

Reata South Metropolitan District
Financial Statements
Year Ended December 31, 2020
with
Independent Auditor's Report

C O N T E N T S

	<u>Page</u>
<u>Independent Auditor's Report</u>	i
<u>Management Discussion and Analysis</u>	iii - vi
<u>Basic Financial Statements</u>	
Balance Sheet/Statement of Net Position - Governmental Funds	1
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities - Governmental Funds	2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	3
Notes to Financial Statements	4
<u>Supplemental Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	22
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	23

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Reata South Metropolitan District
Douglas County, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of Reata South Metropolitan District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Reata South Metropolitan District, as of December 31, 2020, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages iii to vi be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of legal compliance and additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Greenwood Village, Colorado
September 28, 2021

**Reata South Metropolitan District
Unincorporated Douglas County, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

As management of the Reata South Metropolitan District, unincorporated Douglas County, Colorado (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our annual audited financial statements.

Reata South Metropolitan District was established in 2005 as a special district proposed to serve the needs of a residential planned development in unincorporated Douglas County, Colorado, generally known as the Colorado Golf Club or Reata South Planned Development (the Development). The District remained inactive for all intents and purposes until 2007 when the infrastructure of the Development was conveyed to the District and general obligation bonds were issued to pay for a portion of the improvements that were transferred to the District.

Accordingly, the activity presented in these financial statements represents all material activity for the District since its inception in 2005.

Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets at the close of the most recent fiscal year by \$30,501,570 (net position deficit). Of total assets, \$15,608,893 was capital assets (net of accumulated depreciation) of the District and may not be used to meet the District's ongoing obligations to citizens and creditors.
- The District's cash increased by \$216,860 during 2020. Overall, the District's total net position decreased by \$1,775,359 primarily due to expenses exceeding property tax revenue, accrual of interest, operating services fees not collected within 60 days of year end and depreciation expense. It should be noted the District recognized depreciation expense (a non-cash expense) in the amount of \$845,313 during 2020. Excluding the charge for depreciation expense, net position decreased by \$930,046.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's governmental-type fund financial statements are comprised of three components: 1) basic financial statements, 2) notes to the financial statements and 3) required supplementary information that provides comparisons of budget to actual on the US GAAP (Generally Accepted Accounting Principles in the United States of America) budgetary basis.

Government-wide financial statements. The Government-wide Financial Statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows or resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements present activities that are intended to recover all or a significant portion of their costs through property and specific ownership taxes, and fees. The government-wide financial statements can be found on pages 1 through 2 of the financial statements.

Notes to the financial statements - the notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets by \$30,501,570 at the close of the most recent fiscal year.

By far the largest portion of the District's net position is invested in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

District Net Position

	<u>12/31/2020</u>	<u>12/31/2019</u>
Current assets	\$ 2,000,238	\$ 1,904,635
Restricted assets	1,706,344	1,476,676
Capital assets, net of accumulated depreciation	<u>15,608,893</u>	<u>16,454,206</u>
Total assets	<u>19,315,475</u>	<u>19,835,517</u>
Long-term obligations:		
General Obligation Bonds	19,436,338	19,441,646
Funding Agreement	12,266,051	12,266,051
Letter of Credit Draw	2,925,530	2,925,530
Accrued interest payable	13,778,372	12,596,397
Other liabilities	<u>24,354</u>	<u>34,124</u>
Total liabilities	<u>48,430,645</u>	<u>47,263,748</u>
Deferred property tax revenue	<u>1,386,400</u>	<u>1,297,980</u>
Total deferred inflows	1,386,400	1,297,980
Invested in capital assets	(19,019,026)	-
Restricted	21,895	(11,112,835)
Unrestricted	<u>(11,504,439)</u>	<u>(17,613,376)</u>
Total net position(deficit)	<u>\$ (30,501,570)</u>	<u>\$ (28,726,211)</u>

Change in the District's Net Position

	<u>Year Ended</u> <u>December 31,</u> <u>2020</u>	<u>Year Ended</u> <u>December 31,</u> <u>2019</u>
User charges:		
Facility Fees	\$ 12,000	\$ 6,000
Property and specific ownership taxes	1,407,158	830,571
Operating service fee	572,360	567,269
Other	<u>16,554</u>	<u>50,328</u>
Total revenues	<u>2,008,072</u>	<u>1,454,168</u>
Expenses		
Operating	1,530,194	1,519,933
Debt service	<u>2,253,237</u>	<u>2,246,514</u>
Total expenses	<u>3,783,431</u>	<u>3,766,447</u>
Other Financing Sources (Uses)		
Decrease in net position	(1,775,359)	(2,312,279)
Net position – beginning of year	<u>(28,726,211)</u>	<u>(26,413,932)</u>
Net position – end of year	<u><u>\$ (30,501,570)</u></u>	<u><u>\$ (28,726,211)</u></u>

Capital Asset and Debt Administration

Capital assets – The District's investment in capital assets for its government-type activities as of December 31, 2020, is \$15,608,893 (net of accumulated depreciation). The investment in capital assets includes land, land improvements, buildings, equipment, leasehold improvements, and vehicles.

District Capital Assets

	<u>12/31/2020</u>	<u>12/31/2019</u>
Land	\$ 2,620	\$ 2,620
Streets	15,602,120	16,445,482
Landscape improvements	<u>4,153</u>	<u>6,104</u>
Total	<u><u>\$ 15,608,893</u></u>	<u><u>\$ 16,454,206</u></u>

Long-term debt – In 2018, the District refunded the Series 2007A Bonds for the General Obligation Refunding Bonds Series 2018. This lowered the interest rates to between 5.375% and 5.500% from the rate of 7.250% paid on the Series 2007A Bonds. At the end of the current fiscal year, the District had general obligation debt outstanding for construction of the Development infrastructure in the amount of \$19,330,000 which matures December 1, 2047. The total amount due on the Debt Service Guaranty Agreement is \$2,925,530 and accrued interest of \$933,389. The District, also, had a funding agreement with the developer comprised of \$12,266,051 in principal and accrued interest totaling \$12,757,036. Additional information on the District's long-term debt can be found in Note 4 of the footnotes.

Board of Directors Emphasis for the 2020 and 2021 budget years

The District concentrated on implementing policies and procedures necessary to provide expected services to the Development. The District's infrastructure was substantially completed in prior years.

In developing the budget for the 2021 fiscal year, the District is imposing a 53.054 mill levy to service the bond debt and a 5.305 mill levy to pay a portion of the operating expenses. An operating service fee on each property will be assessed to cover expenditures in excess of the mill levy. The proposed operating service fees in the 2021 budget is \$597,450 and tax revenues are budgeted to be \$126,028 for operations and \$1,260,372 for debt service. Operating expenses are budgeted to be \$731,708 and \$21,895 for an emergency reserve. Interest on the District debt is budgeted to be \$1,055,369 and the principal payments on the Series 2018 Bonds do not commence until December 1, 2026. The General Fund ending fund balance reflects \$186,500 as of December 31, 2021, reserved for future road maintenance. The Debt Service Fund ending balance is budgeted to be \$1,942,628 which is the surplus fund of the 2018 Bonds.

Factors Affecting Financial Condition

The housing market continues to be robust in the Reata South Metro District, resulting in an increase in the assessed valuation from the construction and completion of many new residential units within the boundaries of the District. That, along with the Refinanced Series 2018 Bonds which lowered the interest rate to 5.375 – 5.5%, over a 2% decrease in the interest rate, have resulted in the District's ability to meet the scheduled repayment of the 2018 Bonds. In 2022, the District is budgeted to show a positive net income minus expense in the Debt Service Fund, thus increasing the Year End fund balance. The Developer Guaranty which the District was required to draw on previously to meet Bond repayment obligations has been terminated as a result of the refinancing of the Bonds. Principal and Interest as shown on the Balance Sheet are still obligations of the District.

Steps taken by the Board to Increase Forecasted Revenues

On September 23, 2014, the District entered into a Purchase and Sale Agreement with Betts Lake, LLC (the "Buyer"). The Buyer agreed to purchase approximately 38 acres of the District's Open Space area. The resulting increased density will benefit the District from both the agreed upon proceeds from the sale of additional lots platted in this area and the increase in assessed valuation resulting in increased tax revenue. The rezoning of this area was approved by Douglas County in 2020, designating two segments: (i) nine (9) custom lots along the north side of Preservation Trail; and (ii) the Village area, which will include 34 patio homes and 3 additional custom lots. The Village area is north and east of the intersection of Preservation Trail and Forest Keep Circle. The County approved the final plat of the nine custom lots in April 2021 and infrastructure construction began in September 2021. The final plat for the Village area will be presented to the County by the end of 2021.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

District Accountant – Reata South Metropolitan District
Simmons & Wheeler P.C.
304 Inverness Way South, Suite 490
Englewood, CO 80112

Reata South Metropolitan District

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and investments	\$ 522,726	\$ -	\$ 522,726	\$ -	\$ 522,726
Cash and investments - restricted	21,895	1,684,449	1,706,344	-	1,706,344
Accounts receivable:					
Cash with county treasurer	912	9,125	10,037	-	10,037
Taxes receivable	126,028	1,260,372	1,386,400	-	1,386,400
Operating service fees	67,658	-	67,658	-	67,658
Prepaid expenses	13,417	-	13,417	-	13,417
Capital assets not being depreciated	-	-	-	2,620	2,620
Capital assets, net of accumulated depreciation	-	-	-	15,606,273	15,606,273
Total Assets:	\$ 752,636	\$ 2,953,946	\$ 3,706,582	15,608,893	19,315,475
LIABILITIES					
Accounts payable	\$ 24,354	\$ -	\$ 24,354	-	24,354
Accrued interest	-	-	-	13,778,372	13,778,372
Long-term liabilities:					
Due in more than one year	-	-	-	34,627,919	34,627,919
Total Liabilities	24,354	-	24,354	48,406,291	48,430,645
DEFERRED INFLOWS OF RESOURCES					
Property tax revenue	126,028	1,260,372	1,386,400	-	1,386,400
Total Deferred Inflows of Resources	126,028	1,260,372	1,386,400	-	1,386,400
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable:					
Prepays	13,417	-	13,417	(13,417)	-
Restricted:					
Emergencies	21,895	-	21,895	(21,895)	-
Debt service	-	1,693,574	1,693,574	(1,693,574)	-
Assigned:					
Street repairs	166,500	-	166,500	(166,500)	-
Subsequent year's expenditures	400,442	-	400,442	(400,442)	-
Total Fund Balances	602,254	1,693,574	2,295,828	(2,295,828)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 752,636	\$ 2,953,946	\$ 3,706,582		
Net Position:					
Net investment in capital assets				(19,019,026)	(19,019,026)
Restricted for:					
Emergencies				21,895	21,895
Unrestricted				(11,504,439)	(11,504,439)
Total Net Position				\$ (30,501,570)	\$ (30,501,570)

The notes to the financial statements are an integral part of these statements.

Reata South Metropolitan District
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	Statement of Activities
EXPENDITURES					
Accounting / Audit	\$ 26,324	\$ -	\$ 26,324	\$ -	\$ 26,324
Legal	14,030	-	14,030	-	14,030
Security Personnel	253,650	-	253,650	-	253,650
District manager	94,315	-	94,315	-	94,315
Payroll taxes	30,010	-	30,010	-	30,010
Payroll processing fee	6,570	-	6,570	-	6,570
Workers' comp insurance	17,513	-	17,513	-	17,513
Security equip/supplies	6,478	-	6,478	-	6,478
Access control operating system	23,179	-	23,179	-	23,179
Vehicle registration / lease payments	5,376	-	5,376	-	5,376
Fuel/repair/equip	4,674	-	4,674	-	4,674
Building maintenance	5,500	-	5,500	-	5,500
Landscape maintenance - entries	16,971	-	16,971	-	16,971
Irrigation water	8,062	-	8,062	-	8,062
Insurance (incl: vehicles)	12,989	-	12,989	-	12,989
Office expense	2,933	-	2,933	-	2,933
Utilities - electric	11,372	-	11,372	-	11,372
Utilities - cell phone	2,080	-	2,080	-	2,080
Gate repair/maintenance	7,275	-	7,275	-	7,275
Monument maintenance	3,060	-	3,060	-	3,060
Miscellaneous	1,177	-	1,177	-	1,177
Pest control	40,215	-	40,215	-	40,215
Landscape improvements	5,928	-	5,928	-	5,928
Weed control:					
Mowing	11,000	-	11,000	-	11,000
Spraying	5,950	-	5,950	-	5,950
Streets-sweeping & maintenance	28,257	-	28,257	-	28,257
Streets-snow removal	17,335	-	17,335	-	17,335
Trail maintenance	760	-	760	-	760
Lake maintenance	19,219	-	19,219	-	19,219
Memberships-Special Districts Pool	909	-	909	-	909
Treasurer fees	1,770	17,701	19,471	-	19,471
Interest expense	-	1,055,369	1,055,369	1,176,667	2,232,036
Trustee fees	-	3,500	3,500	-	3,500
Depreciation	-	-	-	845,313	845,313
Total Expenditures	<u>684,881</u>	<u>1,076,570</u>	<u>1,761,451</u>	<u>2,021,980</u>	<u>3,783,431</u>
PROGRAM REVENUES					
Operating service fees	572,360	-	572,360	-	572,360
Facility fees	-	12,000	12,000	-	12,000
Total Program Revenues	<u>572,360</u>	<u>12,000</u>	<u>584,360</u>	<u>-</u>	<u>584,360</u>
Net Program Income (Expenses)	(112,521)	(1,064,570)	(1,177,091)	(2,021,980)	(3,199,071)
GENERAL REVENUES					
Property taxes	117,739	1,177,458	1,295,197	-	1,295,197
Specific ownership taxes	10,178	101,783	111,961	-	111,961
Interest income	605	15,739	16,344	-	16,344
Miscellaneous income	210	-	210	-	210
Total General Revenues	<u>128,732</u>	<u>1,294,980</u>	<u>1,423,712</u>	<u>-</u>	<u>1,423,712</u>
NET CHANGES IN FUND BALANCES	16,211	230,410	246,621	(246,621)	
CHANGE IN NET POSITION				(1,775,359)	(1,775,359)
FUND BALANCES/NET POSITION:					
BEGINNING OF YEAR	<u>586,043</u>	<u>1,463,164</u>	<u>2,049,207</u>	<u>(30,775,418)</u>	<u>(28,726,211)</u>
END OF YEAR	<u>\$ 602,254</u>	<u>\$ 1,693,574</u>	<u>\$ 2,295,828</u>	<u>\$ (32,797,398)</u>	<u>\$ (30,501,570)</u>

The notes to the financial statements are an integral part of these statements.

Reata South Metropolitan District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 117,992	\$ 117,739	\$ (253)
Specific ownership taxes	9,980	10,178	198
Operating service fees	569,000	572,360	3,360
Interest income	1,500	605	(895)
Miscellaneous income	3,000	210	(2,790)
Total Revenues	701,472	701,092	(380)
EXPENDITURES			
Accounting / Audit	28,500	26,324	2,176
Election expenses	5,000	-	5,000
Legal	20,000	14,030	5,970
Security Personnel	251,320	253,650	(2,330)
District manager	92,820	94,315	(1,495)
Payroll taxes	26,327	30,010	(3,683)
Payroll processing fee	7,000	6,570	430
Workers' comp insurance	14,163	17,513	(3,350)
Security equip/supplies	5,840	6,478	(638)
Access control operating system	21,387	23,179	(1,792)
Vehicle registration / lease payments	5,500	5,376	124
Fuel/repair/equip	5,000	4,674	326
Building maintenance	5,500	5,500	-
Landscape maintenance - entries	17,000	16,971	29
Irrigation water	6,000	8,062	(2,062)
Insurance (incl: vehicles)	14,430	12,989	1,441
Office expense	2,000	2,933	(933)
Utilities - electric	9,500	11,372	(1,872)
Utilities - cell phone	1,800	2,080	(280)
Gate repair/maintenance	6,000	7,275	(1,275)
Monument maintenance	2,500	3,060	(560)
Miscellaneous	1,000	1,177	(177)
Pest control	40,000	40,215	(215)
Landscape improvements	5,000	5,928	(928)
Weed control:			
Mowing	16,000	11,000	5,000
Spraying	8,000	5,950	2,050
Sidewalk repair & maintenance	1,000	-	1,000
Streets-sweeping & maintenance	25,350	28,257	(2,907)
Streets-snow removal	15,000	17,335	(2,335)
Storm Drain Maintenance/Erosion Control	4,000	-	4,000
Trail maintenance	1,000	760	240
Lake maintenance	15,000	19,219	(4,219)
Memberships-Special Districts Pool	1,000	909	91
Treasurer fees	1,770	1,770	-
Contingency	427,285	-	427,285
Emergency reserve	20,398	-	20,398
Total Expenditures	1,129,390	684,881	444,509
NET CHANGE IN FUND BALANCE	(427,918)	16,211	444,129
FUND BALANCE:			
BEGINNING OF YEAR	594,418	586,043	(8,375)
END OF YEAR	\$ 166,500	\$ 602,254	\$ 435,754

The notes to the financial statements are an integral part of these statements.

Reata South Metropolitan District

Notes to Financial Statements

December 31, 2020

1: Summary of significant accounting policies:

The accounting policies of the Reata South Metropolitan District (the “District”), located in Douglas County, Colorado, (the “County”), conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

The District was organized in November 2005, as a quasi-municipal organization established under the State of Colorado Special District Act. The District was established to finance and construct certain public infrastructure improvements that benefit the citizens of the District. The District's primary revenues are property taxes. The District is governed by an elected Board of Directors.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB, Statement No. 61, *The Financial Reporting Entity: Omnibus, which amended* GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

The District employs security personnel and a facility manager; all other functions are contracted.

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

Reata South Metropolitan District

Notes to Financial Statements December 31, 2020

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

Reata South Metropolitan District

Notes to Financial Statements
December 31, 2020

The District reports the following governmental funds:

General fund – is the general operating fund of the District. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Debt service fund – accounts for the accumulation of resources for the repayment of long-term debt.

Budgetary Accounting

Budgets are adopted on a GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end.

Assets, Liabilities, Deferred Inflows/Inflows of Resources and Net Position:

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Reata South Metropolitan District

Notes to Financial Statements

December 31, 2020

Estimates

The preparation of financial statements in conformity with US GAAP requires District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interfund balances

Activities between funds are representative of lending/borrowing arrangements outstanding at the end of the year are reported as “internal balances” on the Statement of Net Position. Transactions that transfer revenue/expenditures between funds are reported as “transfer to/from other funds” on the Statement of Activities. These amounts are eliminated in the applicable statements.

Property taxes

Property taxes are levied by the District’s Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayers' election, in February and June. Delinquent taxpayers are notified in July or August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. The deferred property taxes are recorded as revenue in the subsequent year when they are available or collected.

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Reata South Metropolitan District

Notes to Financial Statements

December 31, 2020

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	30 years
Landscaping	10 years
Vehicles, equipment and computer equipment	5 years

Deferred inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of items that qualify for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Reata South Metropolitan District

Notes to Financial Statements

December 31, 2020

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as prepaids or inventory) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$13,417 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$21,895 of the General Fund balance has been restricted in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$1,693,574 is restricted for the payment of the debt service costs associated with the Series 2018 Bonds (see Note 4).

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

The assigned fund balance in the General Fund of \$166,500 represents amounts to be used for street repairs and the amount of \$400,442 represents the amount appropriated for use in the budget for the year ending December 31, 2021.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Reata South Metropolitan District

Notes to Financial Statements

December 31, 2020

Net position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows or resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restrict net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organization such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

2. Cash and investments:

As of December 31, 2020, cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 522,726
Cash and investments - Restricted	<u>1,706,344</u>
Total	<u>\$ 2,229,070</u>

Cash and investments as of December 31, 2020, consist of the following:

Deposits with financial institutions	\$ 266,352
Investments - COLOTRUST	1,661,808
Investments - CSAFE	<u>300,910</u>
	<u>\$ 2,229,070</u>

Reata South Metropolitan District

Notes to Financial Statements

December 31, 2020

Deposits:

Custodial Credit Risk

The Colorado Public Deposit Protection Act, ("PDPA") requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

Investments:

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method (NAV) per share

Reata South Metropolitan District

Notes to Financial Statements
December 31, 2020

As of December 31, 2020, the District had the following investments:

COLOTRUST

The local government investment pool, Colorado Local Government Liquid Asset Trust (“COLOTRUST”) is rated AAAM by Standard & Poor’s with a weighted average maturity of under 60 days. COLOTRUST is an investment trust/joint ventures established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. The trusts operate similarly to a money market fund with each share maintaining a value of \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both investments consist of U.S. Treasury bills and notes and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Designated custodian banks provide safekeeping and depository services to the trusts. Substantially all securities owned by the trusts are held by the Federal Reserve Bank in the accounts maintained for the custodian banks. The custodians’ internal records identify the investments owned by COLOTRUST. At December 31, 2020, the District had \$1,661,808 invested in COLOTRUST. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

CSAFE

The local government investment pool Colorado Surplus Asset Fund Trust (“CSAFE”) is rated AAAM by Standard and Poor’s with a weighted average maturity of under 60 days. CSAFE records its investments at amortized cost and the District records its investments in CSAFE using the amortized cost method. CSAFE is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE’s portfolio pursuant to custodian agreements. The custodian acts as safekeeping agent for CSAFE’s investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodians’ internal records identify the investments owned by CSAFE. At December 31, 2020, the District had \$300,910 invested in CSAFE.

Reata South Metropolitan District

Notes to Financial Statements
December 31, 2020

Credit Risk

The District's investment policy requires that the District follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Reata South Metropolitan District

Notes to Financial Statements
December 31, 2020

3. Capital assets:

Capital asset activity for the year ended December 31, 2020, was as follows:

<u>Governmental Type Activities:</u>	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>
<i>Capital assets not being depreciated:</i>				
Land and buildings	\$ 2,620	\$ -	\$ -	\$ 2,620
Total capital assets not being depreciated	<u>2,620</u>	<u>-</u>	<u>-</u>	<u>2,620</u>
<i>Capital assets being depreciated:</i>				
Streets	25,300,874	-	-	25,300,874
Equipment	50,426	-	-	50,426
Computer Equipment	7,460	-	-	7,460
Landscape Improvement	16,568	-	-	16,568
Vehicles	<u>12,085</u>	<u>-</u>	<u>-</u>	<u>12,085</u>
Total capital assets being depreciated	25,387,413	-	-	25,387,413
<i>Accumulated Depreciation:</i>				
Streets	(8,855,392)	(843,362)	-	(9,698,754)
Equipment	(49,306)	(1,120)	-	(50,426)
Computer Equipment	(7,460)	-	-	(7,460)
Landscape Improvement	(11,584)	(831)	-	(12,415)
Vehicles	<u>(12,085)</u>	<u>-</u>	<u>-</u>	<u>(12,085)</u>
Total accumulated depreciation	<u>(8,935,827)</u>	<u>(845,313)</u>	<u>-</u>	<u>(9,781,140)</u>
Net capital assets being depreciated	<u>16,451,586</u>	<u>(845,313)</u>	<u>-</u>	<u>15,606,273</u>
Government type assets, net	<u>\$ 16,454,206</u>	<u>\$ (845,313)</u>	<u>\$ -</u>	<u>\$ 15,608,893</u>

The District retains the right to maintain ownership in certain facilities and/or retain responsibility for operations and maintenance.

