

TC 700.10

**MODIFIED  
CONSOLIDATED  
SERVICE PLAN  
FOR  
THOMPSON CROSSING METROPOLITAN DISTRICT NOS. 1 - 6**

**October 3, 2005**

**Modifying  
Consolidated Service Plan for Thompson Crossing District Nos. 1-3  
of  
August 20, 2001**

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## I. INTRODUCTION

### A. General Overview

This modified Consolidated Service Plan (the "Service Plan") for Thompson Crossing Metropolitan District Nos. 1-6 (herein after the "Districts"), is for six special districts organized to serve the needs of a new community to be known as "Thompson Crossing."

The proposed Districts are located southeast of the intersection of Highway 34 and I-25 in the Town of Johnstown. The site consists of approximately 1,100 acres divided into several development areas planned for residential and commercial uses.

The primary purpose of the Districts is to provide public improvements, consistent with Johnstown-approved development plans, to be dedicated to Johnstown or retained by the Districts for the use and benefit of the Districts' inhabitants, the taxpayers and the public. Improvements and services to be provided by the Districts shall include the types of facilities and improvements generally described in Section III, consisting of streets, drainage improvements, traffic and safety controls, park and recreation facilities, water, sewer, television relay and translators, fire protection, covenant enforcement and design review and pest control as needed for the area. Johnstown will own, maintain and operate the sanitary sewer, potable water, raw water, streets and drainage improvements, once the improvements have been constructed and accepted by Johnstown.

The Districts' powers with respect to water and sewer are limited to financing, designing and constructing (with the approval of the Johnstown) necessary water and sewer infrastructure for the limited purpose of dedicating such infrastructure to Johnstown. The property is located within the Little Thompson Water District, a Title 32 special district. It is not the intent of the organizers to create an overlapping special district under C.R.S. §32-1-107(3), nor will Johnstown approve the organization of any such overlapping special districts.

It is hoped that the Districts' structure set forth herein can serve as a method by which development can occur in Johnstown in such a way as to eliminate economic risk to Johnstown, provide economic benefits to property owners, and place the risk of development on property developers.

The Financing Plan discussed herein has been designed to assure that at no time will obligations of the Districts be in risk of default, and that Johnstown will never have any legal responsibility for any of the Districts' obligations. This Service Plan is designed to assure that the risk of development remains with the developer until a sufficient tax base has been achieved to pay the Districts' debt with reasonable mill levies. It is anticipated that the initial bond issues will be purchased by the developer for its own account for investment, and public sale of the Districts' obligations will not occur until the requirements of this Service Plan have been met.

This Service Plan has been prepared with sufficient flexibility to enable the Districts to provide required services and facilities under evolving circumstances to meet the needs of the community and help fulfill Johnstown-approved development plans. While the assumptions

upon which this Service Plan are generally based are reflective of the anticipated initial zoning for the property within the proposed Districts, the cost estimates and the Financing Plan are sufficiently flexible to enable the Districts to provide necessary services and facilities without the need for repeated amendments to the Service Plan. Modification of the proposed configuration of improvements, scheduling of construction of such improvements, as well as the locations and dimensions of various facilities and improvements shall be permitted to accommodate development needs consistent with zoning and future development approvals for the property. The Districts shall not exercise any powers, including powers pursuant to Section 31-23-209, C.R.S. to avoid meeting development requirements, timing, or construction standards imposed on the property improvements by Johnstown pursuant to the Annexation Agreement, zoning or subdivision approvals, or subdivision improvements agreements.

Considerable public infrastructure will be constructed to provide the required water, wastewater, streets and other improvements needed for the Thompson Crossing area. This Service Plan provides for the improvements set forth in Johnstown-approved development plans that will be provided by the special districts and demonstrates how the districts will work cooperatively to provide the necessary public improvements. All Exhibits referred to herein are attached to the end of this Service Plan in the appendices. Improvements shall be consistent with and effectuate Johnstown-approved development plans for all property in the Districts.

1. Multiple District Structure. This 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, Thompson Crossing Metropolitan District Nos. 1-6. All Districts are sometimes collectively referred to as the “Districts” and individually as the “District.”

The use of a consolidated Service Plan for the Districts assures proper coordination of the powers and authorities of the independent Districts, and avoids confusion regarding the separate, but coordinated purposes of the Districts that could arise if separate service plans were used. Unless otherwise specifically noted herein, general provisions of this Service Plan apply to all Districts. Where possible, however, specific reference is made to an individual District to help distinguish the powers and authorities of each District.

The “Financing Plan” discussed in Section V refers to a preliminary financial plan for the Districts which is intended to be read as a coordinated Financing Plan which may be used for public improvements for Thompson Crossing.

