

SERVICE PLAN

FOR

STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 3

IN THE COUNTY OF DOUGLAS, COLORADO

Submitted: June 13, 2013
Resubmitted: July 18, 2013
Approved: August 27, 2013

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APPROVAL SUMMARY

This Service Plan for the Sterling Ranch Colorado Metropolitan District No. 3 was approved by the Douglas County Board of Commissioners on August 27, 2013. Resolution No. R-013-098, approving this Service Plan, has been recorded at Reception No. 2013072131. The organizational and TABOR elections took place on _____, 2013. The Court Decree organizing the District was recorded with the Douglas County Clerk and Recorder on _____ at Reception No. _____.

ORGANIZERS AND CONSULTANTS

This Service Plan has been prepared by the Organizers and the following participating consultants:

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LIST OF EXHIBITS

- Exhibit A** Legal Description and Map of the Sterling Ranch Colorado Metropolitan District No. 3's Boundaries
- Exhibit B** Legal Description of the Inclusion Area
- Exhibit C** Vicinity Map
- Exhibit D** Compliance with Section 18A, Water Supply – Overlay District
- Exhibit E** Compliance with Clean Water Plan (letter from wastewater treatment provider indicating its compliance with Regional Clean Water Plan)
- Exhibit F** Resolution of Approval

Sterling Ranch Colorado Metropolitan District No. 5 ("District No. 5"), Sterling Ranch Colorado Metropolitan District No. 6 ("District No. 6"), and Sterling Ranch Colorado Metropolitan District No. 7 ("District No. 7") (together, the District, District No. 2, District No. 4, District No. 5, District No. 6 and District No. 7 are referred to herein as the "Financing Districts" and, together with the Management District, the "Districts").

The Management District and the Financing Districts are anticipated to enter into a Community Authority Board Establishment Agreement (the "CABEA") which will establish the Sterling Ranch Community Authority Board (the "CAB"). It is the intent of the Management District and the Financing Districts that the Improvements (defined in Part V below) be owned, operated and/or maintained by the CAB. As more particularly described in Part XII below, the CAB will be controlled by an eleven (11) member board of directors. The CABEA will provide that the Management District shall have the right to appoint representatives to fill five (5) of the board seats and the Financing Districts shall have the right to each appoint representatives to fill one (1) board seat. The intent of this structure is to provide for resident and property owner participation as the Project develops and ultimate transition of control of the operation and maintenance of the Improvements to residents and property owners when installation of all of the Improvements is complete. The CABEA will establish processes for financing the design, planning, construction, acquisition, operations and maintenance of the Improvements. In addition, the CABEA will establish the operations and maintenance budgets and operating mill levies from time to time for the then existing and planned Improvements.

It is anticipated that Organizer, as well as other Contributing Owners, will make advances as discussed and subject to the conditions in Part VIII.E necessary to fund the costs of acquisition, construction, operation and maintenance, and completion of the Improvements, until

estimated to be approximately \$531,168,711 with an estimated market value of approximately \$5,679,701,107.

V. **DESCRIPTION OF DISTRICT POWERS, SERVICES AND IMPROVEMENTS**

The following is a general description of the District powers and authorities, the services it is empowered to provide and the improvements that it is empowered to design, plan, finance, acquire, construct, relocate, install, operate, maintain, repair or replace (all such improvements described in this Part V shall collectively be referred to herein as the "Improvements"). As will be described in Part XII below, the District is granted the following powers, for the purpose of allowing it and the other Districts to form the CAB and provide the services to the Project directly or through the CAB and the District IGAs. Such powers, authorities, services and Improvements are as follows:

A. Services and Improvements.

1. Street Improvements. The District shall have the power and authority to provide for the design, planning, acquisition, construction, financing, relocation, installation, completion, operation, maintenance, repair and replacement of both on-site and off-site street improvements, as authorized in the Special District Act, including, without limitation, streets, curbs, gutters, culverts and other drainage facilities, bridges, elevators, parking improvements, sidewalks, tree lawns, alleys, lighting, grading, landscaping and irrigation systems, together with all necessary, incidental and appurtenant facilities, land and easements, and all extensions of and improvements to such facilities within and without the Service Area. All street improvements shall be constructed in accordance with the plans and specifications approved by the County.

