

BLUE VALLEY
METROPOLITAN
DISTRICT

AMENDED AND RESTATED
SERVICE PLAN

Grand County, Colorado

March 2002

PREPARED BY
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BLUE VALLEY METROPOLITAN DISTRICT
Grand County, Colorado

AMENDED AND RESTATED SERVICE PLAN

CHAPTER I - INTRODUCTION

A. General Overview

This Amended and Restated Service Plan (hereinafter "Service Plan") for the BLUE VALLEY METROPOLITAN DISTRICT (the "District") constitutes an amendment and restatement of the Blue Valley Metropolitan District Service Plan previously dated August 1975 for the purpose of outlining the proposed expansion of services and powers to accommodate the additional need for services within the area referred to as "Blue Valley". The District is located one mile east of the Blue River, eleven miles south of the City of Kremmling on Highway 9, and within Sections 27 and 34, of Township 1 South, Range 80 West. It presently consists of 223 acres of land, subdivided into 155 lots (of roughly 155 acres) for residential development, 48 acres for commercial use, and nine tracts of land for open spaces. The District provides water service to this area and to the residents. The 155 residential lots include 57 lots which were included effective June 4, 1981 as evidenced in the Grand County filing in book 293, page 966, reception number 184336. The District currently owns and operates water pumping, storage and distribution systems within the entire area.

The purpose of this Service Plan is to add additional powers and expand the services currently provided by the District to include anticipated needs that provide parks and recreation including trails, and road and drainage improvements. At the same time this Service Plan recognizes increases in costs for the public infrastructure which is the responsibility of the District, and acknowledges an increase in the general obligation debt authorization may be necessary in the future. Also, the Service Plan acknowledges the possibility of inclusions of additional property in the future, and the ability to further increase debt authorization to accommodate that infrastructure. Without the amendment and restatement of the District's Service Plan, the financing would be more expensive than necessary and ongoing operation and maintenance would be less certain.

The revised public infrastructure currently contemplated by the Metropolitan District includes a water production and storage system, a water distribution system, road and drainage improvements, and certain landscaping/recreational improvements. The

District's water functions currently contemplate additional construction of a building to house offices, administration, and operations functions, as well as provide for meeting facilities. This Service Plan addresses the improvements, which will be provided by the District and demonstrates how this District will serve the water, roads, and landscaping/recreational needs of the Blue Valley Metropolitan District.

Figure I - 1, at the end of this section, contains a general "Development Plan" for the community, followed by Table I - 1, containing development projections.

1. District Structure. This Amended and Restated Service Plan is submitted in accordance with Part 2 of the Special District Act (§ 32-1-201, *et seq.*, C.R.S.). It defines the powers and authorities of, as well as the limitations and restrictions on, Blue Valley Metropolitan District. It is intended that the District, as a Title 32 District, will provide certain essential public-purpose facilities for the use and benefit of its anticipated inhabitants and taxpayers. These persons include owners of real property located within the boundaries of the District as currently contemplated and as the same may be changed through the inclusion of additional territory and exclusion of territory.

The District will be responsible for managing the construction and operation of facilities and improvements needed for Blue Valley. The District will be responsible for providing the funding and tax base needed to support the Financial Plan for capital improvements. Various agreements are expected to be executed by the District clarifying the nature of the functions and services to be provided. The agreements will be designed to help assure the orderly development of essential services and facilities resulting in a community which will be both an aesthetic and economic asset to Blue Valley. Additionally, any intergovernmental agreements ("IGA's") which may be entered into between District and others are not now known, but may occur in the future.

This Amended Service Plan for the District will help assure proper coordination of the powers, authorities, and purposes of the District. Unless otherwise specifically noted herein, general provisions of this Service Plan apply to all of the Blue Valley Metropolitan District powers and services. Where possible, however, specific reference is made to an individual service to help distinguish the powers and authorities of each service. The "Financial Plan" discussed in Chapter V refers to a financial plan for all services.

The establishment of a modified Blue Valley Metropolitan District will generate the tax revenue sufficient to pay the costs of the capital improvements and maintenance, will create several benefits for the inhabitants of the community and Blue Valley. In general, those benefits are: (a) *coordinated administration of construction and operation*

of public improvements, and delivery of those improvements in a timely manner; (b) maintenance of reasonably uniform mill levies and reasonable tax burdens on all areas of Blue Valley through proper management of the financing and operation of public improvements; and (c) assured compliance with state laws regarding taxation in a manner which permits the issuance of tax exempt debt at the most favorable interest rates possible. Each of these concepts is addressed in greater detail in the following paragraphs.

2. Benefits of Metropolitan District Structure.

- a. Coordinated Services. As presently planned, development of Blue Valley will require the extension and maintenance of public services and facilities. The establishment of this modified metropolitan district structure to finance, acquire, construct, and operate the public facilities described in this Service Plan, whether within or without the District. Use of a Metropolitan District as the entity responsible for construction and maintenance of each phase of improvements and for management of operations will facilitate a well-planned financing effort.
- b. Mill Levy. Allocation of the responsibility for paying debt for capital improvements will be managed through a unified financing plan for those improvements and through development of an integrated operating plan for long-term operations and maintenance.
- c. Bond Interest Rates. The District structure will allow bonds or other obligations to be issued to finance public improvements at lower rates than if no District existed.

3. Configuration of District. A map showing the boundaries of the District is provided in Exhibit A. The District contains approximately 223 acres. Legal descriptions and a map of the property within the boundaries of the District are attached to the end of this Service Plan as part of Exhibit A. The boundaries of the District will change through inclusions and exclusions. The entire District is within the boundaries of Grand County.

The “service area” (the area legally permitted to be served) for the District will consist of the entire Blue Valley community. This area may be expanded to serve new development. The District will have power to impose taxes only within its legal boundaries, but will be permitted to provide public services to property or individuals outside of Blue Valley. The District will have power to assess taxes and other charges permitted by law. Additional revenue for the District will come in the form of tap fees and service charges for users of District’s services provided outside of the District.

It is currently anticipated that 152 residential units will be located within District, and that at build-out the District will include additional open space uses, although additional development could occur at some future date. The projected population of Blue Valley at full build-out is 456 persons, and the projected total valuation is approximately \$30,000,000, at \$200,000 per single-family unit and no multi-family unit currently planned. With inflation at 3% over time, in 15 years the total value will be approximately \$31,000,000.

It is possible that additional property may be included in the District. Under Colorado law, the fee owner or owners of one hundred percent of any property proposed for inclusion may petition the Board of Directors of the District for inclusion, or annexation, of property into the District. The District also has the authority to exclude property, potentially resulting in a substantial reconfiguration of District boundaries. Additionally, less than one hundred percent (100%) of the owners of an area may petition the District for an inclusion election, or the Board may adopt a resolution calling for an election on inclusion of the property. The Board of Directors will have discretion to permit inclusions without amending this Service Plan. The District acknowledges that if property is included within its boundaries, the construction of improvements therein shall be subject to approval by the Board of Directors and possibly the voters. In the event of the expansion, the electorate of the District may be asked to increase the debt authorization, none of which shall constitute a material modification of the Service Plan.