The Districts are responsible for managing the construction of facilities and improvements needed for Thompson Crossing and operating a limited portion of such improvements. For infrastructure accomplished early in the development process, District No.1 was and is responsible for managing the construction of the sewer treatment facility and initial sewer and water infrastructure for the entire Thompson Crossing community and nothing is modified in that regard. For later infrastructure, the individual Districts will be responsible for providing their respective capital improvements. Various agreements have been and are expected to be executed by the Districts clarifying the nature of the functions and services provided by each District. The agreements are 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 Johnstown.

The Districts will generate tax revenue sufficient to pay the costs of the capital improvements, creating several benefits for the inhabitants of the community and Johnstown. 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 reasonable mill levies and reasonable tax burdens on all residential and commercial areas of Thompson Crossing 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 Multiple District Structure.

a. Coordinated Services. Development of Thompson Crossing will proceed in several phases, each of which requires the extension of public services and facilities. The multiple district structure assures that the construction and operation of major, common public facilities is primarily administered through a single District with a Board of Directors representative of all initial property owners and consistent with a long term construction and operations program. Use of District No. 1 as the entity responsible for construction of the initial phase of improvements and for management of operations will facilitate a well-planned financing effort through all phases of construction and assists in assuring coordinated extension of services.

The multiple district structure will allow separate but coordinated financing and construction and limited operations and maintenance of facilities in District Nos. 2-6. That helps assure that facilities and services needed for future build-out of Thompson Crossing will be provided when they are needed, and not sooner. This, in turn, allows the full costs of public improvements to be allocated over the full build-out of Thompson Crossing and helps avoid disproportionate cost burdens being imposed on the early phases of development.

b. Equitable Tax Burden. Allocation of the responsibility for paying debt for capital improvements will continue to be managed through development of a coordinated financing plan for the major, common water and sewer improvements and an integrated operating plan therefore, and through separate financing arrangements for all remaining improvements for District No. 2 (commercial development), District Nos. 3-5 (WR Development Co., Inc.) and District No. 6 (Hartford Homes). Use of the Districts to manage certain of these functions helps assure that no area within Thompson Crossing becomes obligated for more than its share of the costs of capital improvements and operations. Development areas will thus bear costs associated with their respective improvements. Common major water and sewer infrastructure financed through water and sewer fees will help keep the mill levy equitable in Thompson Crossing.

3. Configuration of Districts. In order to implement the multiple district structure, the boundaries of the Districts need to be carefully configured. A map showing the

boundaries of the Districts is provided in Exhibit E. District No.1 contains approximately one acre, and District Nos. 2-6 will contain the remainder of the property. The combined acreage of the Districts covers all acreage within Thompson Crossing. Legal descriptions of the property within the boundaries of the Districts are attached to the end of this Service Plan as Exhibit A.

The “service area” (the area legally permitted to be served with facilities financed by the Districts) for the Districts will consist of the entire Thompson Crossing community. District Nos. 2-6 have the power to impose taxes only within their legal boundaries, but are permitted to provide facilities and certain public services to the entire community as well as to property or individuals outside of Thompson Crossing. District Nos. 2-6 have the power to assess taxes and other charges permitted by law for facilities benefiting their respective service areas.

It is currently anticipated that at build-out no residential units will be located within District No. 1 and that it will include only open space or commercial areas. District Nos. 2, 3, 4, 5 and 6 will contain residential, commercial and industrial properties, expected to consist of 3,000 residential units and 5,000,000 square feet of commercial/office. The projected population of Thompson Crossing at full build-out is 7,500 persons, and the projected total assessed valuation is approximately \$800,000,000.

The original Consolidated Service Plan provided for District No. 1 to serve as a control and operating district and for District Nos. 2 and 3 to serve as financing and taxing districts, with District No. 2 consisting of primarily commercial area and District No. 3 consisting of residential area. Under this configuration, District No. 1, which was intended to remain under developer control, was expected to initially (1) issue revenue bonds for major, common water and sewer facilities, (2) see to the construction and delivery to Johnstown of those facilities, (3) receive water and sewer system development fees in connection with each tap in Thompson Crossing, (4) pay off the revenue bonds with fees collected and (5) handle the contracting and construction of the remainder of the public infrastructure in District Nos. 2 and 3 with funds from bonded indebtedness to be repaid from general obligation and perhaps other revenues from District Nos. 2 and 3. District Nos. 2 and 3 were expected to finance this remainder of the public infrastructure.

At present, District No. 1 is well along in the process of accomplishing its first four tasks. The change sought in this modified Consolidated Service Plan is in connection with District No. 1’s fifth initial task and an expansion of the role of the original financing and taxing districts. This modification has two elements. First, the power to directly finance and contract for remaining infrastructure will be given to the financing/taxing districts, as well as the control /operating District No. 1. Thus, each developing district can accomplish its own infrastructure at its own pace and in a way that is best for it. Second, while the commercial district, District No. 2, remains unchanged in boundary and commercial nature, the modification transforms the residential district, District No. 3, into four residential districts, District Nos. 3, 4, 5 and 6.

