

**FIRST AMENDMENT**  
**TO THE**  
**CONSOLIDATED SERVICE PLAN**  
**FOR**  
**ERIE COMMONS METROPOLITAN DISTRICT NOS. 1 AND 2**

**November 23, 2004**

Prepared for  
Erie Commons Metropolitan District Nos. 1 and 2

By

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**EXHIBIT 3** - Erie Resolution of Approval of First Amendment

I. INTRODUCTION [Amended]

A. General Overview

*The following shall supplement the "Introduction" contained in the Consolidated Service Plan:*

This First Amendment to the Consolidated Service Plan ("Amendment") for Erie Commons Metropolitan District Nos. 1 and 2 (hereinafter collectively known as "Districts") is submitted in accordance with the requirements of Section 32-1-207(2) of Title 32, Colorado Revised Statutes. The purpose of this Amendment is to increase the combined new money revenue and general obligation debt limit ("Debt Limit") to \$23,500,000 to accommodate increased estimated cost of public improvements planned for the development expected to be financed and provided by the Districts.

The Consolidate Service Plan, dated June 30, 2003, was approved by approved by the Town of Erie (the "Town") on July 8, 2003, pursuant to the Town's Resolution No. 03-42. The provisions of this Amendment are intended to supplement and/or augment the provisions contained in the Consolidated Service Plan, but are not intended to replace the same unless otherwise noted.

1. Multiple District Structure. [No Change]
  2. Benefits of Multiple District Structure. [No Change]
    - a. Coordinated Services. [No Change]
    - b. Debt Allocation. [No Change]
    - c. Bond Interest Rates. [No Change]
  3. Configuration of Districts. [No Change]
  4. Long-Term District Plan. [No Change]
  5. Existing Services and Districts. [No Change]
  6. Property Owner Associations. [No Change]
- B. General Financial Information and Assumptions [No Change]
- C. Contents of Service Plan [No Change]
- D. Modification of Service Plan [No Change]
- II. NEED FOR NEW DISTRICTS AND GENERAL POWERS [No Change]
- A. Need for Metropolitan Districts [No Change]

B. General Powers of Districts [No Change]

1. Sanitation. [No Change]
2. Water. [No Change]
3. Streets. [No Change]
4. Traffic and Safety Controls. [No Change]
5. Parks and Recreation. [No Change]
6. Television Relay and Translator. [No Change]
7. Mosquito and Pest Control. [No Change]
8. Transportation. [No Change]
9. Legal Powers. [No Change]
10. Other. [No Change]

III. DESCRIPTION OF FACILITIES AND IMPROVEMENTS [No Change]

A. General [No Change]

B. General Design Standards [No Change]

1. Wastewater System. [No Change]
2. Storm Drainage. [No Change]
3. Water System. [No Change]
4. Street System and Traffic Safety. [No Change]
5. Park and Recreation. [No Change]

C. **Estimated Cost of Facilities and Surety** [Amended]

*This section is amended only the extent described below.*

The amended estimated construction costs of the facilities to be constructed, installed, acquired and otherwise financed and provided by the Districts are shown in Exhibit 1, and are exclusive of all costs of issuance, including but not limited to such issuance expenses and costs like debt service reserves, capitalized interest, underwriter's discount and legal fees, organizational costs, inflation, but inclusive of contingencies and construction management. Exhibit 1 contains a comparison of the amended costs to the original budget and a narrative describing the reason for the various cost category and improvement variances.

IV. DEVELOPMENT PROJECTIONS [No Change]

V. PROPOSED AND EXISTING AGREEMENTS [No Change]

A. Master Intergovernmental Agreement [No Change]

B. Intergovernmental Agreement with Erie [No Change]

C. Other Agreements/Authority [No Change]

VI. OPERATING COSTS [No Change]

VII. **FINANCIAL PLAN [Amended]**

*This section is amended only the extent described below.*

Attached to this Amendment as Exhibit 2 is the Amended Financing Plan that shows how the proposed services and amended improvement costs may be financed and operated by the Districts. The Amended Financing Plan demonstrates one method that might be used by the Districts, however, alternative financing plans may be employed and utilized by the Districts without additional approval so long as such plans are within the parameters and limits contained herein, and do not constitute a material modification.

