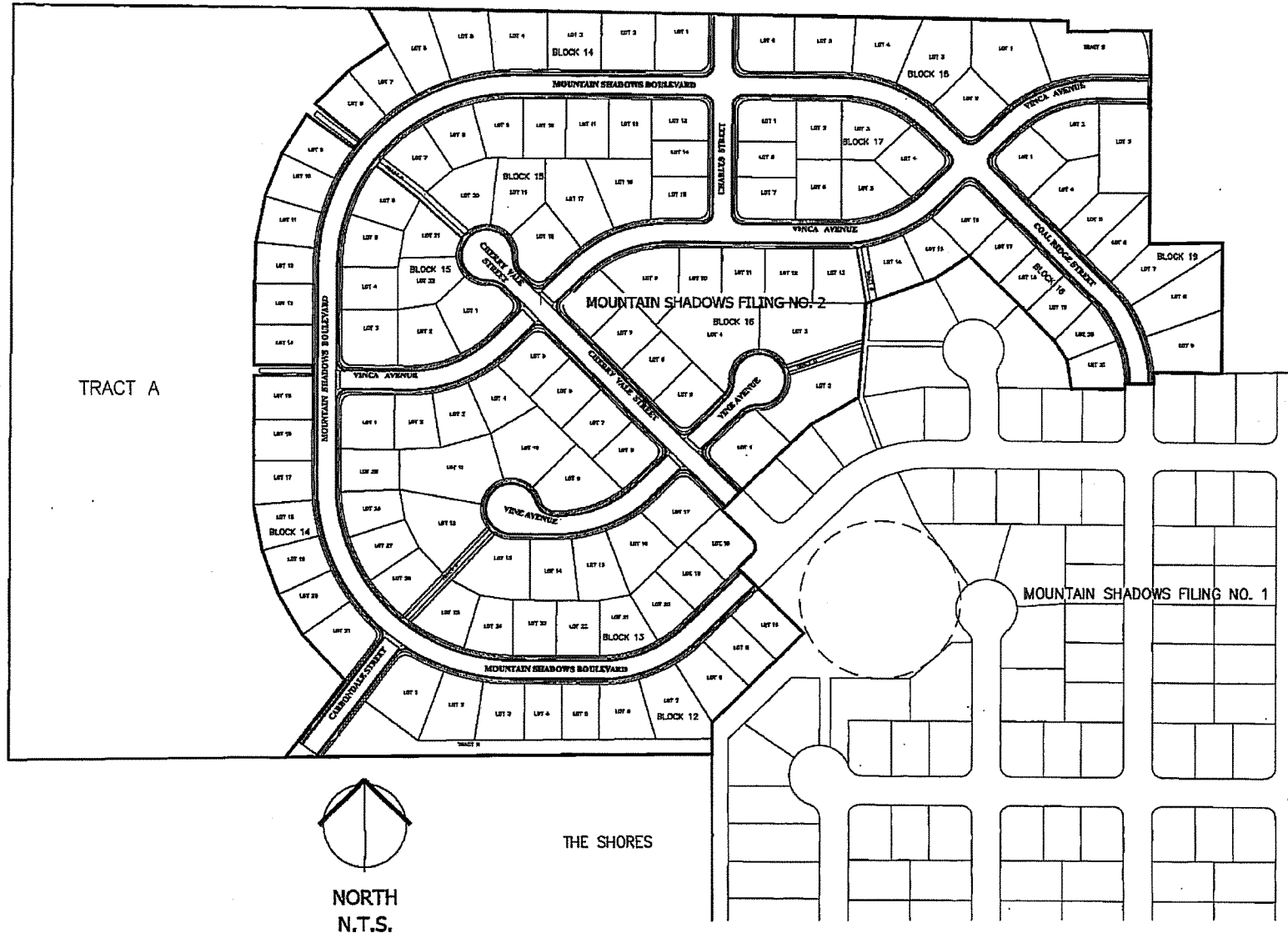


EXHIBIT G

Financing Plan

Stan Bernstein and Associates, Inc.

Financial Planners and Consultants

For Local Governments, Municipal Bond Underwriters, and Real Estate Developers

8400 East Prentice Avenue, Penthouse

Greenwood Village, Colorado 80111

Telephone: 303-409-7611, Cell: 303-594-0737; Email: stanplan@earthlink.net

November 11, 2013

Mr. Marcus Palkowitsh
MSP Corporation
720 S. Colorado Blvd., Ste. 940N
Denver, CO 80246

Sent Via Email

Scope and Limitations of Engagement

We have compiled the accompanying estimate of potential bonding capacity for the proposed Mountain Shadows Metropolitan District ("the District"). A compilation is limited to presenting information and assumptions that are those of the proponents of the District, and does not include independently verifying the accuracy of the information or assumptions.

The following key assumptions have been provided by MSP Corporation, and form the basis of the estimate of potential bonding capacity for the District.

1. A total of 154 homes with average market values in the amount of \$350,983 are expected to be completed at full buildout. It is assumed that the market values of the homes will increase by a factor of 2% as of June 30, 2016 and by an average of 2% every year thereafter.
2. 10 homes are expected to be completed during 2013, 36 homes are expected to be completed during 2014, 36 homes are expected to be completed in 2015, 36 homes are expected to be completed in 2016, and 36 homes are expected to be completed in 2017.
3. The debt service mill levy is expected to be 45.0 mills and will be Gallagherized (i.e., if the current 7.96% residential assessment rate decreases then the assumed 45.0 debt service mill levy will automatically increase to offset any potential loss in property tax revenues). The combined debt service and operating mill levy will be 50.0 mills.
4. The bonds will be issued as limited tax general obligation cash flow bonds and are expected to be purchased by the Developer of Mountain Shadows.

Mr. Marcus Palkowitsh
November 11, 2013
Page ii

Assumptions (continued)

5. The bonds will bear interest at 8.0% and will be amortized not longer than 30 years after the issuance of the bonds.
6. Administrative costs such as audit, accounting, legal, and insurance are assumed to be funded from an operating (General Fund) mill levy not to exceed 5.0 mills.
7. Specific Ownership Tax revenues have been calculated based on applying a factor of 8.0% to annual property tax revenues.
8. It is assumed that the County Treasurer's collection fee will be 1.5% property tax revenues.
9. Interest earnings on accumulated funds available are assumed to average 0.25% annually.

Estimate of Potential Bonding Capacity

Based upon the above assumptions, the attached Exhibit I indicates a potential bonding capacity of approximately \$2,900,000 once all 154 homes are completed. This estimate assumes average home value inflation of slightly less than 2% per year beginning in 2016. If the annual rate of inflation exceeds 2% per year the amount of bonds that could be supported would exceed \$2,900,000; conversely if average home appreciation is less than 2% annually, it might not be possible to amortize the assumed \$2,900,000 bond issue over a 30 year period. As previously stated, the estimated \$2,900,000 of bonding capacity assumes cash flow bonds are purchased by the Developer of Mountain Shadows.

We have also identified approximately \$20,000 of administrative (General Fund) property tax revenues would be generated annually at full buildout assuming a mill levy of 5.0.

Mr. Marcus Palkowitsh
November 11, 2013
Page iii

Certification

Based upon the assumptions disclosed above, which are those of the Developer and have not been independently verified or evaluated by Stan Bernstein and Associates, Inc., the District is expected to retire all debt referenced in the Financial Model, within the restrictions set forth in the Service Plan, including but not limited to the Maximum Debt Mill levy and the Maximum Debt Mill Levy Imposition Term.

Disclaimer

The assumptions disclosed in the Financial Model are those of the Developer and have not been independently reviewed by Stan Bernstein and Associates, Inc. Those assumptions identified are believed to be the significant factors in determining financial feasibility; however, they are likely not to be all-inclusive. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Key assumptions – like those relating to market values of real property improvements and the buildout schedule of such property – are particularly sensitive in terms of the timing necessary to create the tax base for the District. A small variation in these variables, and to their timing, can have a large effect on the forecasted results. There is a high probability that the forecasted results will differ from realized future tax base factors and such variations can be material. Additionally, other key assumptions relating to inflation, assessment ratios, interest rates, and infrastructure, administrative, and operating costs may, and likely will, vary from those assumed.