Reata South Metropolitan District

Notes to Financial Statements
December 31, 2020

4. Long-term debt:

The District issued bonds to provide funds for the acquiring, designing, constructing, relocating, installing, and completing water, sanitation, street, and parks and recreation improvements and facilities.

Changes in long - term debt obligations for the year ended December 31, 2020, are as follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020	Current Portion
<i>General Obligation Bonds</i>					
General Obligation Bonds - 2018	\$ 19,330,000	\$ -	\$ -	\$ 19,330,000	\$ -
Original issue premium	111,646	-	5,308	106,338	-
Total	19,441,646	-	5,308	19,436,338	-
<i>Other - Developer Advances</i>					
Funding agreement	12,266,051	-	-	12,266,051	-
Developer guaranty agreement	2,925,530	-	-	2,925,530	-
Total	15,191,581	-	-	15,191,581	-
Total Debt	\$ 34,633,227	\$ -	\$ 5,308	\$ 34,627,919	\$ -

General Obligation Refunding Bonds Series 2018

On March 6, 2018, the District issued the Limited Tax General Obligation Refunding Bonds Series 2018, (the "Series 2018 Bonds"), in the amount of \$19,330,000, for refunding of the outstanding Limited Tax General Obligation Bonds Series 2007A. The Series 2018 Bonds are term bonds due on December 1, 2047. The Series 2018 Bonds bear interest at rates between 5.375% and 5.500%, payable semiannually on each June 1 and December 1, commencing on June 1, 2018. The Series 2018 Bonds are secured by Pledged Revenues including a Required Mill Levy, Specific Ownership Taxes, Facility Fees, and other legally available funds that the District deems appropriate. The District is required to impose a mill levy of 50 mills, adjusted for changes in the calculations of assessed valuations, until the Surplus Fund exceeds \$3,866,000 or the ratio of outstanding debt to assessed valuation is 50% or less. The District realized a net present value savings of \$2,536,539 by refunding the Series 2007A Bonds.

Reata South Metropolitan District

Notes to Financial Statements
December 31, 2020

The Series 2018 Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, on December 1, 2023, and on any date thereafter, upon payment of the principal amount so redeemed plus accrued interest thereon to the date of redemption, without redemption premium, upon payment of par, accrued interest, and a redemption premium of a percentage of the principal amount so redeemed, as follows:

Date of Redemption	Redemption Premium
December 1, 2023, to November 30, 2024	3.00%
December 1, 2024, to November 30, 2025	2.00
December 1, 2025, to November 30, 2026	1.00
December 1, 2026 and thereafter	0.00

Accrued interest at December 31, 2020, on the Series 2018 Bonds was \$87,947.

The District's annual debt service requirements to maturity for the Series 2018 Bonds are as follows:

	Principal	Interest	Total
2021	\$ -	\$ 1,055,369	\$ 1,055,369
2022	-	1,055,369	1,055,369
2023	-	1,055,369	1,055,369
2024	-	1,055,369	1,055,369
2025	-	1,055,369	1,055,369
2026-2030	1,885,000	5,094,362	6,979,362
2031-2035	2,860,000	4,486,450	7,346,450
2036-2040	4,145,000	3,584,575	7,729,575
2041-2045	5,830,000	2,272,325	8,102,325
2046-2047	4,610,000	428,725	5,038,725
	<u>\$ 19,330,000</u>	<u>\$ 21,143,282</u>	<u>\$ 40,473,282</u>

Reata South Metropolitan District

Notes to Financial Statements
December 31, 2020

Debt Service Guaranty Agreement

The District entered into a Debt Service Guaranty Agreement (the “2007 Guaranty”) dated August 1, 2007, with Colorado Golf Club, LLC (the “Developer”) and Colorado State Bank & Trust (“2007 Trustee”). The Developer agreed to guarantee the payment of the principal and interest on the Series 2007A Bonds in the amount of \$6,500,000. Subsequently, this amount was reduced to \$3,250,000 in the form of a Letter of Credit. In 2014, the Letter of Credit was cashed out by the Developer, with the proceeds held by the 2007 Trustee to be used by the District for shortfalls in debt service payments on the Series 2007A Bonds. The repayment of the 2007 Guaranty funds to the Developer is subordinate to the General Obligation Bonds. In 2018, the District redeemed the Series 2007A Bonds with proceeds from the issuance of the Series 2018 Bonds, and the remaining funds from the 2007 Guaranty were no longer needed. As of December 31, 2020, the District had used \$2,925,530 of such funds to make debt service payments on the original Series 2007A Bonds. Accrued interest as of December 31, 2020, is \$933,389. The District still has the obligation to repay this principal and interest to the Developer.

Funding Agreement - Developer

On February 9, 2006, the District entered into a Funding Agreement with the Developer, whereby the Developer agreed to loan the District one or more sums of money not to exceed \$29,000,000 for capital expenses and certain operating expenses. The advances bear simple interest at a rate of 8% per annum from the date any advance is made. During 2011, Betts Lake, LLC, in its capacity as the sole member of CGC Real Estate, LLC and CGC Real Estate II, LLC, became the successor in interest to the Developer’s interest in the Funding Agreement. The Funding Agreement is subordinate to the General Obligation Bonds. The collection of any revenues to repay the agreement is at the Board’s discretion and is subject to annual appropriation by the Board in any given year. The Funding Agreement terminates on Dec. 1, 2036, at which time all terms and provisions of this Agreement, including the provisions related to repayment shall terminate completely and unconditionally. The principal balance as of December 31, 2020 was \$12,266,051 with accrued interest of \$12,757,036.

5. Debt Authorization:

In 2005, the electors of the District authorized the issuance of indebtedness of \$135,450,000 for public improvements. As of December 31, 2020, the amount of debt authorized by the District’s electorate but unissued was \$112,850,000. The District has not budgeted to issue any new debt in 2021. Per the District’s Service Plan, the District cannot issue debt in excess of \$19,350,000.

Reata South Metropolitan District

Notes to Financial Statements
December 31, 2020

6. Agreements:

Purchase and Sale Agreement

On September 23, 2014, the District entered into a Purchase and Sale Agreement with Betts Lake, LLC (the “Buyer”), pursuant to which the Buyer agreed to purchase approximately 38 acres of Reata Open Space land. The resulting increased density will consist of two distinct areas: (i) nine (9) custom lots (each a “Custom Lot”) along the north side of Preservation Trail; and (ii) the Village lots comprised of 34 single family cluster homes (each a “Village Lot”) and three (3) custom lots (each a “Custom Lot”) northwest of the intersection of Preservation Trail and Forest Keep Circle. The purchase will be on a lot-by-lot basis consisting of Village Lots and Custom Lots. When the Buyer sells a Village Lot to a third-party buyer before public improvements on the lot, the Buyer will pay the District \$40,000 per Village Lot. If a Village Lot is sold after public improvements on the lot have been completed, then the Buyer will pay the District 20% of the gross sales price per lot. The District will receive from the Buyer 20% of the gross sales price for the Custom Lots as they are sold to third-party buyers. The Buyer received Douglas County rezoning approval in 2020 for both the Village Lots and Custom Lots. The Buyer’s final plat submission for the 9 Custom Lots along Preservation Trail was approved by Douglas County in April 2021. The Buyer anticipates plat submission and approval of the Village Lots and the three remaining Custom Lots by the end of 2021 or early 2022.

Facility fees

Facility Fees were imposed and collected by the District in the amount of \$2,000 per residential lot and \$.50 per square foot of constructed commercial building. The fees are due and payable pursuant to the Fee Resolution as follows: i) residential lots purchased prior to January 1, 2007 are due on the date that the water connection permit for a building improvement is issued, ii) residential lots purchased after January 1, 2007 are due on the date of conveyance of such lots, and iii) commercial building fees are due on the date of issuance of water connection permit. The fees are paid or remitted to the District to be applied to fund the costs of construction, completion, maintenance, or replacement of the Facilities, including the payment of the Bonds used for financing of Facilities. In 2020, the District received \$12,000 in Facility Fee Revenue.

Reata South Metropolitan District

Notes to Financial Statements
December 31, 2020

7. Risk Management:

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public officials’ liability, and property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. No distributions were made during the year ended December 31, 2020.

8. Tax, spending and debt limitations:

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (“TABOR”), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year’s Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

Reata South Metropolitan District

Notes to Financial Statements
December 31, 2020

On November 1, 2005, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements:

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds payable and accrued bond interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities.

SUPPLEMENTAL INFORMATION

Reata South Metropolitan District

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND

For the Year Ended December 31, 2020

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Facility fees	\$ -	\$ 12,000	\$ 12,000
Property taxes	1,179,988	1,177,458	(2,530)
Specific ownership taxes	82,599	101,783	19,184
Interest income	<u>30,000</u>	<u>15,739</u>	<u>(14,261)</u>
Total Revenues	<u>1,292,587</u>	<u>1,306,980</u>	<u>14,393</u>
EXPENDITURES			
Interest expense	1,055,369	1,055,369	-
Trustee fees	10,000	3,500	6,500
Treasurers fees	<u>17,707</u>	<u>17,701</u>	<u>6</u>
Total Expenditures	<u>1,083,076</u>	<u>1,076,570</u>	<u>6,506</u>
NET CHANGE IN FUND BALANCE	209,511	230,410	20,899
FUND BALANCE:			
BEGINNING OF YEAR	<u>1,428,288</u>	<u>1,463,164</u>	<u>34,876</u>
END OF YEAR	<u>\$ 1,637,799</u>	<u>\$ 1,693,574</u>	<u>\$ 55,775</u>

The notes to the financial statements are an integral part of these statements.

Reata South Metropolitan District

SUMMARY OF ASSESSED VALUATION, MILL LEVY AND PROPERTY TAXES COLLECTED

December 31, 2020

Year Ended <u>December 31,</u>	Prior Year Assessed Valuation for Current Year Property <u>Tax Levy</u>	<u>Mills Levied</u>		<u>Total Property Tax</u>		<u>Percent Collected to Levied</u>
		<u>General Fund</u>	<u>Debt Service</u>	<u>Levied</u>	<u>Collected</u>	
2007	\$ 4,434,170	45.000	0.000	\$ 199,538	\$ 199,537	100.00%
2008	\$ 8,303,900	10.000	40.000	\$ 415,195	\$ 418,548	100.81%
2009	\$ 20,390,300	10.000	40.000	\$1,019,515	\$ 890,706	87.37%
2010	\$ 26,229,470	10.000	40.000	\$1,311,474	\$ 1,311,471	100.00%
2011	\$ 26,792,560	10.000	40.000	\$1,339,628	\$ 1,339,855	100.02%
2012	\$ 15,678,560	5.000	50.000	\$ 862,321	\$ 848,895	98.44%
2013	\$ 16,021,120	5.000	50.000	\$ 881,162	\$ 875,070	99.31%
2014	\$ 14,280,955	5.000	50.000	\$ 785,453	\$ 771,288	98.20%
2015	\$ 14,237,820	5.000	50.000	\$ 783,080	\$ 783,080	100.00%
2016	\$ 14,596,380	5.000	50.000	\$ 802,801	\$ 802,801	100.00%
2017	\$ 14,827,420	5.000	50.000	\$ 815,508	\$ 815,509	100.00%
2018	\$ 13,063,460	5.266	52.664	\$ 756,766	\$ 756,766	100.00%
2019	\$ 14,312,600	5.291	52.916	\$ 833,094	\$ 747,012	89.67% (1)
2020	\$ 22,372,410	5.274	52.734	\$1,297,780	\$ 1,295,197	99.80%
Estimated for year ending December 31, 2021	\$ 23,756,390	5.305	53.054	\$1,386,400		

NOTES:

Property taxes collected in any one year include collection of delinquent property taxes levied and/or abatements or valuations in prior years. Information received from the County Treasurer does not permit identification of specific year assessment.

(1) In 2019, there were some abatements within the boundaries of the District resulting in a net reduction of revenue by \$84,735.



GRANTED

The moving party is hereby **ORDERED** to provide a copy of this Order to any parties who have entered an appearance in this action within 10 days from the date of this order.

Thomas J. Curry

Thomas J. Curry
District Court Judge

DATE OF ORDER INDICATED ON ATTACHMENT

**DISTRICT COURT, DOUGLAS COUNTY,
STATE OF COLORADO**

Court Address: Douglas County Justice Center
4000 Justice Way, Suite 2009
Castle Rock, CO 80109

Phone Number: 303-663-7200

**IN RE THE ORGANIZATION OF REATA SOUTH
METROPOLITAN DISTRICT**

Paul R. Cockrel, #1964
Collins Cockrel & Cole
390 Union Blvd., Suite 400
Denver, Colorado 80228-1556
Telephone: (303) 986-1551
Facsimile: (303) 986-1755
E-Mail: pcockrel@cccfirm.com

**DISTRICT COURT
STATE OF COLORADO } ss.
Douglas County.**

CERTIFIED to be a full, true and correct copy of the original in my custody.

JAN 13 2006

CHERYL A. LAYNE

Clerk of the District Court

By *Margaret Aycock* Deputy



▲ COURT USE ONLY ▲

Case No.: 05CV1481

Div.: Ctrm.: 1

**FINDINGS, ORDER AND DECREE CREATING THE
REATA SOUTH METROPOLITAN DISTRICT**

This matter coming before the Court upon the filing of the Canvass Board's Certificate of Official Abstract of Votes Cast, which document relates to an election held on November 1, 2005, pursuant to the Order for Organizational Election entered by this Court on October 7, 2005, at which election there was submitted to the eligible electors the question of the organization of Reata South Metropolitan District ("District"); the election of Directors thereof; ballot issues as required by Article X, Section 20 of the Colorado Constitution, requesting authorization for debt and tax increases, and authorization to collect, retain and spend all revenues generated thereby; and a ballot question requesting the elimination of Director term limitations imposed by Article XVIII, Section 11 of the Colorado Constitution. Now this Court, having considered the documentary evidence and being fully advised in the premises, does hereby FIND:

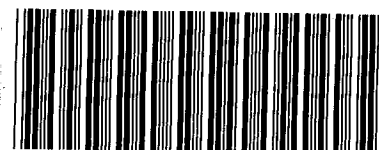
1. That the question of the organization of the District, the election of Directors thereof, and appropriate ballot issues and ballot questions were submitted to the eligible electors at an election duly held at the time and place specified in the Order for Organizational Election.
2. That the required Notice of Election was duly published in compliance with the Order of Organizational Election and in accordance with all statutory requirements.
3. That all ballots were cast at the election by eligible electors of the District.

OFFICIAL RECORDS
DOUGLAS COUNTY CO
CAROLE R. MURRAY
CLERK & RECORDER
RECORDING FEE:

\$36.00
7 PGS

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01/18/2006 02:13 PM



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4. That the Canvass Board has duly certified its election returns to this Court as required by law, which returns show the election results to be as follows:

BALLOT QUESTION 5A

FOR the Organization of Reata South Metropolitan District	Five (5)
AGAINST the Organization of Reata South Metropolitan District	Zero (0)

BALLOT ISSUE 5B

FOR an increase in taxes of \$75,000 annually	Five (5)
AGAINST an increase in taxes of \$75,000 annually	Zero (0)

BALLOT ISSUE 5C

FOR authorization to collect, retain and spend all revenue generated	Five (5)
AGAINST authorization to collect, retain and spend all revenue generated	Zero (0)

BALLOT ISSUE 5D

FOR an increase in debt of \$19,350,000	Five (5)
AGAINST an increase in debt of \$19,350,000	Zero (0)

BALLOT ISSUE 5E

FOR an increase in debt of \$19,350,000	Five (5)
AGAINST an increase in debt of \$19,350,000	Zero (0)

BALLOT ISSUE 5F

FOR an increase in debt of \$19,350,000	Five (5)
AGAINST an increase in debt of \$19,350,000	Zero (0)

BALLOT ISSUE 5G

FOR an increase in debt of \$19,350,000	Five (5)
AGAINST an increase in debt of \$19,350,000	Zero (0)

BALLOT ISSUE 5H

FOR an increase in debt of \$19,350,000	Five (5)
AGAINST an increase in debt of \$19,350,000	Zero (0)

BALLOT ISSUE 5I

FOR an increase in debt of \$19,350,000	Five (5)
AGAINST an increase in debt of \$19,350,000	Zero (0)

BALLOT ISSUE 5J

FOR an increase in debt of \$19,350,000	Five (5)
AGAINST an increase in debt of \$19,350,000	Zero (0)

BALLOT ISSUE 5K

FOR an increase in debt of \$19,350,000	Five (5)
AGAINST an increase in debt of \$19,350,000	Zero (0)

BALLOT QUESTION 5L

FOR the elimination of Board member term limits	Five (5)
AGAINST the elimination of Board member term limits	Zero (0)

5. That a majority of the votes cast at such election were in favor of the organization of the District and all ballot issues and the ballot question submitted.

6. That the results of the election of Directors of the District for terms to expire at the next regular election in May, 2006, were as follows:

<u>Candidates</u>	<u>Votes</u>
Jeanne Goosmann	Five (5)
Michael McGetrock	Five (5)

7. That the results of the election of Directors of the District for terms to expire at the second regular election in May, 2008, were as follows:

<u>Candidates</u>	<u>Votes</u>
Dwight Bainbridge	Five (5)
Amy Davis	Five (5)
Richard Buckton	Five (5)

8. That the legal description of the boundaries of the District, as set forth in Exhibit A attached hereto and incorporated herein by this reference, is legally sufficient to give notice to all persons of the District's boundaries for all purposes relating to this organization and relating to all other functions or activities of the District.

9. That such election was held in accordance with the provisions of Articles 1 through 13, Title 1, C.R.S., Article 1, Title 32, C.R.S., and all other applicable provisions of law. All of the requirements of Article 1, Title 32, C.R.S., have been complied with, met and performed in the organization of the District.

The Court being fully advised in this matter, it is therefore ORDERED, ADJUDGED AND DECREED:

10. That this Court has jurisdiction in all matters pertaining to this action as provided by law.

11. That the Canvass Board's Certificate of Official Abstract of Votes Cast filed herein hereby is, in all respects, approved and confirmed.

12. That the District has been, and is hereby declared to be, duly organized and is hereby named, and shall be known as "Reata South Metropolitan District."

13. That the District is located within the County of Douglas, Colorado, and a description of the boundaries of the District and the territory to be included therein is attached hereto as Exhibit A. Further, a map of the District, Resolution of the Board of County Commissioners of Douglas County, Colorado, approving the Service Plan, and a copy of the approved Service Plan are all on file with the Court and are incorporated into this Order and Decree by this reference.

14. That the following are the names of the electors of the District who were elected and are therefore designated to serve on the first Board of Directors of the District:

Term to expire May, 2006:

Jeanne Goosmann
Michael McGetrick

Terms to expire May, 2008:

Dwight Bainbridge
Amy Davis
Richard Buckton

15. That the District shall be a quasi-municipal corporation and a political subdivision of the State of Colorado with all the powers of a metropolitan district as provided by law, and that the facilities, services, and financial arrangements of the District shall conform as far as practicable to the approved Service Plan and Resolution of Approval of the Reata South Metropolitan District Service Plan adopted by the Board of County Commissioners of Douglas County, Colorado.

16. That within thirty (30) days after the date hereof, the District shall transmit to the Douglas County Clerk and Recorder a certified copy of this Findings, Order and Decree. The same shall be recorded by the Douglas County Clerk and Recorder and shall be filed with the Division of Local Government, and a map of the District shall be filed with the Douglas County Assessor and Division of Local Government.

17. That the above-named duly elected and designated members of the Board of Directors of the District shall qualify for office and organize such Board in the manner prescribed by law and shall file with the Clerk of this Court their Oaths of Office and individual, schedule, or blanket corporate surety bonds, at the expense of the District, in the amounts and form specified by law.

18. That the members of the Board of Directors of the District and their lawful successors shall hereafter take such actions and proceedings as are necessary for the governance of the District.

19. That the District shall have and exercise, through its duly elected Board of Directors and officers, all of the powers and authorities conferred upon metropolitan districts

under and by virtue of the provisions of Article 1, Title 32, C.R.S., and all other applicable laws relating thereto, and all additional powers and authorities as may hereafter be conferred by law.

DONE this _____ day of November, 2005.

BY THE COURT:

District Court Judge

EXHIBIT A

LEGAL DESCRIPTION

A PARCEL OF LAND LOCATED IN SECTION 36, TOWNSHIP 6 SOUTH, RANGE 66 WEST, AND IN SECTIONS 1, 2, 3, 10, AND 12, TOWNSHIP 7 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SAID SECTION 36; THENCE, S 00°36'23" W, 1558.43 FEET TO THE POINT OF BEGINNING; THENCE, S 00°36'23" W, 1079.59 FEET TO A POINT; THENCE, S 00°36'50" W, 2639.97 FEET TO A POINT; THENCE, N 89°44'47" E, 1323.33 FEET TO A POINT; THENCE, S 00°28'10" W, 920.02 FEET TO A POINT; THENCE, N 89°46'39" E, 1318.27 FEET TO A POINT; THENCE, S 00°43'45" W, 1736.44 FEET TO A POINT; THENCE, S 00°04'38" E, 2650.77 FEET TO A POINT; THENCE, S 89°54'39" W, 100.00 FEET TO A POINT; THENCE, S 00°06'03" E, 2647.05 FEET TO A POINT; THENCE, S 89°56'50" W, 2538.10 FEET TO A POINT; THENCE, N 00°00'35" E, 2647.59 FEET TO A POINT; THENCE, S 89°56'01" W, 2634.56 FEET TO A POINT; THENCE, N 89°45'55" W, 2646.28 FEET TO A POINT; THENCE, S 89°52'30" W, 2661.94 FEET TO A POINT; THENCE, N 89°46'36" W, 180.54 FEET TO A POINT; THENCE, S 00°07'30" E, 130.94 FEET TO A POINT; THENCE, S 50°57'04" W, 197.44 FEET TO A POINT; THENCE, S 44°01'14" W, 247.20 FEET TO A POINT; THENCE, N 87°09'31" W, 101.94 FEET TO A POINT; THENCE, N 02°13'27" E, 219.14 FEET TO A POINT; THENCE, N 17°43'33" W, 219.79 FEET TO A POINT; THENCE, N 02°12'47" E, 2039.99 FEET TO A POINT; THENCE, N 21°35'25" E, 106.26 FEET TO A POINT; THENCE, N 02°11'30" E, 419.93 FEET TO A POINT; THENCE, N 17°03'39" W, 106.17 FEET TO A POINT; THENCE, N 02°11'15" E, 1122.33 FEET TO A POINT; THENCE, N 36°57'35" E, 52.80 FEET TO A POINT; THENCE, N 02°12'20" E, 106.63 FEET TO A POINT; THENCE, S 77°37'38" E, 507.83 FEET TO A POINT; THENCE, N 00°16'50" E, 1414.00 FEET TO A POINT; THENCE, N 89°46'19" E, 2647.00 FEET TO A POINT; THENCE, N 89°45'49" E, 2646.76 FEET TO A POINT; THENCE, N 00°01'33" E, 30.00 FEET TO A POINT; THENCE, N 00°38'35" E, 2638.84 FEET TO A POINT; THENCE, N 00°34'53" E, 2037.67 FEET TO A POINT; THENCE, ALONG A NON-TANGENT CURVE TO THE RIGHT HAVING AN ARC LENGTH OF 422.83 FEET, A RADIUS OF 1402.39 FEET, A CENTRAL ANGLE OF 17°16'30", THE CHORD OF WHICH BEARS S 54°41'22" E FOR A DISTANCE OF 421.23 FEET TO A POINT; THENCE, S 46°03'07" E, 166.00 FEET TO A POINT; THENCE, ALONG A TANGENT CURVE TO THE LEFT HAVING AN ARC LENGTH OF 1241.29 FEET, A RADIUS OF 1462.39 FEET, A CENTRAL ANGLE OF 48°38'00", THE CHORD OF WHICH BEARS S 70°22'07" E FOR A DISTANCE OF 1204.36 FEET TO A POINT; THENCE, N 85°18'53" E, 218.00 FEET TO A POINT; THENCE, ALONG A TANGENT CURVE TO THE RIGHT HAVING AN ARC LENGTH OF 585.86 FEET, A RADIUS OF 1243.24 FEET, A CENTRAL ANGLE OF 27°00'00", THE CHORD OF WHICH BEARS S 81°11'07" E FOR A DISTANCE OF 580.46 FEET TO A POINT; THENCE, ALONG A COMPOUND CURVE TO THE RIGHT HAVING AN ARC LENGTH OF 272.99 FEET, A RADIUS OF 3789.72 FEET, A CENTRAL ANGLE OF 4°07'38", THE CHORD OF WHICH BEARS S 65°37'18" E FOR A DISTANCE OF 272.94 FEET TO THE POINT OF BEGINNING.