This second element of the modification, the transformation of District No. 3 into four districts, in turn has two reasons. The first reason is to allow the majority of the residential property, that being developed by WR Development Co., Inc., to organize its development effort into an operating/financing configuration just as the original District Nos. 1-3 were organized.



District No. 3 is expected to serve as a control/operating district and District Nos. 3, 4 and 5 as the financing/taxing districts. This allows appropriate developer control of district affairs during the active development period and smooth turnover of district affairs to the future property owners when the developer no longer needs control to accomplish its purposes as defined in the Consolidated Service Plan. The second reason is to recognize that a part of the original District No. 3 has been sold to Hartford Homes, Inc., which wishes to continue utilizing the consolidated district arrangement, but which seeks a District No. 6 to accomplish its part of the total infrastructure.

Thus, for remaining infrastructure and limited operations, the property owners now plan to accomplish their work in a coordinated but somewhat separate fashion. This will be the functionality of the Districts:

District No. 1 -- Having issued revenue bond debt for the major water and sewer, District No. 1 will turn over substantially all facilities to Johnstown and retire its debt by tap purchases (development fees) for buildings in the other Districts. It may issue more debt to fund and build system expansion.

District No. 2 -- This primarily commercial property will finance the rest of its infrastructure, pay off the debt associated with that infrastructure and operate and maintain some facilities and services, as may be agreed with Johnstown.

District Nos. 3, 4 and 5 -- District No. 3 will fulfill the control district function for the WR Development Co., Inc., property. District Nos. 3, 4 and 5, as utilized for aligning residential lots sold, will finance the rest of this area's infrastructure, pay off the debt associated with it and operate some facilities and services, as agreed with Johnstown. District Nos. 4 and 5 may support debt issued by District No. 3 or proceed separately. District Nos. 3, 4 & 5 may exclude and include properties to adjust their boundaries and align unsold development property distinct from sold properties, thus maintaining control and ability to perform this modified Consolidated Service Plan.

District No. 6 -- District No. 6, the residential property of Hartford Homes, will finance the rest of its infrastructure and pay off the debt. The infrastructure will be turned over to Johnstown.

The Districts may elect to exercise design review and covenant enforcement powers and have operations and maintenance responsibilities for certain common area or similar improvement and facilities.

It is possible that additional property may be included in the Districts. Under Colorado law, the fee owner or owners of one hundred percent of any property proposed for inclusion may petition the boards of directors of the Districts for inclusion of property into the Districts. Additionally, less than one hundred percent of the owners of an area may petition the Districts for inclusion, or the board may adopt a resolution calling for an election on inclusion of the property.

Realignment of the Districts' boundaries within the property currently contained in the Districts shall require approval from Johnstown, excepting for adjustments among District Nos. 3, 4 and 5.

4. Long-Term District Plan. After all bonds or other debt instruments have been issued by the Districts, and adequate provision has been made for payment of all debt of the Districts, the electorate of the Districts will have the opportunity to consider either the consolidation of the Districts into a single entity or, depending on ongoing operations and covenant enforcement, the dissolution of the Districts in accordance with state law. The Districts will consolidate or dissolve at the time each District's debt has been paid and adequate provision has been made for operation of facilities and dispatch of responsibilities. Ultimately, control of these decisions will rest with the electorate in each District.

5. Existing Services and Districts. There are currently no other entities in existence in the Thompson Crossing area which have the ability and/or desire to undertake the design, financing and construction of improvements needed for the community. It is also the developers' understanding that Johnstown does not consider it feasible or practicable for Johnstown to provide the necessary services and facilities for Thompson Crossing without the developers or the Districts financing, designing, constructing and dedicating the necessary infrastructure to Johnstown. Consequently, use of the new Districts is deemed necessary for the provision of public improvements in Thompson Crossing. In order to minimize the proliferation of new governmental structures and personnel, the Districts intend to utilize existing entities as much as possible for operations and maintenance of public improvements that are not dedicated to the Town. Operations and maintenance of water and sewer improvements will be the responsibility of Johnstown after completed water and sewer improvements are conveyed to Johnstown by the Districts and are accepted by Johnstown. The timing for conveyance of improvements to Johnstown will be determined by mutual agreement among the Districts and Johnstown as generally described above and in Section V hereof.

It is possible that other key operations and maintenance services may be provided by other entities by appropriate agreements with the Districts. Consequently, while the Districts exist to finance capital improvements and coordinate the provision of services, they are expected to utilize existing entities and personnel as much as possible.

6. Covenant Enforcement. Certain services may be provided within Thompson Crossing by the Districts and/or property owner associations which may be organized as Colorado non-profit, private membership organizations comprised of property owners in Thompson Crossing. The Districts and/or associations may provide architectural control services, covenant enforcement, community organizations, community events and activities, community marketing, animal control, security and common area maintenance.

#### B. General Financial Information and Assumptions

The 2000 certified assessed valuation of all taxable property at the time of filing of original service plan within the boundaries of Thompson Crossing was approximately \$323,000.