2. Traffic and Safety Controls. The District shall have the power and authority to provide for the design, planning, acquisition, construction, financing, relocation, installation, completion, operation, maintenance, repair and replacement of a system of traffic

and safety controls and devices on streets and highways as authorized in the Special District Act, including, without limitation, signalization, signing and striping, together with all necessary, incidental and appurtenant facilities, land and easements, and extensions of and improvements to such facilities within and without the Service Area. All safety improvements shall be constructed in accordance with the plans and specifications approved by the County.

3. Water Improvements. The District shall have the power and authority to provide for the acquisition of water rights, and design, planning, acquisition, construction, financing, relocation, installation, completion, operation, maintenance, repair and replacement of a potable and non-potable water system as authorized in the Special District Act, including, without limitation, storage, treatment, distribution mains and lines, pressure reducing stations, wells, irrigation systems, hydrants, tanks and other water facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all extensions of and improvements to such facilities within and without the Service Area. All water improvements shall be constructed in accordance with the plans and specifications of the County and/or any water district providing service to the Property, and any other applicable local, State or federal rules and regulations.

4. Sanitation Improvements. The District shall have the power and authority to provide for the design, planning, acquisition, construction, financing, relocation, installation, completion, operation, maintenance, repair and replacement of a sanitary sewage treatment, collection and transmission system as authorized by the Special District Act, including, without limitation, collection mains and lines, lift stations and other sanitation facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all extensions of and improvements to such facilities within and without the Service Area.

All sanitation improvements shall be designed and constructed in accordance with the standards and specifications of the County and/or any sanitation district providing service to the Property, and any other applicable local, State or federal rules and regulations.

5. Stormwater Drainage Improvements. The District shall have the power and authority to provide for the design, planning, acquisition, construction, financing, relocation, installation, completion, operation, maintenance, repair and replacement of a stormwater system as authorized by the Special District Act, including, without limitation, stormwater sewer, flood and surface drainage facilities and systems, water quality detention/retention ponds and associated drainage facilities, including, but not limited to, rainwater harvesting in accordance with subsection 12 below, together with all necessary, incidental and appurtenant facilities, land and easements, and all extensions of and improvements to such facilities within and without the Service Area. All stormwater drainage improvements shall be designed and constructed in accordance with the standards and specifications of the County and any other applicable State or federal agencies.

6. Parks and Recreation Improvements. The District shall have the power and authority to provide for the design, planning, acquisition, construction, financing, relocation, installation, completion, operation, maintenance, repair and replacement of parks and recreation improvements and programs as authorized by the Special District Act, including, without limitation, pedestrian plazas, parks, multi-modal trails and bridges, equestrian, shooting range areas, open space, landscaping, agricultural activities and areas, including community farms and gardens, entry and architectural features, recreational facilities, indoor and outdoor playing fields and courts, wellness facilities and programming, irrigation, public art and cultural activities, together with all necessary, incidental and appurtenant facilities, land and easements, and all

extensions of and improvements to such facilities within and without the Service Area. All parks and recreation improvements shall be designed and constructed in accordance with any applicable specifications of the County.

7. Television Relay and Translation. The District shall have the power to provide for the design, planning, acquisition, construction, financing, relocation, installation, completion, operation, maintenance, repair and replacement of television relay and translation facilities and programs, including, without limitation, internet, data, television and telephone, infrastructure and services, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities and programs within and without the Service Area. All television relay and translation improvements shall be designed and constructed in accordance with any applicable specifications of the County.

8. Transportation. The District shall have the power and authority to provide for the design, planning, acquisition, construction, financing, relocation, installation, completion, operation, maintenance, repair and replacement of transportation system improvements and facilities, including, but not limited to, transportation equipment, park-and-ride facilities and public parking lots, structures, roofs, covers and facilities, all necessary incidental and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the Service Area. All transportation improvements shall be designed and constructed in accordance with any applicable specifications of the County.

9. Mosquito Control. The District shall have the power and authority to provide for the design, planning, acquisition, construction, financing, relocation, installation, completion, operation, maintenance, repair and replacement of facilities and equipment

necessary for the eradication and control of mosquitoes, including, but not limited to, elimination or treatment of breeding grounds, and purchase, lease, contracting or other use of equipment or supplies for mosquito control within and without the Service Area. All mosquito control improvements shall be designed and constructed in accordance with the standards and specifications of the County and any other applicable State or federal agencies.