4. Long Term District Plan. After all bonds or other debt instruments have been issued by the District and adequate provision has been made for payment of all debt of the District, the electorate of the District may consider the dissolution of the District in accordance with state law. The District may only consider dissolution at the time the District's debt has been paid or defeased and adequate provision has been made for operation of all District facilities. Control of these decisions rests with the electorate in the District.

5. Existing Services and the District. There are currently no other entities in existence in this area which have the ability and/or desire to undertake the design, financing, construction and maintenance of improvements needed for the community. The amendment and restatement of the Service Plan for the District is necessary for provision of these public improvements in this area.

It is possible that key operations and maintenance services may be provided by other entities by appropriate agreements with the District. Consequently, while the

District will exist to finance capital improvements and coordinate the provision of services, it is expected to utilize existing entities and personnel as much as possible.

6. Property Owner Associations. The District will work with the property owner association.

B. General Financial Information and Assumptions

The 2001 certified assessed valuation for tax collection in 2002 of all taxable property within the boundaries of Blue Valley was approximately \$2,623,400.

The anticipated cost of improvements is contained within Chapter IV. The District may obtain financing for the capital improvements needed for Blue Valley through the issuance of general obligation bonds or other debt instruments and from revenue bonds or other instruments issued by the District. General obligation debt will be payable from revenues derived from ad valorem property taxes and from other sources. The District will issue general obligation debt after determination that the assessed valuation is sufficient to pay debt service with reasonable mill levies, thereby reducing risk to property owners. The preliminary financial forecast for the District is contained in Exhibit B to this Service Plan. This "Financial Plan" demonstrates one method which might be used by the District to finance the cost of infrastructure. At the time bonds or other debt instruments are proposed to be issued, alternate financing plans may be employed and may be utilized by the District.

The cost of infrastructure described herein can be provided with reasonable mill levies. The District will attempt to pay for improvements and infrastructure without an increase in the expected 2002 mill levy of 2.42 mills. The figures contained herein depicting costs of infrastructure and operations will not constitute legal limits on the financial powers of the District; provided, however, that the District shall not be permitted to issue bonds which are not in compliance with the bond registration and issuance requirements of Colorado law. Additionally, any future general obligation debt must be approved by the voters.

C. Contents of Service Plan

This Service Plan consists of a financial analysis and development plan showing how the facilities and services for Blue Valley can be provided and financed by the District. Numerous items are included in this Service Plan in order to satisfy the requirements of law for a special District. Each of the requirements of law is satisfied by this Service Plan.

The assumptions contained within this Service Plan were derived from a variety of sources. Information regarding the present status of property within the District, as well as the current status and projected future level of similar services was obtained from property owners. Construction cost estimates were developed by the District Board. This Amended and Restated Service Plan was prepared by the law firm of Collins Cockrel & Cole, District counsel, which represents numerous special districts.

D. Modification of Service Plan

This Amended and Restated Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities for Blue Valley under evolving circumstances without the need for numerous amendments. While the assumptions upon which this Service Plan are generally based are reflective of current zoning for the property within Blue Valley, the cost estimates and Financial Plan are sufficiently flexible to enable the District to provide necessary services and facilities without the need to amend this Service Plan as zoning changes. Modification of the general types of services and facilities, and changes in proposed configurations, locations, or dimensions of various facilities and improvements shall be permitted to accommodate development needs consistent with then current zoning for the property.

FIGURE I - 1

Development Plan for the Budget Year 2001

The District has 90 finished units as of December 31, 2000. The District anticipates the completion of 4 additional units in the year 2001 and 4 to 5 additional units each year thereafter.

The assessed valuation for the Budget year 2000 was \$1,584,210, and the operating costs for the year 2000 were \$80,000; water sales were \$28,000; and tap fees were \$24,000. The operating mill levy of 3.679 mills yielded \$5,500.

The current assessed valuation for the Budget year 2001 is \$1,815,800, and the operating costs for the year 2001 have been estimated at \$120,000; water sales are \$35,000; and tap fees are \$40,000. The operating mill levy of 3.344 mills yielded \$6,000.

The current debt repayment obligation for the year 2001 is \$41,500 resulting in a debt mill levy which could be 22.855 mills.

At an assessed valuation of \$2,623,400 in Collection year 2002 for 90 units, the assessed value projection is expected to increase at a rate of \$29,148 for each new unit (with no inflation).

Debt Service is expected in the future to be paid from a 15.5 mill levy which is anticipated to be levied each year in addition to the Operating Mill levy and other revenue.

**Table I-1
Development Projections**

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Number of Units: Beginning	90	94	98	102	106	111	115	120	124	129	133	138	142	147	152	152	152	152	152	152
Number of Units: Built	4	4	5	4	5	4	5	4	5	4	5	4	5	5						
Total Units: Year End	94	98	102	106	111	115	120	124	129	133	138	142	147	152						
Total Assessed Valuation at \$29,148 Per Unit at Start of Year (In Millions)	2.6	2.7	2.8	2.9	3.1	3.2	3.4	3.5	3.6	3.8	3.9	4	4.1	4.3	4.4	4.4	4.4	4.4	4.4	4.4
Expected Operating Property Tax (In \$1,000)	6	6.6	7.3	8	8.7	9.6	10.6	11.7	12.8	14	15.4	16.9	18.6	20.4	22	22	22	22	22	22
Expected Service Charge Revenue at \$125 Per Quarter Per Unit for 15,000 Gallons, Plus \$3.00/1000 Over 15,000 Gallons to 20,000 Gallons, Plus \$4.00 per 1000 Over 20,000 Gallons (All Increasing 5% Per Year) (In \$1,000)	35	40	44	49	54	59	65	71	77	84	91	98	106	114	123	130	136	143	150	157
Expected Tap Fee Revenue at \$8,100 Per Unit Built (\$1,000)	32	32	40	32	40	32	40	32	40	32	40	32	40	40	0	0	0	0	0	0

CHAPTER II - NEED FOR DISTRICT AND GENERAL POWERS

A. Need for Metropolitan District

The property in the Blue Valley Metropolitan District is partially developed. Additional construction and expansion in the future is contemplated. No other entities exist which will finance the construction of the facilities contemplated herein. Operations and maintenance of some facilities will be assumed by the District as stated herein.

B. General Powers of District

The District will have power and authority to provide the services and facilities described in this Chapter both within and outside its boundaries in accordance with law. The District shall have authority to provide the following services and/or facilities:

1. Water. The design, acquisition, installation, construction, operation, and maintenance of a complete **potable water system**, including but not limited to, water rights, water supply, treatment, storage, transmission and distribution systems for public or private purposes, together with all necessary and proper reservoirs, treatment works and facilities, wells, water rights, equipment and appurtenances incident thereto which may include, but shall not be limited to, transmission lines, distribution mains and laterals, storage facilities, land and easements, together with extensions of and improvements to said systems. The water functions also contemplate future construction of a building to house their offices, administration, and operations functions, as well as provide for meeting facilities.