Because Stan Bernstein and Associates, Inc. has not independently evaluated or reviewed the assumptions that the Financial Model is based upon, we do not vouch for the achievability (and disclaim any opinion) of the information presented on the accompanying Exhibit I and Schedule 1. Furthermore, because of the inherent nature of future events, which are subject to change and variation as events and circumstances change, the actual results may vary materially from the results presented on Exhibit I and Schedule 1. Stan Bernstein and Associates, Inc. has no responsibility or obligation to update this information or this Financial Model for events occurring after the date of this report.

Very truly yours,


Stan Bernstein (for the firm)

Stan Bernstein and Associates, Inc.

**EXHIBIT 1
MOUNTAIN SHADOWS METROPOLITAN DISTRICT
CASH FLOW FORECASTS (COMBINED GENERAL FUND AND DEBT SERVICE FUND)
FOR THE YEARS ENDING DECEMBER 31, 2013 THROUGH 2046**

FINAL DRAFT

**11/11/2013
SEE CONSULTANTS' DISCLAIMER**

<u>KEY ASSUMPTIONS</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
ASSESSED VALUATION (SCH. 1)	<u>100,000</u>	<u>100,000</u>	<u>1,430,640</u>	<u>2,157,249</u>	<u>2,880,078</u>	<u>3,775,249</u>	<u>4,584,083</u>	<u>4,746,646</u>	<u>4,746,646</u>	<u>4,836,512</u>
DEBT SERVICE MILL LEVY	0.00	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000
ADMINISTRATIVE MILL LEVY	0.00	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
TOTAL DISTRICT MILL LEVY	0.00	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>	<u>50.000</u>
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 1)	10	36	38	36	36	0	0	0	0	0
CUMULATIVE RESIDENTIAL UNITS (SCH. 1)	10	46	82	118	154	154	154	154	154	154
<u>CASH FLOW</u>										
<u>REVENUES</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PROPERTY TAXES	0	5,000	71,532	107,862	144,004	188,782	228,204	237,332	237,332	246,826
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	0	400	5,723	8,629	11,520	15,101	18,258	18,987	18,987	19,746
DEVELOPER OPERATING CONTRIBUTION	0	0	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ .25% OF BEGINNING FUNDS	0	0	12	185	445	214	90	51	53	45
TOTAL REVENUES	0	<u>5,400</u>	<u>77,267</u>	<u>116,678</u>	<u>155,970</u>	<u>204,077</u>	<u>246,550</u>	<u>256,379</u>	<u>256,379</u>	<u>266,618</u>
<u>EXPENDITURES</u>										
COUNTY TREASURER 1.5% COLLECTION FEE	0	75	1,073	1,618	2,160	2,831	3,423	3,560	3,560	3,702
ADMINISTRATIVE COSTS (5 MILLS)	0	<u>500</u>	<u>7,153</u>	<u>10,789</u>	<u>14,400</u>	<u>18,876</u>	<u>22,820</u>	<u>23,733</u>	<u>23,733</u>	<u>24,583</u>
TOTAL EXPENDITURES	0	<u>575</u>	<u>8,226</u>	<u>12,404</u>	<u>16,560</u>	<u>21,708</u>	<u>26,243</u>	<u>27,293</u>	<u>27,293</u>	<u>28,385</u>
FUNDS AVAILABLE FOR DEBT SERVICE	0	<u>4,825</u>	<u>69,040</u>	<u>104,272</u>	<u>139,409</u>	<u>182,370</u>	<u>220,307</u>	<u>228,086</u>	<u>229,079</u>	<u>238,233</u>
LTD G.O. CASH FLOW BONDS										
SERIES 12/1/2016 @ 8.0%										
INTEREST @ 8.0%	0	0	0	0	232,000	232,000	232,000	232,000	232,000	232,000
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	0	0	0	0	<u>232,000</u>	<u>232,000</u>	<u>232,000</u>	<u>232,000</u>	<u>232,000</u>	<u>232,000</u>
LTD. G.O. CASH FLOW BONDS OUTSTANDING @ 12/31	0	0	0	<u>2,900,000</u>	<u>2,900,000</u>	<u>2,900,000</u>	<u>2,900,000</u>	<u>2,900,000</u>	<u>2,900,000</u>	<u>2,900,000</u>
TOTAL EXPEND INCLUD. DEBT SERVICE & CAPITAL IMPROVEMENTS	0	<u>575</u>	<u>8,226</u>	<u>12,404</u>	<u>248,560</u>	<u>253,708</u>	<u>258,243</u>	<u>259,293</u>	<u>259,293</u>	<u>260,385</u>
EXCESS REVENUES & BONDS OVER EXPENDITURES	0	<u>4,825</u>	<u>69,040</u>	<u>104,272</u>	<u>(92,591)</u>	<u>(49,630)</u>	<u>(11,693)</u>	<u>(2,914)</u>	<u>(2,921)</u>	<u>6,233</u>
BEGINNING FUND BALANCE - JANUARY 1	0	0	<u>4,825</u>	<u>73,865</u>	<u>178,137</u>	<u>85,546</u>	<u>35,916</u>	<u>24,223</u>	<u>21,309</u>	<u>18,388</u>
ENDING FUND BALANCE - DECEMBER 31	0	<u>4,825</u>	<u>73,865</u>	<u>178,137</u>	<u>85,546</u>	<u>35,916</u>	<u>24,223</u>	<u>21,309</u>	<u>18,388</u>	<u>24,620</u>
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	<u>2,900,000</u>	<u>2,900,000</u>	<u>2,900,000</u>	<u>2,900,000</u>	<u>2,900,000</u>	<u>2,900,000</u>	<u>2,900,000</u>
% OF OUTSTANDING LTD. G.O. BONDS/ASSESSED VALUATION	0.00%	0.00%	0.00%	<u>100.69%</u>	<u>76.82%</u>	<u>63.54%</u>	<u>61.10%</u>	<u>61.10%</u>	<u>58.75%</u>	<u>58.75%</u>

EXHIBIT I
MOUNTAIN SHADOWS METROPOLITAN DISTRICT
CASH FLOW FORECASTS (COMBINED GENERAL FUND AND DEBT SERVICE FUND)
FOR THE YEARS ENDING DECEMBER 31, 2013 THROUGH 2046