The anticipated cost of improvements necessary to provide access to and appropriate services within Thompson Crossing are substantial and are estimated in Exhibit G. The Districts may obtain financing for the capital improvements needed for Thompson Crossing through the issuance of general obligation bonds, revenue bonds or other debt instruments by the Districts. General obligation debt will be payable from revenues derived from ad valorem property taxes and from other sources. The Districts may utilize credit enhancement and security for their debt. The Districts 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 forecasts for the Districts are contained in Exhibit B to this Service Plan. The "Financing Plan" demonstrates one method that might be used by the Districts to finance the cost of infrastructure. At the time bonds or other debt instruments are proposed to be issued, alternative financing plans may be employed and be utilized by the Districts.

The Financing Plan demonstrates that the cost of infrastructure described herein is within the reasonable mill levy limits. The figures contained herein depicting costs of infrastructure and operations will not constitute legal limits on the financial powers of the Districts; provided, however, that the Districts shall not be permitted to issue bonds which are not in compliance with the bond registration and issuance requirements of Colorado law.

All bonds or other obligations issued by a District may be payable from general ad valorem taxes to be imposed upon all taxable property within such District, provided that, so long as the principal amount of all such bonds exceeds 50% of the assessed valuation of the District, as certified by the county assessor, such debt service mill levy may not exceed 50 mills, adjusted as provided in this paragraph. The debt service mill levy limitation of 50 mills will be subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes, or other similar changes occur after August 20, 2001 (the date of approval of the original consolidated service plan). In these events, the 50 mill debt service limit may be adjusted by the District so that the tax liability of individual property owners neither increases nor decreases as a result of any such changes, thereby maintaining a constant level of tax receipts of the District and overall tax payments from property owners.

The financial structure contemplated in the Financing Plan demonstrates that the risks associated with development of Thompson Crossing will be borne initially by the developer of the project. Due to the fact that developers presently own the revenue bonds issued by District No. 1, the risk of development will continue to rest with the developers until such time as tap purchases make those bonds attractive to general investment. At such time as general obligation debt is issued, the responsibility for payment of further costs of infrastructure needed for Thompson Crossing will be shifted, incrementally, to District Nos. 2-6. In this manner, Johnstown can continue to be assured that the risks of development and the responsibility for repayment of debt issued for Thompson Crossing will be borne solely by the residents and property owners of Thompson Crossing, and will not become the responsibility, in any degree, of Johnstown. Additionally, Johnstown can be assured that mill levies paid by Thompson Crossing residents cannot exceed approved levels.

C. Contents of Service Plan

This Service Plan consists of a preliminary financial analysis and preliminary engineering plan showing how the facilities and services for Thompson Crossing can continue to be provided and financed by the Districts. Numerous items are included in this Service Plan in order to satisfy the requirements of law for formation of special districts. Those items are listed in Exhibit C attached hereto. Each of the requirements of law are 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 Districts, as well as the current status and projected future level of similar services, was obtained from the developers. Construction cost estimates were assembled by Northern Engineering Services, Inc., which has experience in the costing and construction of similar facilities. Legal advice in the preparation of the original Service Plan was provided by the law firm of White and Associates Professional Corporation, developer's counsel, which represents numerous special districts. Legal advice in the preparation of this modified service plan was provided by Icenogle, Norton, Smith & Blieszner, P.C., the Districts' special counsel, which represents numerous special districts.

D. Further Modification of Service Plan

This Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities for Thompson Crossing 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 Thompson Crossing, the cost estimates and the Financing Plan is sufficiently flexible to enable the Districts to provide necessary services and facilities without the need to amend this Service Plan. 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. The Service Plan shall not be amended without the written consent of Johnstown.

II. NEED FOR NEW DISTRICTS AND GENERAL POWERS

A. Need for Metropolitan Districts

The property in Thompson Crossing is primarily undeveloped. No other entities exist which will finance the construction of the facilities needed for Thompson Crossing. Operation and maintenance of water and sewer facilities and some other facilities will be assumed by Johnstown in the future. The IGA referred to in Section IV.A. hereof will address and define the activities to be undertaken by various entities, including Johnstown, with regard to public improvements.

## B. General Powers of Districts

Each District will continue to have power and authority to provide the facilities and certain services described in this Service Plan both within and outside their boundaries in accordance with the law. The powers and authorities of each District will be allocated and further refined in a “Master” IGA among the Districts. For purposes of the Control Act, the IGA shall not constitute an amendment of this Service Plan. It will constitute a binding agreement among the Districts regarding implementation of the powers contained in this Service Plan.

1. Water. The design, installation, and construction of a complete potable water system, 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. Nothing contained herein shall be construed to allow the Districts to supply potable water for domestic or other public or private purposes including but not limited to the treatment, storage, transmission, distribution or sale of water within its proposed boundaries.

