

SERVICE PLAN
FOR
INVERNESS NORTH METROPOLITAN DISTRICT

Arapahoe County, Colorado

Prepared for Inverness Associates, LLC

By

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I. INTRODUCTION

A. Overview

This Service Plan, submitted in accordance with Part 2 of the Special District Act (§ 32-1-201, *et seq.*, C.R.S.), sets forth a proposal for the formation of **Inverness North Metropolitan District** (the “District”), intended to serve that area which is coextensive with the boundaries of the newly proposed transit-oriented community known as “Inverness North” located entirely within Arapahoe County, Colorado.

The Project consists of transit-oriented development combining moderate to high-density housing and complementary office/retail/commercial uses, located entirely within the Inverness Business Park. Development of transit-supportive mixed uses within a business-park setting present certain challenges that require increased inter-governmental coordination on a regional and local level. The District is being created to foster such inter-governmental coordination, as its primary function will be to coordinate, administer, operate and maintain Public and Common Improvements for property owners and residents within the District. The District is being created in order to ensure that a consistent level of services is provided to the District over time.

The District will be formed to assist in the funding, integration and coordination of metropolitan district services and facilities within and without the boundaries of the District. Using funds provided by and through the District, it will administer, coordinate and provide Project-related services and facilities, including but not limited to contracting for services with Inverness Water and Sanitation District and Inverness Metropolitan Improvement District.

Inverness Water and Sanitation District will provide water, sanitary sewer, and storm sewer services and facilities to the Project, and the Inverness Metropolitan Improvement District will provide certain services and facilities to the Project including but not limited to maintenance and repair of private streets, maintenance of common area landscaping, and snowplowing. In accordance with Section 32-1-202(2)(g), C.R.S., Section VI of this Service Plan includes a general description of the agreements with Inverness Water and Sanitation District and Inverness Metropolitan Improvement District.

B. Service Area, Configuration and Boundaries

The District Boundaries and Service Area includes approximately 40 acres. The District Boundary Map, a legal description of the boundaries of the Service Area, and a preliminary site plan are attached as **Exhibit A**.

At build-out of the initial service area, it is anticipated that the District will contain approximately 800 single family attached and multi-family units, as well as some limited commercial development. The District is currently undeveloped. To date the land has been assessed at agricultural rates. At build-out of the 800 residential units and limited commercial within the Service Area (projected to be completed by 2010), the expected assessed valuation is estimated at \$18,000,000.

It is anticipated that other residential sites within the Inverness Business Park may be included into the District, pursuant to the procedures set forth at Section 32-1-401 *et seq.*, C.R.S. Inclusions of additional residentially-zoned property within the Inverness Business Park, if any, will occur pursuant to this statutory procedure, and an amendment to this Service Plan shall not be required.

C. Existing Services and Districts

There are currently no other governmental entities, including the County, located in the immediate vicinity of the Project that consider it desirable, feasible, or practical to undertake the coordination, administration or provision of Public and Common Improvements required for the Project. Formation of the District is therefore necessary in order for the Public and Common Improvements to be delivered in the most economic manner possible.

The Service Area has been excluded from Inverness Water and Sanitation District and Inverness Metropolitan Improvement District (the “Existing Districts”), and orders to this effect have been obtained from the Arapahoe County District Court. As set forth in Section I.A., the Existing Districts will provide certain services and facilities of benefit to the Project.

The **Inverness North Metropolitan District** is being formed to address the special needs of the Project, namely the residential component of the planned transit-oriented development. Since their respective formation, the Existing Districts have, and will continue to, focus their respective efforts on the provision of facilities and services to commercial users in the Inverness Business Park. The District is being created in order to ensure that facilities and services are provided to the Project that are responsive to and sensitive to the needs of medium to high density residential uses, including but not limited to covenant control and enhanced landscape maintenance services.