<u>KEY ASSUMPTIONS</u>	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
ASSESSED VALUATION (SCH. 1)	4,936,512	5,133,973	5,133,973	5,339,331	5,339,331	5,652,905	5,652,905	5,775,021	5,775,021	6,006,022
DEBT SERVICE MILL LEVY	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000	45.000
ADMINISTRATIVE MILL LEVY	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
TOTAL DISTRICT MILL LEVY	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000	50.000
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 1)	0	0	0	0	0	0	0	0	0	0
CUMULATIVE RESIDENTIAL UNITS (SCH. 1)	154	154	154	154	154	154	154	154	154	154
<u>CASH FLOW</u>										
<u>REVENUES</u>	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
PROPERTY TAXES	246,826	256,699	256,699	268,967	268,967	277,645	277,645	288,761	288,761	300,301
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	19,746	20,538	20,536	21,357	21,357	22,212	22,212	23,100	23,100	24,024
DEVELOPER OPERATING CONTRIBUTION	0	0	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ .25% OF BEGINNING FUNDS	82	85	80	88	117	140	168	190	221	248
TOTAL REVENUES	266,633	277,299	277,315	288,422	288,441	299,997	300,025	312,041	312,072	324,573
<u>EXPENDITURES</u>										
COUNTY TREASURER 1.5% COLLECTION FEE	3,702	3,850	3,850	4,004	4,004	4,165	4,165	4,331	4,331	4,505
ADMINISTRATIVE COSTS (5 MILLS)	24,883	25,670	25,670	26,697	26,697	27,785	27,785	28,875	28,875	30,030
TOTAL EXPENDITURES	28,585	29,520	29,520	30,701	30,701	31,929	31,929	33,206	33,206	34,535
FUNDS AVAILABLE FOR DEBT SERVICE	238,248	247,779	247,794	257,720	257,740	268,068	268,096	278,835	278,866	290,038
LTD G.O. CASH FLOW BONDS										
SERIES 12/1/2016 @ 8.0%										
INTEREST @ 8.0%	232,000	231,600	230,800	230,000	228,400	226,800	224,400	221,600	218,000	214,000
PRINCIPAL REDUCTION	5,000	10,000	10,000	20,000	20,000	30,000	35,000	45,000	50,000	65,000
TOTAL DEBT SERVICE	237,000	241,600	240,800	250,000	248,400	256,800	259,400	266,600	268,000	279,000
LTD. G.O. CASH FLOW BONDS OUTSTANDING @ 12/31	2,895,000	2,885,000	2,875,000	2,855,000	2,835,000	2,805,000	2,770,000	2,725,000	2,675,000	2,610,000
TOTAL EXPEND INCLUD. DEBT SERVICE & CAPITAL IMPROVEMENTS	265,385	271,120	270,320	280,701	279,101	288,728	291,329	299,806	301,206	313,535
EXCESS REVENUES & BONDS OVER EXPENDITURES	1,248	6,179	6,994	7,720	9,340	11,268	8,696	12,235	10,866	11,038
BEGINNING FUND BALANCE - JANUARY 1	24,620	25,889	32,048	39,042	46,762	58,102	67,370	76,066	88,301	99,186
ENDING FUND BALANCE - DECEMBER 31	25,869	32,048	39,042	46,762	56,102	67,370	76,066	88,301	99,186	110,205
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	2,895,000	2,885,000	2,875,000	2,855,000	2,835,000	2,805,000	2,770,000	2,725,000	2,675,000	2,610,000
% OF OUTSTANDING LTD. G.O. BONDS/ASSESSED VALUATION	56.38%	56.19%	53.85%	53.47%	51.05%	50.51%	47.97%	47.19%	44.64%	43.48%

EXHIBIT I
MOUNTAIN SHADOWS METROPOLITAN DISTRICT
CASH FLOW FORECASTS (COMBINED GENERAL FUND AND DEBT SERVICE FUND)
FOR THE YEARS ENDING DECEMBER 31, 2013 THROUGH 2046

<u>KEY ASSUMPTIONS</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>
ASSESSED VALUATION (SCH. 1)	6,006,022	6,246,263	6,246,263	6,496,113	6,496,113	6,755,959	6,755,959	7,026,196	7,026,196	7,307,244
DEBT SERVICE MILL LEVY	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
ADMINISTRATIVE MILL LEVY	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL DISTRICT MILL LEVY	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 1)	0	0	0	0	0	0	0	0	0	0
CUMULATIVE RESIDENTIAL UNITS (SCH. 1)	154	154	154	154	154	154	154	154	154	154
<u>CASH FLOW</u>										
<u>REVENUES</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>
PROPERTY TAXES	300,301	312,313	312,313	324,806	324,806	337,798	337,798	351,310	351,310	365,362
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	24,024	24,985	24,985	25,984	25,984	27,024	27,024	28,105	28,105	29,229
DEVELOPER OPERATING CONTRIBUTION	0	0	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ .25% OF BEGINNING FUNDS	276	304	325	352	378	402	420	443	468	492
TOTAL REVENUES	324,601	337,602	337,623	351,142	351,168	365,223	365,241	379,857	379,882	395,084
<u>EXPENDITURES</u>										
COUNTY TREASURER 1.5% COLLECTION FEE	4,505	4,685	4,685	4,872	4,872	5,067	5,067	5,270	5,270	5,480
ADMINISTRATIVE COSTS (5 MILLS)	30,030	31,231	31,231	32,481	32,481	33,780	33,780	35,131	35,131	36,536
TOTAL EXPENDITURES	34,535	35,916	35,916	37,353	37,353	38,847	38,847	40,401	40,401	42,017
FUNDS AVAILABLE FOR DEBT SERVICE	290,066	301,686	301,707	313,789	313,815	326,377	326,385	339,457	339,482	353,067
LTD G.O. CASH FLOW BONDS										
SERIES 12/1/2016 @ 8.0%										
INTEREST @ 8.0%	206,800	203,200	196,000	188,400	179,200	169,200	157,200	144,400	129,600	113,600
PRINCIPAL REDUCTION	70,000	90,000	95,000	115,000	125,000	150,000	160,000	185,000	200,000	230,000
TOTAL DEBT SERVICE	276,800	293,200	291,000	303,400	304,200	319,200	317,200	329,400	329,600	343,600
LTD. G.O. CASH FLOW BONDS OUTSTANDING @ 12/31	2,540,000	2,450,000	2,355,000	2,240,000	2,115,000	1,985,000	1,805,000	1,620,000	1,420,000	1,190,000
TOTAL EXPEND INCLUD. DEBT SERVICE & CAPITAL IMPROVEMENTS	313,335	329,116	326,916	340,753	341,553	358,047	355,047	369,802	370,003	385,619
EXCESS REVENUES & BONDS OVER EXPENDITURES	11,266	8,486	10,707	10,389	9,615	7,177	9,195	10,056	9,880	9,464
BEGINNING FUND BALANCE - JANUARY 1	110,205	121,471	129,957	140,664	151,053	160,668	167,845	177,039	187,095	196,974
ENDING FUND BALANCE - DECEMBER 31	121,471	129,957	140,664	151,053	160,668	167,845	177,039	187,095	196,974	206,438
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	2,540,000	2,450,000	2,355,000	2,240,000	2,115,000	1,985,000	1,805,000	1,619,999	1,419,997	1,189,994
% OF OUTSTANDING LTD. G.O. BONDS/ASSESSED VALUATION	40.65%	39.22%	36.25%	34.48%	31.31%	29.09%	25.69%	23.05%	19.43%	16.23%

EXHIBIT I
MOUNTAIN SHADOWS METROPOLITAN DISTRICT
CASH FLOW FORECASTS (COMBINED GENERAL FUND AND DEBT SERVICE FUND)
FOR THE YEARS ENDING DECEMBER 31, 2013 THROUGH 2046