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

The Districts’ powers with respect to water and sewer are limited to financing, designing and constructing (with the approval of Johnstown) necessary water and sewer infrastructure for the limited purpose of dedicating such infrastructure to Johnstown. The property is located within the Little Thompson Water District, a Title 32 special district. It is not the intent of the organizers to create an overlapping special district under C.R.S. §32-1-107(3), nor will Johnstown approve the organization of any such overlapping special districts.

2. Streets. The design, acquisition, installation, construction, operation, and maintenance of street and roadway improvements, including, but not limited to curbs, gutters, culverts, storm sewers and other drainage facilities, detention ponds, retaining walls and appurtenances, as well as sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, snow removal equipment, or tunnels and other street improvements, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities.

3. Traffic and Safety Controls. The design, acquisition, installation, construction, operation, and maintenance of traffic and safety protection facilities and services through traffic and safety controls and devices on streets and highways, environmental monitoring, and rodent and pest controls necessary for public safety, as well as other facilities

and improvements including, but not limited to, main entry buildings, access gates, signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, together with all necessary, incidental, and appurtenant facilities, land easements, together with extensions of and improvements to said facilities.

4. Television Relay and Translator. The acquisition, construction, completion, installation and/or operation and maintenance of television relay and translator facilities, including, but not limited to, cable television and communication facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities.

5. Transportation. The design, acquisition, installation, construction, operation and maintenance of public transportation system improvements, including transportation equipment, park and ride facilities and parking lots, parking structures, roofs, covers, and facilities, including, but not limited to facilities for the commercial structures and for the conveyance of the public consisting of buses, automobiles, and other means of conveyance, and structures for repair, operations and maintenance of such facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems.

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

7. Sanitation. The design, acquisition, installation and construction of storm or sanitary sewers, or both, flood and surface drainage, treatment and disposal works and facilities, and all necessary or proper equipment and appurtenances incident thereto, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems. All sanitation facilities will be dedicated to Johnstown.

8. Covenant Enforcement. Design review services and the enforcement of covenants and design review services as provided by the declaration, rules and regulations or similar document of any covenants to be enforced for the area within the Districts or pursuant to a contract between or among the Districts and any association of property owners naming the Districts as the enforcement entity for such, all as permitted by Section 32-1-1004(8), C.R.S.

9. Security. Security services as permitted by Section 32-1-1004(7), C.R.S. to the extent that any master association and existing local law enforcement authority consents to exercise of such powers by the individual Districts.

10. Pest Control. Pest control services as permitted by Sections 32-1-101, et seq., C.R.S.

11. Legal Powers. The powers of the Districts will be exercised by their Boards of Directors to the extent necessary to provide the services contemplated in this modified Consolidated 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.

12. Other. In addition to the powers enumerated above, the Boards of Directors of the Districts shall also continue to have the following authority:

a. If 30 days after written notice to Johnstown pursuant to § 32-1-207, C.R.S., of actions that the Districts believe are permitted by this Service Plan but which may be unclear, and failure of Johnstown to respond to the contrary, the District may assume agreement by Johnstown that such activities are within the scope of this Service Plan. The Districts shall have the right to amend this Service Plan independent of participation of the other Districts; provided, that the Districts shall not be permitted to amend those portions of this Service Plan in such manner as to affect, impair, or impinge upon the rights or powers of another District without such District's consent; and

b. To forego, reschedule, or restructure the financing and construction of certain improvements and facilities, in order to better accommodate the pace of growth, resource availability, and potential inclusions of property within the Districts; 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 granted expressly or by implication of Colorado law, and which the Districts are required to provide or exercise or, in their discretion, choose to provide or exercise including the operation and maintenance and services related to public and common area improvements, but with the exception of water and sewer service; and

d. To exercise all necessary and implied powers under Title 32, C.R.S. in the reasonable discretion of the Boards of Directors of the Districts.

### III. DESCRIPTION OF FACILITIES AND IMPROVEMENTS

The Districts are permitted to exercise their statutory powers and their respective authority set forth herein to finance, construct, acquire, operate and maintain the public facilities and improvements described in Section III of this Service Plan either directly or by contract. Where appropriate, the Districts will contract with various public and/or private entities to undertake such functions. No facilities or improvements constructed or acquired by the Districts shall be placed in operation without Johnstown's written consent.

The diagrams contained in Exhibit F to this Service Plan show the conceptual layouts of the public facilities and improvements described in Section III hereof. Detailed information for each type of improvements needed for Thompson Crossing is set forth in the following pages and improvements shall be consistent with Johnstown-approved development plans. It is important to note that the preliminary layouts contained in the exhibits 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 in such a way as to assure that the facility and service standards will be compatible with those of Johnstown and of other municipalities and special districts which may be affected thereby. The following sections contain general descriptions of the contemplated facilities and improvements that will be financed by District Nos. 2-6. All improvements will be constructed to Johnstown's standards and the facilities shall be consistent with Johnstown-approved development plans.