D. Objective of the County Regarding the Service Plan

The County's objective in approving the Service Plan for the District is to authorize the District to provide for the coordination, administration, planning, design, acquisition, installation, operation and maintenance of the Public and Common Improvements of multiple developments from the proceeds of property tax mill levies authorized by the District in order to support high quality transit-oriented development within an urbanized portion of the County. This Service Plan is intended to establish a limited purpose for the District and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the operation and maintenance of Public and Common Improvements associated with the Project.

The District shall be authorized to finance the operation and maintenance of Public and Common Improvements that can be funded from an operating mill levy which shall not exceed the Maximum Operating Mill Levy. It is the intent of this Service Plan to assure to the extent possible that no commercial or residential property bear an economic burden that is greater in amount than that associated with the Maximum Operating Mill Levy.

E. Consultants

The assumptions contained within this Service Plan were derived from a variety of sources. Information regarding the present status of property within the District, as well as the current status and projected future level of services, was obtained from Inverness Associates, LLC. Legal advice in the preparation of this Service Plan was provided by Grimshaw and Harring, P.C., which represents numerous special districts.

II. DEFINITIONS

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

Approved Development Plan: means the final development plan(s) or final platting for the Service Area, as approved by the County pursuant to the County Code and as amended pursuant to the County Code from time to time.

Board: means the board of directors of the District.

BOCC: means the Board of County Commissioners of Arapahoe County, Colorado.

County: means Arapahoe County, Colorado.

County Code: means the Land Development Code of Arapahoe County, Colorado, as the same may be amended from time to time.

District: means the **Inverness North Metropolitan District**.

District Boundary Map: means the map attached hereto as **Exhibit A**, describing the initial boundaries of the Districts.

Existing Districts: means the Inverness Water and Sanitation District and the Inverness Metropolitan Improvement District.

Maximum Operating Mill Levy: means the maximum mill levy the District is permitted to impose against all taxable property within its boundaries for the payment of costs associated with the coordination, administration, planning, design, acquisition, installation, operation and maintenance of the Public and Common Improvements.

Project or Inverness North: means the development commonly referred to as Inverness North.

Public and Common Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, installed, operated and maintained as generally described in the Special District Act, and as more specifically identified in Section V, to serve the future taxpayers and inhabitants of the District as determined by the Board. Public and Common Improvements shall also mean and refer to a part or all of the services authorized to be planned, designed, financed, coordinated, administered, operated, provided or maintained as generally described in the Special District Act.

Service Area: means the property within the District Boundary Map.

Service Plan: means this service plan for the District approved by the BOCC.

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

State: means the State of Colorado.

III. PROJECT DESCRIPTION

A. General

The overall design theme of Inverness North is a transit-oriented, mixed use development. The Service Area of the District will contain approximately 800 single-family attached and multi-family residential units as well as complementary office/retail/commercial uses located over 40 acres. The District is located within the Inverness Business Park and is within an urbanized portion of the County.

B. Vicinity

The Project is located in Arapahoe County, Colorado, approximately 10 miles south and east of downtown Denver. The District is located near the intersection of East Dry Creek Road and Inverness Drive West. A vicinity map is attached hereto as **Exhibit B**.

IV. DESCRIPTION OF PROPOSED METROPOLITAN DISTRICT SERVICES

A. Need for Metropolitan District

The property contained within the Service Area presently consists of undeveloped land. As set forth above, formation of the District is necessary in order to provide for operation and maintenance of Public and Common Improvements in the most economic manner possible.

B. General Service Authority

The District will have the power and authority to provide all services authorized by the Special District Act. Any one or a number of the Public and Common Improvements described below may be provided, operated and maintained by the District, either within or without the District. It is intended, in any event, that the District will operate and maintain all facilities not dedicated to or owned by the County or other appropriate jurisdiction or governmental entity.