10. Operations and Maintenance. The District shall have the power to own and maintain the Improvements not conveyed to the County or other governmental entities, but it is anticipated that such power shall be exercised through the CAB which the CAB will do so either itself or by contract with other entities. Revenue to pay the expenses of operations may be obtained from fees legally imposed by the Districts or other legally available revenues of the Districts and/or the CAB. User fees for use of recreational facilities may be different for residents and taxpayers within the Districts than for outside users.

11. Fire Protection. The Project is within the South Metro Fire Rescue Authority (the South Metro Fire Rescue Authority or its successors being referred to as the "Fire Authority"). The District may enter into one or more intergovernmental agreements with the Fire Authority to augment service to the Property; no such augmentation of fire protection service to the Property will be permitted except by such intergovernmental agreement. In addition, the District shall have the limited power to contribute funds to the Fire Authority to provide for the financing of design, planning, acquisition, construction, completion, installation, operation and maintenance of facilities and equipment for fire protection, including fire stations, ambulance and emergency medical response and rescue services, and diving and grappling stations, and all necessary, incidental and appurtenant facilities, land and easements, together with extensions of and improvements to said systems within and without the Service Area of the

District. The fire protection improvements and facilities will be operated and maintained as set forth in an intergovernmental agreement between the District and the Fire Authority.

12. General. The various activities of the Districts and/or the CAB, as described in this Part V, shall be subject to County zoning, subdivision, building codes, land use regulations and other applicable County ordinances, laws, rules and regulations and all agreements related thereto, including, but not limited to, the provisions of Section 32 of the Douglas County Zoning Resolution or Section 30-28-110, C.R.S. The facility and service standards of the Districts and/or the CAB will be compatible with those of the County. In addition, any Improvements constructed by the District and/or the CAB as set forth in this Part V, shall be subject to all requirements of the Colorado Revised Statutes, including, but not limited to, the public bidding requirements. In its exercise of water, waste water or storm water powers granted herein, the District shall have the authority to design, plan, acquire, construct, finance, relocate, install, complete, operate, maintain, repair and replace rainwater harvesting equipment and improvements in accordance with State and local laws, rules and regulations.

B. Other Powers.

The District shall have all powers and authorities granted to metropolitan districts under the Special District Act, which may be exercised to provide for the design, planning, acquisition, construction, financing, relocation, installation, completion, operation, maintenance, repair and replacement of the Improvements and the provision of services as authorized in and subject to the limitations set forth in the District IGA, this Service Plan and any agreements with the County. In addition to the enumerated powers and authorities and subject to the terms of the District IGA, the Board of Directors of the District shall also have the following authorities:

1. Service Plan Amendments. If any change of a basic or essential nature is not authorized in this Service Plan, but is determined to be in the best interests of the Project, and

such service and/or improvement is allowable under the Special District Act, the District may amend this Service Plan as needed, subject to compliance with appropriate statutory and County procedures as set forth in this Service Plan and compliance with the consent requirements of the CABEA as set forth in Part XII below.

2. Construction Phasing. The design, planning, phasing of construction, location and completion of the Improvements will be determined by the Districts to coincide with the phasing and development of the Project and the availability of funding sources. The Districts may, in their discretion, phase the construction, completion, operation and maintenance of the Improvements or defer, delay, reschedule, rephase, relocate or determine not to proceed with the construction, completion, operation and maintenance of the Improvements, and such actions or determinations shall not constitute material modifications of this Service Plan.

3. Additional Services / Services Districts Will Not Provide. Except as specifically prohibited herein, the Districts may provide such additional services and exercise such powers and authorities as are expressly or impliedly granted in the Special District Act or by State law. The Districts may provide security services pursuant to an intergovernmental agreement with the Douglas County Sheriff's Department.

4. Land Acquisition and Conveyance. The District shall have the power of eminent domain, but only as necessary to construct, install, access, relocate or redevelop the Improvements identified in this Service Plan in the locations as may be determined pursuant to the development application process of the County. Any other use of eminent domain shall require the District to provide forty-five (45) days published notice and written notice to the Board of County Commissioners pursuant to Section 32-1-207(3)(b), C.R.S. If, within such forty-five (45) day period, the Board of County Commissioners objects to the use of eminent

domain, then it shall be prohibited and constitute a material modification of this Service Plan requiring an amendment, pursuant to Part XIII of this Service Plan and Section 32-1-207(2), C.R.S.