CONTAINING 1,707.5 ACRES, 74,378,267 SQ. FT. MORE OR LESS.

Court: CO Douglas County District Court 18th JD

Judge: Curry, Thomas

File & Serve reviewed Transaction ID: 7436432

Current date: 11/16/2005

Case number: 2005CV1481

Case name: In the matter of: REATA SOUTH METROPOLITAN DISTRICT

/s/ Judge Thomas Curry

SERVICE PLAN

FOR

**REATA SOUTH
METROPOLITAN
DISTRICT**

July 2005

**(Approved by the Board of County Commissioners
on September 14, 2005)**

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
A.	Summary	1
B.	General Development Information and Assumptions.....	4
C.	Contents of Service Plan	6
D.	Modification of Service Plan	7
II.	NEED FOR DISTRICT AND GENERAL POWERS OF DISTRICT	7
A.	Need for District.....	7
B.	General Powers of District.....	8
III.	PRELIMINARY ENGINEERING SURVEY AND CAPITAL PLAN	10
A.	General	10
B.	General Design Standards.....	11
C.	Estimated Costs of Public Improvements and Capital Expenditure Plan...	15
IV.	DEVELOPMENT PROJECTIONS	15
V.	FINANCING PLAN	15
A.	Administration and Maintenance Costs	15
B.	Financing Plan.....	16
VI.	PROPOSED AND EXISTING AGREEMENTS	20
A.	County Agreements.....	20
B.	Facility Fee Agreement.....	21
C.	Other Agreements	21
VII.	OTHER REQUIREMENTS.....	21
VIII.	DEFINITIONS	23
IX.	CONCLUSION	24

EXHIBIT A

Maps Showing the Boundaries of District

EXHIBIT B

Legal Description of District

EXHIBIT C

Engineering Survey and Estimated Costs of Public Improvements

EXHIBIT D

Financing Plan

EXHIBIT E

Preliminary Debt Repayment Schedules for District Bonds

EXHIBIT F

Letter from Kirkpatrick Pettis

EXHIBIT G

Proof of Ownership

SERVICE PLAN FOR REATA SOUTH METROPOLITAN DISTRICT

I. INTRODUCTION

A. Summary

The Service Plan ("Service Plan") of Reata South Metropolitan District ("District") constitutes the service plan for the Title 32 special district proposed to serve the needs of a residential planned development in unincorporated Douglas County ("County"), Colorado, generally known as the Colorado Golf Club or Reata South Planned Development ("Reata South Planned Development"), which is owned and being developed by Colorado Golf Club, LLC ("CGC"), a Colorado limited liability company.

The Reata South Planned Development has been zoned and approved for development by the County in accordance with the terms of the Reata South Planned Development, 1st Amendment ("Reata South P.D."). The Reata South Planned Development is generally located in Section 36, Township 6 South, Range 66 West and in Sections 1, 2, 3, 10 and 12, Township 7 South, Range 66 West of the 6th Principal Meridian, to the south of Stroh Road and Hilltop Road between Parker Road and Betts Ranch Road. The total area of the Reata South Planned Development is approximately 1,708 acres.

The Reata South P.D. contemplates single-family detached and single-family cluster residential dwelling sites, a private eighteen-hole golf course and clubhouse, and roadways, drainage, utilities, recreational facilities, open space and other public improvements provided for Reata South Planned Development by the District. All development projections herein are based upon the Reata South P.D.

More specifically, the projected land uses within the Reata South Planned Development are as follows:

Description of Land Use	TOTAL	ACRES
Single-family custom homes	136	330
Casitas	35	26
Non-Residential uses, including golf course and clubhouse, roadways, drainage, open space, trails, recreational facilities, and other infrastructure	---	1,352

Build-out of the 171 residential units within the Reata South Planned Development is anticipated over a seven-year period commencing in 2006. As indicated in the Financing Plan, which is set forth in Section V, the public infrastructure improvements will be completed by CGC and acquired by the District, or will be funded by CGC and constructed by the District, over a fourteen-month period during the initial phase of the Reata South Planned Development. District bonds will be issued later as development actually occurs as discussed more fully in the Financing Plan. All development projections are, of course, dependent upon market activity, governmental regulations, general economic conditions, and other factors over which the District and CGC have no control. All land uses and public infrastructure improvements are subject to review and Approval by the County.

All public infrastructure, including streets, drainage, sanitation and water facilities, recreation and other improvements needed to serve Reata South Planned Development, will be completed by CGC and acquired by the District, or will be funded by CGC and constructed by the District. Some public improvements will then be transferred to the County or other public agencies, and the District will operate and maintain the other public improvements as explained in Section III. The Service Plan describes the major public improvements which will be provided by the District, a special district established pursuant to, and having the powers authorized in Article 1 of Title 32, C.R.S. as amended ("Act"). The Service Plan is submitted in accordance with Part 2 of the Act and the County's Special District Service Plan Review Procedures (the "County Review Procedures"). The Service Plan demonstrates how the District will serve the Reata South Planned Development and provide the necessary public improvements and services needed by residents of the District as contemplated by the Reata South P.D.

Unless otherwise specified herein, any reference to the Service Plan shall also apply to any subsequent amendment, change, or modification of the Service Plan approved in compliance with the Act and the County Review Procedures, if required. Definitions of all terms capitalized herein can be found in Section VIII. All exhibits, maps and tables referred to herein are attached at the conclusion of the Service Plan, unless otherwise noted, and are incorporated herein by this reference for all purposes.

1. District Structure. The Service Plan defines the powers and authorities of, as well as the limitations and restrictions on, the District. The Service Plan also sets forth the general parameters for the working relationship with other governmental agencies. The District will be responsible for (i) financing the public improvements within the Service Area, (ii) financing, acquiring, completing, operating, and providing the public improvements and services needed to serve the Reata South Planned Development, unless transferred to the County or other governmental agencies; and (iii) providing the property tax base needed to support the Financing Plan for the public improvements and for on-going operating expenses of the District. The Financing

Plan discussed throughout the Service Plan is more fully described in Section V and Exhibit D and will be implemented to provide the public improvements and services needed for the Reata South Planned Development.

The organization of the District to finance, acquire, construct, complete, manage and operate public improvements and services throughout the Reata South Planned Development, unless transferred to the County or other governmental agencies, and to generate property taxes and other revenue sufficient to pay on-going expenses and debt service costs incurred by the District for the public improvements will create numerous benefits for the Reata South Planned Development. In general, these benefits are: (i) coordinated administration of construction and completion of the public improvements needed for the Reata South Planned Development in cooperation with CGC, (ii) maintenance of uniform property tax levies and reasonable tax burdens on all properties within the Reata South Planned Development, and (iii) assurance that all public improvements needed for the Reata South Planned Development are completed and paid for in a timely and cost effective manner without any cost to the County. Each of these concepts is addressed in greater detail in the Service Plan.

2. Boundaries of District. The boundaries of the District are coterminous with the boundaries of the Reata South Planned Development. Attached are (i) a vicinity map showing the boundaries of the District, section lines, roads and other adjacent special districts and (ii) a map showing the legal boundaries of the District. The District will contain all of the land within the Reata South Planned Development. A legal description of the property within the boundaries of the District is attached as Exhibit B. Infrastructure improvements are generally depicted in the schematics attached as Exhibit C.

The geographic area which may legally be served by the District ("Service Area") comprises the entire area of the Reata South Planned Development, all of which will be included within the District's boundaries. The District will have the power to impose property taxes only within its boundaries. The District does not intend to furnish services or facilities outside of its boundaries, except as authorized in the Service Plan or by intergovernmental agreement.

Other property may, however, be included in the District in accordance with the provisions of the Act, subject to compliance with Section 32-1-401, C.R.S. and property may also be excluded from the District, unless such action would constitute a material modification of the Service Plan under the Act. In such event, the District shall first obtain the Approval of the County in accordance with Section I.D.

3. Dissolution of District. The District will not be dissolved as long as it is providing services and facilities and discharging its obligations in accordance with the provisions of the Service Plan. If all public improvements are transferred to the County or another governmental agency for operation and maintenance in accordance

with Section III.B, and all bonds or other obligations of the District are discharged or payment is provided for, the District may be dissolved pursuant to the Act. The District will not be dissolved, however, without the Approval of the County.

4. Existing Services and Districts. There are no other governmental agencies in existence within the area which have the legal and financial ability to undertake the financing, design, and completion of the public improvements needed to serve the Reata South Planned Development in whole or part. Consequently, the organization of the District is necessary for the provision of public improvements and services within the Reata South Planned Development as contemplated in the Reata South P.D.

In order to minimize its governmental activities, the District will fund, construct, complete, operate and maintain the public improvements within the Reata South Planned Development only as specified herein. Operation and maintenance of certain public improvements, including water, sanitation, off-site street and traffic control, will be the responsibility of either the Pinery Water and Sanitation District ("Water District") or the County, as more particularly specified in Section III.B, after such improvements have been designed, constructed, completed, dedicated and transferred to, and accepted by such entities, in accordance with the criteria and regulations of the County ("County Regulations") and the Reata South P.D. or the criteria and regulations of the Water District ("Water District Regulations"), as applicable.

B. General Development Information and Assumptions

The total residential development within the District at build-out is projected to be 171 residential dwelling units. Based upon an estimated 3.0 persons per dwelling unit, the population within the District at build-out is projected to be over 500 persons. As detailed in the Financing Plan, the market valuation of all taxable residential property within the Reata South Planned Development at build-out in 2013 is projected to be approximately \$348,351,753 with a base assessed valuation for property taxation of approximately \$27,728,850 (based upon present State tax law). The market valuation of all taxable commercial property (primarily, the golf course and club house) within the Reata South Planned Development is projected to be approximately \$7,000,000 with a base assessed valuation for property taxation of approximately \$2,030,000. The aggregate market valuation of all taxable property within the District in 2015 is projected to be \$362,747,244 with an aggregate base assessed valuation for property taxation of approximately \$29,840,812. The assessed valuation of all taxable property within the boundaries of the District is presently \$123,260.

The estimated costs of the public improvements needed to serve the Reata South Planned Development are substantial, exceeding \$13,330,856. The District will obtain financing to fund the costs of the public improvements, as well as organizational costs and capitalized interest, reserves and costs of bond issuance, through the issuance of

limited tax general obligation bonds or other debt instruments, or from revenue bonds, notes or other multiple-fiscal year financial obligations made or issued by the District secured by revenues from legally available sources. The District may also enter into funding, acquisition and reimbursement agreements with CGC or other developers to acquire or fund the costs of the public improvements, operations and other District expenses, until District financing or funding is available therefor.

It is anticipated that credit enhancement will not be required for bonds issued by the District. If market conditions change, credit enhancement may be provided by CGC or other developers who may enter into agreements with the District securing the bonds, including without limitation by providing letters of credit or other forms of credit enhancement. The District may issue its bonds directly in public or private markets for municipal securities when it has the financial ability to discharge its indebtedness on a reasonable basis, thereby reducing risks of non-payment. The timing of the issuance of District bonds will be dependent upon actual residential absorption within the Reata South Planned Development and other market factors. The absorption forecasts utilized for the revenue projections set forth in the Financing Plan are based upon various development assumptions made by CGC. For purposes of the Financing Plan, the CGC pro forma absorption schedule has been used. The preliminary engineering survey for costs of the public improvements is based upon the CGC absorption forecasts and all requirements set forth in the Reata South P.D., County Regulations and Water District Regulations.

The Financing Plan demonstrates the anticipated financing method that may be used by the District to fund the costs of acquisition, construction and completion of the public improvements needed for the Reata South Planned Development. At the time that the acquisition or construction of public improvements is actually funded, alternate financing plans may be more beneficial and may be implemented by the District, if appropriate. As discussed more fully in Section V, use of an alternate financing plan, which is materially consistent with the Financing Plan, will not require an amendment of the Service Plan or Approval of the County but shall be filed with the County.

The Financing Plan demonstrates that the costs of public improvements needed to serve the Reata South Planned Development can be financed economically without significant financial risk to property owners within the District through property taxes levied to pay debt service on District bonds. Such property taxes are projected to be 46.0 mills. Maximum total mill levy limitations are provided for the protection of property owners within the District as set forth in Section V. The projections and estimates set forth in the Financing Plan relating to the costs of debt repayment and operations will not constitute limitations on the financial powers of the District; provided, however, that the District shall not issue bonds which are not in compliance with State

law, the County Review Procedures and other provisions of the Service Plan, including without limitation Sections V and VII.

Further, the Financing Plan demonstrates that any risks associated with the financing of public improvements needed to serve the Reata South Planned Development will be borne initially by CGC or other developers. The responsibility for payment of costs incurred for the public improvements will be shifted incrementally from private funding to property taxes on all property within the District as residential absorption occurs, and the valuation of property within the District increases, and bonds are issued by the District. The remainder of such expenses will be funded from revenue generated from other legally available sources.

Any general obligation bonds issued by the District will limit the tax levy for repayment of such debt to no more than 50 mills against any property within the District. In this manner, the risks of development and the responsibility for repayment of debt incurred by the District will be reasonable and borne solely by the property owners within the Service Area. The County will have no financial responsibility for District debt under any circumstance. Additionally, the County can be assured that there are legal and financial controls on District debt, which operate to limit the taxes that property owners within the District will be required to pay.

Under the Act, a special district cannot incur general obligation indebtedness payable from property tax revenues in excess of 50% of the valuation for assessment of all property within the District, unless (i) such indebtedness is secured, rated or insured; (ii) the bonds are sold to accredited investors or financial institutions; or (iii) the mill levy from which it is payable is limited to no more than 50 mills. The maximum property tax levy of the District for repayment of debt will be limited to 50 mills. In addition, State securities laws do not allow exemption from registration for District bonds not meeting minimum requirements. Finally, the current public market for municipal securities is very cautious with respect to special district general obligation bonds and demands relatively low debt-to-valuation ratios.

C. Contents of Service Plan

The Service Plan consists of (i) a **summarization** of the need for the District and its general powers and authorities; (ii) a **preliminary engineering survey and capital plan** showing how the public improvements and services needed to serve the Reata South Planned Development can be provided; and (iii) a **Financing Plan** showing how the proposed public improvements and services will be financed by the District. Other information is included in the Service Plan in compliance with the requirements of Part 2 of the Act and in the Appendix in compliance with the County Review Procedures.

The information regarding the Reata South Planned Development and the engineering and financial projections contained within the Service Plan were derived

from a variety of sources. Information regarding the present status of the Reata South Planned Development, as well as current development schedules, was obtained from CGC and their consultants. The preliminary engineering survey and capital cost estimates were prepared by Futura Engineering, Inc. of Aurora Colorado, a professional engineering company with expertise in the design and construction of public infrastructure improvements. Financial advice and preparation of the Financing Plan has been provided by Kirkpatrick Pettis, a division of D.A. Davidson & Co., of Denver, Colorado, investment banking and financial consultants with considerable experience in special district financing. Legal consultation, including preparation of the Service Plan, has been provided by the law firm of Collins Cockrel & Cole, P.C. of Denver, Colorado, which represents numerous special districts and local governments throughout the State. Hogan and Hartson, LLC of Denver, Colorado, internationally recognized bond attorneys, will serve as the District's bond counsel.

D. Modification of Service Plan

The Service Plan contains all information required by the Act and the County Review Procedures but does not include specific detail in some instances because all development plans have not been finalized. The Service Plan has been written with sufficient flexibility to enable the District to provide the services and public improvements now anticipated for the Reata South Planned Development under evolving conditions without the need for numerous amendments or modifications of the Service Plan in the future. While the assumptions upon which the Service Plan is generally based are reflective of authorized land uses under the Reata South P.D., the capital cost estimates and Financing Plan are sufficiently flexible to enable the District to provide any service or public improvement without the need to modify the Service Plan, if changes are subsequently necessary. Modification of the general types of public improvements and changes in proposed configurations, locations, quantities, dimensions or costs of various public improvements shall be permitted to accommodate actual development needs and compliance with the Reata South P.D. without any requirement for an amendment or modification of the Service Plan, unless such changes constitute material modifications as set forth in Section VII.1. The District's failure to comply with (i) the 50-mill rate limitation for debt repayment purposes, the 10-mill rate limitation for operating purposes, or the 55-mill rate limitation for both debt repayment and operating purposes, or (ii) the limitation on total indebtedness of the District as specified in Section V shall constitute a material modification of the Service Plan.

II. NEED FOR DISTRICT AND GENERAL POWERS OF DISTRICT

A. Need for District

All property within the Reata South Planned Development is currently undeveloped. There are no public improvements or services within the Reata South Planned Development. It is anticipated that CGC will initially fund and construct, and the

District will finance, acquire and complete the public improvements needed to serve the Reata South Planned Development through build-out. Neither the County, the Water District or any other governmental agency will finance or construct such public improvements. The County will not assume any costs for the completion of the public improvements. The District may dedicate and transfer certain public improvements to the County as long as such public improvements have been constructed and accepted by the County in accordance with County Regulations. The District may dedicate and transfer certain public improvements to the Water District for operation and maintenance as hereinafter set forth. The District will operate and maintain all other public improvements, unless an owners association subsequently assumes responsibility for some or all of such improvements.

B. General Powers of District

The District will have the powers and authorities granted under the Act to metropolitan districts to provide all necessary services and facilities both within and without the Service Area, subject to any limitation set forth in the Service Plan. In particular, the District shall have authority to provide the following services and facilities, all of which will be in conformance with the County Regulations, the Water District Regulations, and the regulations of other governmental agencies, if applicable:

1. Streets. The design, acquisition, installation, and construction of arterial, collector and local streets and other roadway improvements, including without limitation curbs, gutters, culverts, storm sewers and other drainage facilities, detention ponds, retaining walls and appurtenances, as well as public sidewalks, bridges, parking, paving, lighting, grading, landscaping, entrance facilities, undergrounding of public utilities, security systems, and other related improvements, together with all necessary, incidental, and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities.

2. 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 all streets and roadways, as well as other facilities and improvements, including without limitation signalization at intersections, traffic signs, area identification signs, directional assistance, driver information signs, and security systems and services, together with all necessary, incidental, and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities.

3. Drainage. The design, acquisition, installation, and construction of drainage and storm sewer systems, including without limitation lines, channels, detention ponds, flood and surface drainage disposal works and facilities, and all necessary equipment and improvements, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities or systems.

4. Sanitation. The design, acquisition, installation and construction of sanitary sewer systems, including without limitation lines, collection facilities, lift stations, and related disposal works and facilities, and the collection and transportation (by contract) of solid wastes, together with all necessary, incidental, and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities or systems; provided, however, that the District will exercise no power or authority with respect to sanitation services or facilities that is in conflict with or contravention of the powers or authorities of the Water District or the Water District Regulations.

5. Water. The design, acquisition, installation and construction of water systems, including without limitation lines, transmission, distribution and storage facilities, hydrants, irrigation and pumping facilities, together with all necessary, incidental, and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities or systems; provided, however, that the District will exercise no power or authority with respect to water services or facilities that is in conflict with or contravention of the powers or authorities of the Water District or the Water District Regulations.

6. Park and Recreation. The design, acquisition, installation, construction, operation and maintenance of public parks and recreation facilities or programs, including without limitation grading, soil preparation, sprinkler systems, playgrounds, playfields, community center, bike, hiking and nature trails, pedestrian and equestrian trails, pedestrian bridges, picnic areas, lakes, open space, common area landscaping and weed control, outdoor lighting of all types, and other recreational facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities or systems.

7. Other Services. The design, acquisition, installation, construction, operation and maintenance of services and facilities for (i) the elimination and control of mosquitoes, (ii) security services on streets and other District property, and (iii) covenant enforcement and design review within the District in accordance with the Act. In addition, the District may provide other services and facilities authorized under the Act or by law, such as telecommunications and transportation facilities, if needed to serve the Reata South Planned Development and not otherwise provided by the County or other governmental agencies within the Service Area; however, the addition of such telecommunications, transportation or any other services not specified herein shall constitute a material modification of the Service Plan and shall require the Approval of the County.

8. Legal Powers. The powers of the District will be exercised by the Board to provide the services and facilities contemplated in the Service Plan and authorized under the Act. The furnishing of the facilities and provision of the services

specified herein, along with other activities permitted by law, will be undertaken in accordance with, and pursuant to the procedures and conditions set forth in the Act or other State law, the Service Plan, and the County Regulations.

9. Other Authorities. In addition to the powers enumerated herein, the Board shall have the following authorities:

a. To amend the Service Plan as necessary, subject to compliance with all statutory procedures set forth in the Act, including by providing written notice to the County pursuant to §32-1-207, C.R.S., of any action or activity which the District believes is permitted by the Service Plan but which may be unclear;

b. Subject to specific limitations set forth in this Service Plan, to revise, resize, reschedule, or restructure the financing, construction, completion and operation of the various public improvements and facilities in order to accommodate the rate of residential absorption within the District, the costs of public improvements, and the inclusion of property into the District, or the provision of any public improvement, facility or service by the County or another entity. However, the District shall notify the County of any alteration or revision of the proposed schedule of debt issuance set forth in the Financing Plan pursuant to Section 32-1-202(2)(b), C.R.S.; and

c. To provide all additional services and facilities, subject to any necessary Approval of the County, and to exercise all express or implied powers granted by the Act or State law, and which the District is required to provide or exercise or, in its discretion, chooses to provide or exercise.