2. Roads and Drainage. The design, acquisition, construction, relocation, completion, installation and/or operation and maintenance of **road and drainage improvements**, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities.

3. Streets. The design, acquisition, construction, relocation, completion, installation and/or operation and maintenance of **street improvements**, including culverts, and other drainage facilities, pedestrian ways, paving, lighting, grading, landscaping, irrigation, and structures; and street-related electric, telephone, and gas; together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the District. All roadway improvements will be constructed to Grand County standards and may be retained by the District for perpetual ownership and maintenance.

4. Parks and Recreation. The design, acquisition, construction, relocation, completion, installation and/or operation and maintenance of **parks and recreation facilities** including, but not limited to, parks, bike paths and pedestrian ways, open space, landscaping, cultural activities, community recreational facilities, irrigation facilities, and other active and passive recreational facilities and programs, and all necessary, incidental and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the District.

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

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

- a. To amend this Service Plan as needed, subject to the appropriate statutory procedures, including, by written notice to Grand County pursuant to § 32-1-207, C.R.S., notice of actions which the District believes are permitted by this Service Plan, but which may be unclear. In the event the County elects not to seek to enjoin any such activities under said statute, such election shall constitute agreement by the County that such activities are within the scope of this Service Plan. The District shall have the right to amend this Service Plan; and
- b. To forego, reschedule, or restructure the financing and construction of certain improvements and facilities, in order better to accommodate the pace of growth, resource availability, and potential inclusions of property within the District, or if the development of the improvements and facilities would best be performed by another entity; and
- c. To provide all such additional services and exercise all such powers as are expressly or impliedly granted by Colorado law, and which the District is required to provide or exercise or, in its discretion, choose to provide or exercise; and

- d. To exercise all necessary and implied powers under Title 32, C.R.S., in the reasonable discretion of the Board of Directors of the District; and
- e. If the District Board identifies a need to amend this Service Plan with respect to the construction of improvements or the provision of additional services, it shall be subject, in all circumstances, to the general provisions of the Service Plan, or if beyond the Service Plan, such amendments would require the approval of the District and the County.

CHAPTER III - DESCRIPTION OF FACILITIES AND IMPROVEMENTS

The District will be permitted to exercise its statutory powers and its respective authority set forth herein to finance, construct, acquire, operate and maintain the public facilities and improvements described in Chapter II of this Service Plan either directly or by contract. Where appropriate, the District will contract with various public and/or private entities to undertake such functions.

The descriptions contained in this Chapter show the conceptual plan for the facilities and improvements described in Chapter II hereof. Detailed information for each type of improvement needed for the District is set forth in the following pages. It is important to note that the descriptions contained in this Chapter are conceptual in nature only, and that modifications to the type, configuration, and location of improvements will be necessary as development proceeds. All facilities will be designed at a minimum in accordance with the regulations of Grand County and in such a way as to assure that the facility and service standards will be compatible with those of District and of other entities which may be affected thereby.

The following sections contain general descriptions of the contemplated facilities and improvements, which will be financed by the District.

A. General

Construction of all planned facilities and improvements will be scheduled to allow for proper sizing and phasing to keep pace with the need for service. All descriptions of the specific facilities and improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the County's requirements, and construction scheduling may require.

B. General Design Standards

Improvements within the District will be designed and installed by the District in general conformance with current standards adopted by the District and County. Designs and contract documents prepared for improvements must be reviewed and approved by the District and the County if the improvements are to be dedicated to the County.

C. Water Infrastructure

1. General. The District will continue to provide community level water service, including major facilities sized for development throughout the Blue Valley area. The plan identifies infrastructure needed to support proposed development within the Metropolitan District. The District will retain the facilities for ownership, operation and maintenance. The District's water functions currently also contemplate future construction of a building to house their offices, administration, and operations functions, as well as provide for meeting facilities.

Historically, the majority of residential landscapes have been irrigated with treated water because it was readily available. The District is encouraging the use of raw water for irrigation.

2. Water Demand. Water demand and water rights data is provided by the water law firm of Balcomb & Greene, P.C. See Table II-1.

3. Water Infrastructure. The existing domestic water system owned, operated and maintained by the District provides water to the Blue Valley area and areas located to the south of the District. In order to meet the demands of all future water users, the existing system will need to be upgraded to include additional supply wells, booster stations and distribution lines. The infrastructure plan includes major facilities and includes the 6" main lines within the individual development areas.

The proposed water system is designed to provide domestic demand and fire flows to the individual development areas via water storage and booster stations. The water distribution and well supply lines are sized based on peak hour flows.

D. Roads and Drainage Improvements.

1. General. The District proposes to improve existing roads, provide minor drainage improvements and construct other drainage facilities as needed for the District. All roadway and drainage improvements and facilities will be designed to meet Grand County standards.

2. Roadway and Minor Drainage Improvements. The majority of the existing roadway infrastructure within the District is gravel. This includes Eagle Nest Trail, Eagle Nest Trail East, Spring Creek Drive, Short Road, Sheephorn Road, Blue

River Drive, Blue River Drive East, Badger Road, and Haystack Road. The District also has access to State Highway 9 and Spring Creek Road, a county road. As roadway improvements become necessary, categories of roadway improvements will be established with Grand County as required.

3. Drainage Improvements. The drainage plan is for major culvert crossings.

E. Street Landscape Improvements and Park and Recreation Improvements (Open Space)

1. General. This Service Plan proposes that the District take control and oversee the design, acquisition, installation, and ownership of certain Street Landscape Improvements as may be determined by the Board of Directors.

2. Parks and Recreation. The District reserves the right to exercise park and recreation district powers and authorities as it may provide recreational trails and trail improvements for the Blue Valley area. Other parks and open space areas may be proposed in the future as funding allows.

TABLE II - 1

Water Demand and Water Rights Data

(see Letter Attachment)

BALCOMB & GREEN, P.C.
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September 5, 2001

Via Facsimile (303) 986-1755 and U.S. Mail

James P. Collins, Esq.
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Re: Blue Valley Metropolitan District Water Rights

Dear Jim:

Pursuant to your request, we are writing to briefly describe the Blue Valley Metropolitan District's water supply plan.

The District adjudicated the Blue Valley Metropolitan District Pump and Pipeline water right in Case No. 96CW286. This water right was decreed by the District Court, Water Division 5, on March 11, 1998.

The decree in Case No. 96CW286 entitles the District to pump up to 250 gallons per minute (g.p.m.) from an infiltration gallery (essentially, an underground water collection structure) constructed in the alluvium of the Blue River. The water right is decreed to provide domestic water service for up to 150 residences within the District, for fire protection purposes, for municipal purposes, and for the irrigation of 0.4 acres of lawns and landscape at each of the 150 residential sites (approximately 60 acres total). The projected annual depletion to the Blue River from these uses is approximately 150 acre feet of water per year.