<u>KEY ASSUMPTIONS</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>	<u>2046</u>	<u>TOTALS</u>
ASSESSED VALUATION (SCH. 1)	<u>7,907,244</u>	<u>7,699,534</u>	<u>7,599,534</u>	<u>7,903,515</u>	<u>7,903,515</u>
DEBT SERVICE MILL LEVY	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	
ADMINISTRATIVE MILL LEVY	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	
TOTAL DISTRICT MILL LEVY	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	
INCREMENTAL RESIDENTIAL UNITS ADDED (SCH. 1)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>154</u>
CUMULATIVE RESIDENTIAL UNITS (SCH. 1)	<u>154</u>	<u>154</u>	<u>154</u>	<u>154</u>	<u>154</u>
 <u>CASH FLOW</u>					
<u>REVENUES</u>					
PROPERTY TAXES	<u>365,952</u>	<u>379,977</u>	<u>379,977</u>	<u>395,176</u>	<u>9,032,712</u>
SPECIFIC OWNERSHIP TAXES @ 8% OF PROPERTY TAXES	<u>29,229</u>	<u>30,398</u>	<u>30,398</u>	<u>31,614</u>	<u>722,617</u>
DEVELOPER OPERATING CONTRIBUTION	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
INTEREST EARNINGS @ .25% OF BEGINNING FUNDS	<u>516</u>	<u>548</u>	<u>577</u>	<u>600</u>	<u>3,593</u>
TOTAL REVENUES	<u>395,107</u>	<u>410,923</u>	<u>410,952</u>	<u>427,390</u>	<u>9,763,922</u>
 <u>EXPENDITURES</u>					
COUNTY TREASURER 1.5% COLLECTION FEE	<u>5,480</u>	<u>5,700</u>	<u>5,700</u>	<u>5,828</u>	<u>135,481</u>
ADMINISTRATIVE COSTS (5 MILLS)	<u>36,536</u>	<u>37,998</u>	<u>37,998</u>	<u>39,518</u>	<u>903,271</u>
TOTAL EXPENDITURES	<u>42,017</u>	<u>43,697</u>	<u>43,697</u>	<u>45,446</u>	<u>1,038,752</u>
FUNDS AVAILABLE FOR DEBT SERVICE	<u>353,091</u>	<u>367,226</u>	<u>367,255</u>	<u>381,945</u>	<u>8,725,169</u>
 LTD G.O. CASH FLOW BONDS					
SERIES 12/1/2016 @ 8.0%					
INTEREST @ 8.0%	<u>95,200</u>	<u>75,600</u>	<u>59,200</u>	<u>28,800</u>	<u>5,592,000</u>
PRINCIPAL REDUCTION	<u>245,000</u>	<u>280,000</u>	<u>305,000</u>	<u>360,000</u>	<u>2,900,000</u>
TOTAL DEBT SERVICE	<u>340,200</u>	<u>355,600</u>	<u>358,200</u>	<u>388,800</u>	<u>8,492,000</u>
LTD. G.O. CASH FLOW BONDS OUTSTANDING @ 12/31	<u>945,000</u>	<u>665,000</u>	<u>360,000</u>	<u>0</u>	<u>0</u>
TOTAL EXPEND INCLUD. DEBT SERVICE & CAPITAL IMPROVEMENTS	<u>382,220</u>	<u>399,302</u>	<u>401,902</u>	<u>434,251</u>	<u>9,530,786</u>
EXCESS REVENUES & BONDS OVER EXPENDITURES	<u>12,887</u>	<u>11,622</u>	<u>9,050</u>	<u>(6,861)</u>	<u>233,136</u>
BEGINNING FUND BALANCE - JANUARY 1	<u>205,439</u>	<u>219,326</u>	<u>230,947</u>	<u>239,997</u>	<u>0</u>
ENDING FUND BALANCE - DECEMBER 31	<u>219,326</u>	<u>230,947</u>	<u>239,997</u>	<u>233,136</u>	<u>233,136</u>
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	<u>944,990</u>	<u>664,985</u>	<u>359,979</u>	<u>0</u>	<u>0</u>
% OF OUTSTANDING LTD. G.O. BONDS/ASSESSED VALUATION	<u>12.43%</u>	<u>8.75%</u>	<u>4.55%</u>	<u>0.00%</u>	

SCHEDULE 1
MOUNTAIN SHADOWS METROPOLITAN DISTRICT
PROJECTED ASSESSED VALUATION - BUILDOUT
FOR THE YEARS ENDING DECEMBER 31, 2013 THROUGH 2018

Final Draft

See Consultant's Report and Disclaimer
11/11/2013

BUILDOUT - RESIDENTIAL (MSP Companies)			
Description of Unit	Planned Number of Homes	Average Per Unit Price	Total Gross Unit Volume
Residential Units			
Filing 2 - Phase 1	52	340,000	17,680,000
Filing 2 - Phase 2	40	350,200	14,008,000
Filing 2 - Phase 3	62	360,700	22,383,400
Total Residential - Increm.	154	350,983	54,051,400
Total Residential - Cumulat.	154		
Total Value - Residential			54,051,400

	2013	2014	2015	2016	2017	2018	TOTAL
Filing 2 - Phase 1	10	36	6	0	0	0	52
Filing 2 - Phase 2	0	0	30	10	0	0	40
Filing 2 - Phase 3	0	0	0	26	36	0	62
Total Residential - Increm.	10	36	36	36	36	0	154
Total Residential - Cumulat.	10	46	82	118	154	154	154

Actual Values:

Filing 2 - Phase 1	3,400,000	12,240,000	2,040,000	0	0	0	17,680,000
Filing 2 - Phase 2	0	0	10,506,000	3,502,000	0	0	14,008,000
Filing 2 - Phase 3	0	0	0	9,378,200	12,985,200	0	22,383,400
Total Actual Values	3,400,000	12,240,000	12,546,000	12,880,200	12,985,200	0	54,051,400
Actual Value of Vacant Land - Rough Estimate	4,000,000	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	0	0
Total Actual Values Including Vacant Land	7,400,000	11,240,000	11,546,000	11,880,200	11,985,200	0	54,051,400
Total Actual Values - Cumulative	7,400,000	18,640,000	30,186,000	42,066,200	54,051,400	54,051,400	54,051,400

Assessed Values:

Filing 2 - Phase 1	270,640	974,304	162,384	0	0	0	1,407,328
Filing 2 - Phase 2	0	0	836,278	278,759	0	0	1,115,037
Filing 2 - Phase 3	0	0	0	746,505	1,033,622	0	1,780,127
Total Assessed Valuation Residential	270,640	974,304	998,662	1,025,264	1,033,622	0	4,302,491
Total Assessed Valuation Vacant Land - Single family (154 Lots)	1,180,000	(290,000)	(290,000)	(290,000)	(290,000)	0	0
Total Assessed Valuation - Incremental	1,430,640	684,304	708,662	735,264	743,622	0	4,302,491
Total Assessed Valuation - Cumulative	1,430,640	2,114,944	2,823,606	3,558,870	4,302,491	4,302,491	4,302,491
Total Assessed Values - Cum. 2% Biennial Net Increases beg. in 2016, 4% beg. in 2018	1,430,640	2,157,243	2,880,078	3,775,249	4,564,083	4,746,646	4,746,646

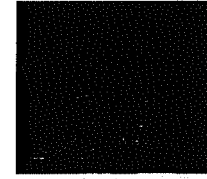
Year Assessed Valuation Certified

Year Assessed Valuation Certified	2014	2015	2016	2017	2018	2019
Year Taxes Received	2015	2016	2017	2018	2019	2020

EXHIBIT H

Legal Counsel Letter

December 3, 2013



**DUFFORD
& BROWN**

ATTORNEYS AT LAW

doleary@duffordbrown.com

Town of Firestone
Firestone Town Hall
151 Grant Avenue, P.O. Box 100
Firestone, Colorado 80520

Re: Organization of Mountain Shadows Metropolitan District

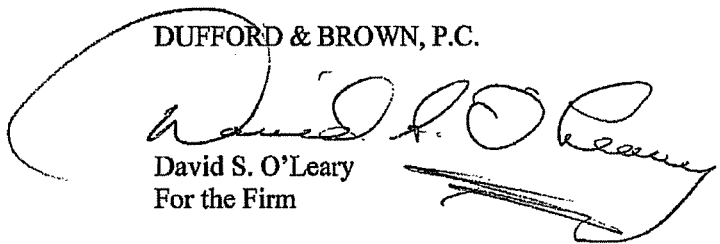
This firm has acted as counsel to Petitioners in connection with the organization and submittal of the Service Plan for Mountain Shadows Metropolitan District (the "District"). Pursuant to the requirements of Section V.m. of the Service Plan for the District, this letter confirms that the petition for organization of the District filed with the Town on November 12, 2013, the Service Plan for the District, as approved by the Town on December 11, 2013, and the notice, hearing and other procedures in connection with the approval of the Service Plan, have met the requirements of the Special District Act, Section 32-1-101, et seq., C.R.S., and that the provisions of the Service Plan, as amended, including, without limitation, provisions as to the structure and terms of the District's bonds, fees and revenue sources, are consistent with applicable provisions of title 11 and 32, C.R.S., and other applicable law.

Please be advised, however, that this firm has not been engaged as bond counsel to the District, nor will this firm serve as bond counsel at any time for the District. This letter does not purport to offer any opinion of the type customarily required to be given by bond counsel with regard to any bond transaction of the District.

This letter is limited to the use of the addressee as set forth above, and may not be relied upon by other parties or in connection with any future sale, resale or transfer of bonds and may be relied upon only as stated herein. This letter may not be used, quoted or referred to, in whole or in part, for any other purpose without the prior, written consent of the firm.

