

SERVICE PLAN
FOR
STERLING HILLS WEST
METROPOLITAN DISTRICT
CITY OF AURORA, COLORADO

Prepared for

Sterling Hills West Metropolitan District

By

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EXHIBIT B Legal Descriptions

EXHIBIT C Aurora Vicinity Map

EXHIBIT D Boundary Map

EXHIBIT E Statutory Contents of Service Plan

EXHIBIT F Facilities Diagrams (F-1; F-2, F-3; F-4; F-5; and F-6)

EXHIBIT G Financing Plan

EXHIBIT H Aurora Intergovernmental Agreement

EXHIBIT I Estimated Capital Costs and Engineer Letter

EXHIBIT J Underwriter Letter

EXHIBIT K Letter in Support of Market Projections

I. INTRODUCTION

A. General Overview. This service plan (“Service Plan”) for Sterling Hills West Metropolitan (hereinafter the “District”) is for a special district proposed to be organized to serve the needs of a new community to be known as “Sterling Hills West.” The proposed District is generally located with East Villanova Place on the south, East Wesley Drive on the north, a residential development on the east and Tower Road on the west.

The primary purpose of the proposed District is to provide public improvements to be dedicated to Aurora or retained by the District for the use and benefit of the District’s inhabitants and taxpayers. Improvements to be provided by the District shall include the types of facilities and improvements generally described in Section II.C below consisting largely of water, wastewater, streets, park and recreation facilities and other improvements needed for the area. This Service Plan addresses the improvements which are expected to be provided by the District. The District may, with Aurora’s agreement, engage in other activities.

This Service Plan was prepared by White and Associates Professional Corporation, 8005 S. Chester Street, Suite 125, Englewood, Colorado 80112; telephone (303) 858-1800.

B. Contents of Service Plan. This Service Plan consists of a financial analysis and engineering information showing how the facilities and services of the District can be provided and financed. Numerous items are addressed in this Service Plan in order to satisfy the requirements of law relative to formation of special District, as further specifically identified in Exhibit E attached hereto. It is believed that each of the requirements of law and the Aurora Code are satisfied by this Service Plan.

C. Modification of Service Plan. This Service Plan has been prepared with sufficient flexibility to enable the District to provide requisite public services and facilities as are necessary to meet the needs of the community under evolving circumstances. While the assumptions upon which this Service Plan are generally based are reflective of current zoning for the property within the proposed District, the cost estimates and the Financing Plan are sufficiently flexible to enable the District to provide necessary services and facilities without the need for repeated amendments to the Service Plan. Modification of the proposed configuration of improvements, scheduling of construction of such improvements, and the locations and dimensions of various facilities and improvements shall be permitted to accommodate development needs consistent with zoning for the property.

II. PURPOSE OF AND NEED FOR THE PROPOSED DISTRICT

A. Purpose and Intent. It is intended that the District will provide certain essential public-purpose facilities for the use and benefit of all anticipated inhabitants and taxpayers of real property within the boundaries of the District which are wholly located within Aurora. It is not the intent of the District to provide ongoing services other than as specifically set forth in Section IV.H hereof. The District acknowledges the need and its intent to cooperate with Aurora

to serve and promote the health, safety, prosperity, security and general welfare of its inhabitants. As evidence of such cooperation and need to coordinate activities with Aurora, the proposed District shall obtain a resolution approving this Service Plan from Aurora which shall be attached hereto as Exhibit A. Should the purposes of the District change from what is stated herein, it shall be considered to be a material modification of this Service Plan.

B. Need for District. There are currently no other entities located in the surrounding area of the District which have the ability and/or desire to undertake the design, financing and construction of improvements needed for the project. It is the petitioners' understanding that Aurora does not consider it feasible or practicable for it to provide the necessary services and facilities for the project depicted in Exhibit F hereof and described herein. Formation of the District is necessary in order that the public improvements required for the project be provided in the most economic manner possible.

C. General Powers. The proposed District will have power and authority to provide the services and facilities generally described in this Service Plan.

1. Powers Regarding Services and Facilities. The District shall have authority to construct, operate and maintain the services and facilities described below. Necessary funding will be provided by the issuance of general obligation bonds by the District. The following activities shall be permitted:

a. Parks and Recreation. The design, acquisition, installation, construction, operation and maintenance of public park and recreation facilities or programs including, but not limited to, swimming pools and spas, tennis courts, exercise facilities, bike paths, hiking trails, pedestrian trails, pedestrian bridges, pedestrian malls, public fountains and sculpture, art, and botanical gardens, picnic areas, skating areas and facilities, common area landscaping and weed control, outdoor lighting of all types, community events and other facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems.

b. Sanitation. The design, acquisition, installation and construction of storm or sanitary sewers, or both, flood and surface drainage, wastewater treatment and disposal works and facilities, grading therefor and all necessary or proper equipment and appurtenances incident thereto, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems.

c. Water. The design, acquisition, installation and construction of a complete water and irrigation water system, including but not limited to transmission and distribution systems for domestic and other public or private purposes, together with all necessary and proper facilities, equipment and appurtenances incident thereto which may include, but shall not be limited to, transmission lines, distribution mains and laterals, land and easements, together with extensions of and improvements to said systems.

d. Streets. The design, acquisition, installation construction of street and roadway improvements, including but not limited to curbs, gutters, culverts, storm sewers and other drainage facilities, detention ponds, retaining walls and appurtenances and entry monumentation, as well as sidewalks, paving, grading, landscaping, and other street improvements, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities.

e. Traffic and Safety Controls. The design, acquisition, installation and construction of traffic and safety protection facilities and services through traffic and safety controls and devices on streets and highways, environmental monitoring, as well as other facilities and improvements including but not limited to, main entry buildings, access gates, signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, together with all necessary, incidental, and appurtenant facilities, land easements, together with extensions of and improvements to said facilities.

2. Miscellaneous Powers. The District shall have the following miscellaneous powers with respect to activities to be conducted pursuant to this Service Plan.

a. Legal Powers. The powers of the District will be exercised by its Board of directors to the extent necessary to provide the services contemplated in this Service Plan. The foregoing improvements and services, along with all other activities permitted by law, will be undertaken in accordance with, and pursuant to, the procedures and conditions contained in the Special District Act, other applicable statutes and this Service Plan, as any or all of the same may be amended from time to time.

b. Other. In addition to the powers enumerated above, the Board of directors of the District shall also have the following authority:

i. To amend this Service Plan as needed, subject to applicable state and local laws contained in Title 32, C.R.S. and the Aurora Code; and

ii. To forego, reschedule, or restructure the payment and construction of certain improvements and facilities in order to better accommodate the pace of growth, resource availability and potential inclusions of property within the District, or if the development of the improvements and facilities would best be performed by another entity; and

iii. To provide all such additional services and exercise all such powers as are expressly or impliedly granted by Colorado law, and which the District is required to provide or exercise or, in its discretion, choose to provide or exercise; and

iv. To exercise all necessary and implied powers under Title 32, C.R.S. in the reasonable discretion of the Board of Directors of the District.

III. BOUNDARIES; POPULATION AND ASSESSED VALUATION ESTIMATES

A. General. The service area of the District will ultimately contain approximately 240 acres divided into development phases planned for residential areas. Currently, the developer of the project holds title to one of several parcels, the aggregate of which will ultimately comprise the overall area of Sterling Hills West. The developer holds an option to purchase the remaining parcel of property. The boundaries of the District will initially include only that property to which the developer currently holds title. The remaining parcel of property shall be included into the District at such time as the developer exercises its option to purchase. The improvements which are described in this Service Plan are necessary and applicable for the entirety of Sterling Hills West and specifically contemplate inclusion of the “option” parcel into the boundaries of the District. Such inclusion shall not constitute a material modification of this Service Plan nor shall approval of any such inclusion be conditioned upon the City’s approval. Failure of the Districts to grant the petitions for inclusion of the remaining parcel shall be considered a material modification of this Service Plan. The City shall be notified of any such inclusion at the time of the annual report submitted pursuant to Section VI(B). A legal description setting forth the initial boundaries of the District is provided in Exhibits B-1 and a map depicting such boundaries is attached as Exhibit D-1. A legal description setting forth the boundaries of the District after inclusion of the remaining parcels is provided in Exhibit B-2 and a map depicting such boundaries is attached as Exhibit D-2.

Exhibit C is an Aurora vicinity map which generally reflects the District’s location within current Aurora boundaries. The petitioners assure that the District is entirely within the current boundaries of Aurora.

B. Changes in Boundaries. With the exception of those inclusions discussed above, the District shall obtain written approval from Aurora prior to seeking a change in its boundaries, which shall be approved by administrative action on condition that all property originally in one of the Districts remains in one of the Districts. Other inclusions or exclusions shall be subject to Aurora’s prior approval in accordance with Section 122-31(c)(9) of the City of Aurora Code.

C. Population and Assessed Valuation Estimates. An estimate of projected assessed valuations within the District is set forth in Exhibit H which contains the financing plan for the District. Sterling Hills West will consist of residential development and at buildout, the population of the District is estimated to be approximately 1,800 persons.

IV. DESCRIPTION OF PROPOSED FACILITIES

This section describes the key facilities and improvements expected to be provided by the District. As noted herein, the District will obtain funding through the issuance of general obligation bonds for the construction, operation and maintenance of such facilities and improvements. Where appropriate, the District will contract with various public and/or private entities to undertake such functions, including an intergovernmental agreement with the City of Aurora, as further described herein.

The following general descriptions of improvements are preliminary only and will be subject to modification and revision as engineering plans, financial factors and construction scheduling and costs may require. The improvements shall be subject to the overall limitations on the powers of the District set forth in Section II hereof. Improvements not specifically described herein shall be permitted as long as they are generally contemplated in Section II hereof, and are within the District's financial ability to provide such improvements. Should the types of improvements materially change from what is stated in Section II of this Service Plan, it shall be considered to be a material modification of this Service Plan.

Exhibits F-1, F-2, F-3 F-4, F-5 and F-6 contain general layouts of the key proposed improvements and the projected capital costs of such improvements. Cost estimates for such improvements are depicted in the Financing Plan, as shown in Exhibit G and on Exhibit I. Notwithstanding the cost estimate allocations set forth on Exhibit I, the District shall be permitted to reallocate costs between categories of improvements as it deems necessary in its discretion. The combined total estimated cost of improvements which the District shall be permitted to construct total approximately \$7,600,000, inclusive of contingencies. All materials and supplies acquired for provision of facilities will be exempt from all state, local and other sales, use and other taxes. All facilities described herein will be designed in such a way as to assure that the facility and service standards will be compatible with those of Aurora and of other municipalities and special District which may be affected thereby. All descriptions of the specific facilities and improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, Aurora's requirements, and constructing scheduling may require.

A. Park and Open Space. The park and open space improvements expected to be constructed and maintained within the District include contribution to construction of 6-7 acres of Great Plains Park located northeast of the subject property, the District's construction of improvements to open space owned by Public Service Company along Tower Road, major street landscaping within the boundaries of the District, and neighborhood parks.

1. Parks. The park improvements anticipated to be constructed are primarily "pocket parks" within development parcels and may consist of irrigated turf, hardscape, walkways, shrubs, mulch beds, and other uses consistent with neighborhood parks.

2. Street Landscaping. The major streets are anticipated to have landscaping along both sides and along any medians. This landscaping may consist of required fencing, identification markers, shrub and flower beds, mulch beds, irrigated and non-irrigated turf and native grasses, subdivision identification markers, trees, and other landscape features commonly associated with streetscape design.

3. Cost Estimates. The estimated construction costs for the development of the park and recreation improvements are shown on Exhibit I.

B. Grading.

1. Overall Plan. Grading will consist of reshaping the road rights of way in compliance with the approved overlot grading plan.

2. Cost Estimates. The estimated construction costs for grading the road rights of way necessary for Sterling Hills West are presented in Exhibit I.

C. Sanitary Sewer Collection System.

1. Overall Plan. The sanitary sewer collection system is expected to include buried sewer mains, manholes and related appurtenances located predominately within the District's boundary. All wastewater facilities will be conveyed to and operated and maintained by the City of Aurora. Aurora will charge system users for its services in accordance with Aurora policies. The exact configuration of the sanitary sewer collection system is currently being designed.

2. Design Criteria. The proposed sanitary sewer collection system is expected to include sewer mains designed to collect sewage from the development areas within Sterling Hills West. The sewer system components will be designed and installed in accordance with the applicable standards of all entities with jurisdiction over the District, including the Colorado Department of Health. A sanitary sewer system analysis will be prepared to determine appropriate line sizes and slopes. The minimum line size of a sewer main is expected to be eight (8) inches.

3. Wastewater Treatment. Wastewater will be collected and transported to the Aurora treatment plant.

4. Cost Estimates. The estimated construction costs for development of the sanitary sewer collection system for Sterling Hills West are shown on Exhibit I.

D. Water System.

1. Overall Plan. The water system will consist of a water distribution system consisting of buried water mains, fire hydrants, and related appurtenances located predominately within the District's boundaries. The final configuration of the internal water system is yet to be designed. When design and construction are finalized, the system will serve each development tract from adjacent streets and roads. The District shall dedicate to Aurora all utility facilities traditionally owned and operated by the City for operations and maintenance.

2. Design Criteria. The proposed domestic potable water distribution system is expected to include pressurized water mains with multiple pressure zones. Water system components will be installed in accordance with the applicable standards of all entities with jurisdiction over the District including Aurora. The Drinking Water Design Criteria of the

Colorado Department of Health will also be followed where applicable. The water system will also be designed based on Aurora fire protection requirements.

System pressure will primarily be controlled by an Aurora pump station. Water transmission mains will be installed from a direct connection to Aurora's water distribution system. Treated water will be delivered to the mains by high-pressure pump stations.

3. Water Demand. The individual water system components will be sized based upon the projected potable, irrigation and fire flow requirements of Sterling Hills West.

4. Water Distribution System. The water distribution system will be owned by Aurora. The system is expected to include main distribution and transmission lines and related appurtenances. At completion, the water distribution system will provide domestic potable water to all platted lots within the District. The mains will provide for normal and peak water demands of the project as well as the delivery of fire protection water.

5. Metering. Water users within the District will be metered. Billings for all water service will be based on actual water use to the extent reasonably practicable. The billing process will be the responsibility of Aurora.

6. Cost Estimates. The estimated construction costs for the development of the domestic water system for Sterling Hills West are presented in Exhibit I.

E. Draining Improvements and Street Improvements. After conveyance by the developer of the street rights-of-way or appropriate easements to the District, the District is expected to construct curbs, gutters, culverts, drainage ditches, sidewalks, box culverts, tunnels, paving, lighting, landscaping and other road, street and drainage facility improvements which the project will require, as well as necessary traffic and safety protection devices and controls.

1. Roadway Infrastructure. All public streets and streets dedicated by plat within the District will be maintained by Aurora. This will include all roadway infrastructure as it is completed and accepted by Aurora. With the exception of private roads within the District, snow removal and other roadway maintenance on roads within the District will be Aurora's responsibility.

2. Drainage Facilities. The storm drainage facilities, exclusive of the water quality pond will be owned, operated and maintained by Aurora after dedication and acceptance by Aurora.

3. Cost Estimates. The estimated construction costs for the development of the drainage improvements and roadway system for the project are shown on Exhibit I.

F. Description of Cost Estimates. The cost estimates for all improvements summarized in Exhibit G are based on quantities taken from preliminary development plans and

preliminary utility and drainage plans. The unit prices, based on recent bids or contracts, were multiplied by the individual quantities. The cost estimate subtotals were increased 10% for landscaping architecture and surveying, 6% for bonding and meters and 10% for contingencies to arrive at the total cost estimates.

G. Aurora Construction Standards. The District shall ensure that any proposed improvements set forth in this Section IV will be designed and constructed solely in accordance with the standards and specifications set forth by Aurora, if applicable. The District will obtain approval of civil engineering plans and a permit for construction and installation of improvements from Aurora.

H. Dedication of Improvements to Aurora. The District shall dedicate or cause all of the public water and wastewater improvements, all public streets and streets dedicated by plat, all public drainage facilities, and all public sidewalks as well as all rights-of-way and easements necessary for access to facilities to be conveyed to Aurora upon completion of construction and installation. Failure to comply with the dedication of improvements set forth in this section shall be deemed to be a material modification of this Service Plan.

An "Initial Acceptance" letter shall be issued by Aurora which specifies that the public improvements shall be warranted for one calendar year from the date of such dedication. Aurora shall issue a "Final Acceptance" form letter at the completion of the warranty period should the public improvements conform to Aurora specifications and standards. At Aurora's discretion, dedication may take place after the one-year warranty.

I. Ownership/Operation of Facilities by District. Except for facilities and improvements described in this Section IV.I, the District shall not be authorized to own or operate facilities to be provided pursuant to this Service Plan, other than as necessary to permit the financing and construction thereof, except through approval by Aurora of an amendment to this Service Plan. The District shall have authority to operate and maintain the improvements described in this Section IV.I. Improvements including the park and recreation improvements, all tract landscaping improvements, landscaping along Tower Road, Sterling Hills Parkway, East Villanova Place and East Wesley Drive, entry features, drainage tracts and pocket parks will be retained by the District for operations and maintenance. The District may contract with homeowner associations for operation of the facilities.

The District is expected to undertake all ownership, operations and maintenance responsibilities for the improvements which are not conveyed to Aurora, and will do so either itself or by contract with homeowner associations as noted above. If the District elects to operate the facilities itself, revenue to pay the expenses of operations may be obtained from fees legally imposed by the District or other legally available revenues of the District. Whether the facilities are operated directly by the District, or are operated by the associations, user fees may be obtained by the District to offset the expenses. User fees for use of recreational facilities will be different for residents of the District than for outside users. Approval of this Service Plan by Aurora constitutes Aurora's agreement that the District may perform these functions.

J. Acquisition of Land for Public Improvements and Easements. The District agrees to acquire by easement or plat dedication, at no cost, or cause the dedication to Aurora of all land required by Aurora for construction of public improvements being provided by the District. Exceptions must be approved by Aurora in writing. Failure to comply with this provision shall be deemed to be a material modification of this Service Plan. The District agrees to acquire all land needed by Aurora for construction of normal street improvements required by Aurora through dedication by the Developer at no cost. Exceptions must be approved by Aurora in writing. Failure to acquire all land needed by Aurora for such construction of street improvements shall be deemed to be a material modification of this Service Plan.

K. Offsite Improvements. Except as set forth herein, the District shall not be authorized to participate in the funding of any offsite public infrastructure improvements except through approval of an amendment to this Service Plan approved by Aurora. Failure to comply with this section may be deemed to be a material modification of the Service Plan. Offsite improvements shall include improvements needed outside the recognized boundaries of the District. The District shall be responsible for participating in sharing the costs for public offsite infrastructure improvements benefiting the taxpayers and residents of the District. The off-site improvements to be constructed in whole or in part by the District are the improvements associated with construction of the landscaping along Tower Road and participation in funding of construction of 6-7 acres of Great Plains Park located to the northeast of Sterling Hills West.

L. Services of District. The District will require operating funds to plan and cause the facilities contemplated herein to be completed. Such costs are expected to include reimbursement of organizational costs, legal, engineering, accounting, bond issuance costs and compliance with state reporting and other administrative requirements. The first year's operating budget is estimated to be \$45,000. An overall financing plan showing the anticipated operating costs, phasing of bond issues, and related matters is attached as Exhibit H.

M. Limitation on Use of Funds. The District agrees that no District revenues will be used to pay water transmission development fees or sewer interceptor development fees.

V. FINANCIAL PLAN

A. General Plan of Finance. The total estimated cost of the facilities is approximately \$7,600,000 in 1999 dollars, exclusive of costs of issuance, organizational costs, inflation, and other similar costs. A letter regarding the reasonableness of the cost estimates is attached at Exhibit I. The District's new money general obligation debt limitation ("debt limitation") will be \$9,400,000, inclusive of costs of issuance, organizational costs, inflation and other similar costs. Increases in debt necessary to accomplish a refunding, reissuance or restructuring of debt, and bonds payable from sources other than ad valorem taxes, shall not count against the debt limitation. The debt limitation shall not be increased unless approved by Aurora and as permitted by statute and under the provisions of this Service Plan.

It is currently anticipated that the District will issue general obligation bonds in amounts sufficient to permit the District to construct needed facilities. General obligation debt will be supported by ad valorem mill levies and other available revenues of the District. Attached to this Service Plan as Exhibit G is a Financing Plan of the District which shows how the proposed services and facilities may be financed and operated by the District and identifies the proposed debt issuance schedule of the District. If all the property is included in the District as contemplated in paragraph III(A), issuance of bonds by the District may proceed without further approval of the City. However, should the District seek to issue bonds prior to the inclusion of the property set forth in paragraph III(A), an updated financial model for the bonds in question shall be submitted and approved by the City pursuant to administrative action. Such review shall be for the purpose of ensuring that the conditions of this Service Plan have been met and, specifically that sufficient property has been included within the District to allow it to discharge the debt reasonably in accordance with the updated financial model. Failure to obtain an administrative finding of compliance under such circumstances shall constitute a material modification of this Service Plan. A letter in support of the market projections and an underwriter commitment letter are attached hereto as Exhibits K and J, respectively. The initial general obligation bond issues are depicted in Exhibit G. The District anticipates contributions to the funding of 6 to 7 acres of Great Plains Park will be allocated out of each bond issue, as further detailed in Exhibit G. The timing of issuance of bonds will be adjusted from time to time to meet development requirements. All bonds will be issued in compliance with applicable state law.

All bonds issued by the District may be payable from any and all legally available revenues of the District, including general ad valorem taxes to be imposed upon all taxable property within the District, which may not initially exceed 42.55 mills. The 42.55 mill debt service levy limit may be eliminated when the amount of all outstanding bonds does not exceed 50% of the assessed valuation of the District. This structure places the risk of development on the developer and creates enforceable limits on the mill levies until assessed valuation has been developed. At such time as the mill levy limits are removed from the District's bonds, it is anticipated that mill levies will not exceed the amounts estimated in the Financing Plan.

The District intends to impose an aggregate mill levy of 36 mills for debt service and general administration and that it will issue approximately \$7,900,000 in bonds pursuant to the Financing Plan. District revenues from 3 mills out of the total of 36 shall be allocated to landscaping maintenance for the regional park and City right-of-way. Notwithstanding the aforesaid, in the event the District deems it necessary, it shall be expressly authorized to issue up to 42.55 mills and to issue a total of \$9,400,000 in general obligation debt pursuant to the Financing Plan, which shall not, in any event, be deemed to constitute a material modification hereto or require additional authorization of the City.

The foregoing 50% threshold as well as the 42.55 mill limit, shall be subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes, or other similar changes occur. In these events, the foregoing thresholds and limits shall be automatically adjusted so that the tax liability of individual property owners neither increases nor decreases as a result of any such changes thereby maintaining a constant level of tax receipts of the District and overall tax payments from property owners.

The Financing Plan demonstrates one method that might be used by the District to finance the cost of infrastructure. At the time bonds are proposed to be issued, alternative financing plans may be employed and be utilized by the District. Such alternative financing plans shall be submitted to Aurora in advance for administrative review regarding overall consistency of the revised plan with this Service Plan. Any material economic deviation of such proposed plans from the scope of this Service Plan may be deemed a material modification hereof and may be subject to all applicable laws governing approval of material modifications. At the City's sole discretion, the District shall pay an administrative fee for any review required to determine whether material modifications to the Service Plan are being proposed. Due to the support expected to be received from the developer, the Financing Plan demonstrates that the cost of infrastructure described herein can be provided with reasonable mill levies assuming reasonable increases in assessed valuation and assuming the rate of build-out estimated in the Financing Plan.