III. PRELIMINARY ENGINEERING SURVEY AND CAPITAL PLAN

A. General

The District will finance, acquire, construct, install, and operate and maintain the public facilities and improvements needed to serve the Reata South Planned Development either directly or by contract or acquisition from CGC or other public or private entities. It is anticipated that the District will acquire the completed improvements from CGC, and/or complete the construction of such improvements, and may then transfer certain improvements to the County, as long as such improvements are constructed and accepted in accordance with the County Regulations, and the Water District, without charge or encumbrances, for ownership, operation and maintenance in accordance with the County Regulations and the Water District Regulations, as applicable, while retaining, operating and maintaining all other public improvements. If appropriate, the District may contract with other public and/or private entities to complete the public improvements and to effect such functions and activities, including without limitation funding, acquisition and reimbursement agreements with CGC or other developers and builders.

General information relating to each type of public improvement needed to serve the Reata South Planned Development is set forth in this Section. It is important to note that the engineering information contained in the Service Plan is preliminary in nature, and that modifications to the type, configuration, quantity, dimension, location and costs of public improvements may be necessary as development proceeds. The District will acquire, construct and complete the public improvements in accordance with the standards generally described in Section III.B, unless the Approval of the County is first obtained. Internal traffic circulation improvements, grading, drainage, and water and sewer lines needed to serve individual lots will be funded and completed by CGC or builders.

Plans and specifications for the public facilities and improvements within the Reata South Planned Development will be submitted to the County for Approval if required in accordance with the County Regulations or to the Water District for approval if required in accordance with the Water District Regulations. To the extent practicable, the District and CGC will coordinate the submittal of plans for the public improvements to be installed within the Service Area together with current development plans. All public facilities must be designed and installed in such a manner as to be in conformance with the County Regulations and the facility and service standards of the County, the Water District Regulations and facility and service standards of the Water District, and, if applicable, regulations of other governmental agencies and utility providers.

Construction of all public facilities and improvements will be professionally engineered and scheduled to allow for proper sizing and phasing consistent with the need for services within the Reata South Planned Development. The County or the Water District, as applicable, may direct that any public facility or improvement be oversized, at its expense, unless infeasible. All descriptions of specific public facilities and improvements to be constructed and their costs are estimates only and are subject to change, modification and revision as actual engineering design, development plans, market conditions, governmental requirements, and construction scheduling may require.

B. General Design Standards

All public improvements within the Reata South Planned Development will be designed, acquired, installed, constructed, operated and maintained by the District, unless dedicated and transferred to the County in conformance with the County Regulations and the Reata South P.D. or to the Water District in conformance with the Water District Regulations. A general description and estimate of costs of the public improvements needed for the Reata South Planned Development are attached as Exhibit C. Designs and specifications for the public improvements will be filed with and approved by the County or the Water District, as applicable. The public improvements will be installed in accordance with (i) all County Regulations, standards, specifications and procedures of the County, except that specific arrangements may be made under an intergovernmental agreement between the County and the District with respect to

collateral guarantees for the completion and warranty of the public improvements, or (ii) all Water District Regulations, standards, specifications and procedures of the Water District with respect to the water and sewer improvements. The County may specify procedures and provisions that must be followed to assure compliance with all County Regulations or the implementation of the Service Plan.

There follows a preliminary engineering survey of the public improvements which will be financed, acquired, installed and constructed by the District to serve the Reata South Planned Development:

1. Street System and Traffic Safety.

a. General. The District will construct the arterial and internal streets and other road improvements needed to serve the Reata South Planned Development, including without limitation grading, drainage, curbs and gutters, sidewalks, pedestrian crossings, medians, landscaping, signalization and security facilities. The street improvements will accommodate anticipated traffic within the Reata South Planned Development in accordance with the Reata South P.D. and County Regulations.

b. County Standards. Streets will be designed and constructed in accordance with the Reata South P.D., County Regulations and standards and criteria of the County, unless otherwise approved by the County.

c. Landscaping. Native areas disturbed during construction will be revegetated in accordance with County Regulations. The District will install and maintain landscaping along major arterial and collector streets. All landscaping and related features within street rights-of-way shall be maintained by the District. The County will not be responsible for any landscaping within street rights-of-way. The District may install and maintain other landscaped areas within the Reata South Planned Development, including entry features at major entrances to the Reata South Planned Development. Additional landscaping features may be installed by CGC or other developers in accordance with County Regulations and transferred to and maintained by the District or an owners' association.

d. Operation and Maintenance. The District will operate and maintain all streets and related improvements within the Reata South Planned Development. Off-site street and traffic and safety control improvements will be dedicated to the County, subject to County acceptance, in accordance with the Reata South P.D. and County Regulations.

2. Storm Drainage.

a. General. The District will install the necessary storm drainage system to serve the Reata South Planned Development in accordance with the design criteria, standards and specifications under the County Regulations and any other applicable State or federal regulations. The storm drainage system will include a network of drain inlets and outlets, ditches, culvert pipes, detention ponds, and erosion control measures. The District will design and install storm drainage improvements associated with the street improvements. Any drainage facilities associated with internal overlot grading will be designed and installed by CGC or other developers. Any drainage facilities associated with individual lots will be designed and installed by builders or lot owners.

b. County Standards. Drainage facilities will be designed in accordance with the design criteria, standards and specifications under the County Regulations. Drainage facilities will be designed to prevent major damage or flooding in a one-hundred year storm or as otherwise required by the County Regulations.

c. Operation and Maintenance. All storm drainage and stormwater management facilities, including gutters, drain inlets and outlets, detention ponds, culverts, pipes, and water quality facilities, will be owned, operated and maintained by the District.

3. Sanitary Sewer System.

a. General. The Water District will provide all wastewater treatment and collection facilities needed to furnish sanitation service within the Reata South Planned Development in accordance with that certain Inclusion Agreement and Developer Service Agreement, each dated December 28, 2000 (collectively, "Inclusion Agreement"), copies of which are included within the Appendix, and the District will exercise no power or authority with respect to water or sanitation services or facilities that is in conflict with or contravention of the terms and limitations set forth in the Inclusion Agreement. The District will install the sanitary sewer system within the Reata South Planned Development in accordance with the design criteria, standards, specifications under the Water District Regulations. The sanitary sewer system will include all collection lines, manholes, lift stations, and related facilities required to serve The Reata South Planned Development. Individual service lines for each lot will be designed and installed by builders or lot owners.

b. Water District Standards. The sanitary sewer system will be designed and constructed in accordance with all standards and specifications under the Water District Regulations, the regulations of the Colorado Department of Public Health and Environment ("CDPHE"), the Denver Regional Clean Water Plan, and the County Regulations, as applicable.

c. Operation and Maintenance. All sanitary sewers and related facilities will be dedicated and transferred to the Water District in accordance with the Water District Regulations. The Water District as the wastewater treatment provider will be responsible for compliance with all County, regional or State long-range water quality management plans for the Service Area. The District will, if necessary, operate and maintain the sanitary sewer facilities until dedication to and acceptance by the Water District.

4. Water System.

a. General. The Water District will provide all water supply, treatment and transmission facilities needed to furnish water service within the Reata South Planned Development in accordance with the Inclusion Agreement. The District will install the water distribution lines, hydrants and related facilities within the Reata South Planned Development in accordance with the design criteria, standards and specifications under the Water District Regulations. The water system will include all distribution lines, hydrants, and related facilities required to serve the Reata South Planned Development. Individual service lines for each lot will be designed and installed by builders or lot owners.

b. Water District Standards. The water system will be designed and constructed in accordance with the standards and specifications under the Water District Regulations, the regulations of CDPHE, and the County Regulations, as applicable.

c. Operation and Maintenance. All water lines, hydrants, and related facilities will be dedicated and transferred to the Water District in accordance with the Water District Regulations. The Water District as the water treatment provider will be responsible for compliance with all County, regional or State long-range water quality management plans that are applicable within the Service Area. The District will, if necessary, operate and maintain the water facilities until dedication to and acceptance by the Water District.

5. Park and Recreation.

a. General. Park and recreation facilities may include parks, open space, playfields, recreation facilities, community center, trails, common area, open space, water features, xeriscaping, fencing and median landscaping. The golf course and clubhouse will be privately owned and operated.

b. County Standards. All park and recreation facilities will be designed and constructed in accordance with design criteria, standards and specifications under the Reata South P.D. and County Regulations, unless otherwise approved by the County.

c. Operation and Maintenance. Certain public trails as described within the Reata South P.D. will be dedicated to the County for ownership and maintenance, upon acceptance by the County. All other park and recreation facilities will be operated and maintained by the District in accordance with the Reata South P.D. When all District bonds and other obligations have been discharged, maintenance responsibilities may be assumed by an owners' association, unless the County agrees to accept operational responsibility therefor.

C. Estimated Costs of Public Improvements and Capital Expenditure Plan

The estimated costs of the public improvements, including engineering and contingency, to be financed, acquired, constructed, installed, and completed by the District is expected to exceed \$13,330,856. The total estimated costs of the public improvements that may be financed by the District are shown in Exhibit C. All public improvements within the Service Plan are expected to be completed and acquired by the District before the end of 2006. CGC and other developers will not be compensated for land dedicated to the County or the District for rights-of-way or utility corridors, except that the District may compensate any person for any land acquired for public improvements located outside the Reata South Planned Development or acquired from other persons. The preliminary engineering survey of the District facilities and improvements is shown in Exhibit C, and such public improvements, including the costs thereof, may be changed, modified and revised as necessary to provide the facilities needed to serve the Reata South Planned Development without any amendment or modification of the Service Plan, subject to (i) any limitation under the County Review Procedures and (ii) any Approval required by the County Regulations or the Reata South P.D.

IV. DEVELOPMENT PROJECTIONS

CGC has projected the residential and non-residential absorption within the Reata South Planned Development based upon present Development plans and market forecasts. The absorption projections for the Reata South Planned Development are detailed in and incorporated into the Financing Plan set forth in Exhibit D. The assessed valuation of all taxable residential and non-residential property within the District is projected to be \$29,840,812 at build-out (collection year 2012). The assessed valuation of all property within the District adjusted for future market value increases is projected to exceed \$39,000,000 in 2042. The assessed valuation of taxable property within the District is based upon projections of the market values of improved property within the Reata South Planned Development and present State property tax law.

V. FINANCING PLAN

A. Administration and Maintenance Costs

The costs of District administration and maintenance of the public improvements are expected to average \$80,000 annually at build-out. These costs have been estimated based upon typical expenses incurred for similar special districts. Administration and maintenance costs will be funded by an operating property tax levy, fees and other legally available revenue of the District. The property tax levy for operations shall not exceed 10.0 mills, however, and shall be restricted exclusively for costs of administration, operations and maintenance of the public improvements. The proposed operating revenue derived from District Property taxes for the first full budget year (2006) is \$0, which will not be materially exceeded except as authorized pursuant to the Act or State law. The District does not expect to receive property taxes from an operating mill levy until its second full budget year. CGC will provide funding for District operations in the initial years. Any increase in such costs over time will be funded by property taxes, fees, and other revenue sources legally available for such purposes, as determined by the Board during the annual budget process.

B. Financing Plan

The Financing Plan is set forth in Exhibit D and demonstrates that the financial operations of the District will (i) provide economic and sufficient services within the District; (ii) have the financial ability to discharge the proposed District indebtedness on a reasonable basis; and (iii) protect future property owners from onerous property taxes or District bond defaults.

The Financing Plan includes projected revenues derived from property taxes collected within the District commencing in 2007, facility fees collected from builders, specific ownership taxes, interest income, cash balances and other revenue legally available each year, including the first full budget year commencing in the 2006 fiscal year through the 2040 fiscal year, the latest date when District debt is projected to be retired. All District revenues will be exempt from spending limits, if voter approval is obtained at a public election pursuant to Article X, Section 20 of the Colorado Constitution ("TABOR"). The District may issue revenue or bond anticipation notes to fund the costs of the public improvements and other interim expenses, until such time as bond proceeds and other revenues are available for such purpose. The District may also borrow funds from CGC or other persons or enter into funding, acquisition and reimbursement agreements to initiate the capital improvements plan pending the issuance of long-term District bonds. Any funds advanced by CGC or other persons will be reimbursed from available revenue sources of the District. All District bonds, notes or multiple-fiscal year financial obligations shall be subject to TABOR and shall require an election, unless exempt therefrom.

The Financing Plan sets forth one but not the exclusive bond structure for financing the public improvements within the District. A revenue and cost analysis, absorption schedule, and preliminary debt repayment schedules for two series of non-rated District fixed-rate bonds in the aggregate principal amount of \$19,350,000

(assuming 30-year terms, no credit enhancement, and coupon interest rates of 7.0%) are attached as Exhibits D and E. The District bonds are projected to be issued in two series in 2007 and 2010 based upon projected residential and commercial absorption within the Reata South Planned Development. The bonds will be used to pay costs of issuance and organization of the District, fund capitalized interest, and provide up to \$15,960,000 in project funds, as needed for the acquisition or construction of the public improvements or the reimbursement to CGC or other developers for the actual costs incurred therefor. The final bond financing plan, together with supporting documentation, will be filed with the County.

Prior to the issuance of long-term bonds, the District may issue bond anticipation notes or other multiple-fiscal year financial obligations secured by revenue available to the District, including property taxes and facility fees. Credit enhancement may be provided for any series of District bonds or other obligations of the District, if appropriate. The District may also enter into other multiple-fiscal year financial obligations secured by property taxes and other available revenue of the District to fund the acquisition and installation of the public improvements for the Reata South Planned Development, including funding, acquisition and reimbursement agreements with CGC and other persons. Revenue from property taxes and other legally available sources will be used to retire District bonds, other debt or multiple-fiscal year financial obligations.

The District intends to issue its limited tax general obligation and/or revenue bonds secured primarily by (i) property taxes, (ii) specific ownership taxes, and (iii) facility fees. The principal amount of District bonds will be based upon reasonable absorption assumptions, property tax projections, debt service expenses, and other market factors, subject to all financing limitations set forth in this Section. The property tax levy of the District for debt service purposes is projected to be 46.0 mills, but may be less if the principal amount of the bonds is reduced because of lower infrastructure project costs. The property tax levy of the District for debt service purposes shall not exceed 50.0 mills and together with the District tax levy for operations shall not exceed 55.0 mills.

The property tax levy of the District for both operating and debt repayment purposes shall not exceed 55 mills, subject to adjustments as necessary to pay debt service on District bonds and other general obligation indebtedness because of statutorily prescribed decreases in the assessed valuation of property within the District necessitated by State law ("Gallagher Adjustments"). In the event that the statutory method of calculating assessed valuation for property tax purposes is changed by State law either in the method of calculation or by any change in the assessment ratio to the actual value of property or otherwise, the 50-mill property tax rate limitation on debt repayment shall, starting with the 2005 base year, be increased or decreased to reflect a commensurate change, as determined by the Board, so that, to the extent practicable, property tax revenues for debt repayment purposes are neither enhanced nor diminished as a consequence of Gallagher Adjustment.

If the developer advances funds to the District for the purpose of payment of principal of and/or interest on any bonds or for other purposes, the obligation of the District to repay the developer shall be subject to the limits set forth above and may be amortized over time, so long as each payment obligation is (i) subordinate to annual debt service payments to any bondholders and (ii) subject to prepayment at any time without penalty.

No provision of the Service Plan shall be construed to restrict the issuance of any structure, form or type of bond, note or other multiple-fiscal year financial obligation of the District; provided that the projections and obligations of the District as set forth in the Financing Plan are not materially modified. The Financing Plan illustrates that adequate revenues are available from property taxes and other sources for payment of the financial obligations incurred to provide public improvements for the Reata South Planned Development, thus eliminating risks of excessive property tax levies or bond defaults or other potential risks of District financing. The property tax rate limitation of 55 mills for both operations and debt repayment purposes will itself significantly limit the potential tax liability of property owners within the District.

Alternate bond financing plans may be implemented without having to amend or modify the Service Plan, if determined by the Board to be in the District's best interests and if in material compliance with the Financing Plan. However, the District shall notify the County of any material alteration or revision of the Financing Plan or the proposed schedule of debt issuance set forth in the Financing Plan pursuant to Section 32-1-202(2)(b), C.R.S. The District may issue up to 30-year fixed rate bonds with coupons (and credit enhancement fees, if necessary) not to exceed 14% per annum. The District may also issue variable rate bonds or notes, if interest and other issuance costs are more advantageous than the debt service costs projected in the Financing Plan. District bonds may be secured or unsecured, rated or non-rated, which might cause interest rates, debt service and other issuance costs to be different than the financing costs projected in the Financing Plan. In such event, the District will size the bond issue so that bond repayments can be made from the revenue projected to be available to the District.

The District shall, without limiting other financing alternatives or having to amend or modify the Service Plan, be entitled to change the structure of the Financing Plan, including without limitation by enabling the District to obtain financing directly from CGC, other developers, financial institutions, or accredited investors in compliance with State law. The District may obtain funding directly from CGC or other persons and repay and reimburse such obligations from property tax collections and other available funds of the District. In connection therewith, the District may also issue bonds, notes or contingent repayment obligations to CGC or other persons or entities, in amounts which (i) when combined with other District indebtedness, will not exceed the debt limitations set forth in the Service Plan, (ii) will be in compliance with State law, (iii) will be

subordinate to senior bonded indebtedness of the District, and (iv) will be subject to the maximum property tax levy for debt repayment authorized herein.

Upon approval of the Service Plan, the District will continue to refine the cost estimates for the public improvements needed for the Reata South Planned Development and to develop and implement a viable bond financing plan. Costs for construction, engineering and contingencies, capitalized interest, reserve requirements, credit enhancement/letter of credit fees, and other costs of financing will be included in the bond financing plan, as appropriate. All construction cost estimates will assume construction in compliance with the requirements of the County and other governmental agencies, if applicable.

The total estimated costs of all public improvements to be financed by the District, capitalized interest, and related issuance and organizational costs are approximately \$19,350,000. The District shall have the authority to issue or incur limited tax rate general obligation indebtedness (secured by a property tax levy not to exceed 50 mills), revenue debt, and other multiple-fiscal year financial obligations in an amount sufficient to finance and construct all public improvements specified under the Service Plan, if not greater than \$19,350,000, without the need to obtain the Approval of the County or to process any amendment or modification of the Service Plan. The District shall not incur indebtedness greater than \$19,350,000, exclusive of refundings or other refinancings, without the Approval of the County. All ballot questions will be filed with the County at the time of certification pursuant to State election laws. Authorization to issue bonds and to incur other multiple-fiscal year financial obligations will be sought from the District's electorate pursuant to the Act and Colorado Constitution.

In addition to property taxes, the District may also rely upon various other revenue sources authorized by law to fund its financial obligations. These include the power to establish fees, rates, penalties, or charges as provided in the Act. Facility fees in the preliminary amount of \$2,000 per residential unit and equivalent fees for commercial units will be imposed to fund in part the various public improvements made by the District. Water and sewer tap fees and other rates and charges of the Water District will be charged directly to lot owners and will not be collected through the District. The Financing Plan has been developed without reliance upon all possible sources of revenue available to the District, but this will not preclude the District from implementing any revenue source legally available to the District, if needed to fund debt service, operations or other expenses.

The Financing Plan does not project any significant accumulation of fund balances which might represent revenues in excess of expenditures under TABOR. If District operations do not qualify as enterprises under TABOR, revenues from all sources which exceed the permitted level of expenditures in any year will be refunded to taxpayers, unless a vote approving the retention or "de-Brucing" of such revenues is obtained. The District will seek voter approvals in advance at the earliest TABOR

election date, so that fluctuations in District revenue from year to year do not create a TABOR refund problem. To the extent that annual District revenues exceed expenditures without prior approval, the District will comply with the provisions of TABOR and either refund any excess revenue or obtain voter approval to retain such amounts. At the discretion of the Board, the District may establish enterprises or other qualifying entities to finance, construct, manage and operate facilities, services and programs.

The estimated costs of the public facilities and improvements to be acquired, constructed and completed by the District, including the costs of acquisition of land, engineering, legal and administrative services, initial proposed indebtedness, capitalized interest and other financing costs, and other major expenses related to such facilities and improvements, are set forth in the Financing Plan. For full build-out of the Reata South Planned Development, the principal costs of such items are not expected to exceed \$19,350,000. If for any reason build-out does not occur as anticipated, the public improvements may be deferred or phased to coincide with actual development, and unnecessary expenditures will be avoided. Organizational costs authorized under the Act are estimated to be approximately \$100,000. Interim District expenses funded by CGC will be reimbursed from available revenue sources, including bond proceeds.

The principal amount of voter-authorized debt shall not exceed \$19,350,000, exclusive of refundings or other refinancings, unless otherwise Approved by the County. The maximum interest rate on District bonds shall not exceed 14% per annum. The maximum underwriting discount shall not exceed 4.0%. The maximum maturity of District fixed-rate bonds, when issued, will not exceed 30 years from the date of issuance. District bonds may be refunded or refinanced without limitation in accordance with State law. The letter from Kirkpatrick Pettis attached as Exhibit F confirms the availability of bond financing for the District within the parameters set forth in the Financing Plan.

The Financing Plan demonstrates that, at the projected levels of development, the District will have the economic ability to finance the public improvements needed for the Reata South Planned Development, to provide and pay for services likely to be needed, and to discharge the proposed indebtedness of the District on a reasonable basis without significant potential risks of financing, relying principally upon limited rate property tax levies. No funds or assets of the County shall be pledged as security for the repayment of debt incurred by the District. The County shall have no financial liability of any nature for the debt of the District or its operations.

VI. PROPOSED AND EXISTING AGREEMENTS

A. County Agreements

The District may, from time to time, enter into agreements with the County relating to the financing, construction, completion and operation of the public

improvements. No intergovernmental agreement with the County is currently contemplated. All such agreements must be approved by the governing board of the County and the District and may include provisions for administrative review and implementation by other County or District officials.

B. Facility Fee Agreement

The District may enter into a Facility Fee Agreement with CGC or other developers to fund in part the public improvements needed to serve the Reata South Planned Development. Under the Facility Fee Agreement, CGC or other developers will be obligated to pay a facility fee in the projected amount of \$2,000 per residential lot or \$0.50 / square foot for commercial units on or before the date of transfer and/or sale of each lot. Scheduled payments may also be required. The District may increase the developer fee as necessary to fund the capital costs of the public improvements. Until paid, the developer fee will constitute an unconditional obligation of, and lien against, each lot within the Reata South Planned Development.

C. Other Agreements

To the extent necessary, the District may, from time to time, enter into other intergovernmental and private agreements to ensure the long-term provision of the public improvements and services needed for the Reata South Planned Development and for the effective management of District affairs. Agreements may be entered into with the Water District, CGC or other developers, the owners association, and other service providers to discharge any facility or service responsibility of the District under the Service Plan or to provide funding therefor.