The Blue Valley Metropolitan District Pump and Pipeline water right is relatively junior in priority and therefore is subject to being called by other senior rights on the Blue and Colorado River systems. In order to ensure the availability of an adequate year-round water supply, the District has entered into a water supply contract with the U.S. Bureau of Reclamation to lease 150 acre feet of water from Green Mountain Reservoir each year. This contract water is used to replace depletions to the river when the District's water right is out

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September 5, 2001
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of priority. Replacement of out-of-priority depletions using the Green Mountain Reservoir water was approved by the water court and made part of the decree in 96CW286.

In Case No. 98CW27, the District adjudicated the Blue Valley Metropolitan District 1998 Well Nos. 1 and 2 water rights as alternate points of diversion of the Pump and Pipeline. The Water Court for Water Division 5 entered a decree for these water rights on August 10, 1998. The decree allows the District to use the wells in conjunction with, or in place of, the Blue Valley Metropolitan District Pump and Pipeline as a means of diverting the water decreed to the pump and pipeline in Case No. 96CW286. Total cumulative diversions through the Blue Valley Metropolitan District Pump and Pipeline and the Blue Valley Metropolitan District 1998 Well Nos. 1 and 2 are limited to the 250 g.p.m. originally decreed in Case No. 96CW286. The wells rely upon the same source of water as the pump and pipeline, and are also decreed to be augmented pursuant to the District's contract with the Bureau of Reclamation for water releases from Green Mountain Reservoir. Uses of the water diverted through the wells is also limited to the purposes previously decreed in Case No. 96CW286.

Please do not hesitate to contact me if you have any questions about the District's water supply plan.

Very truly yours,
BALCOMB & GREEN, P.C.

By 
Lori J.M. Satterfield

cc: Jo Ann Read
LJS:kc

FIGURE II - 1

Water System

Shown on map attached as Exhibit A.

CHAPTER IV - COSTS AND REVENUE SOURCES

A. Cost of Construction and Operation

1. Water System - Capital Costs. This is not applicable as the system has been fully built out.

2. Road and Drainage Development - Capital Costs. The roads and drainage system is complete for current District requirements. No road and drainage development costs are estimated at this time. As additional road and drainage projects are necessary, these projects will be developed and paid for depending upon available resources.

3. Open Space (Parks and Recreations) Landscaping Development – Capital Costs. It is anticipated that the District will undertake additional projects to develop landscaping, parks and recreation, and open space landscaping. These projects will be developed and paid for depending upon available resources.

4. Annual Operation and Maintenance Costs. The annual operational and maintenance costs of the water system, road and drainage, and landscape maintenance (exclusive of bond payments) are expected to total \$100,000.

5. Debt Service. The District has \$450,000 of 1998 Water Bonds. Any future debt will be subject to voter approval.

B. Revenue Sources

1. Property Taxes. A mill levy of 2.42 mills is assessed now and is proposed to be assessed in the future, raising approximately \$75 per year from the average single-family residence. This property tax will be in lieu of any homeowners' association dues or fees, will be income tax deductible to the property owner, and from which will have all landscape maintenance and District operation expenses paid.

2. Domestic Water Service Charges. The actual cost of operations and maintenance of the domestic water system, including a reasonable amount for depreciation and repair, is currently \$42.00 per month. These service charges will fluctuate from time to time based upon actual operation, maintenance and depreciation allowance required.

3. Water Plant Investment Fees. The average water plant investment fee (“tap fee”) is \$8,100 per SFE.

4. Specific Ownership Taxes and Interest Income. These revenue sources are, of course, expected to be received; but, for conservative estimating purposes, are not shown.

CHAPTER V - FINANCIAL PLAN SUMMARY

Attached to this Service Plan as Exhibit B is a Financial Plan which shows how the proposed services and facilities may be financed and operated by the District. The Financial Plan includes the proposed operating revenue derived from ad valorem property taxes to be used by the District.

The Financial Plan currently includes no additional debt issuance by the District. The Financial Plan also shows how the financial operations of the District will be coordinated. The District anticipates the possibility of issuing future general obligation debt supported by ad valorem mill levies. However, the District believes its current mill levy of 2.42 mills is sufficient to meet the District's current operating needs.

The balance of the information contained in this Chapter of this Service Plan is preliminary in nature. All dollars are stated in 2001 uninflated dollars. Upon approval of this Service Plan, the District will continue to develop and refine cost estimates contained herein and prepare for bond issuances. All cost estimates will be inflated to current dollars at the time of bond issuance and construction. Engineering and other contingencies, as well as capitalized interest and other costs of financing will be added. All construction cost estimates assume construction to applicable local, state or federal requirements.

The maximum general obligation indebtedness for the District is not expected to exceed its current levels. The District shall have authority to finance and construct all facilities contemplated herein without the need to seek approval of any modification of this Service Plan. The District shall also be permitted to seek debt authorization from their electorates in excess of this amount to account for contingencies. Reasonable modifications of facilities and cost estimates shall likewise be permitted. Final determination of the amount of debt for which approval will be sought from the District's electorate from time to time will be made by the Board of Directors based on then-current estimates of construction costs, issuance costs, and contingencies. Authorization to issue bonds and enter into various agreements described herein will be sought from the District's electorate pursuant to the terms of the Special District Act, and the Colorado Constitution as amended from time to time.

In addition to ad valorem property taxes, and in order to offset the expenses of the anticipated construction and the District's operations and maintenance costs, the District will also rely upon various other revenue sources authorized by law. These will include the power to assess fees, rates, tolls, penalties, or charges as provided in § 32-1-1001(1), C.R.S., as amended. The Financial Plan assumes various sources of revenue, including ad

valorem property taxes, specific ownership taxes, water plant fees, and user charges, together with interest earnings on retained amounts. It is possible that a metered system of user charges will be established.

The Financial Plan does not project any significant accumulation of fund balances which might represent receipt of revenues in excess of expenditures under the TABOR Amendment. It is anticipated that the operations of the District will qualify as "enterprises" under the TABOR Amendment. If its operations do not qualify as enterprises under TABOR, revenues from all sources which exceed the permitted level of expenditures in a given year, will be refunded to taxpayers, unless a vote approving the retention of such revenues is obtained. To the extent annual District revenues exceed expenditures in this manner, the District will comply with the provisions of TABOR and either refund the excess or obtain voter approval to retain such amounts.

The maximum voted interest rate for bonds is currently set at twelve percent (12%). The proposed maximum underwriting discount will be voted at three percent (3%). It is estimated that the general obligation bonds, obligation revenue bonds, or notes, when issued, will mature not more than forty (40) years from date of issuance, with the first maturity being not later than three (3) years from the date of their issuance, as required by statute.

In the discretion of the Board of Directors, the District may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the District will remain under the control of its Board of Directors.

The Financial Plan demonstrates that the District will have the financial capability to discharge the proposed indebtedness with reasonable mill levies assuming reasonable increases in assessed valuation and assuming the rate of build-out estimated in the Financial Plan.

CHAPTER VI - PROPOSED AGREEMENTS

A. Agreements/Authority

To the extent practicable, the District may enter into intergovernmental and private agreements better to ensure long-term provision of the improvements and services and effective management. Agreements may also be executed with other service providers. All such agreements are authorized to be provided by each, pursuant to Colorado Constitution, Article XIV, Section 18 (2) (a) and Section 29-1-201, et seq., Colorado Revised Statutes.