B. Operating Costs. In addition to showing the anticipated bond issues of the District discussed in the preceding section, the Financing Plan includes the proposed operating revenue derived from ad valorem property taxes for the first budget year and thereafter. The financing plan assumes imposition of approximately 3 mills to raise revenues sufficient for funding to the City for park and right-of-way landscaping maintenance.

C. Other Financial Information. The balance of the information contained in this Article V is preliminary in nature. Upon approval of this Service Plan, the District will continue to develop and refine cost estimates contained herein and prepare for bond issues. Updated information, if any, shall be provided to the City in the annual report referred to in Section VI.B. All cost estimates will be inflated to then-current dollars at the time of bond issuance and construction. All construction cost estimates assume construction to applicable local, state or federal requirements.

In addition to ad valorem property taxes, and in order to offset the expenses of the anticipated construction as well as operations and maintenance, the District will also rely upon various other revenue sources authorized by law. These will include the power to assess fees, rates, tolls, penalties, or charges as provided in § 32-1-1001(1), C.R.S., as amended from time to time. The Financing Plan assumes various sources of revenue, including ad valorem property taxes, specific ownership taxes, facilities fees, and user charges, together with interest earnings on retained amounts. It is anticipated that a system of user charges will also be established for recreation improvements and other improvements not owned and operated by Aurora.

Notwithstanding anything contained in this Service Plan to the contrary, no District taxes, fees, rates, tolls, penalties or charges shall be due from or with respect to any real property within the boundaries of the District for any school site dedicated to the Cherry Creek School District.

The Financing Plan does not project any significant accumulation of fund balances which might represent receipt of revenues in excess of expenditures under the TABOR Amendment. To the extent annual district revenues exceed expenditures in this manner, the District will comply

with the provisions of TABOR and either refund the excess or obtain voter approval to retain such amounts. Initial spending and revenue limits of the District, as well as mill levies, will be established by elections which satisfy TABOR requirements. In the discretion of the Board of directors, the District may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the District will remain under the control of its board of directors.

The estimated costs of the facilities and improvements to be constructed and installed by the District, including the costs of engineering services, legal services, administrative services, initial proposed indebtedness, and other major expenses related to the facilities and improvements to be constructed and installed, are set forth in Exhibit F of this Service Plan. The maximum voted interest rate on bonds will be 18%. The proposed maximum underwriting discount will be 5%. It is estimated that the general obligation bonds, when issued, will mature not more than twenty (20) years from date of issuance, with the first maturity being not later than three (3) years from the date of its issuance, as required by statute. The estimated costs of the organization and initial operation of the District through December 31, 1999 including legal, engineering, administrative and financial services, are expected to be approximately \$100,000. Organizational costs will be reimbursed to the developer by the District out of its initial revenue sources including bond issue proceeds.

D. Debt Issuance. The District acknowledges that when it actually incurs indebtedness within the total debt limitation, such debt will be included in the overlapping debt analysis of Aurora made by bond rating agencies. The District shall submit information regarding issuance of debt to Aurora as part of the annual report required by Section VI. B. below.

E. Type of Debt Instruments and Debt Issuance Restriction. The District will not pledge any Aurora funds or assets as security for the indebtedness set forth in the Financing Plan of the District.

F. Elections and Conditions on Exercise of Financial Powers. The District may obtain authorization from its electorate at an election to be scheduled for November 2, 1999, or on other legally permitted dates for general obligation bonds and for other matters summarized below.

G. Potential Risks to Proposed Financing. The ability of the District to meet the projections upon which the Financing Plan is premised is subject to various risks and uncertainties, including but not necessarily limited to, actual development, population and absorption as might occur within the area and actual market valuation of property within the District's boundaries.

H. Quinquennial Review. Pursuant to section 32-1-1101.5, the District shall submit application for a quinquennial finding of reasonable diligence in every fifth calendar year after the calendar year in which the District's ballot issue to incur general obligation indebtedness was approved by its electors. Upon such application, the City shall conduct an administrative review

to ensure that the District's conduct is in conformance with the provisions of section 122-35(b) of the Aurora City Code. Upon written request of the City, the District shall be responsible for payment of necessary and reasonable consultant fees associated with the City's review under this section v(h).

I. Subdivision Plat Approval. Until the time at which a subdivision plat for the property within the boundaries of the District, as set forth in Exhibit B, has been approved by the City of Aurora, the District shall be prohibited from (1) the imposition of a District mill levy or District fee within its boundaries or, (2) issuance of general obligation bonds or other financial obligations of the District.

VI. GENERAL MATTERS

A. Elections. Following approval of this Service Plan by Aurora, and after acceptance of the organizational petition and issuance of orders from the District Court, an election on the question of organizing the District and approving bonded indebtedness and various agreements described herein will be scheduled. All elections will be conducted as provided in the Court orders, the Uniform Election Code of 1992 (as substantially amended by House Bill 93-1255), and the TABOR Amendment, and are currently planned for November 2, 1999, 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 ballot may deal with the following topics (in several questions, but not necessarily using the exact divisions shown here):

1. Whether to organize the District,
2. Membership and terms of the initial board members,
3. Approval of new taxes,
4. Approval of maximum operational mill levies,
5. Approval of bond and other indebtedness limits,
6. Approval of an initial property tax revenue limit,
7. Approval of an initial total revenue limit,
8. Approval of an initial fiscal year spending limit, and
9. Approval of a four-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 are anticipated and may be held as determined by the elected board of directors of the District.

B. Annual Report. The District shall be responsible for submitting an annual report to Aurora within 60 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 60 days after a written request from Aurora 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:

1. Boundary changes made or proposed.
2. Intergovernmental Agreements with other governmental bodies entered into or proposed.
3. Changes or proposed changes in the proposed District's policies.
4. Changes or proposed changes in the proposed District's operations.
5. Any changes in the financial status of the proposed District including revenue projections, or operating costs.
6. A summary of any litigation which involves the proposed District.
7. Proposed plans for the year immediately following the year summarized in the annual report.
8. Status of Public Improvement Construction Schedule.
9. Submission of current assessed valuation in the District.

VII. CONSERVATION TRUST FUND

The District shall claim no entitlement to funds from the Conservation Trust Fund which is derived from lottery proceeds. The District shall remit to Aurora any and all conservation trust funds which they receive.

VIII. CONSOLIDATION

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

IX. MODIFICATION OF SERVICE PLAN

The District shall obtain the prior approval of Aurora before making any material modifications to this Service Plan as noted herein. Material modifications shall include modifications of a basic or essential nature including any additions to the types of services initially provided by the District, change in debt limit, change in revenue type, or change in maximum mill levy (with the exception of the elimination of the maximum mill levy upon meeting the fifty percent (50%) debt assessed ratio). The examples above are only examples and are not an exclusive list of all actions which may be identified as a material modification. Aurora approval shall not be required for mechanical modifications to this Service Plan necessary for the execution of the Financing Plan for public improvements previously outlined herein.

X. FAILURE TO COMPLY WITH SERVICE PLAN

In accordance with the authority contained within the Aurora City Code, and in the event that the District takes any action which constitutes a material modification from the Service Plan without approval from Aurora, Aurora shall utilize the remedies set forth in the statutes to seek to enjoin the actions of the District.

XI. RESOLUTION OF APPROVAL

The proposed District agrees to incorporate the Aurora City Council's 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 A.

XII. DISCLOSURE

The petitioners for organization of the District will make a good faith effort to assure that the developers of the property located within the District provide adequate written notice to purchasers of land in the District regarding the existence of taxes, charges, or assessments which may be imposed in connection with the District by providing a written disclosure of the same. It is anticipated that the Developer will require that all builders purchasing property within Sterling Hills West from the Developer shall provide such a disclosure to homebuyers at the time of contracting. The form of disclosure shall be submitted to the City for administrative approval within ninety days of the District's organization. The disclosure shall include, but not necessarily be limited to the following matters: (1) the District's authorized debt, anticipated issuance schedule and terms thereof; (2) facilities and services to be operated and maintained by the District; (3) maximum mill levy and the procedure for any adjustment thereto; (4) any applicable District fees and a statement that such fees are separate from any applicable homeowners' association fees. Upon approval of the disclosure by Aurora, the District shall record the disclosure in the real property records of the County of Arapahoe, State of Colorado.

XIII. INTERGOVERNMENTAL AGREEMENTS

The form of intergovernmental agreement required by Section 122-31 of the Aurora Code, relating to limitations on the District's activities, is attached as Exhibit J.

XIV. CONCLUSION

It is submitted that this Service Plan for the District, as required by § 32-1-203(2), C.R.S., has established that:

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

(b) The existing service in the area 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 proposed boundaries,

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

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

(f) The facility and service standards of the District are compatible with the facility and service standards of Aurora within which the District are to be located and each municipality which is an interested party under § 32-1-204(l), C.R.S.;

(g) The proposal is in substantial compliance with a comprehensive plan adopted pursuant to Section 146-2196 of the Aurora Code;

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

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

Therefore, it is requested that the Aurora City Council, which has jurisdiction to approve this Service Plan by virtue of §§ 32-1-201, C.R.S., et seq., as amended, adopt a resolution which approves this Service Plan for the District as submitted.

Respectfully submitted,

WHITE AND ASSOCIATES
PROFESSIONAL CORPORATION

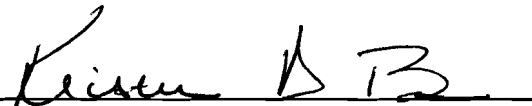
By: 
Kristen D. Bear
Gary R. White
Counsel to Petitioners

EXHIBIT A
City Council Resolution of Approval

RESOLUTION NO. R99-68

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AURORA,
COLORADO, APPROVING THE SERVICE PLAN FOR STERLING
HILLS WEST METROPOLITAN DISTRICT AND AUTHORIZING THE
EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT
BETWEEN THE CITY AND SAID DISTRICT**

WHEREAS, Section 32-1-204.5, C.R.S., provides that no special district shall be organized within a municipality except upon adoption of a resolution approving the service plan of the proposed special district; and

WHEREAS, the City Council of the City of Aurora, Colorado (the "City"), has enacted Chapter 122 of the City Code, which provides that it is the Council's intention to ensure that the cost burden of infrastructure is placed upon those benefiting from such infrastructure improvements; and

WHEREAS, the City Council has conducted a public hearing on the proposed Service Plan for the Sterling Hills West Metropolitan District (the "District") and finds that such Plan should be approved unconditionally; as permitted by Section 122-35(a)(1) of the City Code; and

WHEREAS, the City Council further finds that it is in the best interests of the citizens of the City to enter into an Intergovernmental Agreement with the District for the purpose of assigning the relative rights and responsibilities between the City and the District with respect to certain functions, operations, and obligations of the District; and

WHEREAS, Section 10-12 of the City Charter requires a resolution to authorize the execution of intergovernmental agreements.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF AURORA, COLORADO:**

Section 1. The City Council finds that adequate service is not or will not be available to the area through existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis; that the facility and service standards of the District are compatible with the facility and service standards of the City; that the proposed Service Plan is in substantial compliance with the Comprehensive Plan of the City; and that the creation of the District will be in the best interests of the citizens of the geographical area proposed to be served.

Section 2. The City Council further finds that there is sufficient existing and projected need for organized service in the area to be served by the District; that the existing service in the area to be served by the District is inadequate for present and projected needs; that the District is capable of providing economical and sufficient service to the area within its proposed boundaries; and that the area to be included in the District has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

Section 3. The proposed Service Plan for the Sterling Hills West Metropolitan District is hereby approved.

Section 4. The Mayor and the City Clerk are hereby authorized to execute, on behalf of the City, the Intergovernmental Agreement between the City of Aurora, Colorado, and the Sterling Hills West Metropolitan District (the "Intergovernmental Agreement") in substantially the form presented at this meeting, with such technical additions, deletions, and variations as the City Attorney may deem necessary or appropriate and not inconsistent with this Resolution.

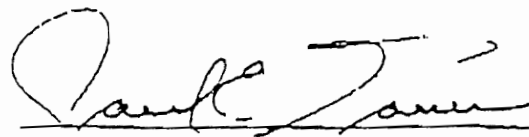
Section 5. The performance of the Intergovernmental Agreement by the City shall be contingent upon the formation of and the issuance of debt by the District for the purpose of securing sufficient funds for its obligations under such Agreement.

Section 6. The Sterling Hills West Metropolitan District shall not be authorized to impose any taxes or fees, or to incur any general obligation or other indebtedness until such time as the District has approved and executed the Intergovernmental Agreement and a subdivision plat for the property within the boundaries of the District has been approved by the City.

Section 7. All prior Resolutions or any parts that are inconsistent herewith are hereby repealed.

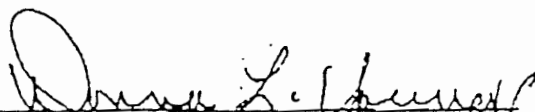
Section 8. Any reconsideration of this Resolution is hereby waived.

RESOLVED AND PASSED this 27th day of September, 1999.



PAUL E. TAUER, Mayor

ATTEST:



DONNA L. YOUNG, City Clerk

APPROVED AS TO FORM: 

EXHIBIT B
Legal Descriptions

LEGAL DESCRIPTION**PARCEL A:**

A PARCEL OF LAND BEING A PART OF SECTION 27, TOWNSHIP 4 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN, CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 27;

THENCE SOUTH 89 DEGREES 41 MINUTES 36 SECONDS EAST ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 2349.25 FEET;

THENCE NORTH 00 DEGREES 18 MINUTES 24 SECONDS EAST A DISTANCE OF 686.76 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00 DEGREES 18 MINUTES 24 SECONDS EAST A DISTANCE OF 1233.21 FEET TO A POINT ON A CURVE;

THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 25 DEGREES 15 MINUTES 07 SECONDS, A RADIUS OF 1000.00 FEET, A CHORD BEARING OF NORTH 36 DEGREES 36 MINUTES 21 SECONDS EAST, AND AN ARC LENGTH OF 440.73 FEET;

THENCE NORTH 23 DEGREES 58 MINUTES 48 SECONDS EAST A DISTANCE OF 511.25 FEET TO THE SOUTHWEST CORNER OF STERLING HILLS SUBDIVISION FILING NO. 3, A SUBDIVISION PLAT RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN PLAT BOOK 131 AT PAGE 28;

THENCE ALONG THE SOUTHERLY BOUNDARY OF SAID STERLING HILLS SUBDIVISION FILING NO. 3 THE FOLLOWING THREE (3) COURSES:

1. THENCE SOUTH 66 DEGREES 01 MINUTES 12 SECONDS EAST A DISTANCE OF 34.08 FEET TO A POINT ON A CURVE;

2. THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 44 DEGREES 53 MINUTES 26 SECONDS, A RADIUS OF 810.00 FEET, A CHORD BEARING OF SOUTH 88 DEGREES 26 MINUTES 17 SECONDS EAST, AN ARC LENGTH OF 634.63 FEET TO A POINT ON A CURVE;

3. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 22 DEGREES 05 MINUTES 08 SECONDS, A RADIUS OF 740.00 FEET, A CHORD BEARING OF NORTH 80 DEGREES 09 MINUTES 27 SECONDS EAST, AN ARC LENGTH OF 285.25 FEET TO A POINT OF COMPOUND CURVATURE, SAID POINT ALSO BEING THE SOUTHWEST CORNER OF STERLING HILLS SUBDIVISION FILING NO. 4, A SUBDIVISION PLAT RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN PLAT BOOK 138 AT PAGE 47;

THENCE ALONG THE SOUTHERLY BOUNDARY OF SAID STERLING HILLS SUBDIVISION FILING NO. 4 THE FOLLOWING THREE (3) COURSES:

1. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 15 DEGREES 44 MINUTES 54 SECONDS, A RADIUS OF 740.00 FEET, AND AN ARC LENGTH OF 203.40 FEET;

2. THENCE SOUTH 73 DEGREES 03 MINUTES 05 SECONDS EAST A DISTANCE OF 273.91 FEET TO A POINT ON A CURVE;

3. THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 00 DEGREES 47 MINUTES 59 SECONDS, A RADIUS OF 780.00 FEET, A CHORD BEARING OF SOUTH 73 DEGREES 40 MINUTES 03 SECONDS EAST, AND AN ARC LENGTH OF 10.89 FEET TO THE

LEGAL DESCRIPTION

SOUTHEAST CORNER OF SAID STERLING HILLS SUBDIVISION FILING NO. 4, SAID POINT BEING A POINT ON A CURVE;

THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 05 DEGREES 59 MINUTES 57 SECONDS, A RADIUS OF 780.00 FEET, A CHORD BEARING OF SOUTH 76 DEGREES 48 MINUTES 37 SECONDS EAST, AND AN ARC LENGTH OF 81.67 FEET;
THENCE SOUTH 10 DEGREES 45 MINUTES 41 SECONDS EAST A DISTANCE OF 365.51 FEET;
THENCE SOUTH 02 DEGREES 28 MINUTES 05 SECONDS EAST A DISTANCE OF 252.81 FEET;
THENCE SOUTH 63 DEGREES 15 MINUTES 36 SECONDS WEST A DISTANCE OF 264.38 FEET;
THENCE SOUTH 31 DEGREES 13 MINUTES 26 SECONDS WEST A DISTANCE OF 235.14 FEET;
THENCE SOUTH 26 DEGREES 34 MINUTES 50 SECONDS WEST A DISTANCE OF 440.38 FEET;
THENCE SOUTH 63 DEGREES 27 MINUTES 01 SECONDS WEST A DISTANCE OF 613.21 FEET;
THENCE SOUTH 46 DEGREES 31 MINUTES 36 SECONDS WEST A DISTANCE OF 429.31 FEET;
THENCE SOUTH 24 DEGREES 46 MINUTES 43 SECONDS WEST A DISTANCE OF 224.97 FEET;
THENCE NORTH 84 DEGREES 31 MINUTES 30 SECONDS WEST A DISTANCE OF 62.91 FEET TO A POINT OF CURVATURE;

THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 17 DEGREES 00 MINUTES 00 SECONDS, A RADIUS OF 715.00 FEET AND AN ARC LENGTH OF 212.14 FEET;
THENCE NORTH 67 DEGREES 31 MINUTES 30 SECONDS WEST A DISTANCE OF 279.13 FEET TO THE POINT OF BEGINNING.

LEGAL DESCRIPTION PREPARED BY:
CARROLL & LANGE
165 SOUTH UNION BLVD., SUITE 156
LAKEWOOD, CO 80228

PARCEL B:

A PARCEL OF LAND BEING A PART OF SECTION 27, TOWNSHIP 4 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN, CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 27;

THENCE SOUTH 89 DEGREES 41 MINUTES 36 SECONDS EAST ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 2349.25 FEET;
THENCE NORTH 00 DEGREES 18 MINUTES 24 SECONDS EAST A DISTANCE OF 155.00 FEET TO THE NORTHERLY LINE OF THAT PUBLIC SERVICE COMPANY OF COLORADO PARCEL OF LAND AS RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN BOOK 1305 AT PAGE 530, SAID POINT ALSO BEING THE POINT OF BEGINNING;
THENCE CONTINUING NORTH 00 DEGREES 18 MINUTES 24 SECONDS EAST A DISTANCE OF 456.18 FEET;
THENCE SOUTH 67 DEGREES 31 MINUTES 30 SECONDS EAST A DISTANCE OF 250.61 FEET TO A POINT OF CURVATURE;

THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 17 DEGREES 00 MINUTES 00 SECONDS, A RADIUS OF 785.00 FEET, AND AN ARC LENGTH OF 232.91 FEET;

LEGAL DESCRIPTION

THENCE SOUTH 84 DEGREES 31 MINUTES 30 SECONDS EAST A DISTANCE OF 605.32 FEET TO A POINT OF CURVATURE;

THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 10 DEGREES 57 MINUTES 21 SECONDS, A RADIUS OF 965.00 FEET, AND AN ARC LENGTH OF 184.52 FEET;

THENCE SOUTH 73 DEGREES 34 MINUTES 09 SECONDS EAST A DISTANCE OF 124.56 FEET TO A POINT OF CURVATURE;

THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 85 DEGREES 37 MINUTES 58 SECONDS, A RADIUS OF 20.00 FEET, AND AN ARC LENGTH OF 29.89 FEET TO A POINT OF REVERSE CURVATURE;

THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 11 DEGREES 45 MINUTES 19 SECONDS, A RADIUS OF 780.00 FEET, AND AN ARC LENGTH OF 160.03 FEET TO A POINT ON THE NORTHERLY LINE OF THAT PUBLIC SERVICE COMPANY OF COLORADO PARCEL OF LAND AS RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN BOOK 1305 AT PAGE 530;

THENCE ALONG SAID NORTHERLY LINE THE FOLLOWING TWO (2) COURSES:

1. THENCE NORTH 89 DEGREES 46 MINUTES 09 SECONDS WEST A DISTANCE OF 1073.36 FEET;
2. THENCE NORTH 89 DEGREES 41 MINUTES 36 SECONDS WEST A DISTANCE OF 285.46 FEET TO THE POINT OF BEGINNING.