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, Johnstown's requirements, and construction scheduling may require.

B. General Design Standards

Improvements within the Districts will be designed and installed in general conformity with Johnstown standards in effect at the time of construction. Designs and contract documents prepared for an improvement must be reviewed and approved by the District contracting the improvement and Johnstown.

1. Water System. The potable water system shall meet Johnstown standards and shall be dedicated to Johnstown.

2. Wastewater System. The wastewater system shall meet Johnstown standards and shall be dedicated to Johnstown.

3. Streets. Public streets will be designed and installed to conform to the standards and recommendations of the American Association of State Highway and Transportation Officials, the Colorado Department of Transportation (where applicable), Johnstown and the Rules and Regulations adopted by the Districts.

4. Storm Drainage. All major storm drainage facilities will be designed for the 100-year storm event. All storm drainage designs will conform to the standards and recommendations of the Town of Johnstown and the Rules and Regulations of the Districts.



### C. Water System

1. General. The Districts propose to provide a water system for dedication to Johnstown to serve the entire Thompson Crossing community with a potable supply for residential, commercial, and industrial customers.

The proposed elements of the potable water system provide a hydraulically balanced network of transmission lines and distribution lines for the supply of treated water. All facilities will continue to be designed and installed in accordance with Johnstown's standards. The development plan for the Districts' proposed potable water system is illustrated in Exhibit F.

All major elements of the potable water system required for proper operation will be designed and installed by the Districts. The system will be designed according to Johnstown's standards and will be connected to Johnstown's system during the construction of the "First Phase." The developers of each phase of development will be responsible for construction of the distribution lines to the development parcels and for the service lines from distribution lines to meters. Developers, builders or owners, but not Johnstown, will be responsible for construction of the service lines from meters to the residential and business units. All individual services will be metered.

2. Water Demand. Demands placed on the water system will fluctuate with use. Potable demand will be that required to satisfy the needs of the Districts' customers for domestic uses, landscape irrigation, and fire protection. The Districts may construct a raw water distribution system that will reduce the amount of potable water required. By utilizing a raw water system, the potable water demand will decrease and fire flow will become the controlling factor in the potable system design. Raw (nonpotable) water systems may be conveyed to Johnstown or retained by the Districts for operations and maintenance, as may be agreed by Johnstown.

Potable water system demands for fire protection are based on standards currently recommended by the Insurance Services Office (ISO) and Johnstown and will be 1,500 gpm for residential and 2,500 gpm in multifamily and commercial areas unless Johnstown's standards are modified.

### D. Wastewater System

1. General. The Districts propose to provide a wastewater collection system to serve Thompson Crossing. The proposed elements of the wastewater system will provide a network of laterals, trunk sewers, lift stations, and interceptor sewers, for the sanitary disposal of liquid borne wastes. All facilities will be designed and installed in accordance with applicable regulatory standards and sound engineering judgment. The development plan for the proposed wastewater collection system is illustrated in Exhibit F-3.

All major elements of the wastewater collection system required for proper operation will be designed, and installed by the Districts according to Johnstown standards.

2. Wastewater Collection. The Districts' wastewater collection system will collect sanitary sewage generated by customers and convey it to Johnstown's wastewater treatment plant. Laterals will be located in the streets, along back lot lines, and in utility easements. The wastewater collection system will be dedicated to Johnstown after it is accepted by Johnstown.

E. Street System and Traffic Safety

1. General. The Districts propose to construct a street system to serve all of Thompson Crossing. The existing and proposed elements of the street system will provide a network of collector and major collector streets to serve the flow of traffic within the Districts. All facilities will be designed and installed in accordance with applicable regulatory standards and sound engineering judgment and Johnstown-approved development plans.

2. Streets. The Districts contemplates designing and constructing streets shown in Johnstown-approved development plans. Local public streets in individual residential parcels will be designed to Johnstown standards and constructed by individual developers. All streets will be designed and constructed to meet the minimum standards of Johnstown. Traffic controls and signage will be provided along streets to enhance the flow of traffic within the project. Streetlights are to be installed by the Districts along collector roadways. Lighting of local roadways will be the responsibility of the individual developers of the residential parcels.

3. Landscaping. Landscaping may be installed by the Districts along the roadway rights-of-way and trail easements. The Districts also intend to install and maintain landscaped highlights along the internal streets and entry features at major entrances. Additional features may be installed and maintained by the developers of the individual parcels. The Districts shall also install landscaping along public right-of-ways as required by Johnstown.

4. Signals and Signage. Signals and signage will be installed by the Districts as required by traffic studies and by Johnstown.

5. Offsite Improvements. The Districts shall be responsible for participation in sharing the costs for public offsite infrastructure improvements benefiting the taxpayers and residents of the Districts.

F. Storm Drainage

1. General. The Districts plan to install the necessary storm drainage system to serve Thompson Crossing. The proposed elements of the storm drainage system will provide a network of swales and channels, culverts, detention ponds, and curb and gutter designed and installed in accordance with a drainage study, applicable regulatory standards and sound engineering judgment. The development plan for the proposed storm drainage system within the project is illustrated in Exhibit F.