CHAPTER VII - OTHER REQUIREMENTS AND CONCLUSIONS

A. Requirements

The District shall be subject to the following additional requirements:

1. Submission of annual reports as described in §§ 32-1-207(3), C.R.S., in the form prescribed by Grand County.
2. Material modifications of this Service Plan, except as contemplated herein, shall be subject to approval by Grand County in accordance with the provisions of § 32-1-207, C.R.S.

B. Conclusions

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

1. There is sufficient existing and projected need for organized service in the area to be served by the District;
2. The existing service in the area to be served by the District is inadequate for present and projected needs;
3. The District is capable of providing economical and sufficient service to the area within its boundaries;
4. The area included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
5. Adequate service is not, and will not be, available to the area through Grand County, or other existing municipal or quasi-municipal corporations, including existing special District, within a reasonable time and on a comparable basis;
6. The facility and service standards of the District are compatible within which the District is to be located and each municipality which is an interested party under §§ 32-1-204(1), C.R.S.;
7. The proposal is in substantial compliance with a master plan adopted pursuant to § 30-28-108, C.R.S.;

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

9. The ongoing existence of the District is in the best interests of the area proposed to be served.

Therefore, it is requested that the Board of County Commissioners for Grand County, Colorado, which has jurisdiction to approve this Amended and Restated Service Plan by virtue of §§ 32-1-204.5, C.R.S., et seq., as amended, adopt a resolution which approves this consolidated "Amended and Restated Service Plan for Blue Valley Metropolitan District" as submitted.

Respectfully submitted,

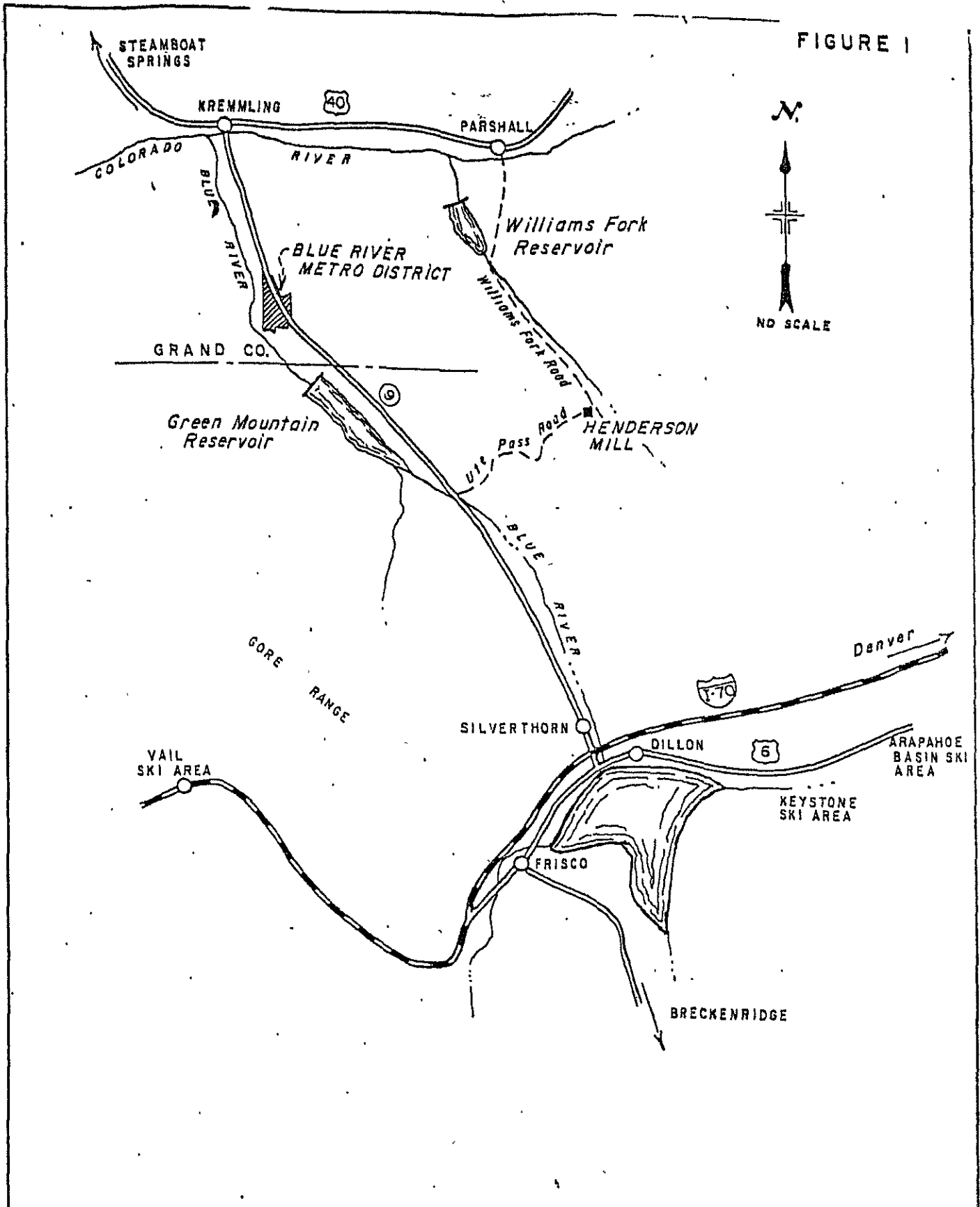
COLLINS COCKREL & COLE

By: 

David S. O'Leary
Counsel to the District

EXHIBIT A
Legal Description and Map of District

FIGURE 1



BLUE RIVER METROPOLITAN DISTRICT
VICINITY MAP

EXHIBIT B

LEGAL DESCRIPTION OF METRO DISTRICT

A tract of land located in the west one-half of Section 34 and the west one-half of Section 27, all of Township one south, Range 80 west of the 6th principal meridian, County of Grand, State of Colorado, more particularly described by metes and bounds as follows:

Beginning at the northwest corner of said Section 34, thence N.0°11'12"E, 2649.19 feet to the west one quarter corner of said Section 27; thence N.0°12'39"E., 1315.60 feet along the west line of the northwest one quarter of said section 27 to the south line of lot 30, block 2, Blue Valley Acres; thence S89°55'00" E 379.12 feet, which point is on the easterly right of way line of Colorado Highway No. 9; thence southeasterly along said easterly right of way line the following courses and distances:

- X
1. ^{1,048.80} S8°46'42"E. 1,068.29 feet to the point of curvature; thence
 2. Southeasterly 1175.80 feet along the arc of a curve to the left having a radius of 2765.00 feet, a central angle of 24°22'00", and the chord of which bears S.20°52'30"E., a distance of 1166.98 feet; thence
 3. S.21°53'00"E., 125.20 feet; thence
 4. S.33°03'00"E., 214.92 feet to the southwesterly corner of block No. 5, Blue Valley Acres.