LEGAL DESCRIPTION PREPARED BY:
CARROLL & LANGE
165 S. UNION BLVD., SUITE 156
LAKEWOOD, CO 80228

LEGAL DESCRIPTION - STERLING HILLS FILING NO. 9

A PARCEL OF LAND BEING A PORTION OF SECTION 27, TOWNSHIP 4 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 27;

THENCE SOUTH 00°02'01" EAST ALONG THE EAST LINE OF SAID SOUTHEAST QUARTER A DISTANCE OF 24.87 FEET TO THE SOUTHERLY RIGHT-OF-WAY OF EAST WESLEY DRIVE AS SHOWN ON STERLING HILLS SUBDIVISION FILING NO. 8, A SUBDIVISION PLAT RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN PLAT BOOK 152 AT PAGE 61;

THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY THE FOLLOWING TWO (2) COURSES:

1. THENCE SOUTH 89°58'07" WEST A DISTANCE OF 839.69 FEET TO A POINT OF CURVATURE;
2. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 10°13'18", A RADIUS OF 780.00 FEET, AND AN ARC LENGTH OF 139.15 FEET TO THE NORTHWEST CORNER OF TRACT A OF SAID STERLING HILLS SUBDIVISION FILING NO. 8, SAID POINT ALSO BEING ON THE WESTERLY BOUNDARY OF SAID STERLING HILLS SUBDIVISION FILING NO. 8 AND THE POINT OF BEGINNING;

THENCE ALONG THE BOUNDARY OF SAID STERLING HILLS SUBDIVISION FILING NO. 8 THE FOLLOWING ELEVEN (11) COURSES:

1. THENCE SOUTH 10°45'41" EAST A DISTANCE OF 365.51 FEET;
2. THENCE SOUTH 02°28'05" EAST A DISTANCE OF 252.81 FEET;
3. THENCE SOUTH 63°15'36" WEST A DISTANCE OF 264.38 FEET;
4. THENCE SOUTH 31°13'26" WEST A DISTANCE OF 235.14 FEET;
5. THENCE SOUTH 26°34'50" WEST A DISTANCE OF 440.38 FEET;
6. THENCE SOUTH 63°27'01" WEST A DISTANCE OF 613.21 FEET;
7. THENCE SOUTH 46°31'36" WEST A DISTANCE OF 429.31 FEET;
8. THENCE SOUTH 24°46'43" WEST A DISTANCE OF 224.97 FEET;
9. THENCE SOUTH 05°28'30" WEST A DISTANCE OF 35.00 FEET;
10. THENCE SOUTH 84°31'30" EAST A DISTANCE OF 542.41 FEET TO A POINT OF CURVATURE;
11. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 04°49'21", A RADIUS OF 1000.00 FEET, AND AN ARC LENGTH OF 84.17 FEET TO THE MOST SOUTHWESTERLY CORNER OF STERLING HILLS SUBDIVISION FILING NO. 2, A SUBDIVISION PLAT RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN PLAT BOOK 117, AT PAGE 60, SAID POINT ALSO BEING A POINT OF COMPOUND CURVATURE;

THENCE ALONG THE SOUTHERLY BOUNDARY OF SAID STERLING HILLS SUBDIVISION FILING NO. 2 THE FOLLOWING THREE (3) COURSES:

1. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 06°07'59", A RADIUS OF 1000.00 FEET, AND AN ARC LENGTH OF 107.04 FEET;
2. THENCE SOUTH 73°34'09" EAST A DISTANCE OF 177.26 FEET TO A POINT ON A CURVE;
3. THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 15°39'49", A RADIUS OF 745.00 FEET, A CHORD BEARING OF NORTH 08°08'37" EAST, AND AN ARC LENGTH OF 203.67 FEET TO THE NORTHERLY LINE OF THAT PUBLIC SERVICE COMPANY OF COLORADO PARCEL OF LAND AS RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN BOOK 1305 AT PAGE 530;

THENCE ALONG SAID NORTHERLY LINE THE FOLLOWING TWO (2) COURSES:

1. THENCE NORTH 89°46'09" WEST A DISTANCE OF 1108.36 FEET;
2. THENCE NORTH 89°41'36" WEST A DISTANCE OF 2130.20 FEET TO THE

SOUTHEAST CORNER OF THAT PUBLIC SERVICE COMPANY OF COLORADO
PARCEL OF LAND AS RECORDED IN THE OFFICE OF THE ARAPAHOE
COUNTY CLERK AND RECORDER IN BOOK 2324 AT PAGE 42;

THENCE NORTH 00°07'32" EAST ALONG THE WESTERLY LINE OF SAID PARCEL OF
LAND A DISTANCE OF 350.00 FEET TO THE SOUTHWEST CORNER OF DUNKIRK
STREET RIGHT-OF-WAY AS RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY
CLERK AND RECORDER AT RECEPTION NO. A8187226:

THENCE CONTINUING NORTH 00°07'32" EAST ALONG SAID RIGHT-OF-WAY A
DISTANCE OF 81.39 FEET TO THE NORTHWEST CORNER OF SAID DUNKIRK STREET;
THENCE ALONG THE NORTHERLY RIGHT-OF-WAY OF SAID DUNKIRK STREET THE
FOLLOWING THREE (3) COURSES:

1. THENCE SOUTH 89°52'28" EAST A DISTANCE OF 12.87 FEET TO A
POINT OF CURVATURE;
2. THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF
55°20'36", A RADIUS OF 910.00 FEET, AND AN ARC LENGTH OF 878.99
FEET;
3. THENCE NORTH 34°46'56" EAST A DISTANCE OF 138.63 FEET TO A
POINT OF CURVATURE;

THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 86°44'24", A
RADIUS OF 25.00 FEET, AND AN ARC LENGTH OF 37.85 FEET;

THENCE NORTH 39°34'42" EAST A DISTANCE OF 64.03 FEET TO A POINT
ON A CURVE;

THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 92°48'32", A
RADIUS OF 25.00 FEET, A CHORD BEARING OF NORTH 81°11'12" EAST, AND AN ARC
LENGTH OF 40.50 FEET;

THENCE NORTH 34°46'56" EAST A DISTANCE OF 297.61 FEET TO A POINT OF
CURVATURE;

THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 24°17'01", A
RADIUS OF 992.00 FEET, AND AN ARC LENGTH OF 420.44 FEET;

THENCE NORTH 59°03'57" EAST A DISTANCE OF 259.15 FEET TO A POINT OF
CURVATURE;

THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 35°05'09", A
RADIUS OF 763.00 FEET, AND AN ARC LENGTH OF 467.23 FEET;

THENCE NORTH 23°58'48" EAST A DISTANCE OF 140.76 FEET TO A POINT OF
CURVATURE;

THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 14°39'04", A
RADIUS OF 782.00 FEET, AND AN ARC LENGTH OF 199.97 FEET;

THENCE NORTH 38°37'52" EAST A DISTANCE OF 85.21 FEET TO A POINT OF
CURVATURE;

THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 14°39'04", A
RADIUS OF 708.00 FEET, AND AN ARC LENGTH OF 181.04 FEET;

THENCE NORTH 23°58'48" EAST A DISTANCE OF 39.84 FEET TO A POINT OF
CURVATURE;

THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 90°00'00". A
RADIUS OF 20.00 FEET, AND AN ARC LENGTH OF 31.42 FEET TO A POINT OF CUSP
ON THE SOUTHWESTERLY RIGHT-OF-WAY OF EAST WESLEY DRIVE AS RECORDED IN THE
OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN BOOK 6359 AT PAGE
138;

THENCE SOUTH 66°01'12" EAST ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY A
DISTANCE OF 102.00 FEET TO THE SOUTHWEST CORNER OF STERLING HILLS
SUBDIVISION FILING NO. 3, A SUBDIVISION PLAT RECORDED IN THE OFFICE OF THE
ARAPAHOE COUNTY CLERK AND RECORDER IN PLAT BOOK 131 AT PAGE 28;

THENCE ALONG THE SOUTHERLY BOUNDARY OF SAID STERLING HILLS SUBDIVISION
FILING NO. 3 THE FOLLOWING THREE (3) COURSES:

1. THENCE SOUTH 66°01'12" EAST A DISTANCE OF 34.08 FEET TO A
POINT ON A CURVE;
2. THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF
44°53'26", A RADIUS OF 810.00 FEET, A CHORD BEARING OF SOUTH
88°26'17" EAST, AND AN ARC LENGTH OF 634.63 FEET TO A POINT ON A
CURVE;
3. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF
22°05'08", A RADIUS OF 740.00 FEET, A CHORD BEARING OF SOUTH

80°09'27" WEST, AND AN ARC LENGTH OF 285.25 FEET TO A POINT OF COMPOUND CURVATURE, SAID POINT ALSO BEING THE SOUTHWEST CORNER OF STERLING HILLS SUBDIVISION FILING NO. 4, A SUBDIVISION PLAT RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN PLAT BOOK 138, AT PAGE 47;

THENCE ALONG THE SOUTHERLY BOUNDARY OF SAID STERLING HILLS SUBDIVISION FILING NO. 4 THE FOLLOWING THREE (3) COURSES:

1. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 15°44'54", A RADIUS OF 740.00 FEET, AND AN ARC LENGTH OF 203.40 FEET;
2. THENCE SOUTH 73°03'05" EAST A DISTANCE OF 273.91 FEET TO A POINT ON A CURVE;
3. THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 00°47'59", A RADIUS OF 780.00 FEET, A CHORD BEARING OF SOUTH 73°40'03" EAST, AND AN ARC LENGTH OF 10.89 FEET TO THE SOUTHEAST CORNER OF SAID STERLING HILLS SUBDIVISION FILING NO. 4, SAID POINT BEING ON THE BOUNDARY OF SAID STERLING HILLS SUBDIVISION FILING NO. 8 AND A POINT ON A CURVE;

THENCE ALONG SAID BOUNDARY OF STERLING HILLS FILING NO. 8 AND ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 05°59'57", A RADIUS OF 780.00 FEET, A CHORD BEARING OF SOUTH 76°48'37" EAST, AND AN ARC LENGTH OF 81.67 FEET TO THE POINT OF BEGINNING;

CONTAINING A GROSS ACREAGE OF 127.97 ACRES (5,574,291 SQUARE FEET), MORE OR LESS.

EXCEPTING THEREFROM PREVIOUSLY CONVEYED RIGHT-OF-WAY TO THE CITY OF AURORA RECORDED AT RECEPTION NO. A8187228, CONTAINING 6.29 ACRES (274,045 SQUARE FEET), MORE OR LESS. RESULTING IN A NET ACREAGE OF 121.68 ACRES (5,300,246 SQUARE FEET), MORE OR LESS.

LEGAL DESCRIPTION - STERLING HILLS FILING No. 10

A PARCEL OF LAND BEING A PORTION OF SECTION 27, TOWNSHIP 4 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 27;

THENCE NORTH 00°07'32" EAST ALONG THE WEST LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 584.79 FEET;

THENCE SOUTH 89°52'28" EAST A DISTANCE OF 155.00 FEET TO THE EASTERLY LINE OF THAT PUBLIC SERVICE COMPANY OF COLORADO PARCEL OF LAND AS RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN BOOK 1305 AT PAGE 530, SAID POINT ALSO BEING THE NORTHWEST CORNER OF DUNKIRK STREET RIGHT-OF-WAY AS RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER AT RECEPTION NO. A8037691, SAID POINT ALSO BEING THE POINT OF BEGINNING;

THENCE NORTH 00°07'32" EAST ALONG SAID EASTERLY LINE RECORDED IN BOOK 1305 AT PAGE 530 A DISTANCE OF 2059.03 FEET;

THENCE NORTH 00°07'56" EAST ALONG THE EASTERLY LINE OF THAT PUBLIC SERVICE COMPANY OF COLORADO PARCEL OF LAND AS RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN BOOK 1308 AT PAGE 435 A DISTANCE OF 476.63 FEET TO A POINT ON A CURVE;

THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 30°55'29", A RADIUS OF 1366.99 FEET, A CHORD BEARING OF NORTH 74°40'29" EAST, AND AN ARC LENGTH OF 737.82 FEET TO THE WESTERLY BOUNDARY OF THAT PARCEL OF LAND AS RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER AT RECEPTION NO. A6030738;

THENCE ALONG SAID BOUNDARY THE FOLLOWING TWO (2) COURSES:

1. THENCE SOUTH 51°33'48" EAST A DISTANCE OF 230.02 FEET;
2. THENCE NORTH 38°26'12" EAST A DISTANCE OF 599.95 FEET TO A POINT ON THE SOUTHWESTERLY RIGHT-OF-WAY OF EAST WESLEY DRIVE AS RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN BOOK 6359 AT PAGE 138;

THENCE ALONG SAID RIGHT-OF-WAY THE FOLLOWING THREE (3) COURSES:

1. THENCE SOUTH 51°33'48" EAST A DISTANCE OF 919.50 FEET TO A POINT OF CURVATURE;
2. THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 14°25'49", A RADIUS OF 1035.00 FEET, AND AN ARC LENGTH OF 260.67 FEET;
3. THENCE SOUTH 66°01'12" EAST A DISTANCE OF 409.54 FEET TO THE NORTHWEST CORNER OF STERLING HILLS SUBDIVISION FILING NO. 9, A SUBDIVISION PLAT RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER IN PLAT BOOK ??? AT PAGE ??;

THENCE ALONG THE WESTERLY BOUNDARY OF SAID STERLING HILLS SUBDIVISION FILING NO. 9 THE FOLLOWING SIXTEEN (16) COURSES:

1. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 90°00'00", A RADIUS OF 20.00 FEET, AND AN ARC LENGTH OF 31.42 FEET;
2. THENCE SOUTH 23°58'48" WEST A DISTANCE OF 39.84 FEET TO A POINT OF CURVATURE;
3. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 14°39'04", A RADIUS OF 708.00 FEET, AND AN ARC LENGTH OF 181.04 FEET;
4. THENCE SOUTH 38°37'52" WEST A DISTANCE OF 85.21 FEET TO A POINT OF CURVATURE;
5. THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 14°39'04", A RADIUS OF 782.00 FEET, AND AN ARC LENGTH OF 199.97 FEET;
6. THENCE SOUTH 23°58'48" WEST A DISTANCE OF 140.76 FEET TO A POINT OF CURVATURE;
7. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 35°05'09", A RADIUS OF 763.00 FEET, AND AN ARC LENGTH OF 467.23 FEET;

8. THENCE SOUTH $59^{\circ}03'57''$ WEST A DISTANCE OF 259.15 FEET TO A POINT OF CURVATURE;
9. THENCE ALONG A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF $24^{\circ}17'01''$, A RADIUS OF 992.00 FEET, AND AN ARC LENGTH OF 420.44 FEET;
10. THENCE SOUTH $34^{\circ}46'56''$ WEST A DISTANCE OF 297.61 FEET TO A POINT OF CURVATURE;
11. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF $92^{\circ}48'32''$, A RADIUS OF 25.00 FEET, AND AN ARC LENGTH OF 40.50 FEET;
12. THENCE SOUTH $39^{\circ}34'42''$ WEST A DISTANCE OF 64.03 FEET TO A POINT ON A CURVE;
13. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF $86^{\circ}44'24''$, A RADIUS OF 25.00 FEET, A CHORD BEARING OF SOUTH $08^{\circ}35'16''$ EAST, AND AN ARC LENGTH OF 37.85 FEET;
14. THENCE SOUTH $34^{\circ}46'56''$ WEST A DISTANCE OF 138.63 FEET TO A POINT OF CURVATURE;
15. THENCE ALONG A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF $55^{\circ}20'36''$, A RADIUS OF 910.00 FEET, AND AN ARC LENGTH OF 878.99 FEET;
16. THENCE NORTH $89^{\circ}52'28''$ WEST A DISTANCE OF 12.87 FEET TO THE NORTHEAST CORNER OF DUNKIRK STREET RIGHT-OF-WAY AS RECORDED IN THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER AT RECEPTION NO. A8037691:

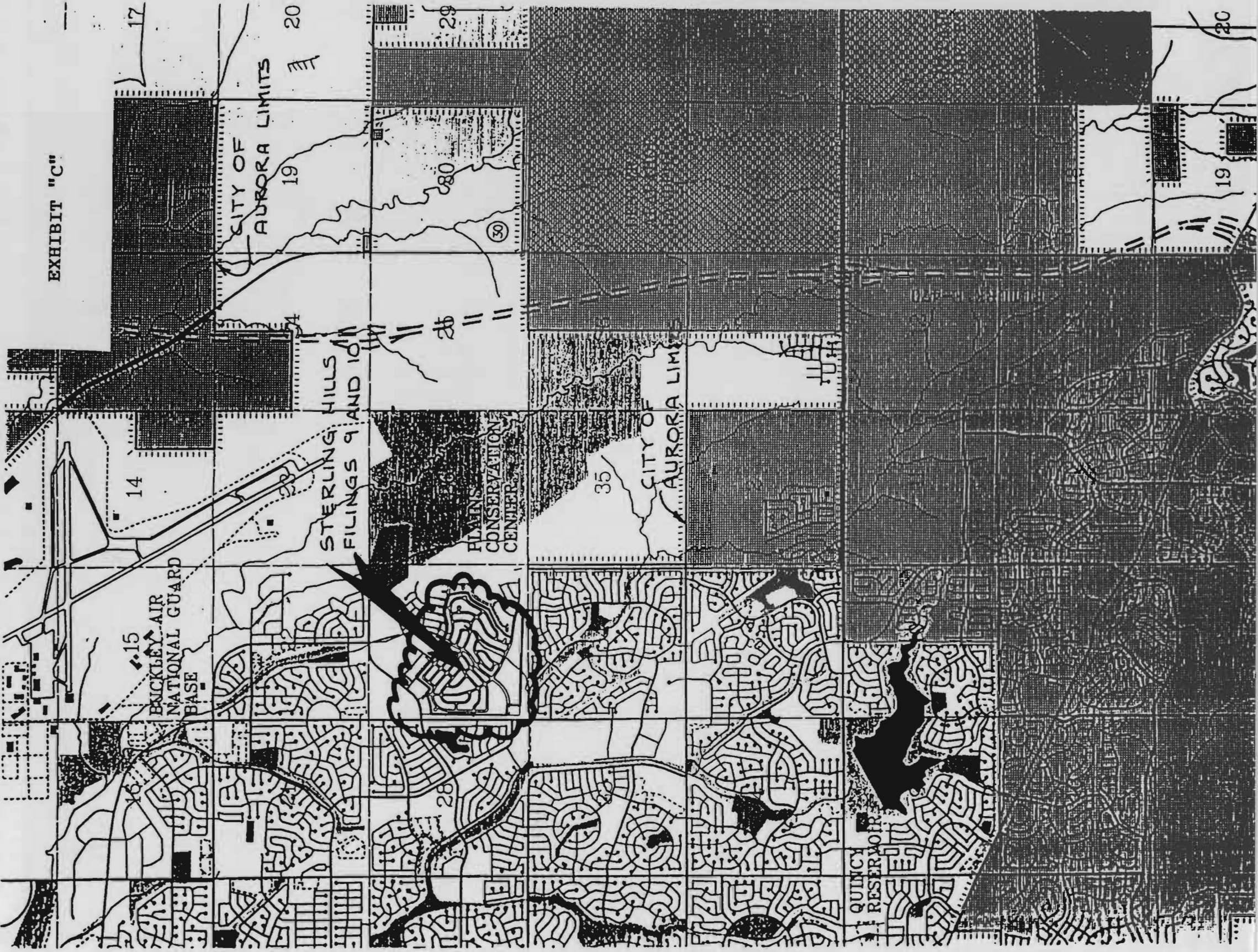
THENCE CONTINUING NORTH $89^{\circ}52'28''$ WEST ALONG THE NORTHERLY RIGHT-OF-WAY OF SAID DUNKIRK STREET A DISTANCE OF 350.00 FEET TO THE POINT OF BEGINNING;

CONTAINING 111.90 ACRES, MORE OR LESS.

EXHIBIT C
Aurora Vicinity Map



EXHIBIT "C"



14

15

17

BAUCKLEY AIR
NATIONAL GUARD
BASE

CITY OF
AURORA LIMITS

19

20

STERLING HILLS
FILINGS 9 AND 10

RYAN
CONSERVATION
CENTER

28

29

30

35

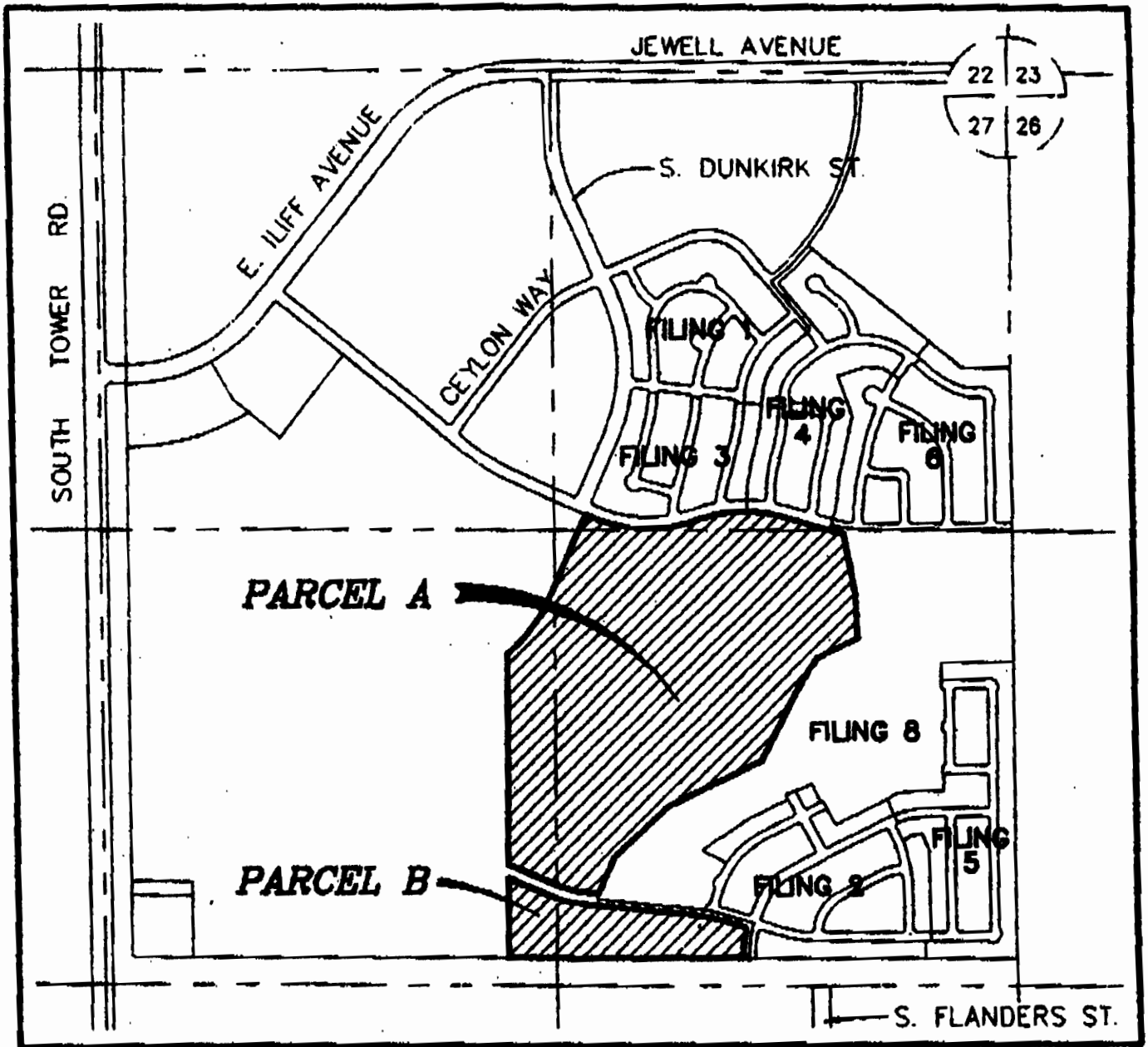
CITY OF
AURORA LIMITS

QUINCE
RESERVOIR

19

20

EXHIBIT D
Boundary Map



VICINITY MAP
SCALE: 1"=1000'