Very truly yours,

DUFFORD & BROWN, P.C.


David S. O'Leary
For the Firm

Enclosures

EXHIBIT I

Part I - Developer Indemnity Letter

EXHIBIT I

Part I - Developer Indemnity Letter

Town of Firestone
151 Grant Avenue
Firestone, CO 80520

RE: Mountain Shadows Metropolitan District

To the Town Board of Trustees:

This Indemnification Letter (the "Letter") is delivered by the undersigned MSP Corporation, a Colorado corporation, (the "Developer") in connection with the review by the Town of Firestone (the "Town") of the Service Plan, including all amendments heretofore or hereafter made thereto (the "Service Plan") for the Mountain Shadows Metropolitan District (the "District"). Developer, for and on behalf of itself and its transferees, successors and assigns, represents, warrants, covenants and agrees to and for the benefit of the Town as follows:

1. Developer hereby waives and releases any present or future claims it might have against the Town or the Town's elected or appointed officers, employees, agents, contractors or insurers (the "Released Persons") in any manner related to or connected with the adoption of a Resolution of Approval regarding the Town's approval of the District's Service Plan or any action or omission with respect thereto. Developer further hereby agrees to indemnify and hold harmless the Released Persons from and against any and all liabilities costs and expenses (including reasonable attorneys' fees and expenses and court costs) resulting from any and all claims, demands, suits, actions or other proceedings of whatsoever kind or nature made or brought by any property owner or other person which directly or indirectly or purportedly arise out of or are in any manner related to or connected the Town's approval any of the following: (a) the Service Plan or any document or instrument contained or referred to therein; or (b) the formation of the District; or (c) any actions or omissions of the Developer or the District, or their agents, in connection with the District, including, without limitation, any actions or omissions of the Developer or District, or their agents, in relation to any bonds or other financial obligations of the District or any offering documents or other disclosures made in connection therewith. Developer further agrees to investigate, handle, respond to and provide defense for and defend against, as well as provide defense counsel reasonably chosen by the Developer and pay the attorneys' fees and expenses for such counsel. The Town will cooperate in the defense of any such claims, demands, suits, actions or other proceedings.

2. This Letter has been duly authorized and executed on behalf of Developer.

Very truly yours,

MSP Corporation
A Colorado corporation, Developer

By: 
Title: Marcus Palkowitsh, President

EXHIBIT I

Part II - District Indemnity Letter

EXHIBIT I

Part II - District Indemnity Letter

Town of Firestone
151 Grant Avenue
Firestone, CO 80520

RE: Mountain Shadows Metropolitan District

To the Town Board of Trustees:

This Indemnification Letter (the "Letter") is delivered by the Mountain Shadows Metropolitan District (the "District") in order to comply with the Service Plan, including all amendments heretofore or hereafter made thereto (the "Service Plan") for the District. The District, for and on behalf of itself and its transferees, successors and assigns, hereby covenants and agrees to and for the benefit of the Town (the "Town") as follows:

1. The District hereby waives and releases any present or future claims it might have against the Town or the Town's elected or appointed officers, employees, agents, contractors or insurers (the "Released Persons") in any manner related to or connected with the adoption of a Resolution of Approval of the Town of the District's Service Plan or any action or omission with respect thereto. To the fullest extent permitted by law, the District hereby agrees to indemnify and hold harmless the Released Persons from and against any and all liabilities costs and expenses (including reasonable attorneys' fees and expenses and court costs) resulting from any and all claims, demands, suits, actions or other proceedings of whatsoever kind or nature made or brought by any property owner or other person which directly or indirectly or purportedly arise out of or are in any manner related to or connected with the adoption of said Resolution and the Town's approval of any of the following: (a) the Service Plan or any document or instrument contained or referred to therein; or (b) the formation of the District; or (c) any actions or omissions of the District, MSP Corporation, a Colorado corporation, (the "Developer"), or their agents, in connection with the formation and organization of the District, including, without limitation, any actions or omissions of the District or Developer, or their agents, in relation to any bonds or other financial obligations of the District or any offering documents or other disclosures made in connection therewith, including any claims disputing the validity of the Service Plan and said Resolution. The District further agrees to investigate, handle, respond to and to provide defense for and defend against, as well as provide defense counsel reasonably chosen by the District and pay the attorneys' fees and expenses for such defense counsel. The Town will cooperate in the defense of any such claims, demands, suits, actions or other proceedings.

2. It is understood and agreed that neither the District nor the Town waives or intends to waive the monetary limits or any other rights, immunities and protections provided by the Colorado Governmental Immunity Act, § 24-10-101, *et seq.*, C.R.S., as from time to time amended, or any other defenses, immunities, or limitations of liability otherwise available to the Town, the District, its officers, or its employees by law.

3. This Letter has been duly authorized and executed on behalf of the District.

Very truly yours,

Mountain Shadows Metropolitan District

By: _____
Marcus Palkowitsh, President

Attest:

By: _____
Secretary

EXHIBIT J

Form of Disclosure Notice

Upon recording return to:

David S. O'Leary, Esq.
Dufford & Brown, P.C.
1700 Broadway, Suite 2100
Denver, Colorado 80290-2101

**GENERAL DISCLOSURE AND COMMON QUESTIONS REGARDING
MOUNTAIN SHADOWS METROPOLITAN DISTRICT
TOWN OF FIRESTONE, WELD COUNTY, COLORADO**

1. What is a special district and what does it do?

Colorado special districts are local governments just as municipalities (cities and towns) and counties are considered local governments. Often, municipalities and counties are limited by law and other factors as to the services they may provide. Therefore, special districts are formed to provide necessary public services that the municipality or county cannot otherwise provide.

Mountain Shadows Metropolitan District (the "District") was organized pursuant to Orders of the Weld County District Court following elections in May 2014 at which time a majority of the eligible electors voted in favor of the formation of the District, elected members to the initial board of directors and voted in favor of certain tax and debt authorization.

The District is a quasi-municipal governmental entity with the power to impose property taxes and other fees and charges for services within its boundaries. Legal descriptions and a map of the District are attached hereto as Exhibit "A." The District is governed by an elected board of directors made up of property owners from the district. The District is an independent unit of local government, separate and distinct from the Town of Firestone (the "Town"), within which the District is located. Pursuant to the Service Plan for Mountain Shadows Metropolitan District (the "Service Plan") approved December 11, 2013 by the Town, the District has the ability and responsibility for constructing major public improvements including, but not limited to park and recreation, water, drainage, wastewater and street improvements within its boundaries. The District is required to dedicate certain public improvements upon completion to the Town (drainage, open space, parks and trails, streets and roadways and water) to St. Vrain Sanitation District (sanitary sewer) and to Central Weld County Water District (water improvements) or to a property owners association in accordance with requirements of the Town and Approved Development Plans. The District does not have the authority to own, operate and public improvements other than prior to dedication and acceptance to the Town, St. Vrain Sanitation District, Central Weld County Water District or a property owners association without the written consent and approval of the Town. If the District is permitted by the Town to operate and maintains such facilities, the expense associated with such activity may be paid from the District's tax revenues and/or fees lawfully imposed by the District.

2. May the District Impose Fees Upon Me as a Property Owner?

Special Districts are governmental entities, and have the power to impose property taxes and to adopt and charge fees, rates, tolls, penalties, or charges for services including but not limited to general administrative, operations and maintenance services. All District fees and rates may be adopted and/or amended from time to time by the District's board of directors at their discretion, as permitted by law and pursuant to the provisions of the Service Plan.

In addition to limitations imposed by law, market constraints require that fees within the District be comparable to fees in competing development areas in order to further the community as an attractive place

for individuals to buy homes. Therefore, it is in the best interest to maintain fees in the District comparable to the total fees paid in other similar communities so that the fees paid for the amenities and services in the District is a good value.