Thence N. 66°52'50"E., along the southerly line of said Block No. 5, 1649.76 feet to the southeasterly corner of said Block No. 5; thence S.0°08'16"W., 2187.02 feet along the east line of the southwest one quarter of said Section 27 to the south one quarter corner thereof; thence S.0°03'59"W., 1325.60 feet along the east line of the northeast one quarter of said Section 34 to the southeast corner of the northeast one quarter of the northwest one quarter of said Section 34; thence N.89°59'02"W, 1320.46 feet to the southwest corner of said northeast one quarter of the northwest one quarter; thence due south 127.02 feet; thence N.43°35'01"W., 309.38 feet; thence S.74°34'48"W., 823.63 feet; thence northwesterly 246.52 feet along the arc of a curve to the right having a radius of 238.12 feet, a central angle of 59°19'02", and the chord of which bears N.75°45'41"W. a distance of 235.66 feet; thence N.46°06'10"W., 118.40 feet to the west line of said Section 34; thence N.00°03'57" W, 1315.94 feet to the northwest corner of said Section 34, the point of beginning.

FIGURE 2
**BLUE RIVER METROPOLITAN DISTRICT
 SERVICE AREA**

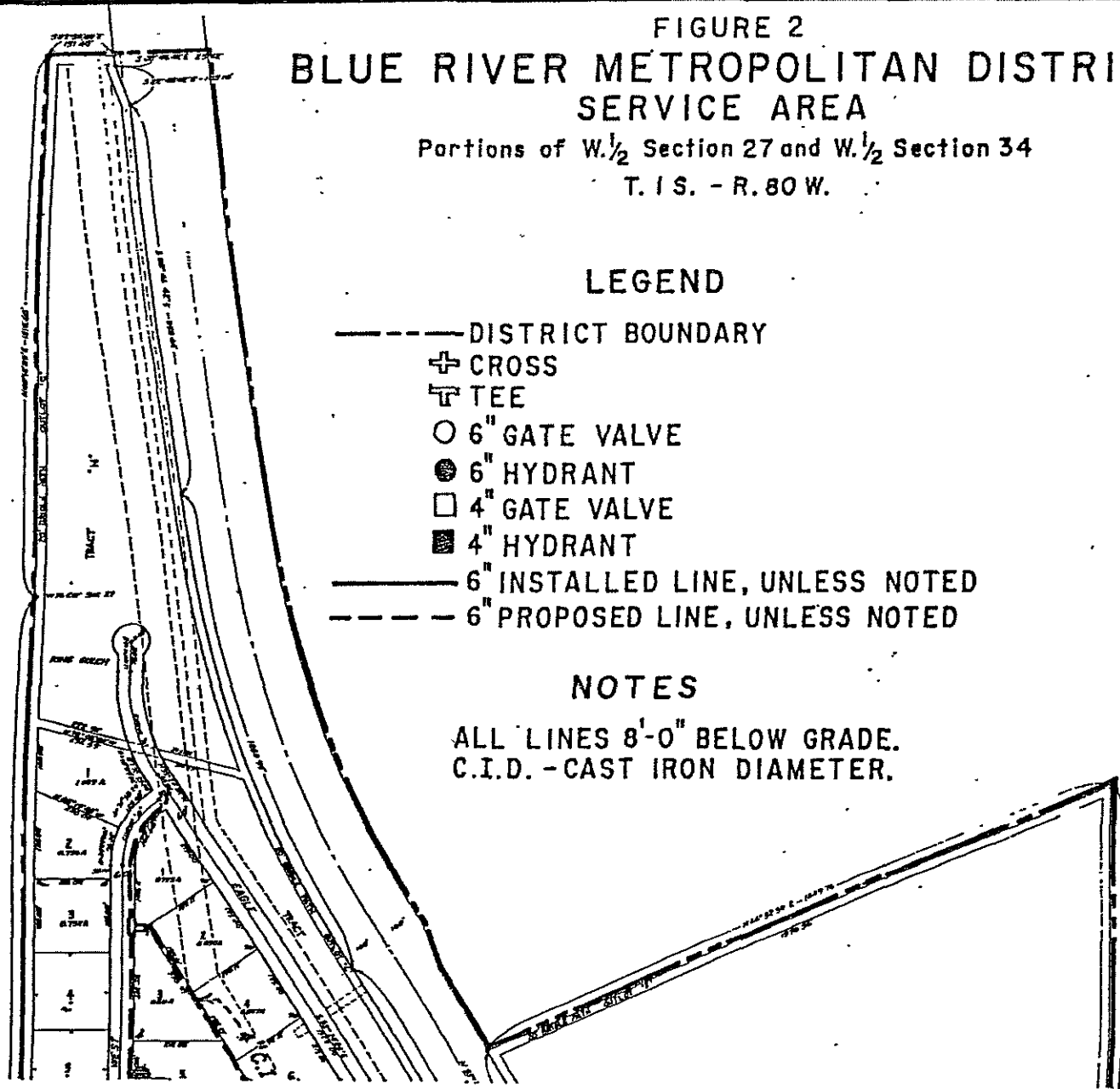
Portions of W. 1/2 Section 27 and W. 1/2 Section 34
 T. 1 S. - R. 80 W.