STERLING HILLS FILINGS 9 AND 10

DISTRICT BOUNDARY

725 TOTAL LOTS

EXHIBIT D-2

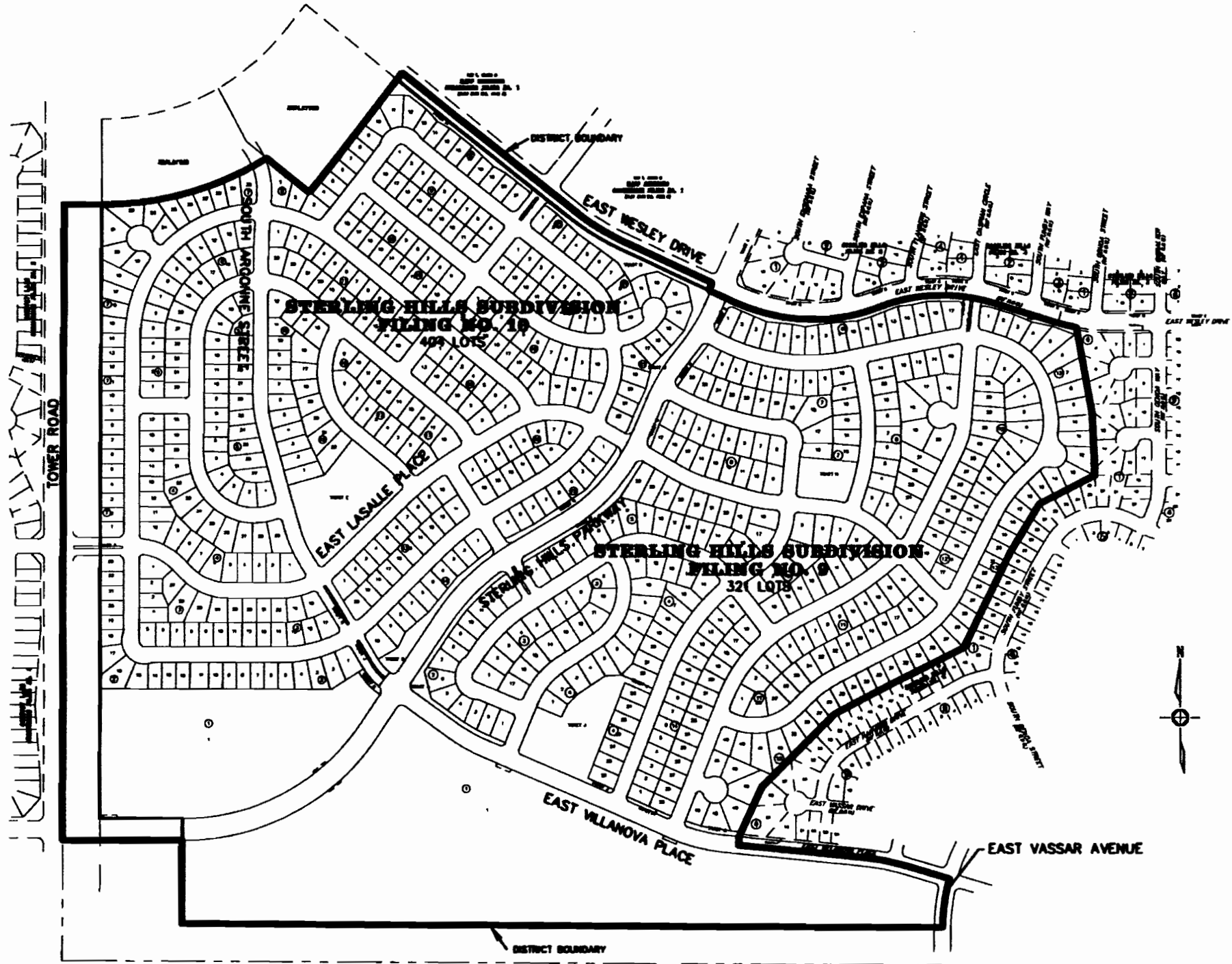


EXHIBIT E
Statutory Contents of Service Plan

1. A description of the proposed services;
2. A financial plan showing how the proposed services are to be financed;
3. A preliminary engineering or architectural survey showing how the proposed services are to be provided;
4. A map of the District's boundaries and an estimate of the population and valuation for assessment of the District;
5. A general description of the facilities to be constructed and the standards of such construction, including a statement of how the facility and service standards of District are compatible with facility and service standards of Aurora and of municipalities and special districts which are interested parties pursuant to § 32-1-204(1), C.R.S.;
6. A general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the organization and initial operation of the District;
7. A description of any arrangement or proposed agreement with any political subdivision for the performance of any services between District and such other political subdivision;
8. Information satisfactory to establish that each of the following criteria as set forth in §32-1-203, C.R.S., has been met:
 - (a) That there is sufficient existing and projected need for organized service in the area to be serviced by the District;
 - (b) That the existing service in the area to be served by the District is inadequate for the present and projected needs;
 - (c) That District is capable of providing economical and sufficient service to the area within their proposed boundaries;
 - (d) That the area included in the District has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

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

(f) That the facility and service standards of the District are compatible with the facility and service standards of Aurora within which the District is to be located and each municipality which is an interested party under §32-1-204(1), C.R.S.;

(g) The proposal is in substantial compliance with any master plan adopted pursuant to §32-28-106, C.R.S.;

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

(i) That the organization of the District will be in the best interests of the area proposed to be served.

EXHIBIT F
Facilities Diagrams
(F-1, F-2, F-3, F-4, F-5 and F-6)

STERLING HILLS FILINGS 9 AND 10

PARK AND OPEN SPACE IMPROVEMENTS

725 TOTAL LOTS

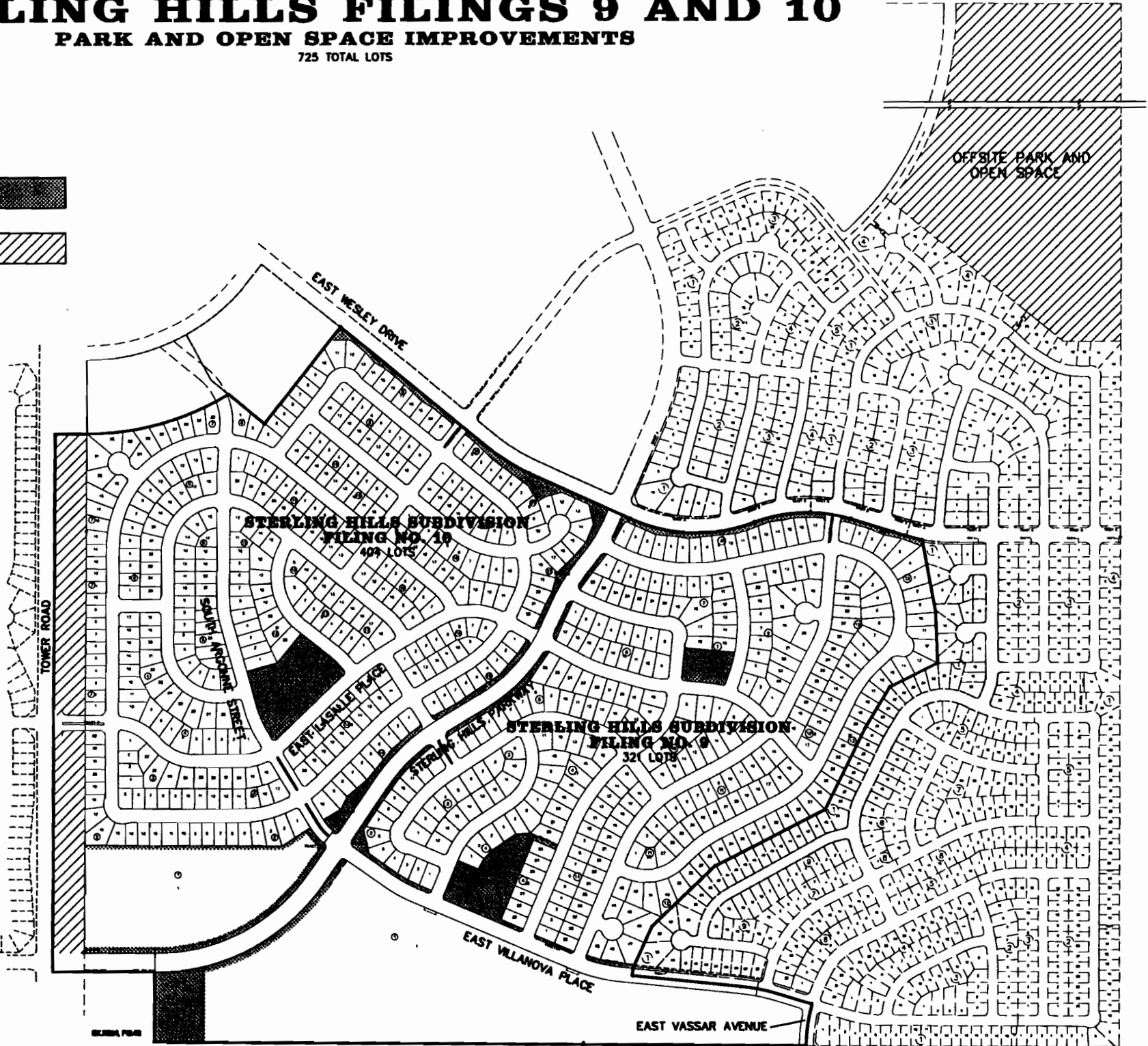
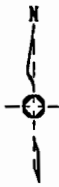
ONSITE
IMPROVEMENTS



OFFSITE
IMPROVEMENTS



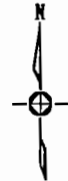
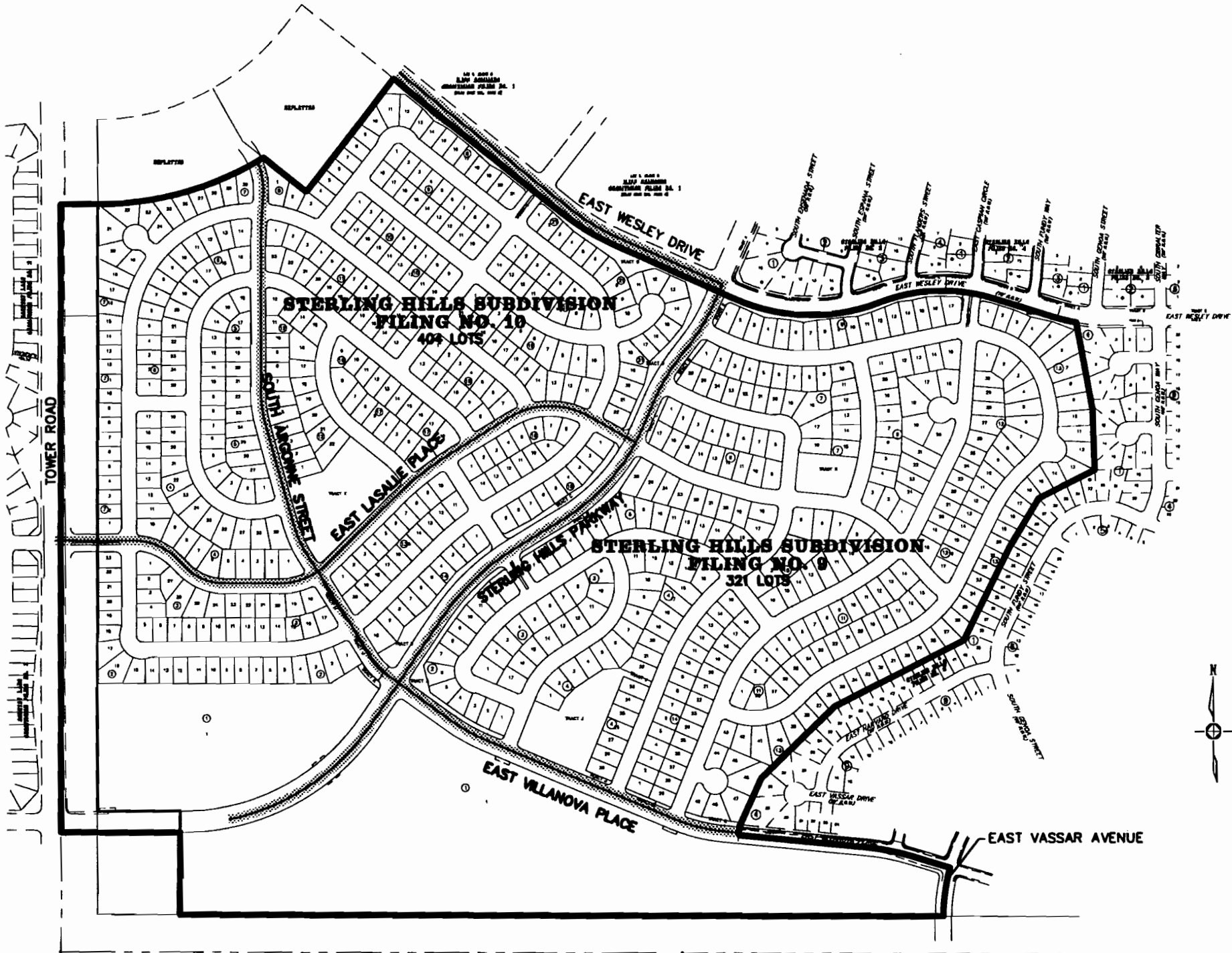
OFFSITE PARK AND
OPEN SPACE



STERLING HILLS FILINGS 9 AND 10

WATER SYSTEM IMPROVEMENTS

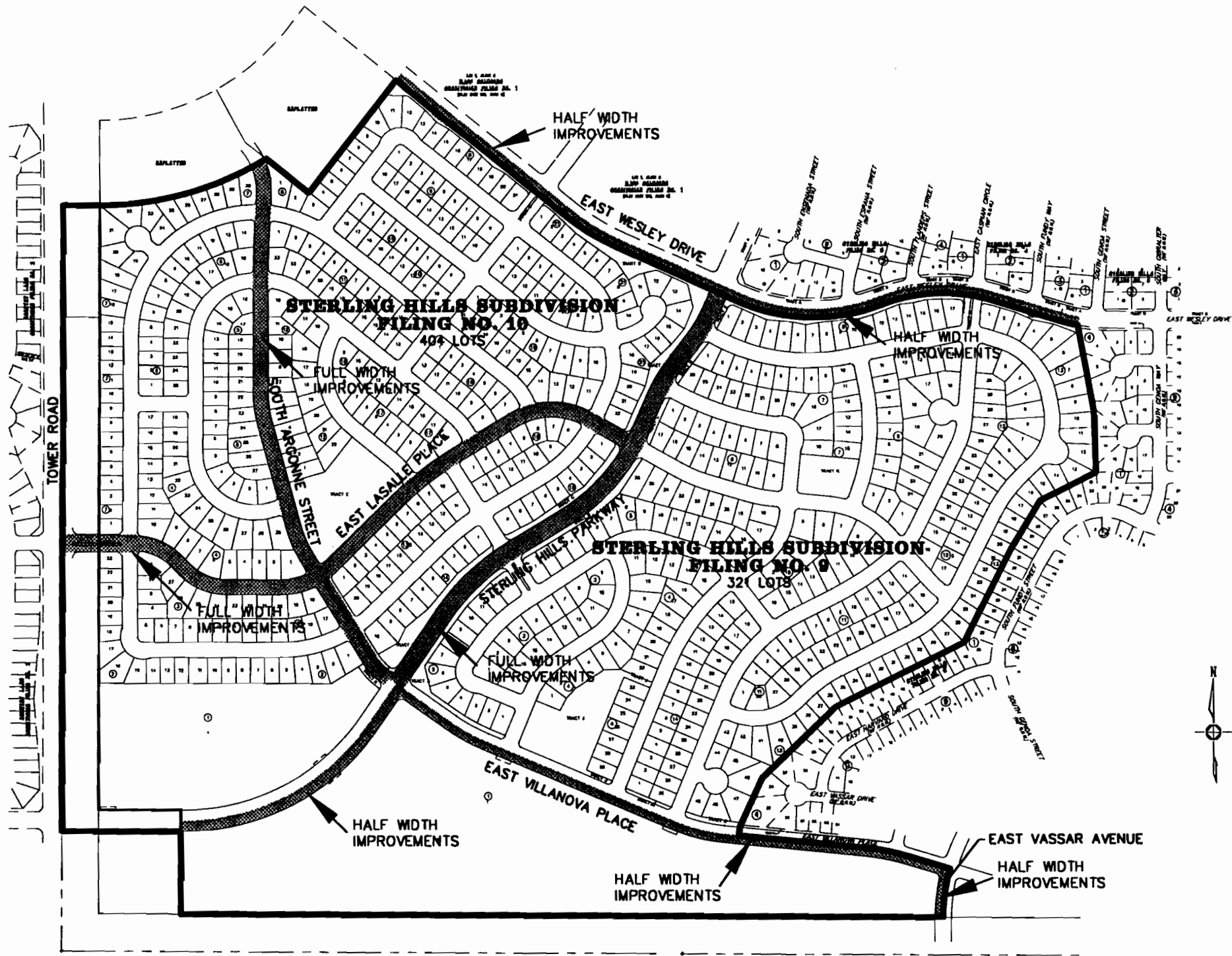
725 TOTAL LOTS



STERLING HILLS FILINGS 9 AND 10

STREET IMPROVEMENTS

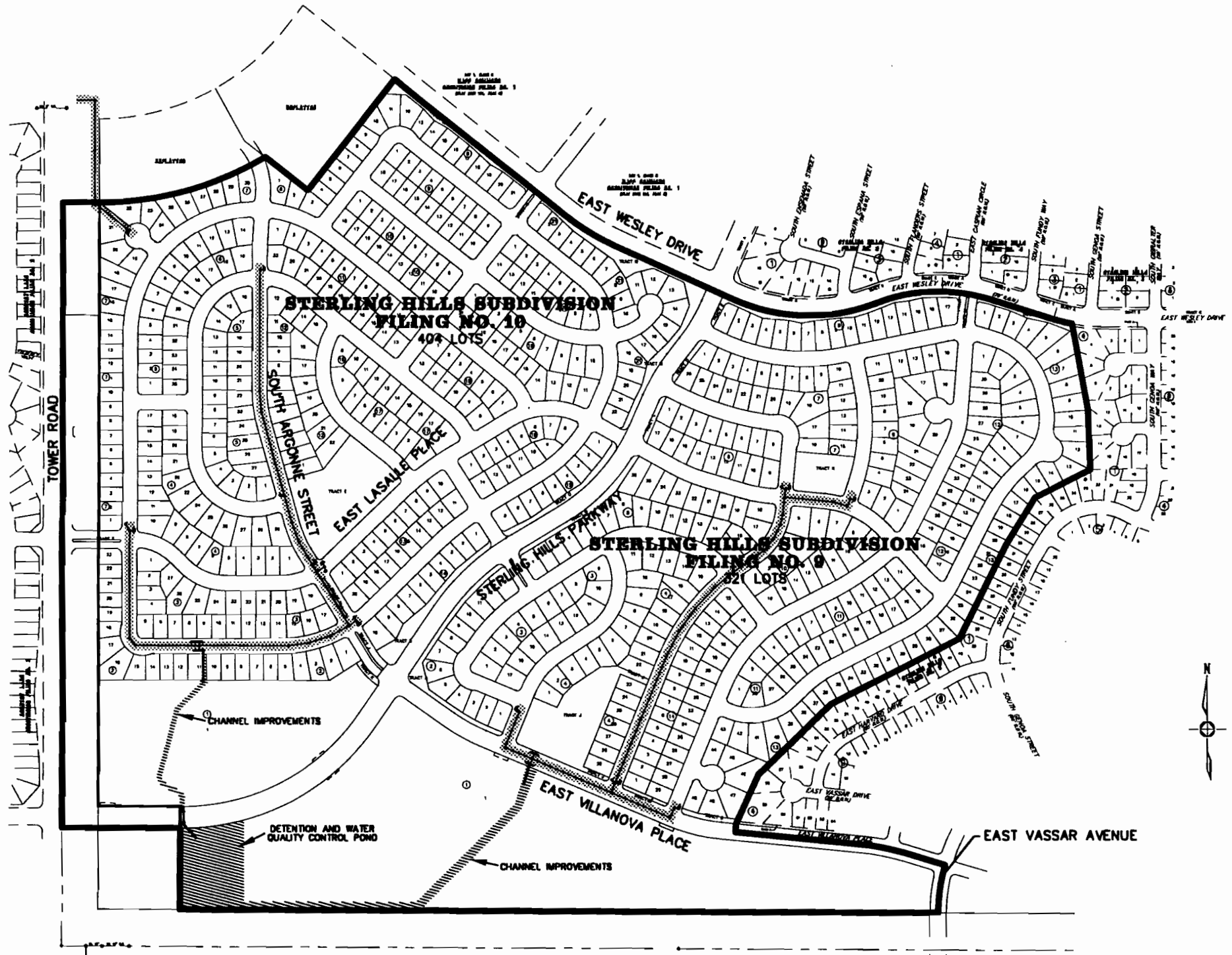
725 TOTAL LOTS



STERLING HILLS FILINGS 9 AND 10

DRAINAGE FACILITIES

725 TOTAL LOTS



STERLING HILLS FILINGS 9 AND 10

SANITARY SEWER IMPROVEMENTS

725 TOTAL LOTS

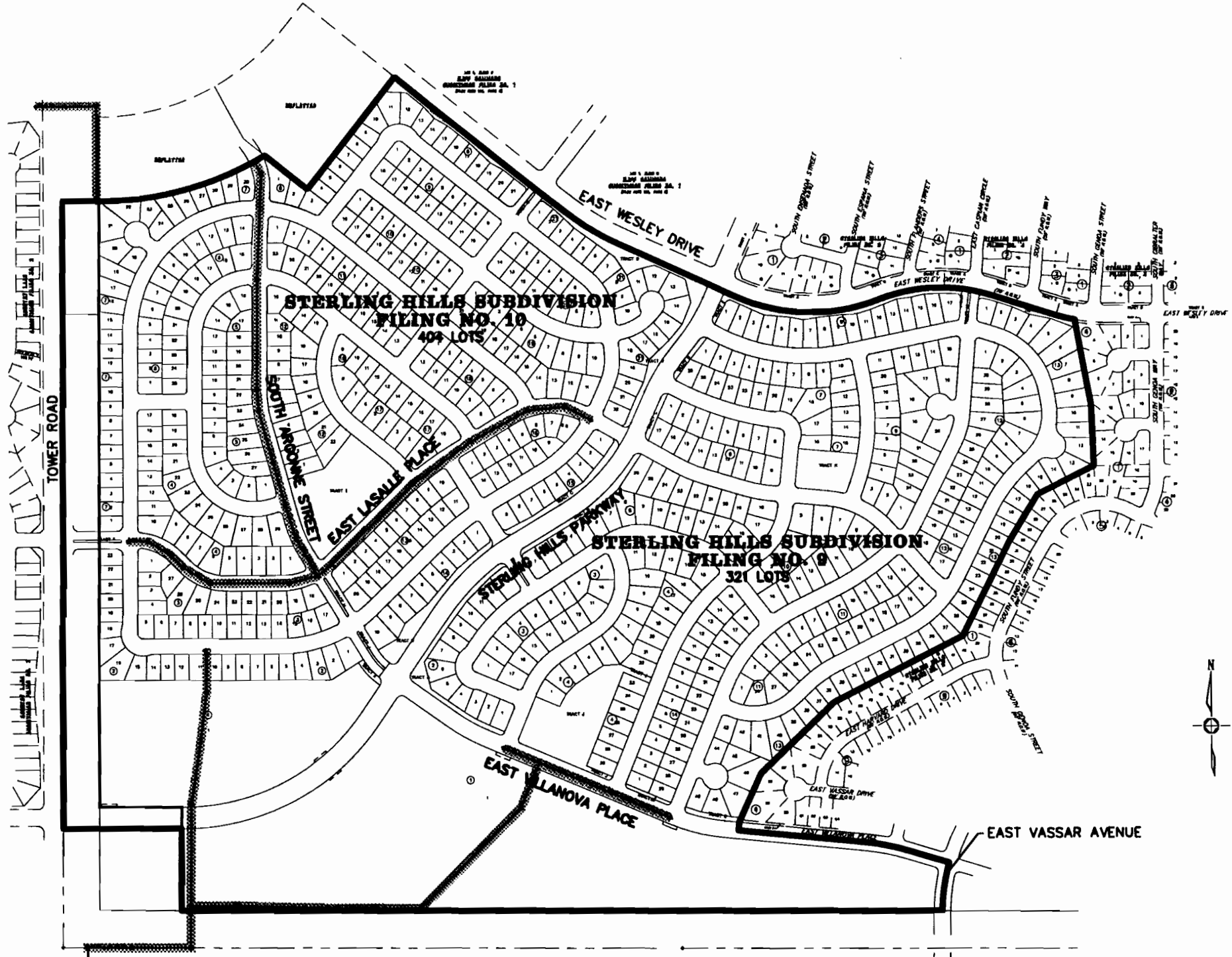


EXHIBIT G
Financing Plan

STERLING HILLS WEST
METROPOLITAN DISTRICT

FINANCIAL FORECAST

JUNE 30, 1999

Van
Schooneveld and Co., Inc.
Certified Public Accountants

Van
Schooneveld and Co., Inc.
Certified Public Accountants

Principals

Jack C. Schroeder
Larry R. Beardsley
Richard M. Carlson
Mark D. Elmshouser
Kevin F. Collins

**The Petitioners for Formation of
Sterling Hills West Metropolitan District
Arapahoe County, Colorado**

**Members of City Council
City of Aurora
Aurora, Colorado**

We have compiled the accompanying forecasted cash balances and cash receipts and disbursements of Sterling Hills West Metropolitan District (the "District") (in the Formation Stage of Development) as of the date of formation and for the 26 subsequent calendar years ending on December 31, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of the Petitioners for Formation of the District and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. However, we did become aware of a departure from the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, which is described in the following paragraph. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

As discussed in Note 4, the forecast is presented on the cash basis of accounting, whereas the historical financial statements for the forecast period are expected to be presented in conformity with generally accepted accounting principles on the modified accrual basis. Guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants require disclosure of the differences resulting from the use of a different basis of accounting in the forecast than that expected to be used in the historical financial statements for the period. If the AICPA presentation guidelines were followed, the forecast would indicate that the presentation reflects the cash received and disbursed rather than the revenue and expenditures that would be recognized under generally accepted accounting principles based on the modified accrual basis of accounting.