(1) Sanitation and Storm Drainage

The design, acquisition, installation, operation and maintenance of storm or sanitary sewers, or both, flood and surface drainage improvements including but not limited to water quality ponds and other storm water facilities, culverts, dams, retaining walls, access ways, inlets, detention ponds and paving, roadside swales and curb and gutter, treatment and disposal works and facilities, 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. Although the District will have this authority, Inverness Water and Sanitation District will be the sole provider of sanitary and storm sewer service in the District.

(2) Water

The design, acquisition, installation, operation and maintenance of a complete water and irrigation water system including but not limited to water rights, water supply, water quality, treatment, storage, transmission and distribution systems for domestic and other public or private purposes, together with all necessary and proper reservoirs, treatment works and facilities, wells, water rights, equipment and appurtenances incident thereto which may include, but shall not be limited to, transmission lines, distribution mains and laterals, storage facilities, land and easements, together with

extensions of and improvements to said systems. Although the District will have this authority, Inverness Water and Sanitation District will be the sole provider of domestic water service in and to the District.

(3) Streets

The design, acquisition, installation, operation and maintenance 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, as well as sidewalks, bridges, parking facilities, paving, lighting, grading, streetscaping or landscaping, undergrounding of public utilities, snow removal equipment, or tunnels and other street improvements, together with all necessary, incidental and appurtenant facilities, signage, land and easements, and all necessary extensions of and improvements to said facilities. Although the District will have this authority, it is currently anticipated that Inverness Metropolitan Improvement District will provide much of the above services to the District.

(4) Traffic and Safety Controls

The design, acquisition, installation, operation and maintenance of traffic and safety protection facilities and services through traffic and safety controls and devices on arterial streets and highways, as well as other facilities and improvements including but not limited to signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities. The District will dedicate all traffic and safety protection facilities to the County for ownership and maintenance of such facilities in accordance with County criteria. Although the District will have this authority, the Inverness Metropolitan Improvement District will provide the above services to the District.

(5) Parks and Recreation

The design, acquisition, installation, operation and maintenance of public park and recreation facilities or programs including but not limited to grading, soil preparation, sprinkler systems, playgrounds, bike and hiking trails, pedestrian trails, pedestrian bridges, picnic areas, 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. It is not expected that the County will assume any of these duties or obligations. Although the District will have this authority, it is currently anticipated that Inverness Metropolitan Improvement District and/or the Arapahoe County Recreation District will provide some of the above services to the District.

(6) Television Relay and Translation

The design, acquisition, installation, operation and maintenance of television relay and translation facilities, including communications facilities together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities and systems within and without the boundaries of the District.

(7) Mosquito Control

The design, acquisition, installation, operation and maintenance of systems and methods for the elimination and control of mosquitoes.

(8) Covenant Enforcement

The provision of covenant enforcement and design review services for the “Inverness Restrictive Covenants” within the District shall be through the Inverness Metropolitan Improvement District, pursuant to the terms of a contract between Inverness Metropolitan Improvement District and Inverness Associates, LLC. Additional covenants which may be filed against the property by the property owners or developers (“Additional Covenants”) may be enforced by the District per the agreement with any such Additional Covenants. In accordance with Section 32-1-1004(8)(b), such covenant enforcement and design review services provided within the District shall be financed by revenues generated by the District.

(9) Legal Powers.

The powers of the District will be exercised by the Board 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.

C. Service Plan Amendment Requirement

This Service Plan is general in nature and does not include specific detail in some instances because development plans have not been finalized. The Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances without the need for numerous amendments. Modification of the general types of services and facilities making up the Public and Common Improvements, and changes in proposed configurations, locations or dimensions of the Public and Common Improvements shall be permitted to accommodate development needs consistent with the then-current Approved Development Plan for the Project. The District is an independent unit of local government, separate and distinct from the County, and its activities are subject to review by the County only insofar as they may deviate in a material manner from the requirements of this Service Plan.