VII. OTHER REQUIREMENTS

The District shall be subject to the following additional requirements:

1. In the event that the District desires to make a modification to the Service Plan, which modification may be considered material, the District shall submit such proposed modification to the County Community Development staff for determination of whether the modification is considered material. If the County Community Development staff determines that the proposed modification is considered material, then the District shall obtain the prior Approval of the Board of County Commissioners before implementing any material modification of the Service Plan in accordance with Section 32-1-207, C.R.S., including, by written notice to the County pursuant to Section 32-1-207, C.R.S., of proposed actions that the District believes are permitted by the Service Plan but which may be unclear. It shall be the responsibility of the District to contact the County to seek an interpretation as to whether a disputed proposed action is allowed by the Service Plan. In the event the County elects not to seek

to enjoin any such activities pursuant to the Act, such election shall constitute agreement by the County that such activities are within the scope of the Service Plan.

2. The District shall cooperate with the County to implement the Service Plan and to discharge its responsibilities to furnish services and facilities needed for the Reata South Planned Development as set forth herein or as contemplated in the Reata South P.D. The violation of any limitation specified in Section 32-1-1101(2), (4) or (6), shall constitute a material modification of the Service Plan requiring an amendment of the Service Plan pursuant to Section 32-1-207, C.R.S. and the County Review Procedures, and the County may also pursue any remedy allowed under the Act or other applicable law.

3. On or before June 30 of each year, the District will file an annual report for the preceding full fiscal year with the County in compliance with the County Review Procedures. Such annual report shall include a summary of all relevant financial conditions of the District. The annual report may be reviewed by the Board of County Commissioners at a regularly scheduled meeting per Section 32-1-207(3)(c) and (d), C.R.S.

4. The District shall also provide to the County a notice of any (i) change in ratings on its outstanding bonds or (ii) failure of a credit facility (such as a letter of credit) securing its outstanding bonds within 30 days of the date that the District receives written notice of such change or failure.

5. The District shall not issue any bonds that are not materially consistent with the Financing Plan without first submitting the proposed bond financing plan to the County for review in compliance with Section V.

6. The District shall require that CGC or other developers provide adequate written notice to initial buyers of residential lots within the Reata South Planned Development regarding (i) the types of District property taxes, fees or assessments, including without limitation any facility fee or other capital fee that are currently imposed by the District, and (ii) the name and addresses of a District contact person. This disclosure shall occur prior to the sale of any residential lot to the first resident buyer. The District shall also provide information concerning the structure of the Board and summarize how buyers may participate in the affairs of the Board.

7. In the event of non-compliance with any provision of this Section, the County may request in writing that the District comply with such requirement. If the District does not comply within 45 days after receipt of such request from the County, such failure shall constitute a material modification of the Service Plan, unless prior written Approval of the County is obtained. The District shall also comply with all approval criteria regarding the Service Plan as set forth in the Act.

VIII. DEFINITIONS

Unless the context indicates differently, any capitalized term in the Service Plan shall have the meaning as set forth therein or as hereinafter set forth. All definitions shall include both the singular and plural of such term, and any reference to one gender shall include the other gender.

1. "Act" means Article 1 of Title 32, C.R.S. as amended from time to time.
2. "Approval" means the review and approval or disapproval by the Board of County Commissioners or other County officials, if appropriate, of any specific bond financing, construction or development plan for the public improvements installed within the District, or material modification of the Service Plan in accordance with the provisions hereof or the County Review Procedures.
3. "Board" means the Board of Directors of the District.
4. "CGC" means Colorado Golf Club, LLC, a Colorado limited liability company, and any successor, transferee or assign, as the legal owner of the Reata South Planned Development as shown in the title commitment attached as Exhibit G.
5. "County" means the County of Douglas, Colorado.
6. "County Regulations" means all codes, ordinances, charters, rules, regulations, criteria, and other governing laws of the County, including without limitation the County Review Procedures.
7. "De-Brucing" means a voter approved retention of revenues from all sources which exceed the permitted level of expenditures in any year under TABOR.
8. "District" means the Reata South Metropolitan District.
9. "District Engineer" means the professional engineer designated by the Board from time to time.
10. "Enterprise" means an enterprise of the District as defined under TABOR.
11. "Financing Plan" means the financing plan for the District set forth in Section V and Exhibit D of the Service Plan or any alternate bond financing plan in material compliance therewith.
12. "Reata South Planned Development" means all property described and included under the Reata South P.D. as more specifically described in Exhibit B.

Any reference to the "Development" shall also mean the Reata South Planned Development.

13. "Reata South P.D." means the Reata South Planned Development, 1st Amendment as approved by the County and recorded in the County land records, as amended from time to time.

14. "Service Area" means the jurisdictional area that the District will serve, which presently encompasses the entire area of the Reata South Planned Development as described in Exhibit B.

15. "Service Plan" means the Service Plan for the District.

16. "State" means the State of Colorado.

17. "TABOR" means Article X, Section 20 of the Colorado Constitution.

18. "Water District" means the Pinery Water and Sanitation District (also known as the Denver Southeast Suburban Water and Sanitation District), a Colorado special district, furnishing water and sanitation services within the Service Area.

19. "Water District Regulations" means all rules, regulations and specifications of the Water District.

IX. CONCLUSION

It is submitted that the Service Plan establishes compliance with all requirements of the Act, more particularly that:

a. there is sufficient existing and projected need for organized service in the area to be served 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 boundaries and within the Service Area;

d. the area included in the District and within its Service Area has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

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

f. the facility and service standards of the District are compatible with the facility and service standards of the County;

g. the Service Plan is in substantial compliance with the County's comprehensive plan;

h. the Service Plan is in substantial compliance with the 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;

j. the creation of the District will be in the best interests of the residents or future residents of the area proposed to be served; and

k. the Service Plan is in substantial compliance with the County Review Procedures.

Therefore, it is requested that the Board of Commissioners of the County, which has jurisdiction to approve the Service Plan pursuant to §32-1-202(1), C.R.S., adopt a resolution approving the Service Plan for Reata South Metropolitan District without condition or modification.

EXHIBIT A

MAP SHOWING THE BOUNDARIES OF DISTRICT

[Schematics depicting the location of streets, drainage, water,
sanitary sewer and trail improvements are attached as Exhibit C]

VICINITY MAP

REATA SOUTH
METRO DISTRICT

SCALE: 1" = 200'

E. HILTOP ROAD

PARKER WATER AND
SANITATION DISTRICT

BUTTERFIELD
SUBDIVISION

STROH ROAD

REATA SOUTH
METRO DISTRICT

HIDDEN
VILLAGE
SUBDIVISION

PARKER ROAD (ST HWY 80)

THE
PINERY
SUBDIVISION

NORTH PINERY

DETT'S RANCH RD.

PINERY WATER AND
WASTEWATER DISTRICT

THE
PINERY
SUBDIVISION

LEGEND

- PROPOSED STREETS
- == EXISTING STREETS
- DISTRICT BOUNDARY
- - - SECTION LINES

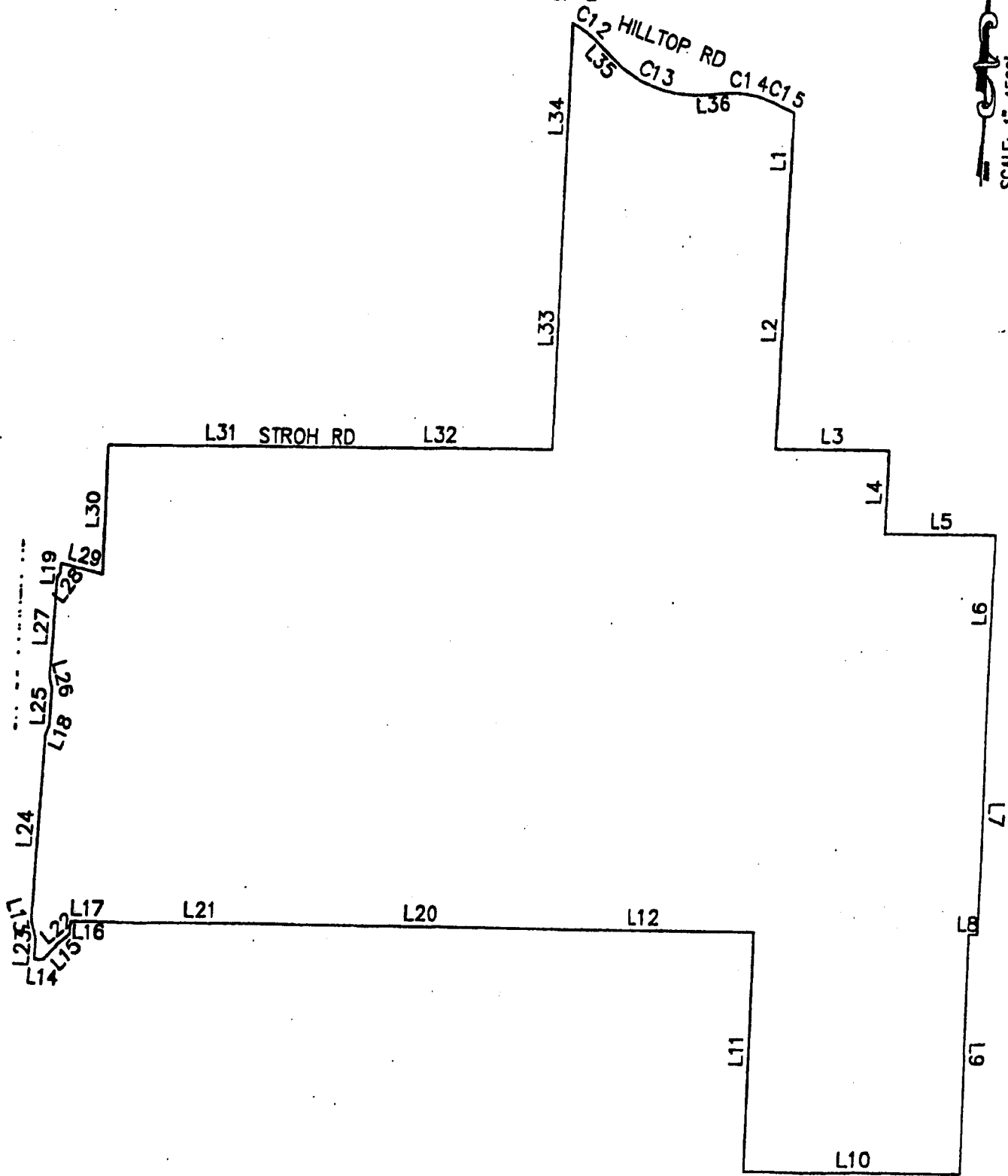
8-24-05

Futura Engineering Inc.
Engineering Consultants and Surveyors

18741 East Oakley Avenue, Suite 126
Englewood, Colorado 80111 - (303) 648-9892
FAX (303) 648-9489

REATA SOUTH
PRELIMINARY DISTRICT BOUNDARY
SHT. 1 OF 2

SCALE: 1"=1500'



11-5-2004

Futura Engineering Inc.	
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12741 East Caley Avenue, Suite 120	
Englewood, Colorado 80111 - (303) 648-9282	
FAX (303) 648-9488	

REATA SOUTH
PRELIMINARY DISTRICT BOUNDARY
SHT. 2 OF 2

LINE TABLE		
LINE	LENGTH	BEARING
L1	1079.59	S00°36'23"W
L2	2639.97	S00°36'50"W
L3	1323.33	S89°44'47"W
L4	920.02	S00°28'10"W
L5	1318.27	N89°46'39"E
L6	1736.44	S00°43'45"W
L7	2650.77	S00°04'38"E
L8	100.00	S89°54'39"W
L9	2647.05	S00°06'03"E
L10	2538.10	S89°56'50"W
L11	2647.59	N00°00'35"E
L12	2634.56	S89°56'01"W
L13	219.79	S17°43'33"E
L14	101.94	N87°09'31"W
L15	247.20	S44°01'14"W
L16	130.94	S00°07'30"E
L17	180.54	N89°46'36"W
L18	106.26	S21°35'25"W
L19	106.63	N02°12'20"E
L20	2646.28	N89°45'55"W
L21	2661.94	S89°52'30"W
L22	197.44	S50°57'04"W
L23	219.14	N02°13'27"E
L24	2039.99	S02°12'47"W
L25	419.93	N02°11'30"E
L26	106.17	S17°03'39"E
L27	1122.33	N02°11'15"E
L28	52.80	N36°57'35"E
L29	507.83	S77°37'38"E
L30	1414.00	N00°16'50"E
L31	2647.00	S89°46'19"W
L32	2646.76	S89°45'49"W
L33	2638.84	N00°38'35"E
L34	2037.67	N00°34'53"E
L35	166.00	N46°03'07"W
L36	218.00	S85°18'53"W

CURVE TABLE		
CURVE	LENGTH	RADIUS
C12	422.83	1402.39
C13	1241.29	1462.39
C14	585.86	1243.24
C15	272.99	3789.72

11-5-2004

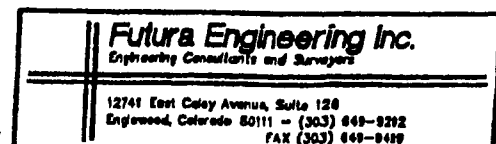


EXHIBIT B

LEGAL DESCRIPTION OF DISTRICT

REATA SOUTH

PRELIMINARY DISTRICT BOUNDARY

A PARCEL OF LAND LOCATED IN SECTION 36, TOWNSHIP 6 SOUTH, RANGE 66 WEST, AND IN SECTIONS 1, 2, 3, 10, AND 12, TOWNSHIP 7 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SAID SECTION 36;
 THENCE, S 00°36'23" W, 1558.43 FEET TO THE POINT OF BEGINNING;
 THENCE, S 00°36'23" W, 1079.59 FEET TO A POINT;
 THENCE, S 00°36'50" W, 2639.97 FEET TO A POINT;
 THENCE, N 89°44'47" E, 1323.33 FEET TO A POINT;
 THENCE, S 00°28'10" W, 920.02 FEET TO A POINT;
 THENCE, N 89°46'39" E, 1318.27 FEET TO A POINT;
 THENCE, S 00°43'45" W, 1736.44 FEET TO A POINT;
 THENCE, S 00°04'38" E, 2650.77 FEET TO A POINT;
 THENCE, S 89°54'39" W, 100.00 FEET TO A POINT;
 THENCE, S 00°06'03" E, 2647.05 FEET TO A POINT;
 THENCE, S 89°56'50" W, 2538.10 FEET TO A POINT;
 THENCE, N 00°00'35" E, 2647.59 FEET TO A POINT;
 THENCE, S 89°56'01" W, 2634.56 FEET TO A POINT;
 THENCE, N 89°45'55" W, 2646.28 FEET TO A POINT;
 THENCE, S 89°52'30" W, 2661.94 FEET TO A POINT;
 THENCE, N 89°46'36" W, 180.54 FEET TO A POINT;
 THENCE, S 00°07'30" E, 130.94 FEET TO A POINT;
 THENCE, S 50°57'04" W, 197.44 FEET TO A POINT;
 THENCE, S 44°01'14" W, 247.20 FEET TO A POINT;
 THENCE, N 87°09'31" W, 101.94 FEET TO A POINT;
 THENCE, N 02°13'27" E, 219.14 FEET TO A POINT;
 THENCE, N 17°43'33" W, 219.79 FEET TO A POINT;
 THENCE, N 02°12'47" E, 2039.99 FEET TO A POINT;
 THENCE, N 21°35'25" E, 106.26 FEET TO A POINT;
 THENCE, N 02°11'30" E, 419.93 FEET TO A POINT;
 THENCE, N 17°03'39" W, 106.17 FEET TO A POINT;
 THENCE, N 02°11'15" E, 1122.33 FEET TO A POINT;
 THENCE, N 36°57'35" E, 52.80 FEET TO A POINT;
 THENCE, N 02°12'20" E, 106.63 FEET TO A POINT;
 THENCE, S 77°37'38" E, 507.83 FEET TO A POINT;
 THENCE, N 00°16'50" E, 1414.00 FEET TO A POINT;
 THENCE, N 89°46'19" E, 2647.00 FEET TO A POINT;
 THENCE, N 89°45'49" E, 2646.76 FEET TO A POINT;
 THENCE, N 00°01'33" E, 30.00 FEET TO A POINT;
 THENCE, N 00°38'35" E, 2638.84 FEET TO A POINT;
 THENCE, N 00°34'53" E, 2037.67 FEET TO A POINT;
 THENCE, ALONG A NON-TANGENT CURVE TO THE RIGHT HAVING AN ARC LENGTH OF 422.83 FEET, A RADIUS OF 1402.39 FEET, A CENTRAL ANGLE OF 17°16'30", THE CHORD OF WHICH BEARS S 54°41'22" E FOR A DISTANCE OF 421.23 FEET TO A POINT;
 THENCE, S 46°03'07" E, 166.00 FEET TO A POINT;
 THENCE, ALONG A TANGENT CURVE TO THE LEFT HAVING AN ARC LENGTH OF 1241.29 FEET, A RADIUS OF 1462.39 FEET, A CENTRAL ANGLE OF 48°38'00", THE CHORD OF WHICH BEARS S 70°22'07" E FOR A DISTANCE OF 1204.36 FEET TO A POINT;
 THENCE, N 85°18'53" E, 218.00 FEET TO A POINT;
 THENCE, ALONG A TANGENT CURVE TO THE RIGHT HAVING AN ARC LENGTH OF 585.86 FEET, A RADIUS OF 1243.24 FEET, A CENTRAL ANGLE OF 27°00'00", THE CHORD OF WHICH BEARS S 81°11'07" E FOR A DISTANCE OF 580.46 FEET TO A POINT;
 THENCE, ALONG A COMPOUND CURVE TO THE RIGHT HAVING AN ARC LENGTH OF 272.99 FEET, A RADIUS OF 3789.72 FEET, A CENTRAL ANGLE OF 4°07'38", THE CHORD OF WHICH BEARS S 65°37'18" E FOR A DISTANCE OF 272.94 FEET TO THE POINT OF BEGINNING.

CONTAINING 1,707.5 ACRES, 74,378,267 SQ. FT. MORE OR LESS.

11-5-2004

Futura Engineering Inc.
 Engineering Consultants and Surveyors

12741 East Colley Avenue, Suite 126
 Englewood, Colorado 80111 - (303) 848-8282
 FAX (303) 848-8409

EXHIBIT C

**ENGINEERING SURVEY OF ESTIMATED COSTS OF
PUBLIC IMPROVEMENTS FOR THE DISTRICT**

[See Attached]

Reata South
Preliminary Engineer's Estimate of Costs
May 3, 2005

SUMMARY	
IMPROVEMENT CATEGORY	TOTALS
STREET IMPROVEMENTS	\$4,637,414
WATER IMPROVEMENTS	\$1,773,766
SANITARY SEWER IMPROVEMENTS	\$1,581,425
DRAINAGE IMPROVEMENTS	\$1,211,900
TRAIL SYSTEM (DEVELOPER EST.)	\$1,050,000
ENGINEERING (15%)	\$1,538,176
CONTINGENCIES (15%)	\$1,538,176
GRAND TOTAL	
\$13,330,856	

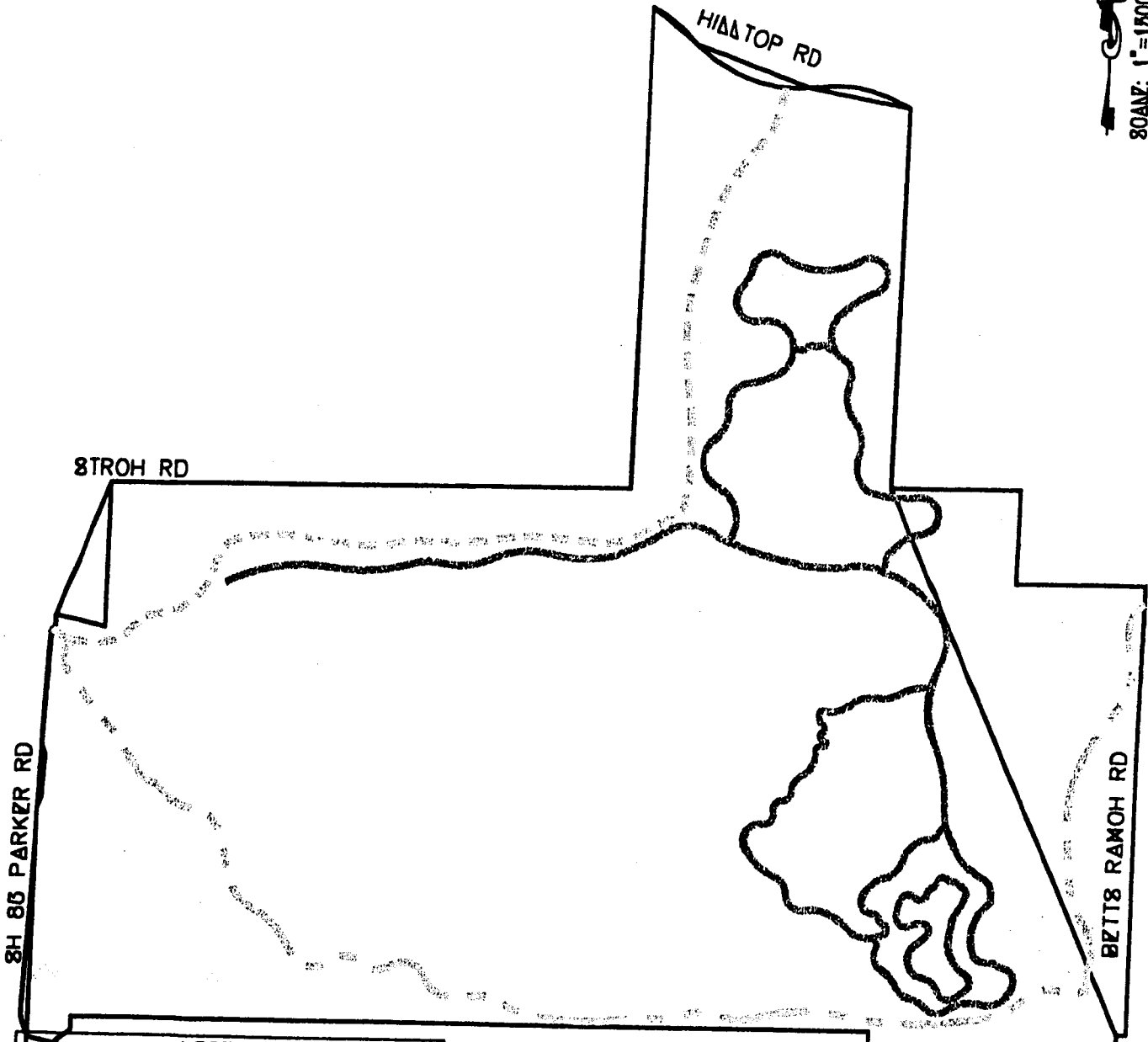
REATA SOUTH
Preliminary Engineer's Estimate of Costs
May 3, 2005