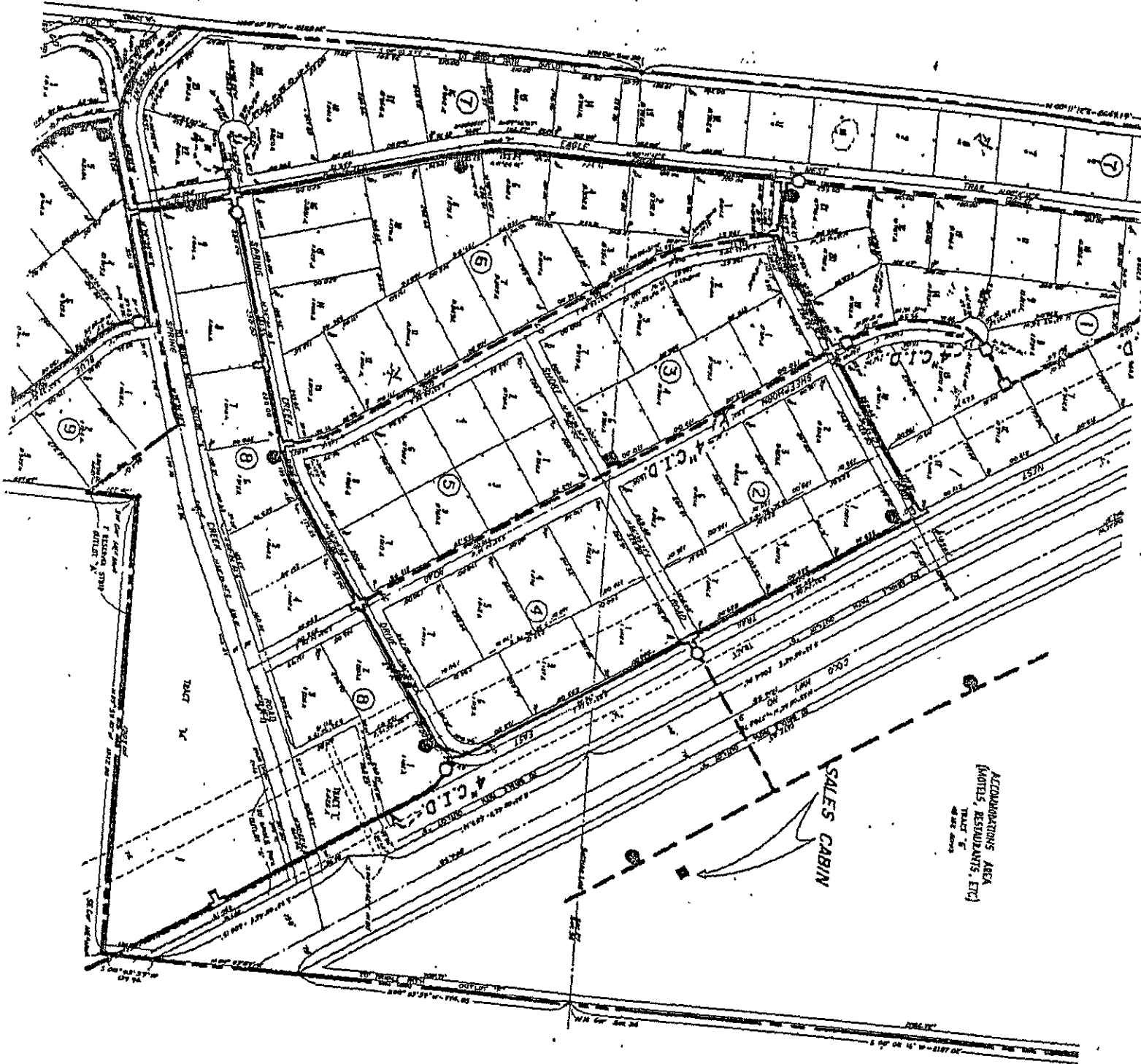
LEGEND

- DISTRICT BOUNDARY
- + CROSS
- T TEE
- 6" GATE VALVE
- 6" HYDRANT
- 4" GATE VALVE
- 4" HYDRANT
- 6" INSTALLED LINE, UNLESS NOTED
- 6" PROPOSED LINE, UNLESS NOTED

NOTES

ALL LINES 8'-0" BELOW GRADE.
 C.I.D. - CAST IRON DIAMETER.





ACCOMMODATIONS AREA
(HOTELS, RESTAURANTS, ETC.)
TRACT "B"
OF THE ABOVE

SALES CABIN

4th C.D.

4th C.D.

4th C.D.

4th C.D.

1st C.D.