V. DESCRIPTION OF FACILITIES AND IMPROVEMENTS

The District will be permitted to exercise its statutory powers and authority as set forth herein to finance, acquire, operate and maintain the Public and Common Improvements either directly or by contract. Where appropriate, the District will contract with various public and/or private entities to undertake such functions.

General information for each type of improvement needed for the District is set forth below. The Public and Common Improvements will be designed in conformance with the criteria and standards of the County, the Approved Development Plan, Inverness Water and Sanitation District, and Inverness Metropolitan Improvement District, as applicable.

The following sections contain descriptions of general design standards applicable to the Public and Common Improvements which may be operated and maintained by the District.

A. General Design Standards

For consistency, Public and Common Improvements will be designed and installed by the District in conformance with current standards of the County, Inverness Water and Sanitation District, and Inverness Metropolitan Improvement District, as applicable. Designs and contract documents prepared for improvements must be reviewed and approved by the District and must be in accordance with the applicable standards and specifications as set forth herein.

(1) Storm Drainage and Wastewater Systems.

_____ The sanitary sewer lines will be designed and installed to conform to the current standards and recommendations of the Colorado Department of Health, the County, and rules and regulations adopted by the District and Inverness Water and Sanitation District. This system will be connected to the existing Inverness Water and Sanitation District system by way of force mains and transmission lines. In addition to sanitary sewer systems and facilities, the Inverness Water and Sanitation District plans to install, operate and maintain the necessary storm drainage system to serve the Development. The proposed elements of the storm drainage system will provide a network of culverts, roadside swales, pipes, detention and water quality ponds, inlet and outlet structures, and curb and gutter designed and installed in accordance with applicable regulatory standards and sound engineering judgment. The Inverness Water and Sanitation District will, where necessary, dedicate drainage easements to the County giving the County the right to enter and maintain the storm drainage system to the extent such improvements are not maintained by the Inverness Water and Sanitation District.

All major storm drainage facilities will be designed to conform to the Water Quality Standards of the County, the rules and regulations of Inverness Water and Sanitation District, and the applicable standards of the Urban Drainage and Flood Control District, if any.

All wastewater facilities will be constructed, operated and maintained under management of Inverness Water and Sanitation District, which will charge system users for its services in accordance with its stated rules and regulations, as the same may be amended from time to time. The billing process will be the responsibility of Inverness Water and Sanitation District.

(2) Water System.

(a) Overall Plan.

The water system will be comprised of a water distribution system consisting of buried water mains, fire hydrants, booster pumps, water well pumps, reservoirs, 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. All major elements of the water facilities will be designed, installed, operated and maintained by the Inverness Water and Sanitation District. The billing process will be the responsibility of Inverness Water and Sanitation District.

(b) 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. The proposed water system shall be constructed in compliance with any rules, regulations or standards established by the State and Inverness Water and Sanitation District. 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 applicable fire protection requirements. The development plan for the proposed water system is yet to be specifically designed.

(3) Street System and Traffic Safety.

(a) General.

The District proposes to operate and maintain a collector and local street system to serve the Development. The existing and proposed elements of the street system will provide a network of local streets to serve the flow of traffic within the District. All facilities will be designed and installed in accordance with the Approved Development Plan, other applicable County standards, the rules and regulations of Inverness Metropolitan Improvement District, and all other applicable regulatory standards and sound engineering judgment.

(b) Streets.

All street and roadway improvements will be designed and installed to conform to the Approved Development Plan, the County's standards and specifications, and any rules and regulations adopted by the Inverness Metropolitan Improvement District. In the event that interior streets are privately owned, the District may take responsibility for operation and maintenance of such streets unless otherwise approved at the time of final platting by the County.

(c) Landscaping.

The District may install and if it does shall maintain landscaping along the internal streets and entry features at major entrances in accordance with the Approved Development Plan and other applicable County criteria.

(4) Park and Recreation.