STREET IMPROVEMENTS

DESCRIPTION	QUANTITY	UNIT	UNIT COST	COST
Sub Grade Prep	96,200	SY	\$2.25	\$216,450
4" Asphalt over 6" Base Course	96,200	SY	\$10.00	\$962,000
6" Road Base Shoulder	10,500	SY	\$1.50	\$15,750
Roadside Ditch Lining	550	LF	\$31.00	\$17,050
35" Mountable Curb & Gutter (A&B only)	16,700	LF	\$13.00	\$217,100
24" Ribbon Curb	47,350	LF	\$5.50	\$260,425
Adjust Valve Boxes	125	EA	\$175.00	\$21,875
Adjust Manholes	225	EA	\$400.00	\$90,000
Grading	150,000	CY	\$3.00	\$450,000
Striping	109,411	LF	\$1.25	\$136,764
Sitework, signage, lighting, monumen	1	LS	\$500,000	\$500,000
Shaping and Revegetation	1	LS	\$500,000	\$500,000
Landscape & Entry Monumentation	1	LS	\$1,250,000	\$1,250,000
Total				\$4,637,414

REATA SOUTH
PRELIMINARY METRO DISTRICT
TRAIL SYSTEM IMPROVEMENTS

SCALE: 1"=1800'



LEGEND

DOUGLAS COUNTY
PEDESTRIAN AND
BICYCLIST TRAIL

DOUGLAS COUNTY
PEDESTRIAN TRAIL

INTERIOR BIKE PATH

DISTRICT
BOUNDARY

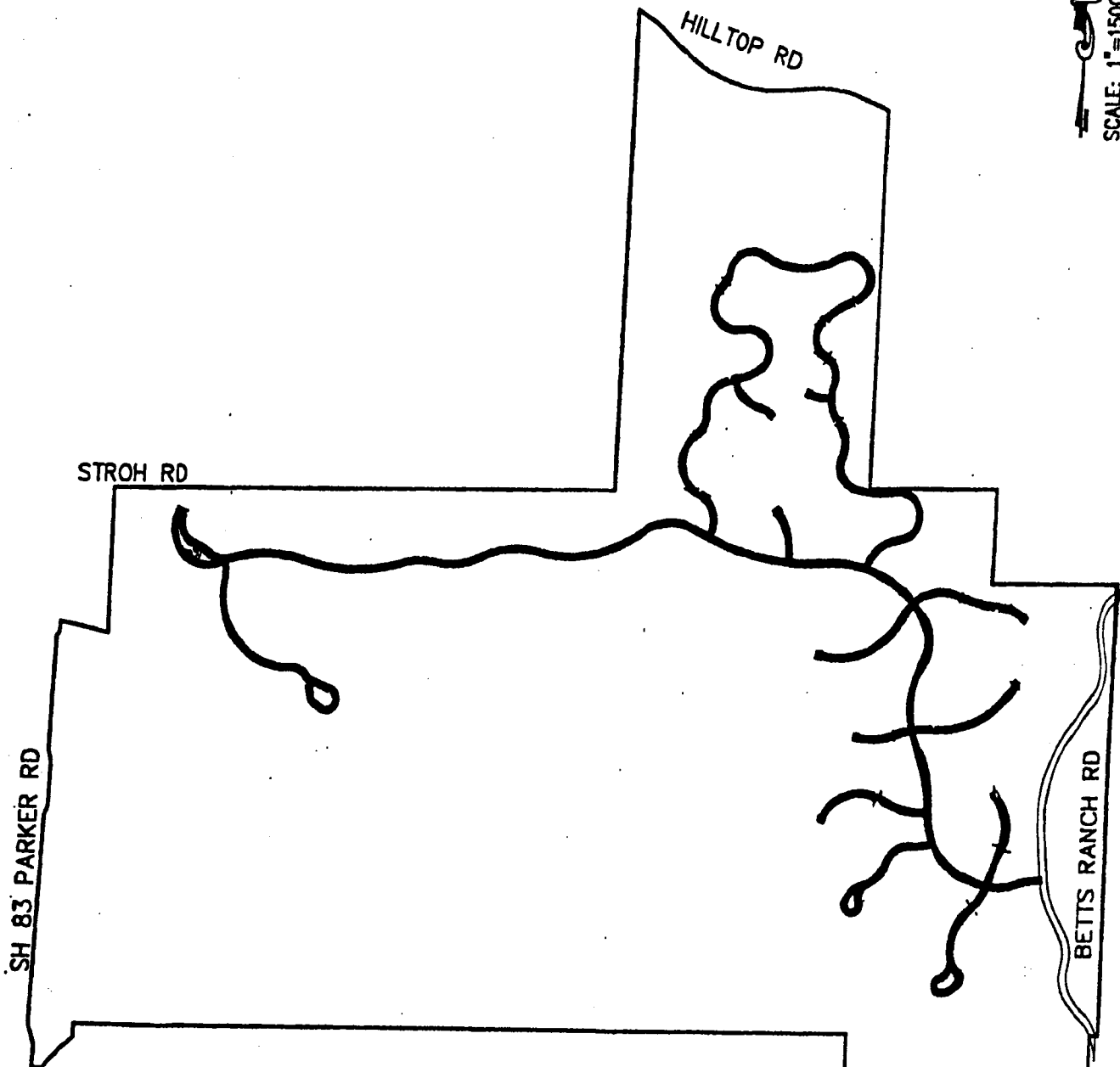
Putera Engineering Inc.
Engineering Consultants and Surveyors

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Englewood, Colorado 80111 - (800) 640-8592
FAX (800) 640-9499




07-28-2005

REATA SOUTH
PRELIMINARY METRO DISTRICT
STREET IMPROVEMENTS

SCALE: 1"=1500'



LEGEND

-  STREET IMPROVEMENT
-  EXISTING STREET
-  DISTRICT BOUNDARY

Futura Engineering Inc.
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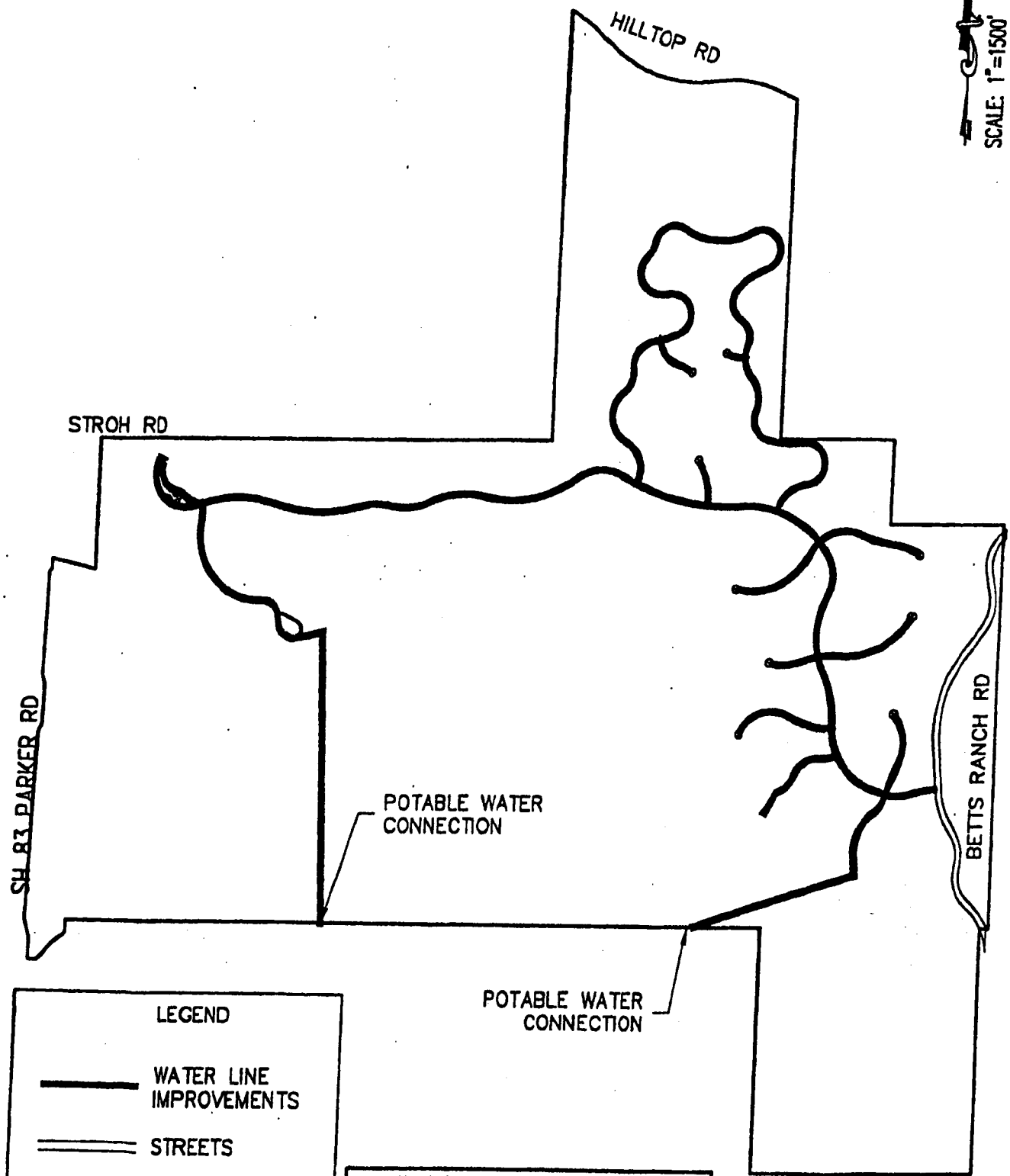
11-5-2004

Reata South
Preliminary Engineer's Estimate of Costs
 May 3, 2005

WATER IMPROVEMENTS				
DESCRIPTION	QUANTITY	UNIT	UNIT COST	COST
12 PVC Water Main	18000	LF	\$34.00	\$612,000
8 PVC Water Main	22000	LF	\$22.00	\$484,000
12 Gate Valve	35	EA	\$1,650.00	\$57,750
8 Gate Valve	90	EA	\$950.00	\$85,500
12" Air Release Valve	2	EA	\$9,000.00	\$18,000
12" Pressure Release Valve	2	EA	\$1,800.00	\$3,600
8" Air Release Valve	2	EA	\$6,600.00	\$13,200
12x8 Tee	32	EA	\$500.00	\$16,000
8x8 Tee	20	EA	\$400.00	\$8,000
8x6 Tee	78	EA	\$350.00	\$27,300
12x8 Cross	2	EA	\$600.00	\$1,200
8" Bend	20	EA	\$375.00	\$7,500
8 Plug w/3" Blow Off	15	EA	\$1,200.00	\$18,000
Fire Hydrant Assembly	78	EA	\$2,600.00	\$202,800
Clear Water Test	35832	LF	\$0.50	\$17,916
Lot Services	171	EA	\$1,000.00	\$171,000
Creek Crossing	2	LS	\$10,000.00	\$20,000
Main Wet Tap	2	EA	\$5,000.00	\$10,000
Total				\$1,773,766

REATA SOUTH
PRELIMINARY METRO DISTRICT
WATER IMPROVEMENTS

SCALE: 1"=1500'



LEGEND

- WATER LINE IMPROVEMENTS
- == STREETS
- DISTRICT BOUNDARY

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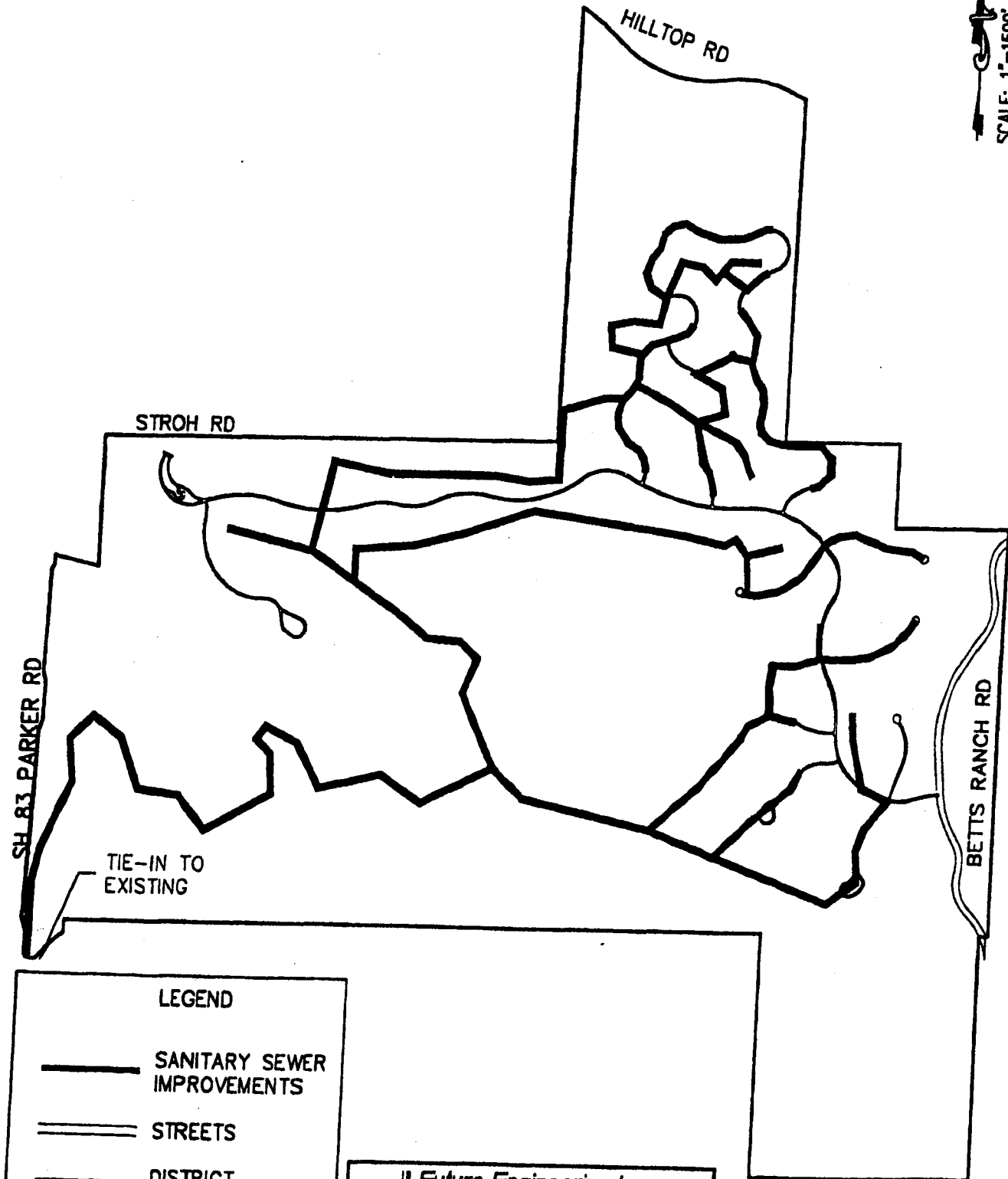
11-5-2004

Reata South
Preliminary Engineer's Estimate of Costs
May 3, 2005




SANITARY SEWER IMPROVEMENTS				
DESCRIPTION	QUANTITY	UNIT	UNIT COST	COST
8" PVC	37000	LF	\$23.00	\$851,000
12" PVC	9100	LF	\$29.00	\$263,900
4' I.D. Manhole	220	EA	\$1,250.00	\$275,000
Marker Posts	120	EA	\$75.00	\$9,000
4" Lot Service	171	EA	\$775.00	\$132,525
Creek Crossing	3	LS	\$10,000.00	\$30,000
Materials Testing	1	LS	\$20,000.00	\$20,000
Total				\$1,581,425

REATA SOUTH
PRELIMINARY METRO DISTRICT
SANITARY SEWER IMPROVEMENTS

SCALE: 1"=1500'



LEGEND

-  SANITARY SEWER IMPROVEMENTS
-  STREETS
-  DISTRICT BOUNDARY

Futura Engineering Inc.
Engineering Consultants and Surveyors

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FAX (303) 648-9499

11-5-2004

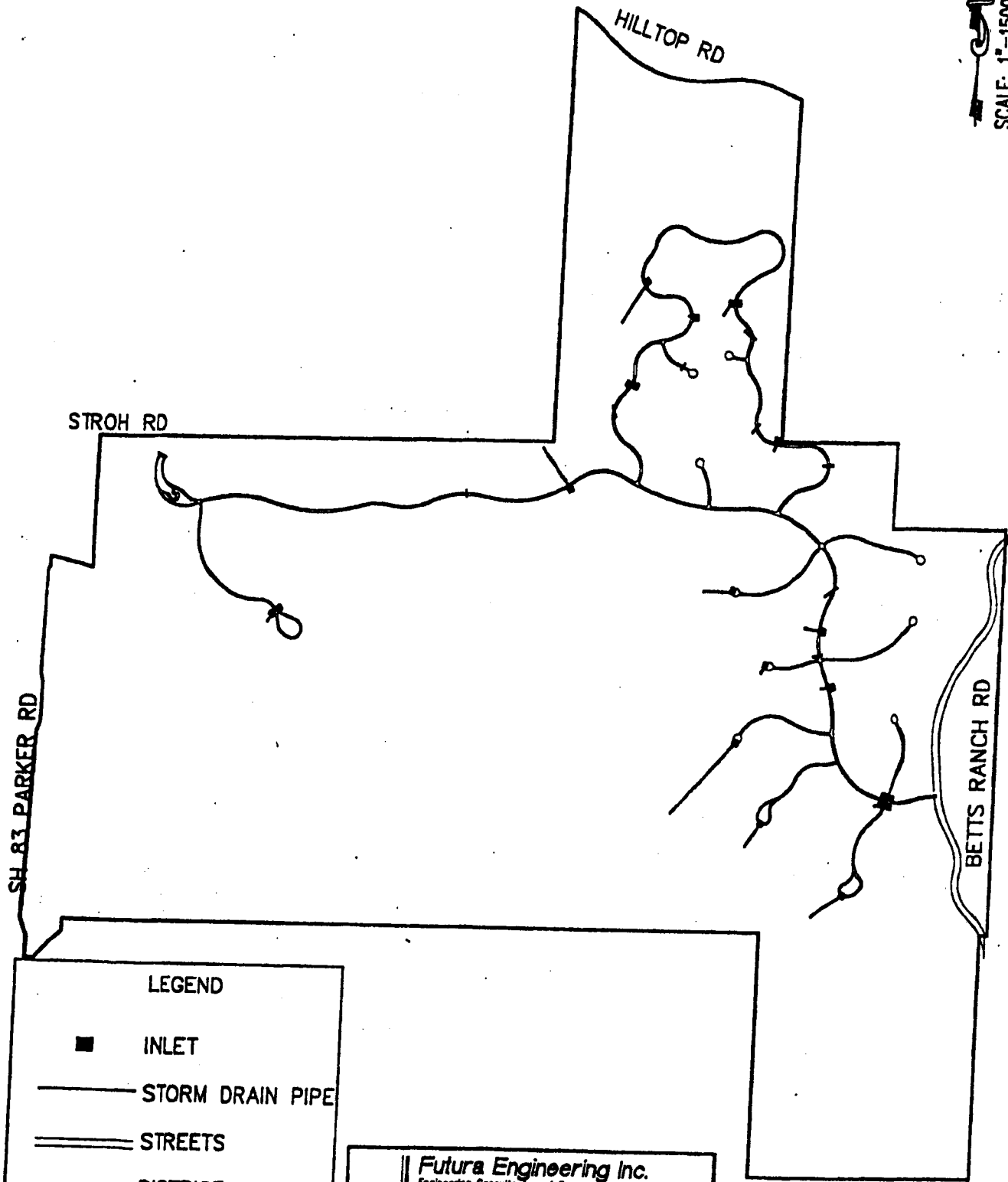
Reata South
Preliminary Engineer's Estimate of Costs
 May 3, 2005

DRAINAGE IMPROVEMENTS

DESCRIPTION	QUANTITY	UNIT	UNIT COST	COST
18" RCP Culvert	750	LF	\$30.00	\$22,500
24" RCP Culvert	150	LF	\$35.00	\$5,250
30" RCP Culvert	575	LF	\$50.00	\$28,750
36" RCP Culvert	300	LF	\$60.00	\$18,000
42" RCP Culvert	100	LF	\$75.00	\$7,500
54" RCP Culvert	250	LF	\$113.00	\$28,250
72" RCP Culvert	100	LF	\$200.00	\$20,000
Headwall/Wingwall/Rip-Rap	7	EA	\$15,000.00	\$105,000
18" RCP	550	LF	\$30.00	\$16,500
24" RCP	750	LF	\$35.00	\$26,250
30" RCP	2450	LF	\$50.00	\$122,500
36" RCP	300	LF	\$60.00	\$18,000
18" FES	9	EA	\$600.00	\$5,400
24" FES	5	EA	\$800.00	\$4,000
30" FES	11	EA	\$900.00	\$9,900
36" FES	6	EA	\$1,000.00	\$6,000
42" FES	2	EA	\$1,100.00	\$2,200
54" FES	2	EA	\$2,400.00	\$4,800
72" FES	2	EA	\$4,000.00	\$8,000
Type C Inlet	1	EA	\$2,000.00	\$2,000
Type R Inlet Single	18	EA	\$2,500.00	\$45,000
Type R Inlet Double	12	EA	\$3,300.00	\$39,600
Type R Inlet Triple	7	EA	\$6,500.00	\$45,500
Detention Ponds	2	LS	\$66,000.00	\$132,000
Water Quality Ponds	8	LS	\$33,000.00	\$264,000
Erosion Control	1	LS	\$225,000.00	\$225,000
Total				\$1,211,900

REATA SOUTH
PRELIMINARY METRO DISTRICT
DRAINAGE IMPROVEMENTS

SCALE: 1"=1500'



LEGEND



INLET



STORM DRAIN PIPE



STREETS



DISTRICT
BOUNDARY

Futura Engineering Inc.
Engineering Consultants and Surveyors

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Englewood, Colorado 80111 - (303) 848-8202
FAX (303) 848-9499

11-5-2004

EXHIBIT D

FINANCING PLAN

[See Attached]

Ser. 2007 & 2010 Bond Issue, Non-Rated Bonds, Including Course & Clubhouse Development Projection at 100% of original build-out cost.