7

1

7

5

1

6

8

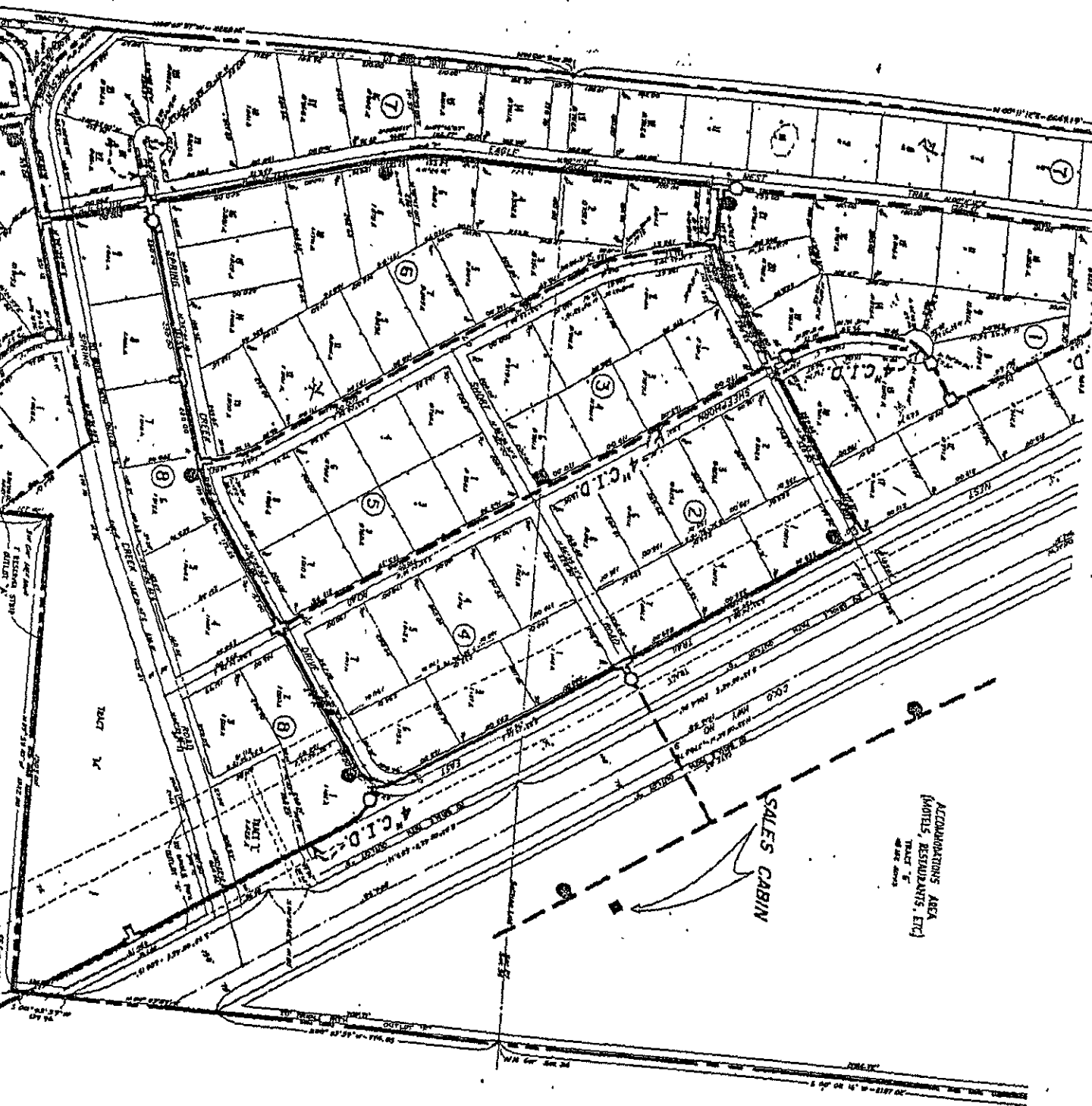
5

3

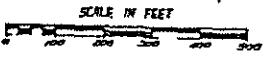
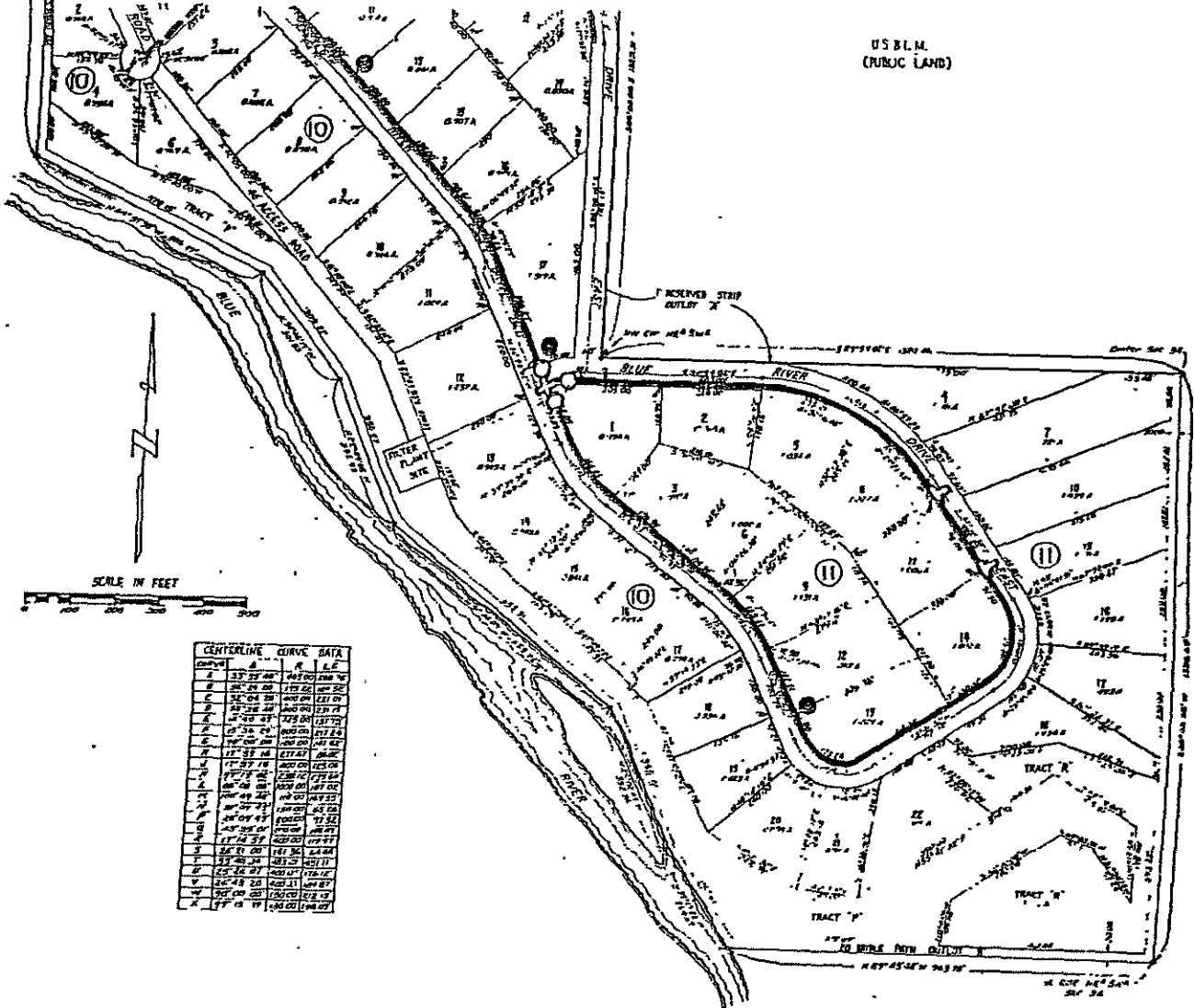
4

2

8



US B.L.M.
(PUBLIC LAND)



STATION	ANGLE	CHORD	CHORD BEARING	CHORD DISTANCE
1	33° 22' 00"	110.00	N 33° 22' 00" W	110.00
2	00° 00' 00"	110.00	N 00° 00' 00" W	110.00
3	34° 04' 30"	100.00	N 34° 04' 30" W	100.00
4	10° 28' 24"	100.00	N 10° 28' 24" W	100.00
5	25° 30' 24"	100.00	N 25° 30' 24" W	100.00
6	00° 00' 00"	100.00	N 00° 00' 00" W	100.00
7	11° 33' 18"	100.00	N 11° 33' 18" W	100.00
8	17° 07' 18"	100.00	N 17° 07' 18" W	100.00
9	00° 00' 00"	100.00	N 00° 00' 00" W	100.00
10	00° 00' 00"	100.00	N 00° 00' 00" W	100.00
11	11° 33' 18"	100.00	N 11° 33' 18" W	100.00
12	17° 07' 18"	100.00	N 17° 07' 18" W	100.00
13	00° 00' 00"	100.00	N 00° 00' 00" W	100.00
14	00° 00' 00"	100.00	N 00° 00' 00" W	100.00
15	11° 33' 18"	100.00	N 11° 33' 18" W	100.00
16	17° 07' 18"	100.00	N 17° 07' 18" W	100.00
17	00° 00' 00"	100.00	N 00° 00' 00" W	100.00
18	00° 00' 00"	100.00	N 00° 00' 00" W	100.00
19	11° 33' 18"	100.00	N 11° 33' 18" W	100.00
20	17° 07' 18"	100.00	N 17° 07' 18" W	100.00
21	00° 00' 00"	100.00	N 00° 00' 00" W	100.00
22	00° 00' 00"	100.00	N 00° 00' 00" W	100.00
23	11° 33' 18"	100.00	N 11° 33' 18" W	100.00
24	17° 07' 18"	100.00	N 17° 07' 18" W	100.00
25	00° 00' 00"	100.00	N 00° 00' 00" W	100.00
26	00° 00' 00"	100.00	N 00° 00' 00" W	100.00
27	11° 33' 18"	100.00	N 11° 33' 18" W	100.00
28	17° 07' 18"	100.00	N 17° 07' 18" W	100.00
29	00° 00' 00"	100.00	N 00° 00' 00" W	100.00
30	00° 00' 00"	100.00	N 00° 00' 00" W	100.00

W. W. Wheeler & Ass
CONSULTING EN
ENGLEWOOD,

Exhibit B
Financial Plan
(See Table I-1)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OPERATING REVENUE (Presumes a Running Balance of \$70,000)																			
Property Tax at 2.42 Mills (in \$1,000)	6	7	8	9	9	10	12	13	14	15	17	19	20	22	22	22	22	22	22
Service Charges (in \$1,000)	40	44	49	54	59	65	71	77	84	91	98	106	114	123	130	136	143	150	157
Tap Fees (in \$1,000)	32	40	32	40	32	40	32	40	32	40	32	40	40	0	0	0	0	0	0
Connection Fees, Interest Earnings and Fund Balance Use? (in \$1,000)	42	39	31	17	20	15	15	0	0	0	0	0	0						
Total (in \$1,000)	120	120	120	120	120	120	130	130	130	146	147	165	174	145	152	158	165	172	179
Totals	240	250	240	240	240	250	260	260	260	292	294	330	348	290	304	316	330	344	358
<i>Operating Expenses</i>	120	120	120	120	120	120	130	130	130	140	140	150	150	150	150	150	160	160	