Any park and recreational facilities and/or services that the District determines to undertake will be constructed in accordance with plans and specifications approved by the County. All park and recreational facilities will be constructed in accordance with the Approved Development Plan, applicable County standards, or the standards of other local public entities having jurisdiction, as applicable, including but not limited to the Arapahoe County Recreation District. The District shall retain responsibility for operation and maintenance of facilities and improvements they fund and/or construct unless otherwise approved at the time of final platting by the County. It is not expected that the County will assume any of these duties or obligations.

VI. PROPOSED AND EXISTING AGREEMENTS

A. Water and Sewer Service

Generally, Inverness Water and Sanitation District will provide water, wastewater and storm drainage services to the Project pursuant to the terms of an Exclusion and Service agreement between Inverness Water and Sanitation District and Inverness Associates, LLC. The agreement establishes a mechanism whereby the District will participate in the future capital projects of Inverness Water and Sanitation District, including but not limited to capital improvements of a regional nature. As the agreement referenced herein will constitute a multiple fiscal year obligation of the District, it is anticipated that said agreement will be approved by the District's qualified electorate at the organizational election. A copy of the Exclusion and Service Agreement by and between Inverness Water and Sanitation District and Inverness Associates, LLC, has been provided to the BOCC.

The agreement requires any and all development occurring within the Service Area to comply with Inverness Water and Sanitation District's rules and regulations, as the same may be amended from time to time. Thus, Best Management Practices (BMPs) of Inverness Water and Sanitation District shall apply to the Project.

B. Street and Landscape Maintenance Service

Generally, Inverness Metropolitan Improvement District will provide street and landscape maintenance services to the District pursuant to the terms of an Exclusion and Service agreement between Inverness Metropolitan Improvement District and Inverness Associates, LLC. The agreement establishes a mechanism whereby the District will participate in the future capital projects of Inverness Metropolitan Improvement District, including but not limited to capital improvements of a regional nature. As the agreement referenced herein will constitute a multiple fiscal year obligation of the District, it is anticipated that said agreement will be approved by the District's qualified electorate at the organizational election. A copy of the Exclusion and Service Agreement by and between Inverness Metropolitan Improvement District and Inverness Associates, LLC, has been provided to the BOCC

The agreement establishes a mechanism whereby the Project will participate in the funding of the pedestrian overpass of Inverness Drive West and certain light rail station access improvements at the Dry Creek Station, improvements necessary to support the transit-oriented development within the Service Area.

C. Other Agreements/Authority

All such agreements must be for services and agreements lawfully authorized to be provided by the District, pursuant to Colorado Constitution, Article XIV, Section 18 (2)(a) and Sections 29-1-201, et seq., C.R.S. To the extent practicable, the District may enter into additional intergovernmental and private agreements to better ensure long-term provision of the Public and Common Improvements and effective management thereof. Agreements may also be executed with property owner associations and other service providers, as applicable.

VII. FINANCIAL PLAN

A. General

The District shall be authorized to provide for the coordination, administration, planning, design, acquisition, installation, operation and maintenance of the Public and Common Improvements from its revenues. The Financial Plan for the District shall be to collect property taxes as operating revenues derived from the Maximum Operating Mill Levy, and other legally available revenues. 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 Section 32-1-1001(1), C.R.S., as amended from time to time. An estimated operations and maintenance budget, including an estimate of revenues versus expenditures and assessed value of the Project is attached to this Service Plan as **Exhibit C**.

While this Service Plan vests the District with authority to design and construct the Public and Common Improvements, the primary purpose of the District is to provide for the continued operation and maintenance of the Public and Common Improvements associated with the Project. The Existing Districts have responsibility for design and construction of core infrastructure required for the Project, as set forth in the Exclusion and Service Agreements referenced in Section VI.A. and VI.B., above.