7/8/2005 FRSMD Final Plan of the

REATA SOUTH METROPOLITAN DISTRICT

Development Projection at 46.00 (or lower) Debt Service Mills

Ser. 2007 & 2010 Bond Issue, Non-Rated Bonds, Including Course & Clubhouse

YEAR	Net Available for Debt Serv.	Ser. 2007 \$6,000,000 Par (Net \$4,931 MM)		Ser. 2010 \$13,350,000 Par (Net \$11,012 MM)		Annual Surplus	Surplus Release @ 1% OIA to \$200,000	Target Cumulative Surplus 1997-2009	Senior Debt-to- Assessed Ratio	Total Debt-to- Actual Value Ratio	Built Parcel Market Value of Current Year Converted to AV	Developer Advances & Reimbursements				Less Cash From Annual Surplus	Year-End Balance of Costs
		Net Debt Service	Service	Net Debt Service	Service							Draw Date	Developer Costs Mill @ 6%	Plus Interest @ 7.5%	Issue Date	Less Bond Proceeds	
2005	50					0		50	n/a	0%	3,508,400	9/1/05	8,200,000	143,500			8,343,500
2006	2,000					2,000		2,000			8,353,271	12/1/06	4,100,000	584,045			13,027,545
2007	81,355	\$0				81,355		83,355	2566%	8%	8,353,271			911,928			8,988,894
2008	253,312	0				253,312		306,667	171%	4%	13,599,441			629,223		4,950,579	9,618,117
2009	471,791	0				471,791		808,458	72%	3%	17,835,530			720,397			10,291,385
2010	726,362	0				306,362		1,114,820	142%	8%	21,661,234						0
2011	941,792	420,000		50		486,792		1,601,612	108%	7%	25,246,935						0
2012	1,142,656	455,000		0		680,106		2,281,718	89%	6%	28,782,889						0
2013	1,327,634	462,550		0		(71,266)		2,210,452	76%	5%	29,840,812						0
2014	1,467,649	470,900		0		47,249		2,257,700	67%	5%							0
2015	1,520,573	471,700		998,450		50,423		2,308,123	64%	5%							0
2016	1,551,142	482,150		1,018,900		50,092		2,358,215	62%	5%							0
2017	1,552,645	481,550		1,022,600		48,485		2,406,710	61%	5%							0
2018	1,583,738	490,600		1,040,600		52,538		2,459,248	59%	5%							0
2019	1,585,314	488,600		1,041,850		54,864		2,514,112	59%	5%							0
2020	1,617,191	501,250		1,062,400		53,541		2,567,653	57%	5%							0
2021	1,618,797	502,500		1,060,850		55,447	1,555,599	967,500	56%	5%							0
2022	1,601,628	513,050		1,078,600		9,978	9,978	967,500	53%	4%							0
2023	1,633,080	520,650		1,079,250		10,178	10,178	967,500	52%	4%							0
2024	1,633,080	522,700		1,103,850		8,580	8,580	967,500	50%	4%							0
2025	1,665,161	532,950		1,126,400		9,730	9,730	967,500	48%	4%							0
2026	1,665,161	532,950		1,126,400		5,061	5,061	967,500	46%	4%							0
2027	1,665,161	532,950		1,126,400		8,211	8,211	967,500	44%	4%							0
2028	1,697,883	541,150		1,150,200		6,533	6,533	967,500	41%	3%							0
2029	1,697,883	542,600		1,147,900		7,383	7,383	967,500	39%	3%							0
2030	1,731,261	552,650		1,173,850		4,761	4,761	967,500	36%	3%							0
2031	1,731,261	555,600		1,170,950		4,711	4,711	967,500	34%	3%							0
2032	1,765,305	561,800		1,193,950		7,555	7,555	967,500	31%	3%							0
2033	1,765,305	565,900		1,191,750		7,655	7,655	967,500	28%	2%							0
2034	1,800,031	572,900		1,220,100		7,031	7,031	967,500	26%	2%							0
2035	1,800,031	577,450		1,243,850		4,031	4,031	967,500	21%	2%							0
2036	1,835,451	589,550		1,243,850		3,051	3,051	967,500	17%	1%							0
2037	1,835,451	588,500		1,243,900		6,480	6,480	967,500	13%	1%							0
2038	1,871,580	0		1,868,100		2,880	2,880	967,500	9%	1%							0
2039	1,871,580	0		1,868,100		3,831	3,831	967,500	0%	0%							0
2040	1,908,431	0		1,904,600		6,000	6,000	200,000	0%	0%							0
2041	6,000	0		0		6,000	6,000	200,000	n/a	n/a							0
2042	6,000	0		0		6,000	6,000	200,000	n/a	n/a							0
	50,567,137	14,474,550		33,337,800		2,754,787	2,554,787				148,828,511		12,300,000	3,662,361		15,962,361	2,554,790

(F: 1480705 07m-205)

(F: 1480705 10m-306)

REATA SOUTH METROPOLITAN DISTRICT
Development Projection at 100% of original buildout pace (updated 7/8/05)

YEAR	Residential					
	Custom Lots			Lifestyle Lots		
	Incr/(Decr) in Finished Lot # Lots Value @ 20% Devel'd	# Units Completed 135	Price Inflated @ 2% Value	Incr/(Decr) in Finished Lot # Lots Value @ 20% Devel'd	# Units Completed 35	Price Inflated @ 2% Market Value
2005	0	0	\$2,000,000	0	0	\$1,000,000
2006	20	0	2,040,000	15	0	1,020,000
2007	20	0	2,080,800	20	15	1,040,400
2008	20	0	2,122,416	0	0	15,606,000
2009	20	0	2,164,864	0	20	1,061,208
2010	20	0	2,208,162	0	0	1,082,432
2011	20	0	2,252,325	0	0	1,104,081
2012	15	0	2,297,371	0	0	1,126,162
2013	0	0	2,343,319	0	0	1,148,686
2014	0	0	2,390,185	0	0	1,171,659
2015	0	0	2,437,989	0	0	1,195,093
2016	0	0	2,486,749	0	0	1,218,994
2017	0	0	2,536,484	0	0	1,243,374
2018	0	0	2,587,213	0	0	1,268,242
2019	0	0	2,638,958	0	0	1,293,607
2020	0	0	2,691,737	0	0	1,319,479
	135	0		35	0	1,345,868
		135			35	
			297,668,543			36,830,160

REATA SOUTH METROPOLITAN DISTRICT

Development Projection at 100% of original buildout pace (updated 7/8/05)

YEAR	Equestrian Estate Home					Residential Summary			
	Incr/(Decr) in Finished Lot Value @ 20%	# Units Completed	Price Inflated @ 2%	Market Value		TOTAL Residential Market Value	Total Single Fam Res 1 Units	Single Fam Facility Fees per unit @ \$2,000	
2005	1	800,000							
2006	0	(800,000)	1	\$4,000,000	\$0	\$4,000,000	0	\$0	
2007	0	0		4,080,000	57,222,000	57,222,000	1	\$2,000	
2008	0	0		0	63,672,480	63,672,480	35	70,000	
2009	0	0		0	43,297,286	43,297,286	40	80,000	
2010	0	0		0	44,163,232	44,163,232	20	40,000	
2011	0	0		0	45,046,497	45,046,497	20	40,000	
2012	0	0		0	45,947,427	45,947,427	20	40,000	
2013	0	0		0	35,149,781	35,149,781	15	30,000	
2014	0	0		0	0	0	0	0	
2015	0	0		0	0	0	0	0	
2016	0	0		0	0	0	0	0	
2017	0	0		0	0	0	0	0	
2018	0	0		0	0	0	0	0	
2019	0	0		0	0	0	0	0	
2020	0	0		0	0	0	0	0	
	1	0	1			338,498,703	171	342,000	

REATA SOUTH METROPOLITAN DISTRICT

Development Projection at 100% of original buildout pace (updated 7/8/05)

Commercial										Commercial Summary									
Clubhouse					18-Hole Golf Course														
YEAR	SF Devel'd	Incr/(Decr) in Finished Lot Value @ 10%	Square Ft Completed	per Sq Ft, Initiated @ 2%	Market Value	SF Devel'd	Incr/(Decr) in Finished Lot Value @ 10%	Square Ft Completed	per Sq Ft, Initiated @ 2%	Market Value	Annual Market Value +/- of Residential Platted & Developed Lots	GRAND TOTAL Commercial Market Value	Total Commercial Sq Ft	Commercial Facility Fees per unit @ \$0.50					
2005	0	0	0	92.38	\$0	N/A	0	N/A	N/A	N/A	800,000		0	\$0					
2006	0	0	0	94.23	0	N/A	0	N/A	N/A	N/A	10,200,000	\$0	0	\$0					
2007	0	0	0	96.12	0	N/A	0	N/A	N/A	N/A	1,000,000	\$0	0	0					
2008	30,000	277,154	30,000	98.04	0	N/A	0	N/A	N/A	4,000,000	(3,722,846)	4,000,000	0	0					
2009	0	(277,154)	0	100.00	3,000,000	N/A	0	N/A	N/A	0	(277,154)	3,000,000	30,000	0					
2010	0	0	0	102.00	0	N/A	0	N/A	N/A	N/A	0	0	0	15,000					
2011	0	0	0	104.04	0	N/A	0	N/A	N/A	N/A	0	0	0	0					
2012	0	0	0	106.12	0	N/A	0	N/A	N/A	N/A	0	0	0	0					
2013	0	0	0	108.24	0	N/A	0	N/A	N/A	N/A	(2,000,000)	0	0	0					
2014	0	0	0	110.41	0	N/A	0	N/A	N/A	N/A	(6,000,000)	0	0	0					
2015	0	0	0	112.62	0	N/A	0	N/A	N/A	N/A	0	0	0	0					
2016	0	0	0	114.87	0	N/A	0	N/A	N/A	N/A	0	0	0	0					
2017	0	0	0	117.17	0	N/A	0	N/A	N/A	N/A	0	0	0	0					
2018	0	0	0	119.51	0	N/A	0	N/A	N/A	N/A	0	0	0	0					
2019	0	0	0	121.90	0	N/A	0	N/A	N/A	N/A	0	0	0	0					
2020	0	0	0	124.34	0	N/A	0	N/A	N/A	N/A	0	0	0	0					
	30,000	0	30,000		3,000,000	0	0	0		4,000,000	0	\$7,000,000	30,000	\$15,000					

EXHIBIT E

PRELIMINARY DEBT REPAYMENT SCHEDULES FOR DISTRICT BONDS

[See Attached]

SOURCES AND USES OF FUNDS

REATA SOUTH METROPOLITAN DISTRICT SERIES 2007 G.O. BONDS 30-year final maturity, Non-Rated

Dated Date	12/01/2007
Delivery Date	12/01/2007

Sources:

Bond Proceeds:	
Par Amount	6,000,000.00
	6,000,000.00

Uses:

Project Fund Deposits:	
Project Fund Deposit	4,950,579.22
Other Fund Deposits:	
Capitalized Interest	809,420.78
Delivery Date Expenses:	
Cost of Issuance	240,000.00
	6,000,000.00

BOND DEBT SERVICE
REATA SOUTH METROPOLITAN DISTRICT
SERIES 2007 G.O. BONDS
30-year final maturity, Non-Rated

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2007					
06/01/2008			210,000	210,000	
12/01/2008			210,000	210,000	420,000
06/01/2009			210,000	210,000	
12/01/2009			210,000	210,000	420,000
06/01/2010			210,000	210,000	
12/01/2010			210,000	210,000	420,000
06/01/2011			210,000	210,000	
12/01/2011	35,000	7.000%	210,000	245,000	455,000
06/01/2012			208,775	208,775	
12/01/2012	45,000	7.000%	208,775	253,775	462,550
06/01/2013			207,200	207,200	
12/01/2013	50,000	7.000%	207,200	257,200	464,400
06/01/2014			205,450	205,450	
12/01/2014	60,000	7.000%	205,450	265,450	470,900
06/01/2015			203,350	203,350	
12/01/2015	65,000	7.000%	203,350	268,350	471,700
06/01/2016			201,075	201,075	
12/01/2016	80,000	7.000%	201,075	281,075	482,150
06/01/2017			198,275	198,275	
12/01/2017	85,000	7.000%	198,275	283,275	481,550
06/01/2018			195,300	195,300	
12/01/2018	100,000	7.000%	195,300	295,300	490,600
06/01/2019			191,800	191,800	
12/01/2019	105,000	7.000%	191,800	296,800	488,600
06/01/2020			188,125	188,125	
12/01/2020	125,000	7.000%	188,125	313,125	501,250
06/01/2021			183,750	183,750	
12/01/2021	135,000	7.000%	183,750	318,750	502,500
06/01/2022			179,025	179,025	
12/01/2022	155,000	7.000%	179,025	334,025	513,050
06/01/2023			173,600	173,600	
12/01/2023	165,000	7.000%	173,600	338,600	512,200
06/01/2024			167,825	167,825	
12/01/2024	185,000	7.000%	167,825	352,825	520,650
06/01/2025			161,350	161,350	
12/01/2025	200,000	7.000%	161,350	361,350	522,700
06/01/2026			154,350	154,350	
12/01/2026	225,000	7.000%	154,350	379,350	533,700
06/01/2027			146,475	146,475	
12/01/2027	240,000	7.000%	146,475	386,475	532,950
06/01/2028			138,075	138,075	
12/01/2028	265,000	7.000%	138,075	403,075	541,150
06/01/2029			128,800	128,800	
12/01/2029	285,000	7.000%	128,800	413,800	542,600
06/01/2030			118,825	118,825	
12/01/2030	315,000	7.000%	118,825	433,825	552,650
06/01/2031			107,800	107,800	
12/01/2031	340,000	7.000%	107,800	447,800	555,600
06/01/2032			95,900	95,900	
12/01/2032	370,000	7.000%	95,900	465,900	561,800
06/01/2033			82,950	82,950	
12/01/2033	400,000	7.000%	82,950	482,950	565,900
06/01/2034			68,950	68,950	
12/01/2034	435,000	7.000%	68,950	503,950	572,900
06/01/2035			53,725	53,725	
12/01/2035	470,000	7.000%	53,725	523,725	577,450
06/01/2036			37,275	37,275	
12/01/2036	515,000	7.000%	37,275	552,275	589,550
06/01/2037			19,250	19,250	
12/01/2037	550,000	7.000%	19,250	569,250	588,500
	6,000,000		9,314,550	15,314,550	15,314,550

NET DEBT SERVICE

REATA SOUTH METROPOLITAN DISTRICT SERIES 2007 G.O. BONDS 30-year final maturity, Non-Rated

Date	Principal	Interest	Total Debt Service	Capitalized Interest	Net Debt Service	Annual Net D/S
06/01/2008		210,000	210,000	210,000		
12/01/2008		210,000	210,000	210,000		
06/01/2009		210,000	210,000	210,000		
12/01/2009		210,000	210,000	210,000		
06/01/2010		210,000	210,000		210,000	
12/01/2010		210,000	210,000		210,000	420,000
06/01/2011		210,000	210,000		210,000	
12/01/2011	35,000	210,000	245,000		245,000	455,000
06/01/2012		208,775	208,775		208,775	
12/01/2012	45,000	208,775	253,775		253,775	462,550
06/01/2013		207,200	207,200		207,200	
12/01/2013	50,000	207,200	257,200		257,200	464,400
06/01/2014		205,450	205,450		205,450	
12/01/2014	60,000	205,450	265,450		265,450	470,900
06/01/2015		203,350	203,350		203,350	
12/01/2015	65,000	203,350	268,350		268,350	471,700
06/01/2016		201,075	201,075		201,075	
12/01/2016	80,000	201,075	281,075		281,075	482,150
06/01/2017		198,275	198,275		198,275	
12/01/2017	85,000	198,275	283,275		283,275	481,550
06/01/2018		195,300	195,300		195,300	
12/01/2018	100,000	195,300	295,300		295,300	490,600
06/01/2019		191,800	191,800		191,800	
12/01/2019	105,000	191,800	296,800		296,800	488,600
06/01/2020		188,125	188,125		188,125	
12/01/2020	125,000	188,125	313,125		313,125	501,250
06/01/2021		183,750	183,750		183,750	
12/01/2021	135,000	183,750	318,750		318,750	502,500
06/01/2022		179,025	179,025		179,025	
12/01/2022	155,000	179,025	334,025		334,025	513,050
06/01/2023		173,600	173,600		173,600	
12/01/2023	165,000	173,600	338,600		338,600	512,200
06/01/2024		167,825	167,825		167,825	
12/01/2024	185,000	167,825	352,825		352,825	520,650
06/01/2025		161,350	161,350		161,350	
12/01/2025	200,000	161,350	361,350		361,350	522,700
06/01/2026		154,350	154,350		154,350	
12/01/2026	225,000	154,350	379,350		379,350	533,700
06/01/2027		146,475	146,475		146,475	
12/01/2027	240,000	146,475	386,475		386,475	532,950
06/01/2028		138,075	138,075		138,075	
12/01/2028	265,000	138,075	403,075		403,075	541,150
06/01/2029		128,800	128,800		128,800	
12/01/2029	285,000	128,800	413,800		413,800	542,600
06/01/2030		118,825	118,825		118,825	
12/01/2030	315,000	118,825	433,825		433,825	552,650
06/01/2031		107,800	107,800		107,800	
12/01/2031	340,000	107,800	447,800		447,800	555,600
06/01/2032		95,900	95,900		95,900	
12/01/2032	370,000	95,900	465,900		465,900	561,800
06/01/2033		82,950	82,950		82,950	
12/01/2033	400,000	82,950	482,950		482,950	565,900
06/01/2034		68,950	68,950		68,950	
12/01/2034	435,000	68,950	503,950		503,950	572,900
06/01/2035		53,725	53,725		53,725	
12/01/2035	470,000	53,725	523,725		523,725	577,450
06/01/2036		37,275	37,275		37,275	
12/01/2036	515,000	37,275	552,275		552,275	589,550
06/01/2037		19,250	19,250		19,250	
12/01/2037	550,000	19,250	569,250		569,250	588,500
	6,000,000	9,314,550	15,314,550	840,000	14,474,550	14,474,550

SOURCES AND USES OF FUNDS

REATA SOUTH METROPOLITAN DISTRICT SERIES 2010 G.O. BONDS 30-year final maturity, Non-Rated

Dated Date	12/01/2010
Delivery Date	12/01/2010

Sources:

Bond Proceeds:	
Par Amount	13,350,000.00
	13,350,000.00

Uses:

Project Fund Deposits:	
Project Funds	11,011,781.60
Other Fund Deposits:	
Capitalized Interest	1,800,961.23
Delivery Date Expenses:	
Cost of Issuance	534,000.00
Other Uses of Funds:	
Contingency	3,257.17
	13,350,000.00

BOND DEBT SERVICE
REATA SOUTH METROPOLITAN DISTRICT
SERIES 2010 G.O. BONDS
30-year final maturity, Non-Rated

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2010					
06/01/2011			467,250	467,250	
12/01/2011			467,250	467,250	934,500
06/01/2012			467,250	467,250	
12/01/2012			467,250	467,250	934,500
06/01/2013			467,250	467,250	
12/01/2013			467,250	467,250	934,500
06/01/2014			467,250	467,250	
12/01/2014	15,000	7.000%	467,250	482,250	949,500
06/01/2015			466,725	466,725	
12/01/2015	65,000	7.000%	466,725	531,725	998,450
06/01/2016			464,450	464,450	
12/01/2016	90,000	7.000%	464,450	554,450	1,018,900
06/01/2017			461,300	461,300	
12/01/2017	100,000	7.000%	461,300	561,300	1,022,600
06/01/2018			457,800	457,800	
12/01/2018	125,000	7.000%	457,800	582,800	1,040,600
06/01/2019			453,425	453,425	
12/01/2019	135,000	7.000%	453,425	588,425	1,041,850
06/01/2020			448,700	448,700	
12/01/2020	165,000	7.000%	448,700	613,700	1,062,400
06/01/2021			442,925	442,925	
12/01/2021	175,000	7.000%	442,925	617,925	1,060,850
06/01/2022			436,800	436,800	
12/01/2022	205,000	7.000%	436,800	641,800	1,078,600
06/01/2023			429,625	429,625	
12/01/2023	220,000	7.000%	429,625	649,625	1,079,250
06/01/2024			421,925	421,925	
12/01/2024	260,000	7.000%	421,925	681,925	1,103,850
06/01/2025			412,825	412,825	
12/01/2025	275,000	7.000%	412,825	687,825	1,100,650
06/01/2026			403,200	403,200	
12/01/2026	320,000	7.000%	403,200	723,200	1,126,400
06/01/2027			392,000	392,000	
12/01/2027	340,000	7.000%	392,000	732,000	1,124,000
06/01/2028			380,100	380,100	
12/01/2028	390,000	7.000%	380,100	770,100	1,150,200
06/01/2029			366,450	366,450	
12/01/2029	415,000	7.000%	366,450	781,450	1,147,900
06/01/2030			351,925	351,925	
12/01/2030	470,000	7.000%	351,925	821,925	1,173,850
06/01/2031			335,475	335,475	
12/01/2031	500,000	7.000%	335,475	835,475	1,170,950
06/01/2032			317,975	317,975	
12/01/2032	560,000	7.000%	317,975	877,975	1,195,950
06/01/2033			298,375	298,375	
12/01/2033	595,000	7.000%	298,375	893,375	1,191,750
06/01/2034			277,550	277,550	
12/01/2034	665,000	7.000%	277,550	942,550	1,220,100
06/01/2035			254,275	254,275	
12/01/2035	710,000	7.000%	254,275	964,275	1,218,550
06/01/2036			229,425	229,425	
12/01/2036	785,000	7.000%	229,425	1,014,425	1,243,850
06/01/2037			201,950	201,950	
12/01/2037	840,000	7.000%	201,950	1,041,950	1,243,900
06/01/2038			172,550	172,550	
12/01/2038	1,520,000	7.000%	172,550	1,692,550	1,865,100
06/01/2039			119,350	119,350	
12/01/2039	1,630,000	7.000%	119,350	1,749,350	1,868,700
06/01/2040			62,300	62,300	
12/01/2040	1,780,000	7.000%	62,300	1,842,300	1,904,600
	13,350,000		21,856,800	35,206,800	35,206,800

NET DEBT SERVICE

REATA SOUTH METROPOLITAN DISTRICT SERIES 2010 G.O. BONDS 30-year final maturity, Non-Rated

Date	Principal	Interest	Total Debt Service	Capitalized Interest	Net Debt Service	Annual Net D/S
06/01/2011		467,250	467,250	467,250		
12/01/2011		467,250	467,250	467,250		
06/01/2012		467,250	467,250	467,250		
12/01/2012		467,250	467,250	467,250		
06/01/2013		467,250	467,250		467,250	
12/01/2013		467,250	467,250		467,250	934,500
06/01/2014		467,250	467,250		467,250	
12/01/2014	15,000	467,250	482,250		482,250	949,500
06/01/2015		466,725	466,725		466,725	
12/01/2015	65,000	466,725	531,725		531,725	998,450
06/01/2016		464,450	464,450		464,450	
12/01/2016	90,000	464,450	554,450		554,450	1,018,900
06/01/2017		461,300	461,300		461,300	
12/01/2017	100,000	461,300	561,300		561,300	1,022,600
06/01/2018		457,800	457,800		457,800	
12/01/2018	125,000	457,800	582,800		582,800	1,040,600
06/01/2019		453,425	453,425		453,425	
12/01/2019	135,000	453,425	588,425		588,425	1,041,850
06/01/2020		448,700	448,700		448,700	
12/01/2020	165,000	448,700	613,700		613,700	1,062,400
06/01/2021		442,925	442,925		442,925	
12/01/2021	175,000	442,925	617,925		617,925	1,060,850
06/01/2022		436,800	436,800		436,800	
12/01/2022	205,000	436,800	641,800		641,800	1,078,600
06/01/2023		429,625	429,625		429,625	
12/01/2023	220,000	429,625	649,625		649,625	1,079,250
06/01/2024		421,925	421,925		421,925	
12/01/2024	260,000	421,925	681,925		681,925	1,103,850
06/01/2025		412,825	412,825		412,825	
12/01/2025	275,000	412,825	687,825		687,825	1,100,650
06/01/2026		403,200	403,200		403,200	
12/01/2026	320,000	403,200	723,200		723,200	1,126,400
06/01/2027		392,000	392,000		392,000	
12/01/2027	340,000	392,000	732,000		732,000	1,124,000
06/01/2028		380,100	380,100		380,100	
12/01/2028	390,000	380,100	770,100		770,100	1,150,200
06/01/2029		366,450	366,450		366,450	
12/01/2029	415,000	366,450	781,450		781,450	1,147,900
06/01/2030		351,925	351,925		351,925	
12/01/2030	470,000	351,925	821,925		821,925	1,173,850
06/01/2031		335,475	335,475		335,475	
12/01/2031	500,000	335,475	835,475		835,475	1,170,950
06/01/2032		317,975	317,975		317,975	
12/01/2032	560,000	317,975	877,975		877,975	1,195,950
06/01/2033		298,375	298,375		298,375	
12/01/2033	595,000	298,375	893,375		893,375	1,191,750
06/01/2034		277,550	277,550		277,550	
12/01/2034	665,000	277,550	942,550		942,550	1,220,100
06/01/2035		254,275	254,275		254,275	
12/01/2035	710,000	254,275	964,275		964,275	1,218,550
06/01/2036		229,425	229,425		229,425	
12/01/2036	785,000	229,425	1,014,425		1,014,425	1,243,850
06/01/2037		201,950	201,950		201,950	
12/01/2037	840,000	201,950	1,041,950		1,041,950	1,243,900
06/01/2038		172,550	172,550		172,550	
12/01/2038	1,520,000	172,550	1,692,550		1,692,550	1,865,100
06/01/2039		119,350	119,350		119,350	
12/01/2039	1,630,000	119,350	1,749,350		1,749,350	1,868,700
06/01/2040		62,300	62,300		62,300	
12/01/2040	1,780,000	62,300	1,842,300		1,842,300	1,904,600
	13,350,000	21,856,800	35,206,800	1,869,000	33,337,800	33,337,800

EXHIBIT F

LETTER FROM KIRKPATRICK PETTIS

May 17, 2005

Peter Italiano, Planning Director
Douglas County Planning Department
100 3rd Street, Suite 220
Castle Rock, Colorado 80104

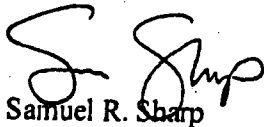
RE: *Reata South Metropolitan District*

To Whom It May Concern:

As part of the service plan approval process, you have asked about the relationship between the investment bankers and the proposed Reata South Metropolitan District. We are engaged with the petitioners of the proposed District as described by the attached Letter of Intent. We have the intention of serving as underwriters for the District's voter authorized debt once sufficient credit support can be identified based on assessed value or recourse provided by the landowners. The structure represented in the financing plan involves non-rated bonds issued to a third party, which we believe will be marketable based on the growth assumptions also included in this plan. In this case, the debt would be sold only to institutional investors while the debt is greater than 50% of the District's Assessed Valuation.