The Amended Financing Plan projects the amount of financing necessary to cover the estimated construction cost of infrastructure as well as the related financing costs. The amended combined new money revenue and general obligation debt limit ("Debt Limit") for the Districts will be \$23,500,000, inclusive of organizational costs, but exclusive of any surety requirement, costs of issuance, including but not limited to debt service reserves, capitalized interest, underwriter's discount and legal fees so that the Districts shall have the authority to issue debt in an amount sufficient to fully finance and construct all facilities contemplated herein and fully implement the Service Plan and this Amendment.

VIII. OTHER REQUIREMENTS [No Change]

IX. CONCLUSIONS

It is submitted that this Amendment, along with the previously approved Consolidated Service Plan, 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 served by the Districts;

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

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

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

Therefore, it is requested that the Town Council of Erie, Colorado, adopt a resolution that approves this First Amendment to the Consolidated Service Plan for Erie Commons Metropolitan District Nos. 1 and 2, as submitted, which shall be attached hereto as Exhibit 3.

WHITE, BEAR & ANKELE <sup>ksa</sup>  
Professional Corporation

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**EXHIBIT 1**

**Amended Cost Estimate**

	BUDGET OCTOBER 2004	APPROVED SERVICE PLAN BUDGET	VARIANCE	NARRATIVE
Leon A. Wurl Parkway, w/ landscaping	2,505,630	2,883,492	(377,862)	The water and sewer infrastructure within the LAW right-of-way was less than originally anticipated.
grade separated crossing mitigation at LAW	443,491	200,000	243,491	The Town's anticipated cost for the grade separated crossing were twice the original budget. The mitigation agreement provides for the expense of the greater cost in pedestrian friendly improvements throughout the LAW right-of-way and at a second bridge crossing of coal creek.
Mason, Austin & Bonnell	1,545,000	1,111,190	433,810	The original budget did not include any costs for Austin or Bonnell from Erie Commons through the Austin Industrial Park to County Line Road. These roads are being improved to full width with the development of Erie Commons.
Briggs Street connection, w/ landscaping	1,478,886	1,222,607	256,279	Original concept plans did not carry Briggs Street south of LAW as a collector roadway, therefore the costs increased by this proportionate amount.
County Line Road	678,077	678,077	0	Do not expect a change here.
Jasper (collector north)	1,208,000	1,208,000	0	Do not expect a change here.
Landscaping - Coal Creek	2,937,604	1,391,611	1,545,993	The amount of earthwork and complexity of fine grading the corridor, the scope of revegetation/ planting, armoring and irrigation increased dramatically from the originally anticipated scope of work.
Tot lots w/ misc trails	1,150,875	1,331,317	(180,442)	This reduction was based on the removal of the water resources fee from the park budget. The water is being provided by the raw water system, which is discussed below.
7-acre neighborhood park	677,977	767,622	(89,645)	This reduction was based on the removal of the water resources fee from the park budget. The water is being provided by the raw water system, which is discussed below.

Community Amenity South

600,000

745,140

(145,140)

This reduction was based on the removal of the water resources fee from the park budget. The water is being provided by the raw water system, which is discussed below. In addition there was some savings by combining the amenity with the 7-acre neighborhood park.

Community Center contribution  
 raw water system

500,000  
 1,625,563

500,000  
 0

0  
 1,625,563

No change fixed number.  
 As anticipated in the annexation agreement the project has been able to integrate a raw water system for the irrigation of the parks & open spaces including the Community Center. The combination of cost of infrastructure for the system and reduction in water yield from the native water sources increased from the water resources costs originally included within the park specific budgets.

Water -

w/ above

Sanitary -

w/ above

Sewer connection

65,000

65,000

0

n/a

Drainage / Ditch Piping

1,135,830

1,270,836

(135,006)

A portion of the offsite drainage that it was believed to be necessary to convey through Filing No. 2 had been previously rerouted south of Erie Commons with another development, providing the associated savings.

In roadways

w/ above

16,551,933

13,374,892

3,177,041



**EXHIBIT 2**

**Amended Financial Plan**

**11/19/04**

**Erie Commons Metropolitan Districts No.1 and No. 2**

**Forecasted Statements**

**Sources and Uses of Funds**

**For the Years Ending**

**December 31, 2004 through 2043**

**Erie Commons Metropolitan Districts No. 1 and No. 2**  
Erie, Colorado

Summary of Significant Assumptions and Accounting Policies  
December 31, 2004 through 2043

The following forecast presents, to the best of the Petitioner's knowledge and belief, the expected cash receipts and disbursements for the forecast period. Accordingly, the forecast reflects the Petitioner's judgment as of November 19, 2004. The assumptions disclosed herein are those that the Petitioner believes are significant to the forecast. 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.