A homeowners association is separate and distinct from the special districts, and is generally responsible for reviewing architectural plans for the construction of new homes and enforcing restrictive covenants in the community to help maintain property values. The homeowners association is normally responsible for the maintenance and operation of the common areas and other landscaping within a community and may assess dues to its members but has no ability to impose taxes. The District does not currently have the authorization of the Town to undertake ongoing operations and maintenance functions.

3. How much property tax will the District collect to construct improvements and pay for operations and maintenance?

The District has the authority to impose property taxes for all of the activities identified in its "Service Plan," a copy of which is on file with the District and which is available to prospective purchasers. The District may issue bonds to provide for the costs of capital improvements within its boundaries. Once the bonds are sold, they must be repaid over time with interest. The maximum repayment period for the bonds is thirty (30) years. The annual payment on the bonds is known as "debt service." In order to meet the debt service requirements for the bonds, and to pay operations and maintenance costs associated with the provision of services and district administration and operating costs, the District will impose mill levies as limited under the Service Plan.

All District bonds or other obligations of which the District has promised to impose an *ad valorem* property tax mill levy (the "Debt") is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term for residential properties (40 years after the initial imposition of such mill levy) and no higher than the Maximum Debt Mill Levy (50 mills) for property within the District. Such mill levies may be "Gallagherized" or adjusted from a Levy of 50 mills that existed on January 1, 2013 if, which on or after January 1, 2013, there have been or will be 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 so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2013, are neither diminished nor enhanced as a result of such changes.

Market constraints also require that the mill levy within the District be comparable to mill levies in competing development areas in order to further the community as an attractive place for individuals to buy homes. Therefore, it is in both the District's and the project developers' best interest to maintain mill levies in the District comparable to the total property taxes paid in other similar communities so that the property taxes paid for the amenities and services in the District is a good value.

It is the intent of the District to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt, and if any District has authorized operating functions under an intergovernmental agreement with the Town, to retain only the power necessary to impose and collect taxes or fees to pay for these costs.

4. Why are special districts used for financing public infrastructure?

Many areas in Colorado utilize special districts to finance public improvements. Homeowners often are surprised to find that they have lived for years in water and sanitation districts, or other types of special districts. Since cities and counties typically do not provide for construction or installation of water and

wastewater systems, roads, or recreation facilities in new communities, special districts are organized to build these facilities. Special districts and the financial powers they utilize permit early construction of recreation facilities and other amenities for the benefit of the community. Where special districts are established, the costs of public improvements within the community are generally spread over 20 to 30 years and are paid from mill levies which, under current tax laws, may result in federal income tax benefits.

5. What limitations exist to make sure the District does not issue too many bonds and create unreasonably high mill levies?

All general obligation bonds anticipated to be issued by the District will be governed by the controls adopted by the Colorado legislature and governing the process by which bonds are issued by special districts. In addition, the organization and operation of the District was overseen by the Town through its approval of the Service Plan. The Town and the Service Plan currently has limited the Maximum combined Mill Levy that may be assessed by the District to 50 mills for debt and for operations and maintenance subject to adjustment to account for changes in state law with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation, or other similar matters. The adjustment allows for tax revenues to be realized by the District in an equivalent amount as would have been realized by the District based on a levy of 50 mills assessed and adjusted since January 1, 2013 as appropriate absent any change in the manner of the assessment of property for taxation purposes, the ratio for determining assessed valuation, or other similar matters.

In addition, various voter limitations exist which affect the taxing powers of the District, including maximum annual taxing limitations and expenditure limitations. The TABOR Amendment, Article X, Section 20 of the Colorado Constitution, also provides for various legal limitations which may restrict the taxing and spending authority of the District.

The mill levies expected in the District are reasonable and comparable to other developments served by special districts that provide similar services and amenities. The debt limit and the mill levy cap will remain in place for general obligation limited tax bonds issued by the District. Additionally, the Town of Firestone limits all new special districts to the similar mill levy limitations as the District. These limits, as well as others existing under Colorado law and various voter approvals, are believed to be adequate to control the tax levels within the District.

Market constraints on property sales by the developer also require that the mill levy within the District be comparable to mill levies in competing development areas in order to further the community as an attractive place for individuals to buy homes. Therefore, in the initial stages of the development, it is in both the District's and the project developer's best interest to maintain a mill levy in the District comparable to the total property taxes in other similar communities so that the property taxes paid for the amenities and services in the District are a good value.

6. Who bears the risk that the community may not fully develop?

During the early stages of development, the developer of the project will be providing necessary funding and advancing funds to the District to pay for the public infrastructure construction costs and operational needs. The developer advances will be reimbursed at the time the District is able to issue general obligation, limited tax bonds. Property taxes paid and collected within the District will help pay the costs of all bonds. Therefore, if the actual build-out that occurs is less than what is projected, the individual property owners will not experience an increase in their tax obligations to the District beyond the limits described herein. The limited mill levy will be assessed the same on each home and other taxable property in the District regardless of the number of taxable structures. This results in the risk of development being shared by bondholders and the

developer. The property owners also share risk relative to the bonds, but this risk is limited as discussed above.

7. What will the tax bill look like, and what are the various taxes used for?

It is anticipated that the tax bill for individual properties will show mill levies for Weld County, the Town of Firestone, school districts and various other public service providers, including the District. Colorado municipalities certify their mill levies on an annual basis, so the most accurate manner of ascertaining the specific taxing entities and current total and overlapping mill levy on any property is to directly contact the County Treasurer and Assessor. Attached hereto as Exhibit "B" is a general formula for the manner in which residential property in Colorado is assessed.

In summary, it is anticipated that the total mill levy charged to properties within the boundaries of the District will be comparable to those of surrounding, similar communities.

8. Where can one get additional information regarding the District?

This document is not intended to address all issues associated with special districts generally or with the District specifically. More information may be obtained by contacting the District's general counsel, Dufford & Brown, P.C., 1700 Broadway, Suite 2100, Denver, CO 80290, (303) 861-8013; the Colorado Department of Local Affairs, (303) 866-2156; or by attending District meetings. The District holds special meetings on an as needed basis. The District is also required to keep minutes and other records that are open for inspection by any citizen, hold elections for the boards of directors, adopt annual budgets, and submit to financial audits.

I, _____, hereby acknowledge that I have received and read this GENERAL DISCLOSURE REGARDING MOUNTAIN SHADOWS METROPOLITAN DISTRICT.

Buyer	Lot	Address	Date
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Buyer	Lot	Address	Date
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Buyer	Lot	Address	Date
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EXHIBIT A

**LEGAL DESCRIPTION AND MAP OF THE PROPERTY WITHIN THE
MOUNTAIN SHADOWS METROPOLITAN DISTRICT**

EXHIBIT B
TO THE
GENERAL DISCLOSURE AND COMMON QUESTIONS REGARDING
MOUNTAIN SHADOWS METROPOLITAN DISTRICT

GENERAL FORMULA FOR ASSESSMENT
OF RESIDENTIAL PROPERTY

1. Assessor's office makes a market value determination based upon sales prices of comparable homes in the area (the "Market Property Valuation").
2. Market Property Valuation is multiplied by the assessment rate which is set every odd numbered year and as of January 1, 2012, was 7.96%. The current assessment rate can be obtained from the County Assessor's Office (Market Property Valuation times the assessment rate = Assessment Valuation).
3. Applicable Mill Levy is applied to the Assessment Valuation, resulting in the total assessment to the residential property.

For example, a home and property sold for \$300,000 should have a "market value" of \$300,000. Applying the 7.96% valuation factor produces an assessed valuation of \$23,880. One mill (.001) applied to that assessed valuation produces \$23.88 of additional taxes. The District's projected mill levy of 50.000 mills results in \$1,194.00 in additional taxes each year.

EXHIBIT K

Form of Town Disclosure Statement

TOWN OF FIRESTONE, COLORADO – DISCLAIMER STATEMENT

As a requirement imposed in its formation process, the Mountain Shadows Metropolitan District (the "District") is obligated to the Town of Firestone (the "Town") to include this disclaimer statement in all offering materials used in connection with any bonds or other financial obligations of the District (or, if no offering materials are used, to give this disclaimer statement to any prospective purchaser, investor or lender in connection with any such bonds or other financial obligations of the District). The date of this disclaimer statement is _____.