Sterling Hills West Metropolitan District
Page Two

The Petitioners for Formation of the District have elected to portray a schedule of projected cash receipts and disbursements based upon a hypothetical assumption which imposes a mill levy of 42.55 mills from 2001 through 2023 and a mill levy of 30 mills for 2024 and 2025. This accompanying projection based on a hypothetical assumption, which includes a schedule of projected actual and assessed valuation and a schedule of projected debt service, is not part of the forecast and is presented for additional analysis and should not be used for any other purpose. Such information has not been subjected to the procedures applied in the compilation of the forecast and we express no assurance of any kind on it. Furthermore, even if the hypothetical assumption used in the projection was to occur, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

Van Schooneveld and Co. Inc.

June 30, 1999

STERLING HILLS WEST METROPOLITAN DISTRICT

FORECASTED CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

AS OF JUNE 30, 1999 AND FOR THE CALENDAR YEARS ENDING THROUGH 2025

SUMMARY

COLLECT YEAR	UNITS COMP.	TOTAL ASSESSED VALUE	MILL LEVY-DISTR.	MILL LEVY-LAND-SCAPING	TOTAL MILL LEVY	CASH RECEIPTS					DISBURSEMENTS				AVAILABLE REVENUE FOR DEBT	DEBT SERVICE PAYMENTS	ANNUAL CASH SURPLUS (DEFICIT)	CUMULATIVE SURPLUS (DEFICIT)		
						97.50% PROP TAX INCOME NET	10.00% SO TAXES	DEVELOP FEE WHEN BLDG PERMITTED 650 M 950 SF	BOND PROCEEDS	INTEREST 5.00% & OTHER	TOTAL RECEIPTS	LANDSCAPE MAINT. 3	OPERATION AND ADMIN COSTS	DEVELOPER ADVANCE PAY /ISSUE COSTS						REGIONAL PARK - PAY TO CITY
1999	0					0	0	0		0	0				0		0	0	1999	
2000	50					0	0	47,500	2,700,000	0	2,747,500		45,000	2,175,000	325,000	202,500	108,000	94,500	2000	
2001	150	2,324,495	33.00	3.00	36.00	81,600	8,200	142,500		5,000	237,300	25,000	50,000		162,300	216,000	(53,700)	40,800	2001	
2002	150	3,727,193	33.00	3.00	36.00	130,800	13,100	142,500		2,000	288,400	25,000	50,000		213,400	221,000	(7,600)	33,200	2002	
2003	400	6,487,492	33.00	3.00	36.00	227,700	22,800	305,000	2,300,000	2,000	2,857,500	19,000	50,000	1,975,000	325,000	488,500	386,600	101,900	135,100	2003
2004	150	8,573,929	33.00	3.00	36.00	300,900	30,100	142,500		7,000	480,500	25,000	25,000		430,500	395,100	35,400	170,500	2004	
2005	337	12,427,974	33.00	3.00	36.00	436,200	43,600	245,150		9,000	733,950	36,000	25,000		672,950	393,600	279,350	449,850	2005	
2006	0	14,889,303	33.00	3.00	36.00	522,600	52,300	0	2,900,000	22,000	3,496,900	44,000	25,000	2,900,000	0	527,900	581,300	(53,400)	396,450	2006
2007	0	17,989,493	33.00	3.00	36.00	631,400	63,100	0		20,000	714,500	53,000	25,000		636,500	629,800	6,700	403,150	2007	
2008	0	18,875,346	33.00	3.00	36.00	662,500	66,300	0		20,000	748,800	55,000	25,000		668,800	659,300	9,500	412,650	2008	
2009	0	18,875,346	33.00	3.00	36.00	662,500	66,300	0		21,000	749,800	55,000	25,000		669,800	661,075	8,725	421,375	2009	
2010	0	19,805,419	33.00	3.00	36.00	695,200	69,500	0		21,000	785,700	58,000	25,000		702,700	702,150	550	421,925	2010	
2011	0	19,805,419	33.00	3.00	36.00	695,200	69,500	0		21,000	785,700	58,000	25,000		702,700	689,225	13,475	435,400	2011	
2012	0	20,782,049	33.00	3.00	36.00	729,400	72,900	0		22,000	824,300	61,000	25,000		738,300	726,300	12,000	447,400	2012	
2013	0	20,782,049	33.00	3.00	36.00	729,400	72,900	0		22,000	824,300	61,000	25,000		738,300	729,475	8,825	456,225	2013	
2014	0	21,807,476	33.00	3.00	36.00	765,400	76,500	0		23,000	864,900	64,000	25,000		775,900	721,050	54,850	511,075	2014	
2015	0	21,807,476	33.00	3.00	36.00	765,400	76,500	0		26,000	867,900	64,000	25,000		778,900	771,925	6,975	518,050	2015	
2016	0	22,884,233	33.00	3.00	36.00	803,200	80,300	0		26,000	909,500	67,000	25,000		817,500	807,700	9,800	527,850	2016	
2017	0	22,884,233	33.00	3.00	36.00	803,200	80,300	0		26,000	909,500	67,000	25,000		817,500	808,975	8,525	536,375	2017	
2018	0	24,014,755	33.00	3.00	36.00	842,900	84,300	0		27,000	954,200	70,000	25,000		859,200	857,950	1,250	537,625	2018	
2019	0	24,014,755	33.00	3.00	36.00	842,900	84,300	0		27,000	954,200	70,000	25,000		859,200	855,925	3,275	540,900	2019	
2020	0	25,201,866	33.00	3.00	36.00	884,600	88,500	0		27,000	1,000,100	74,000	25,000		901,100	884,500	16,600	557,500	2020	
2021	0	25,201,866	33.00	3.00	36.00	884,600	88,500	0		28,000	1,001,100	74,000	25,000		902,100	863,700	38,400	595,901	2021	
2022	0	26,448,294	33.00	3.00	36.00	928,300	92,800	0		30,000	1,051,100	77,000	25,000		949,100	941,600	7,500	603,401	2022	
2023	0	26,448,294	33.00	3.00	36.00	928,300	92,800	0		30,000	1,051,100	77,000	25,000		949,100	901,200	47,900	651,301	2023	
2024	0	27,757,057	33.00	3.00	36.00	974,300	97,400	0		33,000	1,104,700	81,000	25,000		998,700	953,100	45,600	696,901	2024	
2025	0	27,757,057	33.00	3.00	36.00	974,300	97,400	0		35,000	1,106,700	81,000	25,000		1,000,700	958,499	42,201	739,101	2025	
1,237			Total 1999-2025			16,902,800	1,690,200	1,025,150	7,900,000	532,000	28,050,150	1,441,000	745,000	7,050,000	650,000	18,164,150	17,425,049	739,101		

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANTS' REPORT

STERLING HILLS WEST METROPOLITAN DISTRICT

FORECASTED CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

AS OF JUNE 30, 1999 AND FOR THE CALENDAR YEARS ENDING THROUGH 2025

SCHEDULE OF ACTUAL AND ASSESSED VALUATION (PAGE 1 OF 2)

ONSTRUCT YEAR	TAX LEVY YEAR	COLLECT YEAR	RESIDENTIAL									BIENNIAL REVALUATION PER STATUTE 5%	TOTAL CUMULATIVE RESIDENTIAL VALUATION	RESIDENTIAL ASSESSMENT RATIO	CUMULATIVE RESIDENTIAL ASSESSED VALUATION			
			HOUSES				MULTI-FAMILY UNITS				# OF					AVERAGE MARKET VALUE	"ACTUAL" VALUE ASSESSOR % OF MARKET 95%	ANNUAL INCREASE
			# OF	AVERAGE MARKET VALUE	"ACTUAL" VALUE ASSESSOR % OF MARKET 95%	ANNUAL INCREASE	# OF	AVERAGE MARKET VALUE	"ACTUAL" VALUE ASSESSOR % OF MARKET 90%	ANNUAL INCREASE								
1999	2000	2001		185,000	175,750	0		100,000	90,000	0		0						
2000	2001	2002	50	185,000	175,750	8,787,500		100,000	90,000	0		8,787,500	9.74%	855,903				
2001	2002	2003	150	185,000	175,750	26,362,500		100,000	90,000	0		35,150,000	9.74%	3,423,610				
2002	2003	2004	150	185,000	175,750	26,362,500		100,000	90,000	0	1,758,000	63,270,500	9.74%	6,162,547				
2003	2004	2005	150	185,000	175,750	26,362,500	250	100,000	90,000	22,500,000		112,133,000	9.74%	10,921,754				
2004	2005	2006	150	185,000	175,750	26,362,500		100,000	90,000	0	5,607,000	144,102,500	9.74%	14,035,584				
2005	2006	2007	87	185,000	175,750	15,290,250	250	100,000	90,000	22,500,000		181,892,750	9.74%	17,716,354				
2006	2007	2008		185,000	175,750	0		100,000	90,000	0	9,095,000	190,987,750	9.74%	18,602,207				
2007	2008	2009		185,000	175,750	0		100,000	90,000	0		190,987,750	9.74%	18,602,207				
2008	2009	2010		185,000	175,750	0		100,000	90,000	0	9,549,000	200,536,750	9.74%	19,532,279				
2009	2010	2011		185,000	175,750	0		100,000	90,000	0		200,536,750	9.74%	19,532,279				
2010	2011	2012		185,000	175,750	0		100,000	90,000	0	10,027,000	210,563,750	9.74%	20,508,909				
2011	2012	2013		185,000	175,750	0		100,000	90,000	0		210,563,750	9.74%	20,508,909				
2012	2013	2014		185,000	175,750	0		100,000	90,000	0	10,528,000	221,091,750	9.74%	21,534,336				
2013	2014	2015		185,000	175,750	0		100,000	90,000	0		221,091,750	9.74%	21,534,336				
2014	2015	2016		185,000	175,750	0		100,000	90,000	0	11,055,000	232,146,750	9.74%	22,611,093				
2015	2016	2017		185,000	175,750	0		100,000	90,000	0		232,146,750	9.74%	22,611,093				
2016	2017	2018		185,000	175,750	0		100,000	90,000	0	11,607,000	243,753,750	9.74%	23,741,615				
2017	2018	2019		185,000	175,750	0		100,000	90,000	0		243,753,750	9.74%	23,741,615				
2018	2019	2020		185,000	175,750	0		100,000	90,000	0	12,188,000	255,941,750	9.74%	24,928,726				
2019	2020	2021		185,000	175,750	0		100,000	90,000	0		255,941,750	9.74%	24,928,726				
2020	2021	2022		185,000	175,750	0		100,000	90,000	0	12,797,000	268,738,750	9.74%	26,175,154				
2021	2022	2023		185,000	175,750	0		100,000	90,000	0		268,738,750	9.74%	26,175,154				
2022	2023	2024		185,000	175,750	0		100,000	90,000	0	13,437,000	282,175,750	9.74%	27,483,918				
2023	2024	2025		185,000	175,750	0		100,000	90,000	0		282,175,750	9.74%	27,483,918				
			<u>737</u>			<u>129,527,750</u>	<u>500</u>			<u>45,000,000</u>								

Note: Number of acres of single family houses: 185
 Number of acres of multi-family units: 45
 Total acres: 230

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANTS' REPORT

STERLING HILLS WEST METROPOLITAN DISTRICT

FORECASTED CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

AS OF JUNE 30, 1999 AND FOR THE CALENDAR YEARS ENDING THROUGH 2025

SCHEDULE OF ACTUAL AND ASSESSED VALUATION (PAGE 2 OF 2)

CONSTRUCT YEAR	TAX LEVY YEAR	COLLECT YEAR	UNDEVELOPED RESIDENTIAL LAND					CUMULATIVE LAND ASSESSED VALUATION	TOTAL RESIDENTIAL AND LAND CUMULATIVE ASSESSED VALUE	COLLECT YEAR
			UNDEVELOP LAND	PLATTED LOTS	LOTS USED	CUMULATIVE ACTUAL VALUE	ASSESSMENT RATIO			
			34,850	7,530	15,000					
				30,120						
1999	2000	2001	8,015,500			8,015,500	29.00%	2,324,495	2,324,495	2001
2000	2001	2002		2,635,500	(750,000)	9,901,000	29.00%	2,871,290	3,727,193	2002
2001	2002	2003		2,914,110	(2,250,000)	10,565,110	29.00%	3,063,882	6,487,492	2003
2002	2003	2004			(2,250,000)	8,315,110	29.00%	2,411,382	8,573,929	2004
2003	2004	2005			(3,121,250)	5,193,860	29.00%	1,506,219	12,427,974	2005
2004	2005	2006			(2,250,000)	2,943,860	29.00%	853,719	14,889,303	2006
2005	2006	2007			(2,002,000)	941,860	29.00%	273,139	17,989,493	2007
2006	2007	2008			0	941,860	29.00%	273,139	18,875,346	2008
2007	2008	2009			0	941,860	29.00%	273,139	18,875,346	2009
2008	2009	2010			0	941,860	29.00%	273,139	19,805,419	2010
2009	2010	2011			0	941,860	29.00%	273,139	19,805,419	2011
2010	2011	2012				941,860	29.00%	273,139	20,782,049	2012
2011	2012	2013				941,860	29.00%	273,139	20,782,049	2013
2012	2013	2014				941,860	29.00%	273,139	21,807,476	2014
2013	2014	2015				941,860	29.00%	273,139	21,807,476	2015
2014	2015	2016				941,860	29.00%	273,139	22,884,233	2016
2015	2016	2017				941,860	29.00%	273,139	22,884,233	2017
2016	2017	2018				941,860	29.00%	273,139	24,014,755	2018
2017	2018	2019				941,860	29.00%	273,139	24,014,755	2019
2018	2019	2020				941,860	29.00%	273,139	25,201,866	2020
2019	2020	2021				941,860	29.00%	273,139	25,201,866	2021
2020	2021	2022				941,860	29.00%	273,139	26,448,294	2022
2021	2022	2023				941,860	29.00%	273,139	26,448,294	2023
2022	2023	2024				941,860	29.00%	273,139	27,757,057	2024
2023	2024	2025				941,860	29.00%	273,139	27,757,057	2025

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANTS' REPORT

STERLING HILLS WEST METROPOLITAN DISTRICT

FORECASTED CASH BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

AS OF JUNE 30, 1999 AND FOR THE CALENDAR YEARS ENDING THROUGH 2025

DEBT SERVICE SCHEDULE

Series 2000 Bond Issue Issued March 1, 2000 Interest rate 8% \$2,700,000					Series 2003 Bond Issue Issued June 1, 2003 Interest rate 7% \$2,300,000					Series 2006 Bond Issue Issued June 1, 2006 Interest rate 6.50% \$2,900,000					TOTAL DEBT SERVICE PAYMENTS			
Principal	Coupon	Interest	Total	Princ O/S	Principal	Coupon	Interest	Total	Princ O/S	Principal	Coupon	Interest	Total	Princ O/S				
2000	0	8.00%	108,000	108,000	2,700,000											108,000		
2001	0	8.00%	216,000	216,000	2,700,000											216,000		
2002	5,000	8.00%	216,000	221,000	2,695,000											221,000		
2003	10,000	8.00%	215,600	225,600	2,685,000	2003	0	7.00%	161,000	161,000	2,300,000						386,600	
2004	10,000	8.00%	214,800	224,800	2,675,000	2004	10,000	7.00%	160,300	170,300	2,290,000						395,100	
2005	10,000	8.00%	214,000	224,000	2,665,000	2005	10,000	7.00%	159,600	169,600	2,280,000						393,600	
2006	10,000	8.00%	213,200	223,200	2,655,000	2006	10,000	7.00%	159,600	169,600	2,270,000	2006	0	6.50%	188,500	188,500	2,900,000	581,300
2007	60,000	8.00%	212,400	272,400	2,595,000	2007	10,000	7.00%	158,900	168,900	2,260,000	2007	0	6.50%	188,500	188,500	2,900,000	629,800
2008	90,000	8.00%	207,600	297,600	2,505,000	2008	10,000	7.00%	158,200	168,200	2,250,000	2008	5,000	6.50%	188,500	193,500	2,895,000	659,300
2009	90,000	8.00%	200,400	290,400	2,415,000	2009	20,000	7.00%	157,500	177,500	2,230,000	2009	5,000	6.50%	188,175	193,175	2,890,000	661,075
2010	140,000	8.00%	193,200	333,200	2,275,000	2010	20,000	7.00%	156,100	176,100	2,210,000	2010	5,000	6.50%	187,850	192,850	2,885,000	702,150
2011	140,000	8.00%	182,000	322,000	2,135,000	2011	20,000	7.00%	154,700	174,700	2,190,000	2011	5,000	6.50%	187,525	192,525	2,880,000	689,225
2012	180,000	8.00%	170,800	350,800	1,955,000	2012	30,000	7.00%	153,300	183,300	2,160,000	2012	5,000	6.50%	187,200	192,200	2,875,000	726,300
2013	200,000	8.00%	156,400	356,400	1,755,000	2013	30,000	7.00%	151,200	181,200	2,130,000	2013	5,000	6.50%	186,875	191,875	2,870,000	729,475
2014	200,000	8.00%	140,400	340,400	1,555,000	2014	40,000	7.00%	149,100	189,100	2,090,000	2014	5,000	6.50%	186,550	191,550	2,865,000	721,050
2015	220,000	8.00%	124,400	344,400	1,335,000	2015	90,000	7.00%	146,300	236,300	2,000,000	2015	5,000	6.50%	186,225	191,225	2,860,000	771,925
2016	250,000	8.00%	106,800	356,800	1,085,000	2016	120,000	7.00%	140,000	260,000	1,880,000	2016	5,000	6.50%	185,900	190,900	2,855,000	807,700
2017	270,000	8.00%	86,800	356,800	815,000	2017	130,000	7.00%	131,600	261,600	1,750,000	2017	5,000	6.50%	185,575	190,575	2,850,000	808,975
2018	310,000	8.00%	65,200	375,200	505,000	2018	170,000	7.00%	122,500	292,500	1,580,000	2018	5,000	6.50%	185,250	190,250	2,845,000	857,950
2019	505,000	8.00%	40,400	545,400	0	2019	10,000	7.00%	110,600	120,600	1,570,000	2019	5,000	6.50%	184,925	189,925	2,840,000	855,925
						2020	490,000	7.00%	109,900	599,900	1,080,000	2020	100,000	6.50%	184,600	284,600	2,740,000	884,500
						2021	490,000	7.00%	75,600	565,600	590,000	2021	120,000	6.50%	178,100	298,100	2,620,000	863,700
						2022	590,000	7.00%	41,300	631,300	0	2022	140,000	6.50%	170,300	310,300	2,480,000	941,600
											2023	740,000	6.50%	161,200	901,200	1,740,000	901,200	
											2024	840,000	6.50%	113,100	953,100	900,000	953,100	
											2025	900,000	6.50%	58,500	958,499	0	958,499	
	<u>2,700,000</u>		<u>3,284,400</u>	<u>5,984,400</u>			<u>2,300,000</u>	<u>2,757,300</u>	<u>5,057,300</u>			<u>2,900,000</u>	<u>3,483,349</u>	<u>6,383,349</u>		<u>17,425,049</u>		
USE OF PROCEEDS						USE OF PROCEEDS						USE OF PROCEEDS					TOTALS	
Developer Advance Pmt.			2,075,000			Developer Advance Pmt.			1,885,000		Developer Advance Pmt.			2,790,000		6,750,000		
Capitalized Interest			200,000			Capitalized Interest			0		Capitalized Interest			0		200,000		
Reg. Park			325,000			Reg. Park			325,000		Reg. Park			0		650,000		
Issue Costs	4.00%		100,000			Issue Costs	4.00%		90,000		Issue Costs	4.00%		110,000		300,000		
			<u>2,700,000</u>						<u>2,300,000</u>					<u>2,900,000</u>		<u>7,900,000</u>		

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES

STERLING HILLS WEST METROPOLITAN DISTRICT
(In the Formation Stage of Development)
SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS
AND ACCOUNTING POLICIES

JUNE 30, 1999

NOTE 1) NATURE AND LIMITATION OF FORECAST

This forecast of financial information is for the purpose of a financial analysis of the proposed Plan of Sterling Hills West Metropolitan District (the "District") (in the Formation Stage of Development). It is to display how the proposed facilities and services are to be provided and financed.

This financial forecast presents, to the best knowledge and belief of Management of the District, the District's expected cash position and results of cash receipts and disbursements for the forecasted periods. Accordingly, the forecast reflects Management's judgement, as of June 30, 1999, the date of this forecast, of the expected conditions and the District's expected course of action.

The assumptions disclosed herein are those that Management believes are significant to the forecast. There still usually may be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast is expressed in terms of 1999 dollars. The possible effects of inflation (or deflation of valuation) has not been considered in these assumptions.

NOTE 2) ORGANIZATION

The Petitioners for the formation of the District, a quasi-municipal corporation, are in the process of organization. The District will be governed pursuant to provisions of the Colorado Special District Act (Title 32). The District will operate under a service plan approved by the City of Aurora (City). The District's service area is located entirely in Arapahoe County in the City. The District is being established to provide financing for the construction and installation of streets, drainage, safety, parks and recreation facilities, water and sewer and landscaping improvements. As set forth in its draft service plan, the District has limited itself to issue no more than \$9.4 million in debt without prior approval of the City.

Annual administration of the District has been included in the Plan. Landscaping maintenance has been included in an amount that approximates the revenue generated by a property tax levy of three (3) mills to be paid to the City for park and right-of-way landscaping maintenance.