B. Maximum Operating Mill Levy

The "Maximum Operating Mill Levy" shall be the maximum mill levy the District is permitted to impose for payment of costs associated with the coordination, administration, planning, design, acquisition, installation, operation and maintenance of the Public and Common Improvements. The Maximum Operating Mill Levy shall be twenty-five (25) mills; provided that if, on or after January 1, 2005, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such operating costs of the District may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2005, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

C. Operations and Maintenance Repayment Sources

The District may impose the Maximum Operating Mill Levy on taxable property within its boundaries as a primary source of revenue. The District also may rely upon various other revenue sources authorized by law. At the District's discretion, these may include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time., provided that such fees or charges shall be reasonably related to the District's costs incurred in providing facilities or services. In no event shall the operating mill levy in the District exceed the Maximum Operating Mill Levy.

D. TABOR Compliance

The District will comply with the provisions of Article X, Section 20 of the Colorado Constitution (the "Taxpayers' Bill of Rights" or "TABOR"). In the discretion of the Board, 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 the Board.

E. District's Operating Costs

The estimated cost of engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations, are anticipated not to exceed \$100,000.00, which will be eligible for reimbursement from proceeds generated by the operating mill levy. The District will require operating funds for administration and to plan and cause the Public and Common Improvements to be operated and maintained. As shown in **Exhibit C**, the first year's operating budget is estimated not to exceed \$100,000.00. Until sufficient tax base exists within the District, such initial operating and formation costs shall be provided by Inverness Associates, LLC and/or other landowners within the District in the form of developer advances and/or loans.

To the extent that the cost of District operations and maintenance cannot be met from the revenues derived from reasonable operating levies, as determined by the Board, the Board shall have the authority vested by this Service Plan and Section 32-1-1001 of the Special District Act to fix and from time to time to increase or decrease fees, rates, tolls, penalties, or charges for services, programs, or facilities furnished by the District. Until paid, all such fees, rates, tolls, penalties, or charges shall constitute a perpetual lien on and against the property served, and any such lien may be foreclosed in the manner provided by the laws of the State of Colorado.

F. Elections

The District shall call an election on the questions of setting in place the proposed financial structure as required by TABOR. This election will be conducted as provided in the Uniform Election Code of 1992, the Municipal Election Code, and TABOR.

The ballot shall deal with the following topics (in several questions, but not necessarily using the exact divisions shown here):

1. Approval of taxes;
2. Approval of a maximum operational mill levy;
3. Approval of the Exclusion and Service Agreements with the Existing Districts;
4. Approval of a total revenue limit;
5. Approval of fiscal year spending limits; and
6. Elimination of term limits.

VIII. ANNUAL REPORT

A. General

To the extent required by the Special District Act, the District shall be responsible for submitting an annual report to the BOCC (or any other official from time to time designated by the

BOCC) no later than August 1st of each year following the year in which the Order and Decree creating the District has been issued.

B. Reporting of Significant Events

The annual report shall include information as to any of the following:

- (1) Boundary changes made or proposed to the District's boundary as of December 31st of the prior year.
- (2) Intergovernmental Agreements with other governmental entities, either entered into or proposed as of December 31st of the prior year.
- (3) Copies of the District's rules and regulations, if any, as of December 31st of the prior year.
- (4) A summary of any litigation which involves the District's Public and Common Improvements as of December 31st of the prior year.
- (5) A list of all Public and Common Improvements operated and maintained by the District that have been dedicated to and accepted by the County as of December 31st of the prior year.
- (6) The assessed valuation of the District for the current year.
- (7) Current year budget, including a description of the Public and Common Improvements to be operated and maintained in such year.
- (8) Audit of the District's financial statements for the year ending December 31st of the previous year, prepared in accordance with generally accepted accounting principles, or audit exemption, if applicable.
- (9) Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

IX. DISCLOSURE

Inverness Associates, LLC and the District will take steps to ensure that the developers of the property located within the District provide adequate written notice at the time of closing to initial purchasers of land in the District regarding the existence of any additional taxes, charges, or assessments which may be imposed in connection with the District.