The Town has not reviewed or participated in the preparation of any offering materials or any other disclosure documentation relating to any bonds or financial obligations of the District or any other materials to which this Disclaimer Statement is appended. Other than this Disclaimer Statement, no other statement of any kind is authorized to be made by or on behalf of the Town in any offering materials or any other disclosure documentation relating to any bonds or other financial obligations of the District.

The Town and the District are separate legal entities. The Town is not a party to and is not obligated with respect to any borrowings, financings, bonds or other financial obligations of the District. As a statutory requirement for the formation of the District, the Town approved a Service Plan containing financial and other information furnished by the District's organizers. The Town's approval of the Service Plan was based upon such information furnished by the District's organizers without independent investigation by the Town. The District's Service Plan was prepared in 2013 and not in connection with the offering of any bonds or other financial obligations. The Town's approval of the District's Service Plan should not be relied upon by prospective purchasers, bondholders, investors or lenders in evaluating the investment quality of the District's bonds or other financial obligations. The Service Plan and related agreements do not impose upon the Town any duties to, nor confer any rights against the Town upon, any purchasers, investors, lenders, bondholders or other third parties.

EXHIBIT L

Form of Intergovernmental Agreement between District and Town

INTERGOVERNMENTAL AGREEMENT
BY AND BETWEEN
THE TOWN OF FIRESTONE, COLORADO
AND
MOUNTAIN SHADOWS METROPOLITAN DISTRICT

THIS INTERGOVERNMENTAL AGREEMENT (the "Agreement") is made and entered into to be effective as of the ___ day of _____, 2014, by and between the TOWN OF FIRESTONE, COLORADO, a municipal corporation of the State of Colorado (the "Town"), and MOUNTAIN SHADOWS METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"), individually a "Party" and collectively referred to herein as the "Parties."

RECITALS

WHEREAS, the District was organized to finance, acquire, design, construct and install certain facilities, provide those services and to exercise powers as are more specifically set forth in the District's Service Plan approved by the Town on _____, 2013 by Resolution ___ - ___ (the "Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the Town and the District; and

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

NOW, THEREFORE, for and in 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. APPLICATION OF LOCAL LAWS. The District hereby acknowledges that the property within its boundaries shall be subject to all ordinances, rules and regulations of the Town, including without limitation, ordinances, rules and regulations relating to zoning, subdividing, building and land use, and to all related Town land use policies, master plans, related plans and intergovernmental agreements.

2. NATURE OF DISTRICT. The District agrees that it is organized for the purpose of financing certain public improvements for the area within its boundaries only (except to the extent otherwise specifically provided in Article V.c. of the Service Plan), which area is designated as the proposed Mountain Shadows Subdivision Filing No. 2 development, and that the District's purposes, powers, facilities and activities are to be limited and governed by the Service Plan. The District is not intended to and shall not provide facilities or services outside its boundaries (except as otherwise specifically provided in Article V.c. of the Service Plan). Further, the District is not intended and shall not exist perpetually, but instead shall be dissolved

in accordance with the Service Plan and this Agreement. The District shall not provide any services or facilities within any area of the District overlapping with the service area of another district without first obtaining the written consent of each and every district whose service area is so overlapped.

3. CHANGES IN BOUNDARIES. The District agrees that, as set forth in the Service Plan, inclusion of properties within, or any exclusion of properties from, its boundaries shall constitute a material modification of the Service Plan; any purported inclusion or exclusion that has not been approved by the Town pursuant to the procedures applicable to a material modification of the Service Plan shall be void and of no effect.

4. TOWN APPROVAL REQUIREMENTS; REVIEW OF DISTRICT SUBMITTALS. The District agrees that any Town approval requirements contained in the Service Plan (including, without limitation, any Service Plan provisions requiring that any change, request, action, event or occurrence be treated as a Service Plan amendment proposal or be deemed a "material modification" of the Service Plan) shall remain in full force and effect, and such Town approval shall continue to be required, notwithstanding any future change in law modifying or repealing any statutory provision concerning service plans, amendments thereof or modifications thereto. The District agrees to reimburse the Town for all reasonable administrative and consultant costs incurred by the Town for any Town review of reports, plans, submittals, proposed modifications or requests for administrative approvals, or other materials or requests provided to the Town by the District pursuant to the Service Plan, this Agreement, state law or Firestone Municipal Code. The Town may require a deposit of such estimated costs.

5. OWNERSHIP OF IMPROVEMENTS. The Parties agree that the District shall not be permitted to undertake ownership, operation or maintenance of any public improvements, facilities or services, except as specifically set forth in the Service Plan. The District shall not own fee title to any real property.

6. ALLOCATION OF FINANCING PROCEEDS. The Parties agree and the Town's approval of the Service Plan is expressly conditioned upon the requirement that the District will pay to the Town for deposit into the Town's capital improvement fund a total of 15% of the gross amount of bonds issued, up to a maximum of Four Hundred Thirty-Five Thousand Dollars (\$435,000), which amount shall be paid to the Town concurrently or prior to and as a condition of the issuance and delivery of the first series of any District Bonds, including developer bonds, or the issuance of any construction financing notes to the Developer. District Bonds shall be issued by October 31, 2015. Notwithstanding anything in this Service Plan to the contrary, the deadline set forth for bond issuance may be extended for all periods of delay caused by events that are beyond the reasonable control of the District, including, without limitation, limited availability of materials and labor, unusually adverse weather conditions, acts of God, acts of war, acts of terrorism, or delays in issuing approvals or permits by any Governmental Agency. With Town approval, such contribution may alternatively be paid by the Developer to the Town but, in such case the Town and the Developer will amend the subdivision improvement agreement for Mountain Shadows Subdivision Filing No. 2 to provide that this Town contribution shall be paid to the Town's capital improvement fund directly by the Developer prior to the issuance of any District bonds, including developer bonds, or any construction financing notes to Developer. The contribution to the Town capital improvement fund shall be

used by the Town to finance improvements (whether inside or outside the boundaries of the District) that the Town and the District would otherwise be empowered to construct, and for which the District is authorized to incur indebtedness (i.e., streets, street lighting, traffic safety controls, sanitary sewer, water, landscaping, storm drainage or park and recreation improvements and facilities), which improvements shall be of benefit to the Town and the District.

The District acknowledges and agrees that the provisions of this Agreement and the provisions of the Service Plan for payment of this Town contribution to the Town's capital improvements fund for capital improvements are material considerations in, and conditions of the Town's approval of the District's Service Plan, and that the Town has relied thereon in approving the District's Service Plan. Therefore, the District agrees it shall not issue District Bonds, including developer bonds, or any construction financing notes to Developer, without there having been delivered to the Town concurrently with or prior to such issuance capital improvement contribution funds of 15% of the gross amount of bonds issued, up to a maximum of Four Hundred Thirty-Five Thousand Dollars (\$435,000), and such delivery to the Town of funds concurrently with or prior to such issuance the Town shall be a condition of issuance for such District Bonds, including developer bonds, or any construction financing notes to Developer. District Bonds shall be issued by October 31, 2015. Notwithstanding anything in this Service Plan to the contrary, the deadline set forth for bond issuance may be extended for all periods of delay caused by events that are beyond the reasonable control of the District, including, without limitation, limited availability of materials and labor, unusually adverse weather conditions, acts of God, acts of war, acts of terrorism, or delays in issuing approvals or permits by any Governmental Agency.

The District agrees that the provisions of this Agreement and of the Service Plan for such payment of capital improvement funds to the Town shall run in favor of and shall be enforceable by the Town. The District represents and warrants that it has obtained all voter authorizations necessary to implement such provisions of this Agreement and the Service Plan, and that it will exercise its powers in accordance with and in furtherance of such provisions.

7. CONSOLIDATION. The District shall not file a request with the District Court to consolidate with another district without the prior written consent of the Town.