STERLING HILLS WEST METROPOLITAN DISTRICT
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS
AND ACCOUNTING POLICIES**

JUNE 30, 1999

Formation of the District is intended to be timed to allow for the proper legislative, judicial and election process to be completed in order for the District electors to be able to vote for the authorization of debt and tax levies and TABOR questions for 1999. The Petitioners expect the favorable approval at the election since they constitute the majority of the current eligible electors within the proposed District boundaries.

NOTE 3) PETITIONERS / BOARD OF DIRECTORS

The Petitioners for Formation of the District are landowners or principals of the major developer of the land included within the boundaries of the District. The major landowner is Gateway American Properties, L.L.C. (the "Developer"). The Developer or its affiliates have options to purchase the remaining land to be included within the boundaries of the District.

NOTE 4) BASIS OF ACCOUNTING

The basis of accounting for this forecast is the cash basis which is a basis of accounting that is different from the generally accepted accounting principles under which the District will prepare its financial statements.

NOTE 5) PROPERTY TAXES

The primary source of revenue or cash receipts will be ad valorem property taxes. Property taxes are determined annually by the District's Board of Directors and set by County Commissioners as to rate or levy based upon the assessed valuation of the property within the District. The Arapahoe County Assessor determines the assessed valuation. The levy is expressed in terms of mills. A mill is 1/1,000 of the assessed valuation. The forecast assumes that the District will be able to set its mill levy at 36.000 mills for both debt service, landscaping and administration purposes until the debt is repaid.

The assessed valuation for the District is dependent upon the buildout schedule of the homes within the District. Management of the District has based the estimate of buildout on their projected buildout schedule. The forecasted development buildout schedule and conversion to the assessed valuation is presented as a Schedule. The assessed valuation rate for raw ground and developed lots is 29% until a home is constructed. All residential property has been assumed to be at the current residential property rate of 9.74%.

STERLING HILLS WEST METROPOLITAN DISTRICT
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS
AND ACCOUNTING POLICIES**

JUNE 30, 1999

The beginning assessed value of the 230 acres that will constitute the District is based on the actual valuation preliminarily set on a 65 acre parcel within the District at \$34,850 per acre as of April 22, 1999 for the 1999 tax year for collection in the year 2000. It is anticipated that the District will not qualify to be able to levy taxes for collection in 2000, but would be formed by May 1, 2000 for collection of taxes in 2001.

Increases to valuation for the development of infrastructure within the District for platted and finished lots held for buildout are included in the forecasted assessed valuation. No assessed valuation has been assumed for State Assessed property that may be owned by public utilities within the District. Personal property has not been included in the forecast since the District is zoned for only residential development.

The property taxes resultant from the above mill levy and assessed valuation has been reduced for the Arapahoe County Treasurer's fee for collection of the taxes at 1.5% and further reduced for uncollectible taxes of 1%.

NOTE 6) SPECIFIC OWNERSHIP TAXES

Specific ownership taxes are set by the State and collected by the County Treasurer primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the District's share will be equal to approximately 10% of the property taxes collected.

NOTE 7) DEVELOPMENT FEES

The forecast assumes that the Board of Directors will set a development fee to be collected at the time of a request for a building permit from the builder based upon \$950 for each single family lot and \$650 for each multi-family unit.

NOTE 8) INTEREST EARNINGS

The forecast has included interest on monies that are forecasted to be on deposit or invested by the District at the prior year end at an interest rate of 5%.

STERLING HILLS WEST METROPOLITAN DISTRICT
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS
AND ACCOUNTING POLICIES**

JUNE 30, 1999

NOTE 9) INFRASTRUCTURE IMPROVEMENTS

The estimated cost of the capital infrastructure improvements to be funded under the Plan will not exceed \$6,750,000. In addition to these improvements, approximately \$650,000 from bond proceeds will be paid to the City of Aurora for a regional park.

Management expects that the District will allow the Developer or other related parties to either advance funds to the District or to actually construct the improvements under the District's supervision for reimbursement by the District upon completion.

NOTE 10) DEBT SERVICE

The District anticipates issuing general obligation bonds in 2000 in the amount of \$2,700,000 which includes \$200,000 capitalized interest. The proceeds of such debt will be used for issuance costs, to reimburse the Developer for capital infrastructure improvements and organizational costs, and for a regional park. The bonds are assumed to bear interest at 8.0% and will be paid over a 20 year period.

Two additional bond issues are anticipated, one in 2003 and the other in 2006 in the amounts of \$2,300,000 and \$2,900,000 respectively. The proceeds from these issues will be used for issuance costs, to reimburse the Developer for capital infrastructure improvements and for a regional park. The Series 2003 bond issue is assumed to bear interest at 7.0% and the Series 2006 bond issue is assumed to bear interest at 6.5% and both will be paid over a 20 year period.

STERLING HILLS WEST METROPOLITAN DISTRICT

**SCHEDULE OF PROJECTED CASH RECEIPTS AND DISBURSEMENTS
UNDER A HYPOTHETICAL ASSUMPTION
AS OF JUNE 30, 1999 AND THE
CALENDAR YEARS ENDING THROUGH 2025**

Hypothetical Assumption:

1) Mill levy at 42.55 mills through 2023 and at 30 mills for 2024 and 2025

COLLECT YEAR	UNITS COMP.	TOTAL ASSESSED VALUE	MILL LEVY	CASH RECEIPTS					TOTAL RECEIPTS	DISBURSEMENTS				AVAILABLE REVENUE FOR DEBT	DEBT SERVICE PAYMENTS	ANNUAL CASH SURPLUS (DEFICIT)	CUMULATIVE SURPLUS (DEFICIT)	
				97.50% PROP TAX INCOME NET	10.00% SO TAXES	DEVELOP FEE WHEN BLDG PERMITTED 650 MF 950 SF	BOND PROCEEDS	INTEREST 5.00% & OTHER		LANDSCAPE MAINT. 3	OPERATION AND ADMIN COSTS	DEVELOPER ADVANCE PAY /ISSUE COSTS	REGIONAL PARK - PAY TO CITY					
1999	0			0	0	0		0					0		0	0	1999	
2000	50			0	0	47,500	3,000,000	3,047,500		45,000	2,475,000	325,000	202,500	120,000	82,500	82,500	2000	
2001	150	2,324,495	42.55	96,400	9,600	142,500		252,500	25,000	50,000			177,500	240,000	(62,500)	20,000	2001	
2002	150	3,727,193	42.55	154,600	15,500	142,500		313,600	25,000	50,000			238,600	245,000	(6,400)	13,600	2002	
2003	400	6,487,492	42.55	269,100	26,900	305,000	3,300,000	3,902,000	19,000	50,000	2,975,000	325,000	533,000	475,600	57,400	71,000	2003	
2004	150	8,573,929	42.55	355,700	35,600	142,500		537,800	25,000	25,000			487,800	489,500	(1,700)	69,300	2004	
2005	337	12,427,974	42.55	515,600	51,600	245,150		815,350	36,000	25,000			754,350	528,000	226,350	295,650	2005	
2006	0	14,889,303	42.55	617,700	61,800	0	3,100,000	3,794,500	44,000	25,000	3,100,000	0	625,500	795,500	(170,000)	125,650	2006	
2007	0	17,989,493	42.55	746,300	74,600	0		826,900	53,000	25,000			748,900	795,300	(46,400)	79,250	2007	
2008	0	18,875,346	42.55	783,100	78,300	0		865,400	55,000	25,000			785,400	789,300	(3,900)	75,350	2008	
2009	0	18,875,346	42.55	783,100	78,300	0		865,400	55,000	25,000			785,400	797,975	(12,575)	62,775	2009	
2010	0	19,805,419	42.55	821,700	82,200	0		906,900	58,000	25,000			823,900	815,150	8,750	71,525	2010	
2011	0	19,805,419	42.55	821,700	82,200	0		907,900	58,000	25,000			824,900	829,925	(5,025)	66,500	2011	
2012	0	20,782,049	42.55	862,200	86,200	0		951,400	61,000	25,000			865,400	872,400	(7,000)	59,500	2012	
2013	0	20,782,049	42.55	862,200	86,200	0		951,400	61,000	25,000			865,400	870,475	(5,075)	54,425	2013	
2014	0	21,807,476	42.55	904,700	90,500	0		998,200	64,000	25,000			909,200	907,150	2,050	56,475	2014	
2015	0	21,807,476	42.55	904,700	90,500	0		998,200	64,000	25,000			909,200	899,525	9,675	66,150	2015	
2016	0	22,884,233	42.55	949,400	94,900	0		1,047,300	67,000	25,000			955,300	950,500	4,800	70,950	2016	
2017		22,884,233	42.55	949,400	94,900	0		1,048,300	67,000	25,000			956,300	950,175	6,125	77,075	2017	
2018		24,014,755	42.55	996,300	99,600	0		1,099,900	70,000	25,000			1,004,900	992,400	12,500	89,575	2018	
2019		24,014,755	42.55	996,300	99,600	0		1,099,900	70,000	25,000			1,004,900	1,028,500	(23,600)	65,975	2019	
2020		25,201,866	42.55	1,045,500	104,600	0		1,153,100	74,000	25,000			1,054,100	1,078,600	(24,500)	41,475	2020	
2021		25,201,866	42.55	1,045,500	104,600	0		1,152,100	74,000	25,000			1,053,100	1,046,300	6,800	48,275	2021	
2022		26,448,294	42.55	1,097,200	109,700	0		1,208,900	77,000	25,000			1,106,900	1,107,700	(800)	47,475	2022	
2023		26,448,294	42.55	1,097,200	109,700	0		1,208,900	77,000	25,000			1,106,900	1,101,450	5,450	52,925	2023	
2024		27,757,057	30.00	811,900	81,200	0		896,100	81,000	25,000			790,100	799,700	(9,600)	43,325	2024	
2025		27,757,057	30.00	811,900	81,200	0		895,100	81,000	25,000			789,100	713,550	75,550	118,875	2025	
1,237	Total 1999-2025			19,299,400	1,930,000	1,025,150	9,400,000	31,744,550	1,441,000	745,000	8,550,000	650,000	20,358,550	20,239,675	118,875			

STERLING HILLS WEST METROPOLITAN DISTRICT

SCHEDULE OF PROJECTED ACTUAL AND ASSESSED VALUATION (PAGE 1 OF 2)
 UNDER A HYPOTHETICAL ASSUMPTION
 AS OF JUNE 30, 1999 AND THE
 CALENDAR YEARS ENDING THROUGH 2025

Hypothetical Assumption:

- 1) Mill levy at 42.55 mills through 2023 and at 30 mills for 2024 and 2025

ONSTRUCT YEAR	TAX LEVY YEAR	COLLECT YEAR	RESIDENTIAL										BIENNIAL REVALUATION PER STATUTE 5%	TOTAL CUMULATIVE RESIDENTIAL VALUATION	RESIDENTIAL ASSESSMENT RATIO	CUMULATIVE RESIDENTIAL ASSESSED VALUATION
			HOUSES					MULTI-FAMILY UNITS								
			# OF	AVERAGE MARKET VALUE	"ACTUAL" VALUE ASSESSOR % OF MARKET 95%	ANNUAL INCREASE	# OF	AVERAGE MARKET VALUE	"ACTUAL" VALUE ASSESSOR % OF MARKET 90%	ANNUAL INCREASE						
1999	2000	2001		185,000	175,750	0		100,000	90,000	0		0				
2000	2001	2002	50	185,000	175,750	8,787,500		100,000	90,000	0		8,787,500	9.74%	855,903		
2001	2002	2003	150	185,000	175,750	26,362,500		100,000	90,000	0		35,150,000	9.74%	3,423,610		
2002	2003	2004	150	185,000	175,750	26,362,500		100,000	90,000	0	1,758,000	63,270,500	9.74%	6,162,547		
2003	2004	2005	150	185,000	175,750	26,362,500	250	100,000	90,000	22,500,000		112,133,000	9.74%	10,921,754		
2004	2005	2006	150	185,000	175,750	26,362,500		100,000	90,000	0	5,607,000	144,102,500	9.74%	14,035,584		
2005	2006	2007	87	185,000	175,750	15,290,250	250	100,000	90,000	22,500,000		181,892,750	9.74%	17,716,354		
2006	2007	2008		185,000	175,750	0		100,000	90,000	0	9,095,000	190,987,750	9.74%	18,602,207		
2007	2008	2009		185,000	175,750	0		100,000	90,000	0		190,987,750	9.74%	18,602,207		
2008	2009	2010		185,000	175,750	0		100,000	90,000	0	9,549,000	200,536,750	9.74%	19,532,279		
2009	2010	2011		185,000	175,750	0		100,000	90,000	0		200,536,750	9.74%	19,532,279		
2010	2011	2012		185,000	175,750	0		100,000	90,000	0	10,027,000	210,563,750	9.74%	20,508,909		
2011	2012	2013		185,000	175,750	0		100,000	90,000	0		210,563,750	9.74%	20,508,909		
2012	2013	2014		185,000	175,750	0		100,000	90,000	0	10,528,000	221,091,750	9.74%	21,534,336		
2013	2014	2015		185,000	175,750	0		100,000	90,000	0		221,091,750	9.74%	21,534,336		
2014	2015	2016		185,000	175,750	0		100,000	90,000	0	11,055,000	232,146,750	9.74%	22,611,093		
2015	2016	2017		185,000	175,750	0		100,000	90,000	0		232,146,750	9.74%	22,611,093		
2016	2017	2018		185,000	175,750	0		100,000	90,000	0	11,607,000	243,753,750	9.74%	23,741,615		
2017	2018	2019		185,000	175,750	0		100,000	90,000	0		243,753,750	9.74%	23,741,615		
2018	2019	2020		185,000	175,750	0		100,000	90,000	0	12,188,000	255,941,750	9.74%	24,928,726		
2019	2020	2021		185,000	175,750	0		100,000	90,000	0		255,941,750	9.74%	24,928,726		
2020	2021	2022		185,000	175,750	0		100,000	90,000	0	12,797,000	268,738,750	9.74%	26,175,154		
2021	2022	2023		185,000	175,750	0		100,000	90,000	0		268,738,750	9.74%	26,175,154		
2022	2023	2024		185,000	175,750	0		100,000	90,000	0	13,437,000	282,175,750	9.74%	27,483,918		
2023	2024	2025		185,000	175,750	0		100,000	90,000	0		282,175,750	9.74%	27,483,918		
			<u>737</u>			<u>129,527,750</u>	<u>500</u>				<u>45,000,000</u>	<u>57,619,000</u>				

Note: Number of acres of single family houses: 185
 Number of acres of multi-family units: 45
 Total acres: 230

STERLING HILLS WEST METROPOLITAN DISTRICT

SCHEDULE OF PROJECTED ACTUAL AND ASSESSED VALUATION (PAGE 2 OF 2)
 UNDER A HYPOTHETICAL ASSUMPTION
 AS OF JUNE 30, 1999 AND THE
 CALENDAR YEARS ENDING THROUGH 2025

Hypothetical Assumption:

- 1) Mill levy at 42.55 mills through 2023 and at 30 mills for 2024 and 2025

CONSTRUCT YEAR	TAX LEVY YEAR	COLLECT YEAR	UNDEVELOPED RESIDENTIAL LAND						TOTAL RESIDENTIAL AND LAND CUMULATIVE ASSESSED VALUE	COLLECT YEAR
			UNDEVELOP LAND	PLATTED LOTS	LOTS USED	CUMULATIVE ACTUAL VALUE	ASSESSMENT RATIO	CUMULATIVE LAND ASSESSED VALUATION		
			34,850	7,530	15,000					
				30,120						
1999	2000	2001	8,015,500			8,015,500	29.00%	2,324,495	2,324,495	2001
2000	2001	2002		2,635,500	(750,000)	9,901,000	29.00%	2,871,290	3,727,193	2002
2001	2002	2003		2,914,110	(2,250,000)	10,565,110	29.00%	3,063,882	6,487,492	2003
2002	2003	2004			(2,250,000)	8,315,110	29.00%	2,411,382	8,573,929	2004
2003	2004	2005			(3,121,250)	5,193,860	29.00%	1,506,219	12,427,974	2005
2004	2005	2006			(2,250,000)	2,943,860	29.00%	853,719	14,889,303	2006
2005	2006	2007			(2,002,000)	941,860	29.00%	273,139	17,989,493	2007
2006	2007	2008			0	941,860	29.00%	273,139	18,875,346	2008
2007	2008	2009			0	941,860	29.00%	273,139	18,875,346	2009
2008	2009	2010			0	941,860	29.00%	273,139	19,805,419	2010
2009	2010	2011			0	941,860	29.00%	273,139	19,805,419	2011
2010	2011	2012				941,860	29.00%	273,139	20,782,049	2012
2011	2012	2013				941,860	29.00%	273,139	20,782,049	2013
2012	2013	2014				941,860	29.00%	273,139	21,807,476	2014
2013	2014	2015				941,860	29.00%	273,139	21,807,476	2015
2014	2015	2016				941,860	29.00%	273,139	22,884,233	2016
2015	2016	2017				941,860	29.00%	273,139	22,884,233	2017
2016	2017	2018				941,860	29.00%	273,139	24,014,755	2018
2017	2018	2019				941,860	29.00%	273,139	24,014,755	2019
2018	2019	2020				941,860	29.00%	273,139	25,201,866	2020
2019	2020	2021				941,860	29.00%	273,139	25,201,866	2021
2020	2021	2022				941,860	29.00%	273,139	26,448,294	2022
2021	2022	2023				941,860	29.00%	273,139	26,448,294	2023
2022	2023	2024				941,860	29.00%	273,139	27,757,057	2024
2023	2024	2025				941,860	29.00%	273,139	27,757,057	2025

EXHIBIT H
Aurora Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT

BETWEEN

THE CITY OF AURORA, COLORADO

AND

STERLING HILLS WEST METROPOLITAN DISTRICT

THIS AGREEMENT is made and entered into as of this _____ day of _____, 1999, by and between the **CITY OF AURORA**, a home-rule municipal corporation of the State of Colorado (“City”), and **STERLING HILLS WEST METROPOLITAN DISTRICT**, a quasi-municipal corporation and political subdivision of the State of Colorado (the “District”).

RECITALS

WHEREAS, the District was organized to provide these services and to exercise powers as are more specifically set forth in its Service Plan dated July 7, 1999, and approved by the City on September 27, 1999, (“Service Plan”); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the City and the District, as required by the Aurora City Code; and

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

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

COVENANTS AND AGREEMENTS

1. Application of Local Laws. The District hereby acknowledges that the property within its boundaries shall be subject to the ordinances, rules and regulations of the City relating to zoning, subdividing, building, and land use.

2. District Improvements. The Service Plan shall be supplemented by the following provisions relating to certain public improvements intended for construction:

a. Great Plains Park. The District shall be responsible for master planning necessary for construction of fifty (50) acres of Great Plains Park (the “Park”), including site topography, utilities, soils studies and site planning. It is anticipated that the Developer will advance funds necessary for the master planning to the District of

\$55,000-\$65,000, subject to reimbursement by the District. Such advance shall occur no earlier than thirty (30) days from which the final plat for Sterling Hills West has been approved by the City.

Subsequent to completion of the master planning, the District shall construct approximately seven to ten acres of the Park, which shall include the following specific improvements: playgrounds with walks, equipment and safety surfacing; flat and curb work with detail; shelter, field game area; irrigation and water meters; landscaping and requisite grading and design and CD fees. All such construction shall be completed in accordance with plans and specifications of the City, inclusive of the Master Plan authorized by the City Parks and Open Space staff and in direct consultation with a City consultant selected by or with the City Parks and Open Space staff. It is anticipated that the District will provide funding of \$540,000–\$575,000 for construction of that portion of the Park as required herein in two payouts in the years 2000 and 2003, respectively. Funding may be accelerated in the event that assessed valuation and absorption within the District can reasonably support such acceleration and the District and City staff agree to a revised funding schedule. This portion of the Park as constructed by the District shall be conveyed to the City for perpetual operation and maintenance, subject to annual appropriation and budget authorization by the City.

b. Tower Road. The District shall be responsible for installation and necessary construction of landscaping along Tower Road, pursuant to the Master Landscaping Plan for Sterling Hills West, as approved by the City. All such construction shall be completed in accordance with plans designed to the City Parks and Open Space Department. Continuing operation and maintenance of such landscaping shall be the responsibility of the District, inclusive of necessary irrigation.

c. Traffic Signal at Tower Road and Sterling Hills Parkway. When warranted, the District shall provide funding for up to Eighty Thousand Dollars (\$80,000) for construction of a traffic signal at Tower Road and Sterling Hills Parkway (the “Traffic Signal”). The District’s funding obligation shall be reduced proportionately by any contributions received by other property owners required to fund the Traffic Signal by the City.

3. Architectural Standards. The District acknowledges that the City shall require additional architectural standards to residential dwelling units constructed within its boundaries. Such architectural standards shall be imposed by the Architectural Committee of the Sterling Hills West Homeowner’s Association and the City of Aurora, as further set forth on Exhibit A, attached hereto.

4. Change in Boundaries. The District agrees that, other than as set forth in the Service Plan, inclusion of properties within, or any exclusion of properties from, its boundaries shall be subject to the prior approval of the City Council of the City as evidenced by a resolution after a public hearing thereon; provided, however, that inclusion or exclusion of property shall not constitute a material modification of the Service Plan.

5. Refunding of Bonds. The District agrees that any refunding of outstanding bonds of the Districts which could extend the maturity of such bonds or increase the total debt service thereon, shall be subject to the prior approval of the City Council of the City as evidenced by a resolution after a public hearing thereon. Notwithstanding the foregoing, such prior approval need not be obtained where the refunding or restructuring of outstanding debt of the District is being undertaken for the purpose of preventing or averting a default or terminating a condition of default on the bonds or reducing the interest rate on the bonds.

6. Ownership and Operation of Facilities. The parties agree that the District shall be permitted to undertake ownership and operation of those public facilities and services as set forth in Section IV.I. of the Service Plan.

7. Consolidation. The District agrees that the consolidation of the District with any other special districts within the State of Colorado shall be subject to the prior approval of the City Council of the City as evidenced by resolution after a public hearing thereon.

8. Dissolution. The District agrees that it shall take all action necessary to dissolve pursuant to Title 32, Article 1, Part 7, C.R.S., as amended from time to time, as provided for under Colorado law and Chapter 122 of the City Code if and in the event it does not need to remain in existence to operate and maintain facilities contemplated in the Service Plan to be operated and maintained indefinitely by the District.

9. Notice of Meetings. The District agrees that it shall submit a copy of the written notice of every regular or special meeting of the District's Board of Directors to the Office of the City Clerk, by mail, facsimile, or by hand, to be received at least three (3) days prior to such meeting.

10. Annual Report. The District shall be responsible for submitting an annual report to the City pursuant to the City Code containing the information set forth in Section VI of the Service Plan.

11. Entire Agreement of the Parties. This written agreement constitutes the entire agreement between the parties and supersedes all prior written or oral agreements, negotiations, or representations and understandings of the parties with respect to the subject matter contained herein.

12. Amendment. This agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the parties hereto and without amendment to the Service Plan.

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. It is specifically understood that by executing this agreement each party commits itself to perform pursuant to these terms contained herein, and that any breach hereof which results in any recoverable

damages shall not cause the termination of any obligations created by this agreement unless such termination is declared by the party not in breach hereof.

14. Venue. Venue for the trial of any action arising out of any dispute hereunder shall be in the appropriate district court of the State of Colorado pursuant to the appropriate rules of civil procedures.