The purpose of this forecast is to show the amount of funds available for construction of infrastructure within the Districts by the issuance of promissory notes to the Developer and the anticipated funds available for repayment of the promissory notes.

The Petitioner anticipates the formation of two (2) Title 32 Special Districts.

**Note 1. Ad Valorem and Specific Ownership Taxes**

Residential property is currently assessed at 8.00% of actual value. The market values of residential units within the District will range from \$220,000 to \$360,000 and will vary based upon the type of unit, development location and lot size. Market values are inflated at 4% per year commencing in the third year of buildout of all units. Commercial property is currently assessed at 29% of actual value. The market value of commercial property within the District assumes a total of 317,000 square feet at a value of \$85 per square foot.

Property is assumed to be assessed annually as of January 1. Residences are assumed to be assessed on January 1 of the year following the year of construction. The forecast of property tax revenue recognizes the related revenue in the subsequent year.

The Weld County Treasurer currently charges a 1.5% fee for the collection of property taxes on the assessed property and improvements. These charges are reflected in the accompanying forecasts as Treasurer's fees.

The forecast assumes that Specific Ownership Taxes collected on motor vehicle registrations will be 5.0% of property taxes collected.

The mill levy proposed to be imposed by the Districts is initially projected to be 40.00 mills, based upon the above assessment ratios. This levy is used to pay construction financing debt service, general obligation debt service and operating expenses of the District

**Note 2. Interest Income**

Revenues received by the Districts are assumed to be invested, until expended, at a rate of 2.0%. Interest income earned is based on the beginning cash balance each year and includes an estimate of the timing of the receipt of other revenues and the disbursement of funds during the year.

**Note 3. Bond Issuance Assumptions**

District No. 1 will issue its promissory notes based upon the need for construction, operating and debt service funds for the project. The Developer will advance funds to the District for these purposes in exchange for the District's promissory notes. The promissory notes will bear a variable interest rate, estimated at 8.5%. District No. 1 has already issued \$3,250,000 of its five-year promissory notes to private investors at an interest rate of 7.5%. District No. 2 will issue bonds to refund the promissory notes of District No. 1, and these bonds will be general obligation bonds of the developed district. The mill levy is projected to not exceed 40.00 mills to pay debt service obligations and operating expenses of the District, based upon the above assessment ratios. The general obligation bonds will be issued in denominations of \$5,000 or multiples thereof and will bear an estimated interest rate of 5.5%.

**Note 4. Operating Expenses**

Operating expenses for legal, accounting, audit and management are forecast to be \$30,000 per year. Operating expenses are inflated at a constant rate of 4.0% per year over the life of the forecast.

**Note 5. Construction Costs**

Construction costs of infrastructure are estimated to be \$17,051,539.













ERIE COMMONS METROPOLITAN DISTRICTS									
FINANCING AND VALUATION									
		THROUGH							
		9/30/2004	2004	2005	2006	2007	2008	2009	
<b>CONSTRUCTION FINANCING:</b>									
Beginning balance			(55,828)	-	5,950,000	4,800,000	10,750,000	14,450,000	16,650,000
Draws			55,828	5,950,000	4,800,000	3,700,000	2,200,000	-	-
Repayments			-	-	-	-	-	(9,600,000)	-
Ending balance		(55,828)	-	5,950,000	10,750,000	14,450,000	16,650,000	7,050,000	
<b>INTEREST RESERVE - PRIVATE INVESTOR:</b>									
Beginning balance			455,624	439,174	187,505				
Deposits		455,000	105,000	43,000	92,000				
Earnings		624	624	5,732	698				
Payouts			(122,075)	(300,400)	(280,204)				
Ending balance		455,624	439,174	187,505	(0)				
<b>GENERAL OBLIGATION BONDS:</b>									
Beginning balance			-	-	-	-	-	-	-
Proceeds			-	-	-	-	-	-	15,000,000
Repayments			-	-	-	-	-	-	-
Ending balance			-	-	-	-	-	-	15,000,000
<b>ASSESSED VALUATION:</b>									
Beginning valuation			-	-	-	-	-	-	-
Increase from inflation			-	-	-	-	-	-	-
Increase from building			-	-	-	-	-	-	-
Ending valuation			-	-	1,393,074	7,965,050	17,139,097	26,310,549	
<b>ABSORPTION:</b>									
Assessed valuation increase					1,393,074	6,571,976	8,799,722	8,797,127	
Cumulative assessed valuation					1,393,074	7,965,050	16,764,772	25,561,899	
<b>DEBT TO ASSESSED RATIO:</b>									
Outstanding G.O. debt								15,000,000	
% Debt to assessed								57.01%	