8. DISSOLUTION. The District agrees that it shall take all action necessary to dissolve the District upon payment or defeasance of the District's bonds or otherwise upon the request of the Town, in accordance with the provisions of the Service Plan and applicable state statutes.

9. NOTICE OF MEETINGS. The District agrees that it shall submit a copy of the written notice of every regular or special meeting and work session of the District's Board of Directors to the Office of the Firestone Town Administrator, by mail, facsimile or hand delivery, to be received at least three (3) days prior to such meeting. The District agrees that it shall also submit a complete copy of meeting packet materials for any such meeting to the Office of the Firestone Town Administrator, by mail, facsimile or hand delivery, to be received at least one (1) day prior to such meeting.

10. ANNUAL REPORT. The District shall be responsible for submitting an annual report to the Town pursuant to and including the information set forth in Article VII of the Service Plan.

11. ENTIRE AGREEMENT OF THE PARTIES. This Agreement, including all exhibits, supersedes any and all prior written or oral agreements and there are no covenants, conditions, or agreements between the parties except as set forth herein. No prior or contemporaneous addition, deletion, or other amendment hereto will have any force or affect whatsoever unless embodied herein in writing.

12. AMENDMENT. This written agreement together with the Service Plan constitutes the entire agreement between the Parties and supersedes all prior or written or oral agreements negotiations, or representations and understandings of the Parties with respect to the subject matter contained herein.

13. ENFORCEMENT. The Parties agree that this Agreement may be enforced in law or in equity for specific performance, injunctive or other appropriate relief, including damages, as may be available according to the laws and statutes of the State of Colorado.

14. VENUE. Venue for trial of any action arising out of any dispute hereunder shall be in Weld County District Court.

15. BENEFICIARIES. Except as otherwise stated herein, this Agreement is intended to describe the rights and responsibilities of and between the named parties and is not intended to, and shall not be deemed to, confer any rights upon any persons or entities not named as parties.

16. EFFECT OF INVALIDITY. If any portion of this Agreement is intended to describe the rights and responsibilities of and between the named parties and is not intended to, and shall not be deemed to, confer any rights upon any persons or entities not named as parties.

17. ASSIGNABILITY. Other than as specifically provided for in this Agreement, neither the Town nor the District shall assign their rights or delegate their duties hereunder without the prior written consent of the other Parties.

18. SUCCESSOR AND ASSIGNS. Subject to Paragraph 17 hereof, this Agreement and the rights and obligations created hereby shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

**MOUNTAIN SHADOWS
METROPOLITAN DISTRICT**

By: _____
President

ATTEST:

Secretary

TOWN OF FIRESTONE

By: _____
Its: _____

ATTEST:

By: _____
Its: _____

EXHIBIT M
Resolution of Town of Firestone Approving Service Plan

TOWN OF FIRESTONE, COUNTY OF WELD, STATE OF COLORADO

IN RE THE SERVICE PLAN FOR MOUNTAIN SHADOWS METROPOLITAN DISTRICT,
IN THE TOWN OF FIRESTONE, COUNTY OF WELD, STATE OF COLORADO

RESOLUTION NO. 13- 52

RESOLUTION OF APPROVAL

WHEREAS, pursuant to the Special District Act, there has been filed with the Town a proposed Service Plan for Mountain Shadows Metropolitan District (the "Service Plan"); and

WHEREAS, pursuant to the provisions of Title 32, Article 1, Part 2, C.R.S. as amended, the Board of Trustees of the of the Town of Firestone, County of Weld, State of Colorado (the "Town"), following due notice, held a public hearing on the proposed Service Plan, which hearing was held on December 11, 2013; and

WHEREAS, the Board of Trustees has considered the Service Plan and all other testimony and evidence presented at the hearing; and

WHEREAS, based upon the testimony and evidence presented at the hearing, it appears that the Service Plan for Mountain Shadows Metropolitan District should be approved by the Board of Trustees, subject to certain conditions set forth below, in accordance with Section 32-1-204.5(1)(c), C.R.S.

THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF FIRESTONE, COLORADO:

Section 1. That the Board of Trustees, as the governing body of the Town of Firestone, Colorado, does hereby determine, based on representations by and on behalf of the Mountain Shadows Metropolitan District (the "District") and MSP Corporation, a Colorado Corporation, a Colorado corporation, (the "Developer"), that all of the requirements of Title 32, Article 1, Part 2, C.R.S., as amended, relating to the filing of the proposed Service Plan for Mountain Shadows Metropolitan District have been fulfilled and that notice of the hearing was given in the time and manner required by the Town.

Section 2. That, based on representations by and on behalf of the District and Developer, the Board of Trustees of the Town of Firestone, Colorado, has jurisdiction over the subject matter of the proposed Service Plan pursuant to Title 32, Article 1, part 2, C.R.S., as amended.

Section 3. That, pursuant to Section 32-1-204.5, C.R.S., Section 32-1-202(2), C.R.S., and Section 32-1-203(2), C.R.S., the Board of Trustees of the Town of Firestone, Colorado, does hereby find and determine, based on the Service Plan, the representations by and on behalf of the Developer, and other evidence presented at the public hearing, that:

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

(b) The existing service in the areas to be served 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 in the District districts has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis; and

(e) The approval of the Service Plan is in the best interests of the District.

Section 4. That pursuant to Section 32-1-204.5(1)(c), C.R.S., the Board of Trustees hereby imposes the following conditions upon its approval of the Service Plan:

(a) At its first meeting after the effective date of this Resolution and in no event later than sixty days after the formation election of the District, the Board of Directors of the District shall execute the Intergovernmental Agreement with the Town ("IGA") in the form presented to the Town Board of Trustees at its December 11, 2013 hearing, or in form otherwise acceptable to the Town Attorney, and shall deliver the fully executed original of the IGA to the Town.

(b) That pursuant to the Service Plan, the District will pay all reasonable expenses of the Town, its attorneys and consultants, as well as the Town's reasonable processing fees, in connection with the processing of the Service Plan approved herein.

(c) The Developer agrees that the Town Attorney will be given reasonable notice of all proceedings in the District Court of Weld County relating to the organization of the Districts (including notice as described in Section 32-1-304, C.R.S.

(d) Prior to the sooner of issuing any debt or providing any services or facilities in an overlap area, the District shall fully comply with the applicable provisions of Section 32-1-107(3), C.R.S. with respect to the overlapping of service areas. The District's authorization to provide services or facilities within any overlapping area is expressly conditioned upon the District's first obtaining written consent as required by the applicable provisions of such statute of each and every district whose service area is so overlapped.

(e) Prior to the hearing date set by the District Court of Weld County pursuant to Section 32-1-304, C.R.S., the fully and properly executed originals of the service plan certification page; property owner(s)' consents; engineer's statement of reasonableness of capital costs; legal counsel letter; and Developers' indemnity letter that are required under the Service Plan as set forth in Exhibits D, E, G, H, and Part 1 of Exhibit J, shall be provided to the Town.

(f) At its first meeting after the effective date of this Resolution and in no event later than sixty days after the formation election of the District, the Board of Directors of

the District shall execute the District indemnity letter that is required under the Service Plan and set forth in Part 2 of Exhibit J, and shall provide the fully executed original of such document to the Town.


If any of the above-stated conditions are not met, the Town may revoke its approval of the Service Plan by subsequent resolution and/or pursue all legal and equitable remedies available to it for failure of compliance with such conditions of approval.

Section 5. That the Service Plan for Mountain Shadows Metropolitan District, as set forth in Exhibit A to this Resolution and dated December 3, 2013, is hereby approved subject to the conditions stated in Section 4 above, in accordance with Section 32-1-204.5(1)(c), C.R.S.

Section 6. That a certified copy of this Resolution be filed in the records of the Town of Firestone and submitted to the District.


RESOLVED, ADOPTED AND APPROVED this 11^m day of December, 2013.





Carissa Medina
Town Clerk

TOWN OF FIRESTONE, COLORADO



Chad Auer
Mayor