15. Intent of Agreement. 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, nor to limit in any ways the powers and responsibilities of the City, the District, or any other entity not a party hereto.

16. Effect of Invalidity. If any portion of this agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction as to either party or as to both parties, such portion shall be deemed severable and its invalidity or its unenforceability shall not cause the entire agreement to be terminated.

17. Assignability. Other than as specifically provided for in this agreement, neither the City nor the District shall assign their rights or delegate their duties hereunder without the prior written consent of the other parties.

18. Successors and Assigns. 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.

**STERLING HILLS WEST METROPOLITAN
DISTRICT**

By:
Its: President

ATTEST:

By:
Its: Secretary

CITY OF AURORA, COLORADO

By: _____
Its: _____

ATTEST:

By: _____
Its: _____

APPROVED AS TO FORM:

By: _____

EXHIBIT A

ARCHITECTURAL QUALITY

ARCHITECTURAL QUALITY

Proposed Sterling Hills West Design Standards

Minimum floor area per dwelling unit, excluding porches, finished basements, attics, garages, and walkouts.		1200 sq. ft. minimum for ranches; 1400 sq. ft. minimum for all others.
<p>Minimum % of brick (or other masonry products as approved by Director of Planning).</p> <p>Concrete block, including split and ground-face block, are not permitted.</p>		<p>All front and side elevations abutting public streets, or public open space shall meet either of the following requirements: (1) At least 35% of the total wall area of each such elevation shall be surfaced with brick or stone; or (2) At least 90% of the net wall area (exclusive of windows and doors) of each such area shall be surfaced with stucco.</p> <p>For rear elevations abutting public streets, or public open space shall meet either (1) or (2) as discussed above or (3) a second story treatment using a minimum of two of the following: the addition of two distinct ridge lines, including dormers; window details, such as mullions, keystone features above fenestrations or bay windows, shutters, architectural millwork at eave line.</p> <p>Calculations for minimum brick, stone, or stucco areas shall include all inside wall returns on the front elevation. Brick shall be wrapped a minimum of two feet around the side of front elevations at outside corners.</p>
Garages	All garages	Shall comply with the SFD requirements 146-215. All garage doors on front elevation require glazed window panels.
	One or two-car garages	Total width of garage doors on front elevation shall not exceed 45% of the full front elevation width.
	Garages containing three or more unblocked parking spaces.	Total width of garage doors on front elevation shall not exceed 53% of the full front elevation width. Minimum 2 ft. offset between the single and double door.
Roof Design and Materials	Roof pitch/form	Minimum 5/12 roof pitch. Acceptable roof forms include gable, hip, shed, and gambrel.
	Roof materials	Roofing material shall be asphalt shingles or fiberglass shingles (with a 25 year warranty), clay, or concrete tile.
Special Architectural Features	Porches, decks, balconies	Required on all residential structures - minimum 25 sq. ft. and min length of 5 ft. A minimum of 50% of units shall have front porches that cover 100% of the total non-garage front elevation (minimum size 50 sq. ft.). Porch and deck columns and roofs shall be integrated into the overall design of the house to which they are attached, and shall be constructed of materials consistent with those found elsewhere on the house. All porch or deck columns located on the front of a house, or on elevations facing a public open space, shall have a minimum crosssection of at least 5½ inches.

Proposed Sterling Hills West Design Standards

	Roof design	All homes shall include roof designs featuring at least <i>two distinct ridge lines</i> with a minimum length of at least 2 feet per ridge line.
	Bay windows	Bay windows or other pop-outs will be provided on <i>the front elevations abutting public streets</i> when unbroken wall planes exceed 20 feet.
	Front entry stairs	Where stairs run to the front door, single runs of stairs shall be limited to <i>six</i> steps and be enclosed or have a solid, painted backing.
	Front doors	Visible to street.
	Porch lighting	Porch lighting is required to allow the address to be legible at night by the light.
Varied design	<i>(contain at least 3 of following italicized features)</i>	
		<i>bay windows not otherwise required</i>
		<i>Shutters on at least 1/3 of the windows not otherwise required</i>
		<i>min two elevations with clerestory or transom windows</i>
		<i>back porch concrete patios minimum area of 100 feet</i>
		<i>roof dormers (min 2) not otherwise required</i>
		<i>walk-out basement</i>
		<i>architectural profile tile or concrete tile roof</i>
		<i>chimneys on exterior walls, faced with masonry or stucco, base on grade</i>
		<i>patterned driveways or walks</i>
		<i>80% of front elevation brick or stone veneer (less openings)</i>
		<i>garage door does not appear on front elev not otherwise required by City Code</i>
		<i>Main roof slope 6:12 or greater</i>
		<i>front door with two sidelights, or a transom over door</i>
		<i>Keystone features above fenestration not otherwise required</i>

EXHIBIT I
Estimated Capital Costs and Engineer Letter



April 29, 1999

Department of Development Services
City of Aurora
1470 South Havana Street
Aurora, Colorado 80012

Re: Sterling Hills Filing 9 & 10 Metropolitan Districts

To Whom It May Concern:

We have compiled the cost projections for the necessary public improvements for the Sterling Hills Filing 9 & 10 Metropolitan District. The cost projections are based on quantities taken from the preliminary development plans for the Project and are stated in 1999 dollars. Unit prices were based on recent bids received for projects similar in nature or with consultation with contractors or consultants knowledgeable in the appropriate type of work.

It is our opinion that the cost estimates for the Sterling Hills Filing 9 & 10 Metropolitan District are reasonable and comparable to public projects of similar nature based on the best data currently available.

Very Truly Yours,

A handwritten signature in black ink, appearing to read 'T. Di Rito', with a long horizontal line extending to the right.

Thomas J. Di Rito
Director of Development

cc: Kristen Bear, Esq (White and Associates)

**STERLING HILLS FILINGS 9 & 10
METROPOLITAN DISTRICT BUDGET SUMMARY
SEPTEMBER 1999**

I. <u>PARKS AND OPEN SPACE</u>	\$5,730,000
A) Regional Park: Offsite Development of 7-10 Acres	\$ 650,000
B) Tower Road: Improvements to the PSCO ROW to include design, surveying, bonding, meters, contingency, sidewalks, grading, fencing, sod/irrigation, wildflower seeding, and shade trees.	\$ 843,000
C) Sterling Hills Parkway: Improvements to include design, surveying, bonding, meters, contingency, fencing, columns, irrigation, sod, trees, and shrubs.	\$ 962,000
D) East Villanova Street: Improvements to include design, surveying, bonding, meters, contingency, fencing, columns, irrigation, sod, trees, and shrubs.	\$ 219,000
E) East Wesley Drive: Improvements to include design, surveying, bonding, meters, contingency, fencing, columns, irrigation, sod, trees, and shrubs.	\$ 641,000
F) Monumentation: Improvements to include design, surveying, bonding, meters, contingency, signage, irrigation, sod, trees and shrubs in the following locations: * Sterling Hills Parkway and Tower Road * Street "C" and Tower Road * Sterling Hills Parkway and East Wesley Drive	\$ 155,000

I. PARKS AND OPEN SPACE - (Continued)

G) Neighborhood Parks: \$2,260,000

Improvements to include design, surveying, bonding, meters, contingency, signage, irrigation, sod, seeding, trees, shrubs, playground and picnic equipment, and concrete sidewalks in the following locations:

- * Tract J (Filing 9)
- * Tract K (Filing 9)
- * Track E (Filing 10)
- * Water Quality Pond (Filing 9)
- * Pocket Parks / Landscaped Medians (Filing 9)
- * Pocket Parks / Landscaped Medians (Filing 10)

II. GRADING \$ 180,000

A) East Wesley Drive	\$ 32,400
B) Sterling Hills Parkway	54,000
C) East Villanova Street	14,400
D) Street "P"	36,000
E) Street "C"	43,200

III. SANITARY SEWER SYSTEM \$ 350,000

A) East Villanova Street	\$ 30,000
B) Street "P"	67,000
C) Street "C"	90,000
D) Lot 1, Blk 1, Sterling Hills Filing 10	65,000
E) Lot 1, Blk 13, Sterling Hills Filing 9	73,000
F) Offsite Line (NWC)	25,000

IV. WATER SYSTEM \$ 640,000

A) East Wesley Drive	\$ 62,000
B) Sterling Hills Parkway	317,000
C) East Villanova Street	76,000
D) Street "P"	82,000
E) Street "C"	103,000

V. DRAINAGE FACILITIES \$ 640,000

A) East Villanova Street, Channel (Lot 1, Blk, 13, Sterling Hills Filing 9) and Water Quality Pond	\$ 190,000
B) Street "B"	9,500
C) Street "C"	8,600
D) Street "D"	116,000
E) Street "E"	14,000
F) Street "G"	15,900
G) Street "P"	116,000
H) Street "T"	103,000
I) Channel (Lot 1, Blk 1, Sterling Hills Filing 10)	27,000
J) Offsite Line (NWC)	40,000

VI. STREET IMPROVEMENTS \$1,800,000

A) East Wesley Drive	\$295,000
B) Sterling Hills Parkway	503,000
C) East Villanova Street	385,000
D) Street "P"	240,000
E) Street "C"	285,000
F) Traffic Signal	92,000

TOTAL DISTRICT BUDGET = \$9,340,000

I. PARKS & OPEN SPACE

A) Regional Park: Construction to Develop 7-10 Acres	\$ 650,000
B) Tower Road:	
* Landscaping (Incl. Sod & Irrigation) = 98,400 sf @ \$4.00	\$ 393,600
* 8' Sidewalk = 2,625' @ \$20.00 lf =	52,500
* Fencing = 2,450' @ \$20.00 lf =	49,000
* Shade Trees = 33 @ \$400 ea =	13,200
* Native Seeding = 238,720 sf @ 1.00	238,720
* Miscellaneous Grading =	<u>10,000</u>
	\$ 757,020
C) Sterling Hills Parkway:	
* Fencing = 8,000' @ \$20.00 lf =	\$ 160,000
* Iron Fencing = 800' @ \$30.00 lf =	24,000
* Columns = 22 @ \$1,000 ea =	22,000
* Landscaping (Behind Curbs) = 8,950' x 8' @ \$3.00 sf =	214,800
* Landscaping = AVG 30' Width x 3,700' @ \$4.00 sf =	<u>444,000</u>
	\$ 864,800
D) East Villanova Street:	
* Fencing = 1,100' @ \$20.00 lf =	\$ 22,000
* Columns = 7 @ \$1,000 ea =	7,000
* Landscaping = AVG 20' Width x 2,100' @ \$4.00 sf =	<u>168,000</u>
	\$ 197,000
E) East Wesley Drive:	
* Fencing = 2,750' @ \$20.00 lf =	\$ 55,000
* Iron Fencing = 300' @ \$30.00 lf =	9,000
* Columns = 25 @ \$1,000 ea =	25,000
* Landscaping = AVG 60' Width x 3,050' @ \$4.00 sf =	<u>488,000</u>
	\$ 577,000
F) Monumentation:	
* Sterling Hills Parkway = 2 signs @ \$10,000 ea =	\$ 20,000 (1)
* East Wesley Drive = 2 @ \$10,000 ea =	20,000 (2)
* Landscaped Entryways (including signs) @ East Lasalle Place & Tower Road and Sterling Hills Parkway & Tower Road =	<u>100,000</u>
	\$ 140,000

(1) Landscaping included under Item "C"

(2) Landscaping included under Item "E"

I. PARKS & OPEN SPACE - (Continued)

G) Neighborhood Park (Tracts J & K) Sterling Hills Filing 9
 Neighborhood Park (Tract E) of Sterling Hills Filing 10, all
 Pocket Parks and Landscaped Medians; Detention Pond (Lot 1, Block 1, SH 9):

*** Tract J**

• Landscaping 107,263 @ \$3.00 sf =	\$ 321,789
• 5' Sidewalk 625 x 5 = 3,125 @ \$3.00 sf =	9,375
• Fencing = 1,150' @ \$20.00 lf =	23,000
• Playground / Picnic Area Pkg =	25,000

*** Tract K**

• Landscaping 39,716 @ \$3.00 sf =	\$ 119,148
• 5' Sidewalk 350' x 5 = 1,750 @ \$3.00 sf =	5,250
• Fencing 200' @ \$20.00 lf =	4,000
• Playground / Picnic Area Pkg =	25,000

*** Tract E**

• Landscaping 129,114 @ \$3.00 sf =	\$ 387,342
• 5' Sidewalk 500' x 5 = 2,500 @ \$3.00 sf =	7,500
• Fencing 300' @ \$20.00 lf =	6,000
• Playground / Picnic Area Pkg =	25,000

*** Water Quality Pond**

• 87,500 @ \$2.00 sf =	\$ 175,000
------------------------	------------

*** Pocket Parks / Landscaped Medians (Filing 9)**

• Tract A Landscaping = 25,386 sf @ \$4.00 sf =	101,544
• Tract B Landscaping = 15,364 sf @ \$4.00 sf =	61,456
• Tract C Landscaping = 4,199 sf @ \$4.00 sf =	16,796
• Tract D Landscaping = 4,343 sf @ \$4.00 sf =	17,372
• Tract E Landscaping = 36,000 sf @ \$4.00 sf =	144,000
• Tract F Landscaping = 9,670 sf @ \$4.00 sf =	38,680
• Tract G Landscaping = 5,117 sf @ \$4.00 sf =	20,708
• Tract H Landscaping = 3,053 sf @ \$4.00 sf =	12,212
• Tract L Landscaping = 1,009 @ \$4.00 sf =	4,036
• Tract M Landscaping = 1,150 sf @ \$4.00 sf =	4,600

I. PARKS & OPEN SPACE - (Continued)*** Pocket Parks / Landscaped Medians (Filing 10)**

• Tract A Landscaping = 18,566 sf @ \$4.00 sf =	74,264
• Tract B Landscaping = 51,613 sf @ \$4.00 sf =	206,452
• Tract C Landscaping = 15,823 sf @ \$4.00 sf =	63,292
• Tract D Landscaping = 27,246 sf @ \$4.00 sf =	108,984
• Tract F Landscaping = 789 sf @ \$4.00 sf =	3,156
• Tract G Landscaping = 1,009 sf @ \$4.00 sf =	4,036
• Tract H Landscaping = 1,889 sf @ \$4.00 sf =	7,556
• Tract J Landscaping = 2,092 sf @ \$4.00 sf =	<u>8,368</u>
	\$ 2,030,916

Summary -

Subtotal =	\$4,566,736 (3)
5% Landscape Architecture, Surveying & Contingency =	<u>228,337</u>
	\$4,795,073
6% Bonding/Meters =	<u>287,704</u>
	\$5,082,777
Regional Park (See Attached City Staff Memo)	<u>650,000</u>
	\$5,732,777
Say	\$5,750,000

(3) Excludes Regional Park

II. GRADING

A) East Wesley Drive - 70' ROW x 1,600' x 3' cut/fill = 12,444 cy
70/2 x 1,600' x 3' cut/fill = 6,222 cy
18,666 cy

B) Sterling Hills Parkway - 74' ROW - Assume 4' cut/fill
74 ROW x 2,150' x 4' = 23,570 cy
74/2 x 1,500' x 4' = 8,222 cy
31,792 cy

C) East Villanova Street. - 70' ROW - Assume 3' cut/fill
70/2 x 2,150' x 3' = 8,361 cy

D) Street "P" = 2300' 64' ROW - Assume 4' cut/fill
64' x 2,300 x 4' = 21,807 cy

E) Street "C" = 2725' 64' ROW - Assume 4' cut/fill
64 x 2,725 x 4 = 25,837 cy

Total Yardage = 106,463 cy @ \$1.50 cy =	\$ 159,695
10% Engineering, Surveying & Contingency =	<u>15,970</u>
	\$ 175,665
6% Bonding, Testing =	<u>10,540</u>
	\$ 186,204
Say	\$ 180,000

III. SANITARY SEWER SYSTEM**A) East Villanova Street:**

* 8" PVC (0'-12' Deep) = 850' @ \$25.00/lf =	\$ 21,250
* 4' DIA MH = 4 @ \$1,700 ea =	6,800
* Testing = 850' @ \$.30 lf =	<u>255</u>
	\$ 28,305

B) Street "P":

* 8" PVC (0'-12' Deep) = 1,800' @ \$25.00 lf =	\$ 45,000
* 4' DIA MH = 8 @ \$1,700 ea =	13,600
* Testing = 1,800' @ \$.30 lf =	<u>540</u>
	\$ 59,140

C) Street "C":

* 8" PVC (0'-12' Deep) = 2,250' @ \$25.00 lf =	\$ 56,250
* 4' DIA MH = 13 @ \$1,700 ea =	22,100
* Testing = 2,250' @ \$.30 lf =	<u>675</u>
	\$ 79,025

D) Lot 1, Block 1, Sterling Hills Filing 10:

* 8" PVC (0'-12' Deep) = 1,500' @ \$28.00 lf =	\$ 42,000
* 4' DIA MH = 6 @ \$2,000 ea =	12,000
* Connect to Existing MH = 1 @ \$3,000 ea =	3,000
* Testing = 1,500' @ \$.30 lf =	<u>450</u>
	\$ 57,450

E) Lot 1, Block 13, Sterling Hills Filing 9:

* 8" PVC (0'-18' Deep) = 1,800' @ \$28.00 lf =	\$ 50,400
* 4' DIA MH = 5 @ \$2,000 ea =	10,000
* Connect to Existing MH = 1 @ \$3,000 ea =	3,000
* Testing = 1,800' @ \$.30 lf =	<u>540</u>
	\$ 63,940

III. SANITARY SEWER SYSTEM - (Continued)

F) Offsite Line (NWC):	
* 8" PVC (0'-18' Deep) = 550' @ \$28.00 lf =	\$ 15,400
* 4' DIA MH = 2 @ \$2,000 ea =	4,000
* Connect to Existing MH = 1 @ \$3,000 ea =	3,000
* Testing = 550' @ \$.30 lf =	<u>165</u>
	\$ 22,565
 Summary =	\$ 310,425
10% Engineering, Surveying & Contingency =	<u>31,043</u>
	\$ 341,468
4% Bonding, Fees =	<u>13,659</u>
	\$ 355,126
 Say	\$ 350,000

IV. WATER SYSTEM

A) East Wesley Drive :

* 8" DIP = 1,600' @ \$23.00 lf =	\$ 36,800
* 8" Gate Valves = 4 @ \$800 ea =	3,200
* Hydrant Assembly = 4 @ \$2,800 ea =	11,200
* Fitting / Tees = 10 @ \$300 ea =	3,000
* Testing = 1,600' @ \$.30 lf =	<u>480</u>
	\$ 54,680

B) Sterling Hills Parkway:

* 24" DIP = 3,000' @ \$80.00 lf =	\$ 240,000
* Tees = 6 @ \$3,300 ea =	19,800
* 24" Gate Valves = 6 @ \$2,800 ea =	16,800
* Testing = 3,000' @ \$.40 lf =	<u>1,200</u>
	\$ 277,800

C) East Villanova St.:

* 12" DIP = 1,600 @ \$31.00 lf =	\$ 49,600
* 12" Gate Valves = 6 @ \$1,500 ea =	9,000
* Fittings / Tees = 3 @ \$600 ea =	1,800
* Testing = 1,600 @ \$.35 lf =	560
* Hydrant Assembly = 2 @ \$2,800 ea =	<u>5,600</u>
	\$ 66,560

D) Street "P":

* 8" DIP = 2,350' @ \$23.00 lf =	\$ 54,050
* 8" Gate Valves = 8 @ \$800 ea =	6,400
* Hydrant Assembly = 3 @ \$2,800 ea =	8,400
* Fittings / Tees = 9 @ \$300 ea =	2,700
* Testing = 2,350 @ \$.30 lf =	<u>705</u>
	\$ 72,255

E) Street "C":

* 8" DIP = 2,725' @ \$23.00 lf =	\$ 62,675
* 8" Gate Valves = 6 @ \$800 ea =	4,800
* Hydrant Assembly = 7 @ \$2,800 ea =	19,600
* Fittings / Tees = 10 @ \$300 ea =	3,000
* Testing = 2,725' @ \$.30 lf =	<u>818</u>
	\$ 90,893

Summary =	\$ 562,188
10% Engineering, Surveying & Contingency =	<u>56,219</u>
	\$ 618,407
4% Bonding, Fees =	<u>24,736</u>
	\$ 643,143

Say \$ 640,000

V. DRAINAGE FACILITIES**A) East Villanova St., (Lot 1, Block 13, Sterling Hills Filing 9) & Pond**

* 48" RCP (In Road) = 800' @ \$85.00 lf =	\$ 68,000
* 60" RCP (Outlet) = 80' @ \$120.00 lf =	9,600
* 60" FES = 1 @ \$1,800 ea =	1,800
* 5' MH - 4 @ \$1,700 ea =	6,800
* 2-40' Type R Inlets =	30,000
* Rip-Rap =	5,000
* Channel Grading =	20,000
* Water Quality Grading =	<u>25,000</u>
	\$ 166,200

B) Street "B" - (Filing 9)

* 24" RCP = 70' @ \$35.00 lf =	\$ 2,450
* Manholes = 1 @ \$1,800 ea =	1,800
* 10' Type R Inlets - 1 @ \$4,000 ea =	<u>4,000</u>
	\$ 8,250

C) Street "C" - (Filing 9)

* 24" RCP = 50' @ \$35.00 lf =	\$ 1,750
* Manholes = 1 @ \$1,800 ea =	1,800
* 10' Type R Inlets = 1 @ \$4,000 ea =	<u>4,000</u>
	\$ 7,550

D) Street "D" - (Filing 9)

* 24" RCP = 1,650' @ \$35.00 lf =	\$ 57,750
* Manholes = 13 @ \$1,800 ea =	23,400
* 10' Type R Inlets = 5 @ \$4,000 ea =	<u>20,000</u>
	\$ 101,150

E) Street "E" - (Filing 9)

* 24" RCP = 250' @ \$35.00 lf =	\$ 8,750
* Manholes = 2 @ \$1,800 ea =	<u>3,600</u>
	\$ 12,350

F) Street "G" - (Filing 9)

* 24" RCP = 175' @ \$35.00 lf =	\$ 6,125
* Manholes = 1 @ \$1,800 ea =	1,800
* 10' Type R Inlet = 1 @ \$4,000 ea =	<u>4,000</u>
	\$ 11,925

V. DRAINAGE FACILITIES - (Continued)

G) Street "P" - (Filing 10)	
* 24" RCP = 1,775' @ \$35.00 lf =	\$ 62,125
* Manholes = 11 @ \$1,800 ea =	19,600
* 10' Type R Inlets = 5 @ \$4,000 ea =	<u>20,000</u>
	\$ 101,725
H) Street "T" - (Filing 10)	
* 24" RCP = 1,650' @ \$35.00 lf =	\$ 57,750
* Manholes = 9 @ \$1,800 ea =	16,200
* 10' Type R Inlets = 4 @ \$4,000 ea =	<u>16,000</u>
	\$ 89,950
I) Channel (Lot 1, Block 1, Sterling Hills Filing 10)	
* 60" RCP = 100 @ \$120.00 lf =	\$ 12,000
* 60" FES = 1 @ \$1,800 ea =	1,800
* Channel Grading =	<u>10,000</u>
	\$ 23,800
J) Offsite Line (NWC) - (Filing 10)	
* 24" RCP = 725' @ \$35.00 lf =	\$ 25,375
* Manholes = 3 @ \$1,800 ea =	5,400
* 10' Type R Inlets = 1 @ \$4,000 ea =	4,000
* Connect to Existing Manhole = 1 @ \$500 =	<u>500</u>
	\$ 35,275
Summary =	\$ 558,175
10% Engineering, Surveying & Contingency =	<u>55,818</u>
	\$ 613,993
4% Bonding, Fees =	<u>24,560</u>
	\$ 638,553
Say	\$ 640,000