X. RESOLUTION OF APPROVAL

The District agrees to incorporate the County's Resolution of Approval, including any conditions on such approval, into the Service Plan presented to the District Court.

XI. CONCLUSIONS

It is submitted that this Service Plan for Inverness North Metropolitan District has satisfied the required criteria of Section 32-1-203(2) and (2.5). *The District's responses to the required statutory criteria appear in italics.*

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

At build-out, the Development will consist of approximately 800 residential units and some limited commercial development. There are currently no other entities in existence in the Development which have the ability to undertake the coordination, administration, planning, design, acquisition, installation, operation and maintenance of the Public and Common Improvements required for the Project. It is the Owner's understanding that Arapahoe County regulations generally require the Owner and/or developer to be responsible for improvements in the nature of the Public and Common Improvements contemplated by this Service Plan.

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

There are currently no other entities in existence in Inverness North which have the ability or willingness to undertake the coordination, administration, planning, design, acquisition, installation, operation and maintenance of the Public and Common Improvements required for the Project. It is the Owner's understanding that Arapahoe County regulations generally require the Owner and/or developer to be responsible for improvements and services in the nature of the Public and Common Improvements contemplated by this Service Plan. The Service Plan will allow the District to assume responsibilities for the Public and Common Improvements designated herein.

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

As shown in Section VII, the Financial Plan, and Exhibit C to this Service Plan, the District's projected 800 residential units and limited non-residential development can support the District's services contemplated herein. As demonstrated herein, the District can provide these services economically under a single administrative and maintenance umbrella.

(d) The area included in the District does have, and will have, the financial ability to fund operations and maintenance of the Public and Common Improvements on a reasonable basis;

As shown in Section VII, the Financial Plan, and Exhibit C to this Service Plan, the projected assessed value of the District's projected 800 residential units and limited non-residential development will allow the District to pay its projected costs associated with the operations and maintenance of the Public and Common Improvements.

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

Arapahoe County does not intend to provide specific services for Inverness North. No other existing municipal or quasi-municipal corporations, including the Existing Districts, intend to provide the full

scope of services that the District intends to provide Inverness North within a reasonable time or on a comparable basis. The scope of services to be provided and the long-term operation and maintenance of the Public and Common Improvements makes the District a logical provider of services.

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

Based on the types of services proposed, the standards of the District either meet or exceed the facility and service standards of Arapahoe County.

(g) The proposal is in substantial compliance with a master plan adopted pursuant to Section 30-28-108, C.R.S.;

The Service Plan is in conformance with the Arapahoe County Comprehensive Plan (2001) for the Project and for the types of improvements anticipated to be coordinated, administered, planned, designed, acquired, installed, operated and maintained by the District, as contemplated herein.

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

All storm drainage, sanitary sewer and irrigation facilities and services will be operated and maintained in accordance with all local, state and federal water quality rules, regulations and laws. The Owner is not aware of any conflict with this statute provision under any duly adopted county, regional, or state long-range water quality management plan for the area.

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

The District is coextensive with the planned transit-oriented development known as Inverness North. The District is being formed to assist in the coordination, administration, planning, design, acquisition, installation, operation and maintenance of metropolitan district services and facilities both within and without the boundaries of the District. The creation of the District will be in the best interests of the future residents of Inverness North.

Therefore, it is requested that the Board of County Commissioners of Arapahoe County, which has jurisdiction to approve this Service Plan by virtue of Section 32-1-204, *et seq.*, C.R.S., as amended, adopt a resolution which approves this Service Plan for the Project as submitted.

XII. LIST OF EXHIBITS

Exhibit A: District Boundary Map, Legal Description, and Preliminary Site Plan

Exhibit B: Vicinity Map

Exhibit C: Estimated Operations and Maintenance Budget

Exhibit A
District Boundary Map, Legal Description and Preliminary Site Plan

Exhibit B
Vicinity Map

Exhibit C
Estimated Operations and Maintenance Budget