To address your specific concern about the potential impact of a slower than expected development pace, the District bonds would be phased to match up with the actual development pace. The net result would likely be that the developer's advances would take longer to be repaid from bond proceeds.

Sincerely,



Samuel R. Sharp
Vice President

Kirkpatrick Pettis

A Division of D.A. Davidson & Co. Fixed Income Capital Markets

1600 Broadway, Suite 1100 • Denver, Colorado 80202-4922 • (303) 764-6000 • (800) 942-7557 • Fax (303) 764-5770
www.dadavidson.com • www.kpssp.com

D.A. Davidson & Co.

Member SIPC

Executed Copy

Kirkpatrick Pettis

A Mutual of Omaha Company

September 21, 2004

Petitioners for Reata South Metropolitan District
c/o Dwight Bainbridge
Epos Group
9227 East Lincoln Avenue
Suite 200
Long Tree, CO 80124

RE: Letter of Intent - Proposed Reata South Metropolitan District

Dear Petitioners:

The petitioners are in the process of organizing the proposed Reata South Metropolitan District (the "District"). Once the District is organized it is anticipated that the District will authorize and issue improvement and/or refunding bonds (the "Bonds") pursuant to voter-approved election questions. The Petitioners desire to engage the services of Kirkpatrick Pettis regarding the sale of those bonds. This letter confirms the basis upon which we intend to submit an offer to purchase the Bonds from the District after it is organized.

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 Proposed 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 Proposed 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 will be 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

1800 Broadway, Suite 1100 • Denver, CO 80202-4922 • 303-764-5737 • 303-764-5768 • 800-942-7557
FAX 303-764-5770 • Home Office: 10250 Regency Circle, Suite 400 • Omaha, NE 68114 • 800-776-5777
Member NASD & SIPC • ssharp@kpse.com • lbishop@kpse.com

Reata South Metropolitan District
Page 2 of 4
9/22/2004

certain approving opinions when the securities are delivered. All fees and expenses of legal counsel selected hereunder shall be paid only from the proceeds derived upon sale of the Bonds.

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. As set forth above under Legal Counsel, the District will engage the services of counsel to assist in the preparation of such disclosure documents and advise the District and Underwriter about sales practices, regulatory requirements, and security 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 to pay from the Bond proceeds the expenses as provided in Sections 4 and 6 of this letter. 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 an offer by Kirkpatrick Pettis to underwrite the bonds. Our offer will be submitted in the form of a bond purchase agreement that will set forth terms of the purchase such as the rates of interest, the amount of any original issue premium or discount, our firm's underwriting compensation, and the date and conditions for delivery of the Bonds. Until the Districts accept such offer by signing the bond purchase agreement, there will be no obligation for Kirkpatrick Pettis to purchase the Bonds from

WILLIAM A. BAINBRIDGE

Reata South Metropolitan District
Page 3 of 4
9/22/2004

the Districts. In consideration for our work performed pursuant to Section 1 above, the Districts agree that, subject to Section 7 below, they will not consider any other underwriting proposals, unless Kirkpatrick Pettis first has declined to underwrite the transaction. Our compensation at the consummation of a transaction shall be calculated as a percentage of the par amount as follows:

Type of Transaction	Fee
If the certified assessed value at the time of issuance multiplied by the mill levy cap is less than the average annual debt service	2%
If the bonds are rated Investment Grade based on a Letter of Credit with Developer recourse	1.25%
If the certified assessed value at the time of issuance multiplied by the mill levy cap is equal to or greater than the average annual debt service	1%

In recognition of the Petitioners payment to their previous financial consultant, such amount shall be deducted against our compensation on the first transaction, not to exceed \$10,000.

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 application, 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 shall be paid only from the proceeds derived upon sale of the Bonds.

W. L. A. B. A. B.

Reata South Metropolitan District
Page 4 of 4
9/22/2004

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.

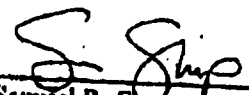
Section 6. Private Placement of Debt. If the District determines that a private placement of debt to developer or other parties would be in its best interest, the District agrees it will utilize the services of Kirkpatrick Pettis as an advisor for a fee of 1% of the debt distributed.

Section 7. Term of Letter Agreement. This letter agreement shall remain in full force and effect until such time as the petitioners notify Kirkpatrick Pettis in writing of their intent to terminate this letter agreement, provided that any such action or notice shall provide no less than 30 days notice of such termination and such notice will include a breakup fee of \$10,000 owed to Kirkpatrick Pettis for services rendered. Kirkpatrick Pettis may resign as investment banker to the Districts by providing written notification with no less than 30 days notice to the petitioners.

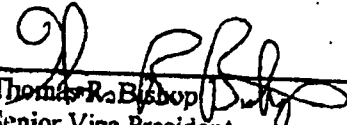
Section 8. Acceptance. The petitioners or other authorized officers of the developer may indicate their desire to proceed with the delivery of these investment banking services upon the basis set forth in this letter by executing one copy of this letter and returning it to us.

Respectfully submitted,

Kirkpatrick, Pettis, Smith, Polian Inc.



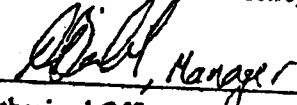
Samuel R. Sharp
First Vice President



Thomas R. Bishop
Senior Vice President

ACCEPTED this ____ day of September 2004

Proposed Reata South Metropolitan District



Authorized Officer

12-1-2004

EXHIBIT G

PROOF OF OWNERSHIP

[See Title Insurance Policy]

Land Title Guarantee Company

Date: November 02, 2004

COLORADO GOLF CLUB LLC, A COLORADO LIMITED LIABILITY COMPANY
9227 E. LINCOLN AVE #200
LITTLETON, CO 80124

Enclosed please find the title insurance policy for your property
located at VACANT LAND KNOWN AS REATA SOUTH

The following endorsements are included in this policy:

Deletion of Exceptions 1-3
Deletion of General Exception 4

Please review this policy in its entirety. In the event that you find any discrepancy, or if you have any questions
regarding your final title policy, you may contact Final Policy Department

Phone: 303-688-6363 Fax:

Please refer to our Order No. PC45002468

Should you decide to sell the property described in this policy, or if you are required to purchase a new title
commitment for mortgage purposes, you may be entitled to a credit toward future title insurance premiums.
Land Title Guarantee Company will retain a copy of this policy so we will be able to provide future products
and services to you quickly and efficiently.

Thank you for giving us the opportunity to serve you.

Sincerely,

Land Title Guarantee Company

American Land Title Association
OWNER'S POLICY
(10-17-92)

CHICAGO TITLE INSURANCE COMPANY

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations. IN WITNESS WHEREOF, the said CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed as of Date of Policy shown in Schedule A, the policy to become valid when countersigned by an authorized signatory

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of unrecorded domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer, or
 - (b) the transaction creating the estate or interest insured by this policy being deemed preferential transfer except where the preferential transfer results from the failure:
 - (i) to timely record the instrument of transfer, or
 - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

CHICAGO TITLE INSURANCE COMPANY

Issued through the Office of:
LAND TITLE GUARANTEE COMPANY
512 WILCOX ST
CASTLE ROCK, CO 80104
303-878-6363

Carol M. Mueller
Authorized Signatory



Robert L. St. &
Red Right

CONDITIONS AND STIPULATIONS

1. Definition of Terms.

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.

(b) "insured claimant": an insured claiming loss or damage.

(c) "knowledge" or "knew": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(d) "land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a)(iv) of the Exclusions from Coverage, "public records" shall also include environmental protection laws filed in the records of the clerk of the United States district court for the district in which the land is located.

(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. Continuation of Insurance After Conveyance of Title.

The following coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

3. Notice of Claim to be Given by Insured Claimant.

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured homeowner of any claim of title or interest which is adverse to the title to the estate or interest, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. Defense and Prosecution of Actions; Duty of Insured Claimant to Cooperate.

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel at its choice subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to to prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation with regard to the matter or matters requiring such cooperation.

5. Proof of Loss or Damage.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph shall terminate any liability of the Company under this policy as to that claim.

6. Options to Pay or Otherwise Settle Claims; Termination of Liability.

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) To pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

7. Determination, Extent of Liability and Coinsurance.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or
 (ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest or the full consideration paid for the land, whichever is less, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the amount of insurance at Date of Policy bears to the total value of the insured estate or interest at Date of Policy; or

(ii) where a subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which accrues, in the aggregate, 10 percent of the Amount of Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. Apportionment.

If the land described in Schedule A consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

9. Limitation of Liability.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

10. Reduction of Insurance; Reduction or Termination of Liability.

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

11. Liability Noncumulative.

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

12. Payment of Loss.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with the Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

13. Subrogation Upon Payment of Settlement.**(a) The Company's Right of Subrogation**

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to those rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Company's Rights Against Non-Insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

14. Arbitration.

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance of \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorney's fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules. A copy of the Rules may be obtained from the Company upon request.

15. Liability Limited in this Policy; Policy Entire Contract.

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or a validating officer or authorized signatory of the Company.

16. Severability.

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

17. Notices, Where Sent.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company at the issuing office or to:

Chicago Title Insurance Company
 Claims Department
 171 North Clark Street
 Chicago, Illinois 60601-3204

Form AO/CHI

LTG Policy No. CTA145002468

Chicago Policy No. 72106-1146301

Our Order No. PC45002468

Schedule A

Amount \$12,600,000.00

Property Address: VACANT LAND KNOWN AS REATA SOUTH

1. Policy Date: August 03, 2004 at 5:00 P.M.

2. Name of Insured:

COLORADO GOLF CLUB LLC, A COLORADO LIMITED LIABILITY COMPANY

3. The estate or interest in the land described or referred to in this Schedule and which is covered by this policy is:

A Fee Simple

4. Title to the estate or interest covered by this policy at the date hereof is vested in:

COLORADO GOLF CLUB LLC, A COLORADO LIMITED LIABILITY COMPANY

5. The land referred to in this policy is described as follows:

SEE ATTACHED PAGE(S) FOR LEGAL DESCRIPTION

This Policy valid only if Schedule B is attached.

Land Title Guarantee Company
Representing Chicago Title Insurance Company

LTC Policy No. CTA145002468

Our Order No. PC45002468

LEGAL DESCRIPTION

AN IRREGULAR PARCEL OF LAND LYING IN SECTION 36, TOWNSHIP 6 SOUTH, RANGE 66 WEST, AND IN SECTIONS 1, 2, 3, 10 AND 12, TOWNSHIP 7 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SAID SECTION 36;

THENCE SOUTH 00 DEGREES 36 MINUTES 23 SECONDS WEST ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 36, 1558.43 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF HILLTOP ROAD, SAID POINT BEING THE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 00 DEGREES 36 MINUTES 23 SECONDS WEST ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 36, 1079.59 FEET TO THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 36;

THENCE SOUTH 00 DEGREES 36 MINUTES 50 SECONDS WEST ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36, 2639.97 FEET TO THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SAID SECTION 1;

THENCE NORTH 89 DEGREES 44 MINUTES 47 SECONDS EAST ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 1, 1323.33 FEET TO THE NORTHWEST CORNER OF THAT PARCEL OF LAND DESCRIBED AT BOOK 217, PAGE 256, DOUGLAS COUNTY RECORDS;

THENCE SOUTH 00 DEGREES 28 MINUTES 10 SECONDS WEST ALONG THE WEST LINE OF SAID PARCEL OF LAND DESCRIBED AT BOOK 217, PAGE 256, 920.02 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL;

THENCE NORTH 89 DEGREES 46 MINUTES 39 SECONDS EAST ALONG THE SOUTH LINE OF SAID PARCEL OF LAND DESCRIBED AT BOOK 217, PAGE 256, AND ALONG THE SOUTH LINE OF THAT PARCEL OF LAND DESCRIBED AT BOOK 217, PAGE 255, 1318.27 FEET TO A POINT ON THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 1;

THENCE SOUTH 00 DEGREES 43 MINUTES 45 SECONDS WEST ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 1, 1736.44 FEET TO THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 1;

THENCE SOUTH 00 DEGREES 04 MINUTES 38 SECONDS EAST ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 1, 2650.77 FEET TO THE NORTHEAST CORNER OF SAID SECTION 12;

THENCE SOUTH 89 DEGREES 54 MINUTES 39 SECONDS WEST ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 12, 100.00 FEET;

THENCE SOUTH 00 DEGREES 06 MINUTES 03 SECONDS EAST ALONG THE WEST LINE OF THAT PARCEL OF LAND DESCRIBED AT BOOK 280, PAGE 950, 2647.05 FEET TO A POINT ON THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 12;

THENCE SOUTH 89 DEGREES 56 MINUTES 50 SECONDS WEST ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 12, 2538.10 FEET TO THE SOUTHWEST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 12;

THENCE NORTH 00 DEGREES 00 MINUTES 35 SECONDS EAST ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 12, 2647.59 FEET TO THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION 12;

THENCE SOUTH 89 DEGREES 56 MINUTES 01 SECONDS WEST ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 1, 2634.56 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 1;

THENCE NORTH 89 DEGREES 45 MINUTES 55 SECONDS WEST ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 2, 2646.28 FEET TO THE SOUTHWEST CORNER OF

LTG Policy No. CTA145002468

Our Order No. PC45002468

LEGAL DESCRIPTION

THE SOUTHEAST QUARTER OF SAID SECTION 2;

THENCE SOUTH 89 DEGREES 52 MINUTES 30 SECONDS WEST ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 2, 2661.94 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 2;

THENCE NORTH 89 DEGREES 46 MINUTES 36 SECONDS WEST ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 3, 180.54 FEET TO THE NORTHWEST CORNER OF TRACT G, THE PINERY, FILING NO. 20, RECORDED AT RECEPTION NO. 9523438, DOUGLAS COUNTY RECORDS;

THENCE SOUTH 00 DEGREES 07 MINUTES 30 SECONDS EAST ALONG THE WEST LINE OF SAID TRACT G, THE PINERY NO. 20, 130.94 FEET TO A POINT ON THE NORTHERLY LINE OF THAT PARCEL OF LAND DESCRIBED AT RECEPTION NO. 9641265, DOUGLAS COUNTY RECORDS;

THENCE ALONG THE NORTHERLY LINE OF SAID PARCEL OF LAND DESCRIBED AT RECEPTION NO. 9641265 THE FOLLOWING THREE (3) COURSES:

1. THENCE SOUTH 50 DEGREES 57 MINUTES 04 SECONDS WEST, 197.44 FEET;
2. THENCE SOUTH 44 DEGREES 01 MINUTES 14 SECONDS WEST 247.20 FEET;
3. THENCE NORTH 87 DEGREES 09 MINUTES 31 SECONDS WEST, 101.94 FEET TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF STATE HIGHWAY 83;

THENCE ALONG THE EAST RIGHT-OF-WAY LINE OF SAID STATE HIGHWAY 83 THE FOLLOWING NINE (9) COURSES:

1. THENCE NORTH 02 DEGREES 13 MINUTES 27 SECONDS EAST, 219.14 FEET;
2. THENCE NORTH 17 DEGREES 43 MINUTES 33 SECONDS WEST, 219.79 FEET;
3. THENCE NORTH 02 DEGREES 12 MINUTES 47 SECONDS EAST, 2039.99 FEET;
4. THENCE NORTH 21 DEGREES 35 MINUTES 25 SECONDS EAST, 106.26 FEET;
5. THENCE NORTH 02 DEGREES 11 MINUTES 30 SECONDS EAST, 419.93 FEET;
6. THENCE NORTH 17 DEGREES 03 MINUTES 39 SECONDS WEST, 106.17 FEET;
7. THENCE NORTH 02 DEGREES 11 MINUTES 15 SECONDS EAST, 1122.33 FEET;
8. THENCE NORTH 36 DEGREES 57 MINUTES 35 SECONDS EAST, 52.80 FEET;
9. THENCE NORTH 02 DEGREES 12 MINUTES 20 SECONDS EAST, 106.63 FEET TO A POINT ON THE SOUTH LINE OF THAT PARCEL DESCRIBED AT BOOK 196, PAGE 128, DOUGLAS COUNTY RECORDS;

THENCE ALONG THE SOUTH AND EAST LINES OF SAID PARCEL DESCRIBED AT BOOK 196, PAGE 128 THE FOLLOWING TWO (2) COURSES:

1. SOUTH 77 DEGREES 37 MINUTES 38 SECONDS EAST, 507.83 FEET TO A POINT ON THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 3;
2. NORTH 00 DEGREES 16 MINUTES 50 SECONDS EAST ALONG THE EAST LINE OF SAID SECTION 3, 1414.00 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF STROH ROAD;

THENCE ALONG THE SOUTH RIGHT-OF-WAY LINE OF SAID STROH ROAD THE FOLLOWING TWO (2) COURSES:

1. THENCE NORTH 89 DEGREES 46 MINUTES 19 SECONDS EAST PARALLEL WITH AND 30 FEET SOUTH OF THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 2, 2647.00 FEET;
2. THENCE NORTH 89 DEGREES 45 MINUTES 49 SECONDS EAST PARALLEL WITH AND 30 FEET SOUTH OF THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 2, 2646.76 FEET TO A POINT ON THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 2;

THENCE NORTH 00 DEGREES 01 MINUTES 33 SECONDS EAST ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 2, 30.00 FEET TO THE NORTHEAST CORNER OF SAID SECTION 2;

LEGAL DESCRIPTION

THENCE NORTH 00 DEGREES 38 MINUTES 35 SECONDS EAST ALONG THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36, 2638.84 FEET TO THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 36;

THENCE NORTH 00 DEGREES 34 MINUTES 53 SECONDS EAST ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 36, 2037.67 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF HILLTOP ROAD AND A POINT ON A CURVE;

THENCE ALONG THE SOUTHERLY RIGHT-OF-WAY LINE OF SAID HILLTOP ROAD THE FOLLOWING SIX (6) COURSES:

1. THENCE ALONG THE ARC OF SAID CURVE TO THE RIGHT HAVING A RADIUS OF 1402.39 FEET AND A CENTRAL ANGLE OF 17 DEGREES 16 MINUTES 30 SECONDS (THE CHORD OF WHICH BEARS SOUTH 54 DEGREES 41 MINUTES 22 EAST, 421.23 FEET), 422.83 FEET;
2. THENCE SOUTH 46 DEGREES 03 MINUTES 07 SECONDS EAST, 166.00 FEET TO A POINT OF CURVE;
3. THENCE ALONG THE ARC OF SAID CURVE TO THE LEFT HAVING A RADIUS OF 1462.39 FEET AND A CENTRAL ANGLE OF 48 DEGREES 38 MINUTES 00 SECONDS (THE CHORD OF WHICH BEARS SOUTH 70 DEGREES 22 MINUTES 07 SECONDS EAST, 1204.36 FEET) 1241.29 FEET;
4. THENCE NORTH 85 DEGREES 18 MINUTES 53 SECONDS EAST, 218.00 FEET TO A POINT OF CURVE;
5. THENCE ALONG THE ARC OF SAID CURVE TO THE RIGHT HAVING A RADIUS OF 1243.24 FEET AND A CENTRAL ANGLE OF 27 DEGREES 00 MINUTES 00 SECONDS (THE CHORD OF WHICH BEARS SOUTH 81 DEGREES 11 MINUTES 07 SECONDS EAST, 580.46 FEET), 585.86 FEET TO A POINT OF COMPOUND CURVE;
6. THENCE ALONG THE ARC OF SAID CURVE TO THE RIGHT HAVING A RADIUS OF 3789.72 FEET AND A CENTRAL ANGLE OF 04 DEGREES 07 MINUTES 38 SECONDS (THE CHORD OF WHICH BEARS SOUTH 65 DEGREES 37 MINUTES 18 SECONDS EAST, 272.94 FEET), 272.99 FEET TO THE POINT OF BEGINNING.