VI. STREET IMPROVEMENTS**A) East Wesley Drive (70' ROW)**

* Curb Prep = $(1,600/2 + 1,600) = 2,400'$ @ \$1.50 lf =	\$ 3,600
* Curb & Gutter = $2,400'$ @ \$8.00 lf =	19,200
* 5' Sidewalk = $2,400' \times 5' \times \2.25 sf =	27,000
* Subgrade Prep = $13,000$ sy. @ \$1.00 sf =	13,000
* 6" Full Depth Asphalt = $13,000$ sy @ \$9.25 sy =	120,250
* Lime Treatment (12") = $13,000$ sy @ \$6.00 sy =	<u>78,000</u>
	\$ 261,050

B) Sterling Hills Pkwy (74' ROW)

* Curb Prep = $3,650'$ @ \$1.50 lf =	\$ 5,475
* Curb & Gutter = $3,650' \times 2$ @ \$8.00 lf =	58,400
* 5' Sidewalk = $3,650' \times 2 \times 5'$ @ \$2.25 sf =	82,125
* Subgrade Prep = $46 \times 3,650/9 \times \1.00 sy =	18,656
* 6" Full Depth Asphalt = $46 \times 3,650/9 \times \9.25 sy =	172,568
* Lime Treatment (12") = $46 \times 3,650/9 \times \6.00 sy =	<u>111,936</u>
	\$ 449,160

C) East Villanova St. (70" ROW)

* Curb Prep = $2(2,150) + 1,100' = 5,400'$ @ \$1.50 lf =	\$ 8,100
* Curb & Gutter = $5,400'$ @ \$8.00 lf =	43,200
* 5' Sidewalk = $5,400 \times 5' = 27,000$ SF @ \$2.25 sf =	60,750
* Subgrade Prep = $23' (1/2 \text{ Width}) \times 5,400'/9 \times \1.00 sy =	13,800
* 6" Full Depth Asphalt = $13,800$ sy @ \$9.25 sy =	127,650
* Lime Treatment (12") = $13,800$ sy @ \$6.00 sy =	<u>82,800</u>
	\$ 336,300

D) Street "P" (64' ROW)

* Curb Prep = $2(2,300')$ @ \$1.50 lf =	\$ 6,900
* Curb & Gutter = $2(2,300')$ @ \$8.00 lf =	36,800
* 5' Sidewalk = $2(2,300' \times 5)$ @ \$2.25 sf =	51,750
* Subgrade Prep = $(2,300' \times 34')/9$ @ \$1.00 sy =	8,689
* 4" Full Depth Asphalt $(2,300' \times 34')/9$ @ \$6.20 sy =	53,871
* Lime Treatment (12") = $(2,300 \times 34')/9$ @ \$6.00 sy =	<u>52,133</u>
	\$ 210,143

VI. STREET IMPROVEMENTS - (Continued)

E) Street "C" (64' ROW)	
* Curb Prep = 2 (2,725') @ \$1.50 lf =	\$ 8,175
* Curb & Gutter = 2 (2,725') @ \$8.00 lf =	43,600
* 5' Sidewalk = 2 (2,725 x 5) @ \$2.25 sf =	61,313
* Subgrade Prep = (2,725 x 34')/9 @ \$1.00 sy =	10,294
* 4" Full Depth Asphalt = (2,725 x 34')/9 @ \$6.20 sy =	63,826
* Lime Treatment (12") = (2,725 x 34')/9 @ \$6.00 sy =	<u>61,767</u>
	\$ 248,975

F) Traffic Signal at Sterling Hills Parkway & Tower Road = \$ 80,000

Summary	\$1,585,628
10% Engineering, Surveying & Contingency =	<u>158,563</u>
	\$1,744,191
4% Bonding, Fees =	<u>69,768</u>
	\$1,813,958
Say	\$1,800,000

EXHIBIT J
Underwriter Letter



KIRKPATRICK PETTIS
A Mutual of Omaha Company

Investments Since 1925

May 28, 1999

Dianne Truwe
Director of Development Services
City of Aurora
1470 South Havana Street
Aurora, CO 80012

RE: ***Sterling Hills West Metropolitan District***

Dear Dianne:

As part of the service plan approval process, you have asked about the relationship between the investment bankers and the Sterling Hills West Metropolitan District. We are engaged with the District as described by the attached Letter of Intent. We have the intention of serving as underwriters for the voter authorized debt after sufficient development has occurred. We expect to assist the District on a placement agent basis with limited tax debt to be purchased by the developer in exchange for the developer's advance of capital improvements, before such time as the District can offer debt to third party investors. We will underwrite and sell bonds to institutional investors or credit enhance bonds that are sold to third parties while the debt is greater than 50% of the Assessed Valuation. After the debt to assessed value has fallen below 50%, we expect to sell bonds to the public on an unrestricted basis.

Please call if you have any questions or require further clarification.

Sincerely,

Thomas R. Bishop
Senior Vice President

TRB/tg



KIRKPATRICK PETTIS

A Mutual of Omaha Company

Investments Since 1925

May 28, 1999

Petitions for the Formation of
Sterling Hills West Metropolitan District
c/o Harvey Deutsch
Deutsch, Spillane & Reutzel, P.C.
9145 E. Kenyon Avenue, Suite 200
Denver, CO 80237

RE: **Sterling Hills West Metropolitan District**
Letter of Intent

*(a district to be created
upon approval by the
city of Aurora)*

Dear Boardmembers:

proposal
The Board of Directors is considering a sale of its voter authorization by the Sterling Hills West Metropolitan District (the "District") of General Obligation Bonds (the "Bonds") to fund public improvements. This letter confirms the basis upon which we intend to submit an offer to purchase the Bonds from the District.

Section 1. Arrangements Before Sale. There are several arrangements which must be made before any sale of bonds can occur. These arrangements include, but are not limited to:

Developing a Plan of Finance. In concert with bond counsel and District management, Kirkpatrick Pettis will prepare a plan of expected development, future capital improvements, revenues, expenses, and debt repayment. Once such a plan is prepared and approved by the Board, various debt structures can be analyzed within the plan to determine what will work best for the District.

Structuring. Once a financing structure has been selected by the Board, the terms of the debt (such as the sources of payment, the nature of the security, maturity schedule, the rights of redemption prior to maturity, etc.) must be determined, taking into account both the interests of the District and the expectations of investors.

Legal Counsel. Legal counsel has been selected and engaged by the District to prepare the legal proceedings necessary to authorize the debt, to assist in the preparation of disclosure documents necessary to sell the securities, and to render certain approving opinions when the securities are delivered.

Ratings. The ratings which may be obtained for the bonds are likely to have a significant effect on the rates of interest at which the bonds can be sold. If it is determined to be in the District's best interest to obtain these ratings, Kirkpatrick Pettis will assist the District in preparing and submitting applications to the rating agencies along with detailed information about the District, the debt and any credit enhancement.

Credit Enhancement. By providing investors with a guarantee of timely payments on the debt, for even a limited time period, the purchase of credit enhancement can produce a net reduction in financing costs. Kirkpatrick Pettis will assist the District in investigating the availability of bond insurance, letters of credit or other forms of credit enhancement and assist the District in determining the cost effectiveness of these products.

Disclosure to Investors. In connection with the issuance of bonds by the District and the sale and delivery of securities to ultimate investors, material information about the District and the transaction must be compiled in a disclosure document for distribution to prospective purchasers. Either the District or the Underwriter, at the expense of the District, will engage the services of counsel to assist in the preparation of such a disclosure document and advise the District and the Underwriter about sales practices, regulatory requirements and securities law matters. If disclosure counsel is engaged as the District's counsel, Kirkpatrick Pettis, will expect to receive the benefit of their 10(b)-5 opinion as well.

In contemplation of submitting an offer to underwrite the bonds, we will assist the District in making these arrangements. By accepting this letter and accepting our assistance in making these arrangements, the District will not incur any obligation except (1) to pay expenses as provided in Sections 4 and 6 of this letter, and (2) to allow Kirkpatrick Pettis the first right of refusal to act as underwriter, placement agent and remarketing agent of any debt issued by the District. Our active participation in making these arrangements should not and cannot be construed by the District as a promise to underwrite the bonds or as an assurance that the bonds can be sold.

Section 2. Underwriting. At such time as the arrangements for the sale of the securities have been successfully completed, it is our intention to submit for consideration by the Board of Directors our offer to underwrite the bonds. Our offer will be submitted in the form of a bond purchase agreement and will set forth terms of the purchase such as the rates of interest, the amount of any original issue premium or discount, our underwriting compensation (not to exceed 2% percent of the principal amount of the bonds), and the date and conditions for delivery of the bonds. Until our offer is accepted by the District, there will be no obligation for this firm to purchase the bonds from the District. In consideration for our work performed pursuant to Section 1, above, the District agrees that it will not consider other underwriting proposals unless Kirkpatrick Pettis has first declined to underwrite the transaction.

Section 3. Remarketing. In the event that the District issues bonds that are remarketed within their term, the District will have to engage a remarketing agent qualified to remarket the bonds on each remarketing date. If an underwriting agreement is reached between Kirkpatrick Pettis and the District, Kirkpatrick Pettis will submit an offer to serve as remarketing agent to the District for compensation not to exceed .25 percent of the amount of bonds annually remarketed. In further consideration for our work performed pursuant to Section 1, above, the District agrees that as long as Kirkpatrick Pettis is the lead underwriter, it will provide Kirkpatrick Pettis with the option to submit a proposal to act as remarketing agent and that it will not consider other proposals to act as remarketing agent unless and until the Kirkpatrick Pettis proposal for remarketing has been rejected.

Section 4. Payment of Expenses. Expenses will be incurred to make the arrangements for the sale of the bonds before their delivery and the receipt of proceeds by the District but such expenses will not be obligations of the District unless advance authorization has been obtained from the District. All of the expenses incurred in connection with the authorization, sale, and delivery of the bonds, including rating applications, letter of credit fees and related expenses, insurance premiums, bond, disclosure and underwriter's counsel and our out-of-pocket expenses for any travel outside of Colorado, will be borne by the District.

Section 5. Not an Offer to Buy. This letter of intent is not an offer to purchase or a guarantee that we will make an offer to purchase the District's bonds in the future. Our offer to purchase, if made, will only be made by a bond purchase agreement prepared by our counsel and reviewed by the District and its counsel after the successful conclusion of the pre-sale arrangements described in

Section 1 and the completion of other preliminary matters. This letter serves to summarize the steps we hope will lead to an underwriting of bonds at a future date at which time both Kirkpatrick Pettis and the District will incur and assume additional obligations as set forth in the bond purchase agreement.

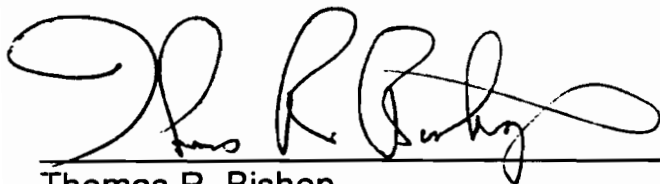
Section 6. Private Placement of Debt. If the District determines that a private placement of debt would be in its best interest, the District agrees it will utilize the services of Kirkpatrick Pettis as an advisor for a fee not to exceed 1% of the debt distributed.

Section 7. Term of Letter Agreement. This letter agreement shall remain in full force and effect until such time as the Board of Directors of the District, after formal action by the Board, notifies Kirkpatrick Pettis in writing of its intent to terminate this letter agreement, provided that no such action of the Board or notice shall be effective if taken or received prior to issuance of all the voter authorization, and any such action or notice shall provide no less than 30 days notice of such termination. Kirkpatrick Pettis may resign as investment banker to the District by providing written notification with no less than 30 days notice to the District.

Section 8. Acceptance. The Boardmembers or other authorized officers of the District may indicate their desire to proceed with the delivery of these investment banking services upon the basis set forth in this letter by executing one copy of this letter and returning it to us.

Respectfully submitted,

Kirkpatrick, Pettis, Smith, Polian Inc.



Thomas R. Bishop
Senior Vice President

ACCEPTED this 28th day of MAY

**Petitioners for the Formation of
Sterling Hills West Metropolitan District**



Authorized Officer

This agreement is contingent upon the City of Aurora approving creation of the Sterling Hills West Metro District of which there is no assurance - HAD

EXHIBIT K
Letter in Support of Market Projections

JOHN S. BUTLER AND ASSOCIATES

REAL ESTATE CONSULTANTS
2041 EAST VIRGINIA AVENUE
DENVER, COLORADO 80209

JOHN S. BUTLER, MAI
KELLY SUSAN VOGT

303-698-0564
FAX 698-0540

June 30, 1999

Mr. Joel H. Farkas, Manager
Gateway American Properties
9145 East Kenyon Avenue
Denver, Colorado 80237

Dear Mr. Farkas:

As requested, I have inspected the proposed Sterling Hills West subdivision, located in the northeast quadrant of South Tower Road and East Villanova Place, Aurora, Colorado. The purpose of this inspection and analysis is to determine the reasonability of value and absorption rate forecast in the attached schedule.

“Market Value,” as used in this study is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1. buyer and seller are typically motivated;**
- 2. both parties are well informed or well advised, and acting in what they consider their best interests;**
- 3. a reasonable time is allowed for exposure in the open market;**
- 4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and**
- 5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”**

Source: Uniform Standards of Professional Appraisal Practice, 1999 Edition, The Appraisal Foundation, page 139.

Mr. Joel H. Farkas, Manager
Gateway American Properties
June 30, 1999
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Absorption Rate is defined as:

“The rate at which properties for sale or lease have been or are expected to be successfully marketed in a given area; usually used in forecasting sales or leasing activity.”

Source: Dictionary of Real Estate Appraisal, 3rd Edition

Legal Description

The subject is part of the southwest quarter of Section 27, Township 4 South, Range 66 West, County of Arapahoe, State of Colorado. The specific legal description is recorded at Reception No. A8176422.

Date of Value

May 18, 1999

Single Family Lots

Value

The average price charged for existing product in Sterling Hills is \$166,300. This includes some less expensive homes on smaller lots. The subject lots are expected to have 60 foot frontages and larger than usual depths. Hence, prices should be in the higher end of the range.

Further, three home builders that have been active in Sterling Hills have increased prices 9.6%, 9.4%, and 11.6% in the past six months.

Hence, the forecast of \$185,000 per single family residence is accepted.

Absorption Rate

The schedule projects a maximum of 150 home sales per year. For the year ended March 31, 1999, there were 148 lot sales. Assuming that, over a 12 month period, lot sales equate to home sales, this is the absorption rate.

Many of the lots were accessed by dirt roads and were not visible from South Tower Road. With the completion of Phase I of East Villanova Place, access and exposure have improved dramatically.

The forecast absorption rate of 150 homes per year is concluded to be reasonable.

Multifamily

Value

The proposed density is estimated at 8 to 18 du/A. In this multi-family submarket, prices range from \$93,000 to \$161,900. The average is \$137,275.

The developer has projected minimum values at \$100,000 which is reasonable.

Absorption Rate

Activity in this submarket is presented in the following chart.

	<u>New Construction</u>	<u>Vacancy Rate</u>
1993	821 du	7.7%
1994	558 du	6.4%
1995	2,198 du	6.0%
1996	398 du	5.6%
1997	1,092 du	4.0%
1998	410 du	4.0%

The subject is projected for at least 500 dwelling units over the next seven years. This appears to be reasonable.

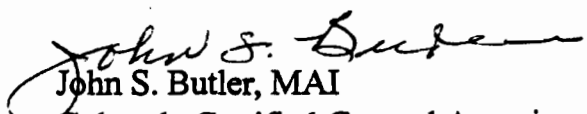
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Townhome units are selling at an average rate of 43 units per project per year, and several are approaching sell out.

Hence, the absorption projection of the subject is reasonable.

Summarily, the values and absorption presented on the attached chart are reasonable and acceptable.

Very truly yours,

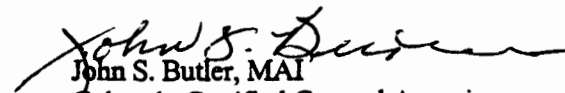

John S. Butler, MAI
Colorado Certified General Appraiser
No. CG01313168

Mr. Joel H. Farkas, Manager
Gateway American Properties
June 30, 1999
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Certificate of Appraisal

I, John S. Butler, do hereby certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct;
- my personal, unbiased, professional analyses, opinions, and conclusions, reported herein, are limited only by the reported assumptions and limiting conditions;
- I have no present or prospective interest in the property which is the subject of this report, and I have no personal interest or bias with respect to the parties involved;
- my compensation is not contingent upon a predetermined value, a value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event;
- to the best of my knowledge, my analyses, opinions and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute. Because the appraisal is in letter form, the appraiser is invoking the departure provision as specified in the Uniform Standards of Professional Appraisal Practice. Many pertinent items are only briefly discussed; however, additional in-file information is available. The appraiser assumes the client or reader is familiar with certain terms and area environs. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- as of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute;
- I have made a personal inspection of the property which is the subject of this report;
- no one provided significant professional appraisal assistance to the person signing this report;
- the "estimate of market value" in the appraisal report is not based in whole or in part on the race, color, or national origin of the prospective owners or occupants of the property or the properties in the vicinity of the property appraised;
- all conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the appraiser whose signature appears on the appraisal report. No change of any item in the report shall be made by anyone other than the appraiser, and the appraiser shall have no responsibility for any such unauthorized change;
- the undersigned hereby acknowledges that he has the appropriate education and experience to complete the appraisal in a competent manner. The reader is referred to the appraiser's "Qualifications of John S. Butler, MAI;" and
- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.


John S. Butler, MAI
Colorado Certified General Appraiser
No. CG01313168

Assumptions and Limiting Conditions

This appraisal is subject to the following assumptions and limiting conditions:

1. I have no present or contemplated future interest in the real estate that is the subject of this appraisal report; nor do I have any personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
2. The date of value to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. Further, the dollar amount of any value opinion rendered in this report is based upon the purchasing power of the American dollar existing on that date.
3. The appraiser assumes no responsibility for economic or physical factors, which may affect the opinions in the report, which occur after the date of the letter transmitting the report.
4. Forecasts of anticipated revenue and expenses are based on my analysis of market trends, economic conditions, and historical operating results of the property. Such forecasts are dependent on assumptions as to future economic, social, and political conditions as well as market related activity. They represent my opinion of current investor attributes and motivations applicable to the class of property appraised, and no warranty or representation that these forecasts will materialize is implied.
5. To the best of my knowledge and belief, the statements of fact contained in this report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.
6. All information in this study has been obtained from reliable sources. The writer cannot, however, guarantee or be responsible for the accuracy of information furnished by others.
7. No opinion as to title is rendered. Data on ownership and legal description of the property being appraised were obtained from sources generally considered to be reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions except those specifically discussed in the report. The property is appraised assuming it will be under responsible ownership and competent management and available for its Highest and Best Use.
8. No one other than the writer prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this report.
9. The appraiser reserves the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

10. The appraiser assumes no responsibility for hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for arranging for engineering studies that may be required to discover them.
11. The property is appraised assuming that all applicable zoning and use regulations and restrictions have been complied with, unless otherwise stated.
12. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been, or can be, obtained or renewed for any use on which the value estimate contained in this report is based, unless otherwise stated.
13. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area was taken from sources considered to be reliable, and no encroachment of real property improvements is considered to exist.
14. No soil tests or environmental studies were available. It is assumed that there are no subsurface, toxic wastes, or building material hazards in the property that would adversely affect its existing or potential use.
15. Unless specifically stated, this appraisal does not take into consideration the possibility of the existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of encapsulation or removal thereof. Should the client have concern over the existence of such substances on the property, it is recommended that the services of a qualified, independent engineer or contractor be retained to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment or removal thereof.
16. No opinion is expressed to the value of subsurface oil, gas, or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials except as is expressly stated.
17. Maps, plats, and exhibits included in this report are for illustrative purposes only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose; nor should they be removed, reproduced, or used apart from this report.
18. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
19. No opinion is intended to be expressed for matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.

20. Possession of this report, or a copy thereof, does not imply the right of publication or use for any purpose by any other than the addressee without the written consent of the appraiser. Further, neither all nor any part of this report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media, or other media for public communication without the prior written consent of the signatory of this report.
21. This report may be distributed by the client for whom it was prepared, in its entirety, to such third parties as may be selected by the client; however, selected portions of this appraisal may not be given to third parties without the prior written consent of the appraiser.
22. The writer of this report is not required to give testimony or attendance in court by reason of this analysis, unless prior arrangements have been made in writing.
23. Loss or removal of any portion of this report, or use for other than intended, invalidates the entire report and value conclusions.
24. The original copies of this report have an embossed-type seal. Any copy that does not have the above is unauthorized and may have been altered.
25. The liability of the appraiser is limited to the fee collected.
26. Use of this report by a third party(ies), for any purpose, does not obligate the appraiser in any way to the third party(ies).
27. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Because I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

**QUALIFICATIONS OF JOHN S. BUTLER, MAI
INDEPENDENT FEE APPRAISER AND REAL ESTATE CONSULTANT**

2041 East Virginia Avenue
Denver, Colorado 80209
(303) 698-0564

EDUCATION

University of Colorado, Boulder - B.S. in Finance and Real Estate (1970)

Current Seminars: Standards of Professional Practice, Parts A and B
 Standards & Ethics Update
 Land Use Law

BUSINESS POSITIONS

Formerly President, John S. Butler and Company
Formerly Vice President, Dan Clinger and Co.
Formerly Associated with Moore Realty Co.

PROFESSIONAL DESIGNATIONS

Licensed Real Estate Broker, State of Colorado, IB00115661
Appraisal Institute (MAI)
Certified General Appraiser, State of Colorado, CG01313168

MEMBER OF

Appraisal Institute
Denver Board of Realtors
Colorado Association of Realtors
National Association of Realtors
Urban Land Institute
International Right of Way Association

CLIENTS INCLUDE:

Clients include major Banks; Life Insurance Companies; Developers; Federal, State and Local Governments; and Attorneys

I HAVE COMPLETED APPRAISALS IN THE FOLLOWING COUNTIES:

Adams	El Paso	Lincoln
Alamosa	Fremont	Logan
Arapahoe	Garfield	Moffat
Boulder	Gilpin	Park
Chaffee	Grand	Pitkin
Clear Creek	Gunnison	Pueblo
Conejos	Huerfano	Rio Grande
Denver	Jefferson	Routt
Dolores	Lake	Saguache
Douglas	La Plata	Sedgwick
Eagle	Larimer	Summit
Elbert	Las Animas	Weld

and the states of Arizona, Colorado, Iowa, Nebraska, Utah, and Wyoming.

Qualified as an expert on valuation in the Denver District Courts, Arapahoe County District Court, Jefferson County District Court, Boulder District Court, Adams County District Court, Gunnison County District Court, La Plata County District Court, Federal District Court, and Federal Bankruptcy Court (Colorado and New Mexico).

The Appraisal Institute conducts a voluntary program of continuing education for its designated members, MAIs and RMs who meet the minimum standards of this program are awarded periodic educational certification. I am certified under this program.