<b>ERIE COMMONS METROPOLITAN DISTRICT</b>	
<b>FINANCING AND VALUATION</b>	
<b>CONSTRUCTION FINANCING:</b>	
Beginning balance	-
Draws	-
Repayments	-
Ending balance	-
<b>INTEREST RESERVE - PRIVATE INVESTOR:</b>	
Beginning balance	
Deposits	
Earnings	
Payouts	
Ending balance	
<b>GENERAL OBLIGATION BONDS:</b>	
Beginning balance	853,200
Proceeds	-
Repayments	(853,200)
Ending balance	-
<b>ASSESSED VALUATION:</b>	
Beginning valuation	270,655,185
Increase from inflation	15,115,373
Increase from building	-
Ending valuation	285,770,559
<b>ABSORPTION:</b>	
Assessed valuation increase	
Cumulative assessed valuation	-
<b>DEBT TO ASSESSED RATIO:</b>	
Outstanding G.O. debt	-
% Debt to assessed	0.00%

**EXHIBIT 3**

**Erie Resolution of Approval For First Amendment**

**RESOLUTION NO. 05-02**

**RESOLUTION OF THE TOWN OF ERIE APPROVING THE FIRST AMENDMENT TO THE CONSOLIDATED SERVICE PLAN FOR ERIE COMMONS METROPOLITAN DISTRICT NOS. 1 AND 2**

**WHEREAS**, on July 8, 2003, the Town of Erie ("Town") adopted and approved Resolution No. 03-42 approving the June 30, 2004, Consolidated Service Plan ("Service Plan") for Erie Commons Metropolitan District Nos. 1 and 2 (the "Districts"); and

**WHEREAS**, a First Amendment to the Consolidated Service Plan ("First Amendment") was filed in the office of the Town Clerk; and

**WHEREAS**, subsequent to the 2003 Service Plan approval, cost estimates for the Districts' construction and provision of the public capital infrastructure have increased resulting in a need to increase the Districts' debt limit, as defined in the Service Plan, so that the Districts are able to fully finance, acquire, construct, install and otherwise provide such infrastructure needs of the development; and

**WHEREAS**, pursuant to the Special District Control Act ("Act"), material modification of the Service Plan may be made by the Districts upon petition to and approval by the Town's Board of Trustees in substantially the same manner as is provided for the approval of the original Service Plan; and

**WHEREAS**, the Board of Trustees has reviewed the First Amendment, the evidence and related exhibits and has determined that the same, along with the approved Service Plan, meets the conditions necessary under the Act for approval, and therefore, has determined to conduct a public hearing on the matter, which has been properly noticed, and adopt a resolution of approval of the First Amendment, subject to the conditions set forth herein.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF ERIE, COLORADO, AS FOLLOWS:**

Section 1. The above and foregoing recitals are incorporated herein by reference and are adopted as findings and determinations of the Board of Trustees.

Section 2. The Board of Trustees further finds and determines that all of the requirements of the Act relating to the filing of the First Amendment have been fulfilled and that notice of the public hearing was given in an acceptable time and manner.

Section 3. Upon consideration of the First Amendment, and all the facts appearing at the public hearing thereon, the Board of Trustees does find, determine and declare as follows:

A. That there is sufficient existing and projected need for the organized service in the area to be served by the Districts; and

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

C. That the Districts are capable of providing economical and sufficient service to the area within the boundaries, the service area, or both; and

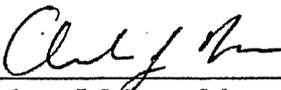
D. That the area within the Districts has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis; and

Section 4. The First Amendment shall be and the same is hereby approved.

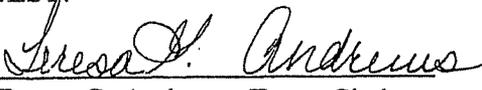
Section 5. The Town's approval of the First Amendment is neither a waiver of nor a limitation upon any power that the Town is legally permitted to exercise with respect to the property subject to the Districts.

**RESOLUTION ADOPTED AND APPROVED THIS 4<sup>th</sup> DAY OF JANUARY 2005.**

**TOWN OF ERIE,**  
a Colorado municipal corporation

By:   
Andrew J. Moore, Mayor

ATTEST:

By:   
Teresa G. Andrews, Town Clerk