District No. 1 will design and install all storm drainage improvements except for specific improvements within individual development parcels that will be designed and installed by individual developers or other Districts.

2. Swale and Channel Improvements. Storm water will be routed through Thompson Crossing by a network of pipes and channels. The storm drainage system will be designed for the 100-year event. The Districts intend to fund the majority of swale and channel improvements required as a part of the master drainage system.

3. Culverts. Culverts will be installed under all roadways that intersect storm drainage channels. Culverts will be designed to pass flows as required by a drainage study and may include headwalls, wing walls, inlet structures and riprap protection to enhance their hydraulic capacity and reduce bank or channel erosion.

4. Detention Storage. An overall drainage plan will be developed that will identify the major facilities necessary to convey the storm runoff from Thompson Crossing. This plan will include all infrastructure required to convey the flows generated within Thompson Crossing as well as offsite flows. This plan must maintain the flexibility to modify the major drainage facilities as more detailed information is generated during the design of the individual phases. The overall drainage plan will include the utilization of storm sewers, swales, drainage channels, streets, gutters, culverts and detention facilities. To limit the cost of the drainage infrastructure, an optimization study will be completed to ensure that the most cost-effective solution is identified.

#### G. Park and Recreation

All park and recreational facilities and/or services will be constructed in accordance with plans and specifications approved by Johnstown. All park and recreational facilities will be constructed in accordance with engineering and design requirements appropriate for the surrounding terrain, and all such facilities shall be compatible with Johnstown's standards.

#### H. Transportation

The Districts contemplate that at some future date it may be prudent to participate in a public transit system in the area. The Districts may, at the appropriate time, fund studies or improvements that are intended to provide mass transit for the population within Thompson Crossing.

#### I. Estimated Cost of Facilities

The estimated cost of the facilities to be constructed, installed and/or acquired by the Districts are shown in Exhibit G, as may be adjusted to accomplish Johnstown-approved development plans.

#### IV. PROPOSED AND EXISTING AGREEMENTS

##### A. Master Intergovernmental Agreement

As noted in this Service Plan, the relationship among the Districts, including the means for approving, financing, constructing and operating the public services and improvements needed to serve Thompson Crossing will be established by means of the Master IGA executed by the Districts. The Master IGA establishes extensive procedures and standards for the approval of the design of facilities, transfer of funds among the Districts and operation and maintenance of the facilities. The Master IGA also provides for coordinated administration of management services for the Districts. An amended and restated form of the Master IGA is attached as Exhibit H, subject to revision and change.

##### B. Other Agreements/Authority

To the extent practicable, the Districts may enter into additional intergovernmental and private agreements to better ensure long-term provision of the improvements and services and effective management. Agreements may also be executed with property owner associations and 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.

#### V. FINANCIAL PLAN

Attached to this Service Plan as Exhibit B is a preliminary Financing Plan which shows how the proposed services and facilities may be financed and operated by the Districts. The Financing Plan and financial model for accomplishing the contemplated and approved capital investment program remains the same as it was in the 2001 Service Plan, as the capital investments for District Nos. 1-6 are the same as the capital investments for Districts Nos. 1-3 in the original service plan. The capital improvements, however, will be accomplished directly by District Nos. 1-6 rather than only by District Nos. 1-3. It is contemplated that the ultimate uses of the property will not require a change in the infrastructure plan. The Financing Plan includes the proposed operating revenue derived from ad valorem property taxes for the first budget year, and thereafter, to be used by the Districts. The Districts has arrangements to borrow initial operating funds as needed from private entities, including property developers, to be repaid from the Districts' revenues.

The Financing Plan identifies the proposed debt issuance schedules of the Districts and shows how the financial operations of the Districts are proposed to be coordinated. The Districts are expected to issue general obligation debt in the form of bonds or contractual obligations supported by ad valorem mill levies. This mechanism will help assure the transition of appropriate tax revenue to the payment of debt issued to provide services for Thompson Crossing. District Nos. 1 and 3 may issue bonds to be repaid by taxes and or fees of the Districts, including public offering and private placement. Various structures may be used.

The Districts shall be entitled to modify the proposed structure of the Financing Plan by causing the Districts to obtain funding directly from the Developer, its lender or assigns of Developer, provided that all such borrowing shall comply with the requirements of state law regarding limitations on the amount of general obligation debt which may be issued. For example, the Districts shall be entitled to obtain funding from the Developer rather than issuing revenue bonds and agree to repay the Developer from revenue sources to which the Districts might otherwise become entitled pursuant to the Master IGA or other agreements. The Districts shall also be entitled to issue contingent repayment obligations in amounts which exceed the estimated general obligation debt estimated in this Service Plan on condition that the provisions of such contingent repayment obligations are in compliance with state law and are subject to the limitations of state law regarding the limitations on issuance of general obligation debt. The Districts shall have the ability to utilize excess debt capacity, which may be developed within the Districts if the assumptions contained in the Financing Plan are more conservative than what actually develops within Thompson Crossing.

The balance of the information contained in this section of this Service Plan is preliminary in nature. All dollars are stated in 2001, uninflated dollars. Upon approval of this Service Plan, the Districts will continue to develop and refine cost estimates contained herein and prepare for bond issuance. 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.

Actual costs of construction, exclusive of reserves, costs of issuance, etc., are anticipated to be approximately \$55,500,000. Contractual debt service or funding arrangements among the Districts shall not be counted against any bonded debt limitation or restriction on the Districts. Further, the obligations of the Districts pursuant to any "Master" IGA among the Districts shall not be counted against any bonded debt limitation or restriction on the Districts. The Districts 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 Districts 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 each District's electorate from time to time will be made by the Board of Directors of each District 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 each 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 initial construction and District No. 1's operations and maintenance costs, the Districts 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 Financing Plan may assume various sources of revenue, including ad valorem property taxes,

specific ownership taxes, development fees and limited amounts of user charges, together with interest earnings on retained amounts.

The estimated costs of the facilities and improvements to be constructed and installed by the Districts, including the costs of acquisition of land, and engineering services, legal services, administrative services, initial proposed indebtedness and other major expenses related to the facilities and improvements to be constructed and installed, are set forth in Exhibit G. Organizational costs will be reimbursed to the developer by the Districts out of their initial revenue sources including bond issue proceeds.

The maximum voted interest rate for bonds will be 18%. The proposed maximum underwriting discount will be 5%. It is estimated that general obligation bonds, when issued, will mature not more than forty (40) years from date of issuance. The total principal amount of obligations that the Districts may have outstanding in the aggregate at any one time is limited to \$65,000,000 provided that in the case where obligations of the Financing Districts are supporting revenue bonds of the Control District, the Control District revenue bonds shall not be counted.

In the discretion of the Boards of Directors, the Districts 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 Districts will remain under the control of the Districts' Board of Directors.

The Financing Plan demonstrates that each 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 Financing Plan.

## VI. OTHER REQUIREMENTS

The Districts shall continue to be subject to the following additional requirements:

1. This Service Plan shall not be amended without the written consent of Johnstown.

## VII. CONCLUSIONS

It is submitted that this modified Consolidated Service Plan for Thompson Crossing Metropolitan District Nos. 1-6 as required by § 32-1-203(2), C.R.S., has established that:

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

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

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

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

(e) Unless facilities are financed, designed, constructed and dedicated to Johnstown adequate service is not, and will not be, available to the area through Johnstown, or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

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

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

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

(i) The ongoing existence of the Districts is in the best interests of the area proposed to be served.

**EXHIBIT A**  
**Legal Descriptions of Districts**



**EXHIBIT B**  
**Financing Plan**

**EXHIBIT C**  
**Statutory Contents of this Service Plan**

- I. A description of the proposed services;
- II. A financial plan showing how the proposed services are to be financed;
- III. A preliminary engineering or architectural survey showing how the proposed services are to be provided;
- IV. A map of the Districts' boundaries and an estimate of the population and valuation for assessment of the Districts;
- V. A general description of the facilities to be constructed and the standards of such construction, including a statement of how the facility and service standards of the Districts are compatible with facility and service standards of Johnstown and of municipalities and special districts which are interested parties pursuant to § 32-1-204(l), C.R.S.;
- VI. A general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the organization and initial operation of the Districts;
- VII. A description of any arrangement or proposed agreement with any political subdivision for the performance of any services between the Districts and such other political subdivisions;
- VIII. Information satisfactory to establish that each of the following criteria as set forth in § 32-1-203, C.R.S., has been met:
  - (a) That there is sufficient existing and projected need for organized service in the area to be served by the Districts;
  - (b) That the existing service in the area to be served by the Districts is inadequate for the present and projected needs;
  - (c) That the Districts are capable of providing economical and sufficient service to the area within their boundaries;
  - (d) That the area to be included in the Districts has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
  - (e) That adequate service is not, or will not be available to the area through Johnstown, other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;

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

(g) The proposal is in substantial compliance with any master plan adopted pursuant to § 30-28-106, C.R.S.;

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

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

**EXHIBIT D**  
**Town Resolution of Approval**

**EXHIBIT E**  
**Map of Districts**

**EXHIBIT F**  
**Facilities Diagrams**

The facilities diagrams of the improvements to be constructed by the Districts are as shown and to be shown in the plats approved by the Town of Johnstown for the properties in the various Districts. For reference, the facilities diagrams from the original Consolidated Service Plan for Thompson Crossing Metropolitan District Nos. 1-3 are attached.

**EXHIBIT G**  
**Cost Estimates**

**EXHIBIT H**  
**Master IGA**