The purchase price of any land acquired by the District from the Organizer and/or Contributing Owner(s) shall be no more than its then-current fair market value as confirmed by an independent MAI appraisal for land. The purchase price of any Improvements acquired by the District from the Organizer and/or Contributing Owners shall be verified by an independent engineer. Land, easements, Improvements, and facilities conveyed to the County shall be free and clear of all liens, encumbrances and easements, unless otherwise approved by the County prior to conveyance. Unless otherwise agreed to the contrary by the County, all conveyances to the County shall be by special warranty deed, shall be conveyed at no cost to the County, include an ALTA title policy issued to the County, shall meet the environmental standards of the County and shall comply with any other conveyance prerequisites.

5. Compliance with Section 18A, Water Supply – Overlay District, of the Douglas County Zoning Resolution, as amended. The Districts shall obtain wholesale water supply services through Dominion Water and Sanitation District or its successors and assigns. The Districts, through the CAB, shall serve end users within the Project. The Districts have met the requirements of Section 18A, Water Supply – Overlay District, of the Douglas County Zoning Resolution, as amended, as described in the Water Supply Plan in **Exhibit D** attached hereto and incorporated herein.

6. Compliance with Clean Water Plan. Dominion Water and Sanitation District has asserted its compliance with the Clean Water Plan as demonstrated in **Exhibit E** attached hereto and incorporated herein.

7. Covenant Enforcement. Each District shall have the power to provide covenant enforcement and design review services as authorized in the Special District Act.

VI. ESTIMATED COSTS OF IMPROVEMENTS

The total estimated cost of the Improvements necessary to serve the Project, including any enhancements thereto over the extended build-out period, are approximately \$800,000,000 (in 2013 dollars), which cost estimate will be adjusted for inflation in accordance with the construction cost index utilized by the Colorado Department of Transportation (“Costs”) starting as of January 1, 2015. The location and specifications of the Improvements to support the development of the Project will be determined as a part of and in compliance with the development application process of the County and all procedures, resolutions, codes and ordinances of the County as they are amended from time to time.

VII. ESTIMATED COSTS OF ORGANIZATION, OPERATIONS AND MAINTENANCE

A. Costs of Organization.

The estimated cost of organization of the Districts is approximately \$150,000.

B. Costs of Operation and Maintenance.

The Districts shall be responsible for raising revenue to fund the operation and maintenance obligations of the CAB, including maintaining and repairing the Improvements as shall be more fully set forth in the CABEA. The costs will include, but not be limited to, operation, maintenance and repair of facilities, engineering, legal, audit, and administrative services, utilities, and other expenses related to the administration and operation of the Districts.

The budget adopted by the District will authorize expenditures for the Districts’ administration and, together with the budgets of the other Districts, the funding of the CAB’s operation and maintenance of the Improvements. Neither the Districts nor the CAB shall have

the authority to provide maintenance to any Improvements transferred to the County without the prior written approval of the County. Fees and charges may be imposed within the Service Area and collected by the District, as permitted by statute and as set forth in Part VIII.C below, to the extent necessary to supplement other revenues of the CAB, in accordance with the terms of the CABEA. Prior to adopting any budget, the District shall have a minimum of two (2) public meetings to consider such budget to provide an expanded opportunity for resident and property owner participation in such budget process.

VIII. FINANCING PLAN / PROPOSED INDEBTEDNESS

This part of the Service Plan contains a narrative Financing Plan that describes the nature, basis, and method of funding and financing limitations associated with the acquisition, construction, completion, operation and maintenance of the Improvements. The Financing Plan will be coordinated and implemented by the Districts in accordance with the terms of the District IGA, subject to all limitations set forth herein.

As used in this Part VIII, the term “Bonds” means any general obligation bonds, revenue bonds, refunding bonds, notes, debentures, or other evidences of a borrowing that constitute multiple fiscal year obligations of the Districts under Article X, Section 20 of the Colorado Constitution; provided, however, that the definition of Bonds shall not include any of the following: multiple fiscal year obligations established by intergovernmental agreements between and among any one or more of the Districts and/or the CAB; or intergovernmental agreements between and among any one of the Districts and/or the CAB and any other government, including, but not limited to, the County.

A. Financing Plan.

The Financing Plan for the Districts is for the Districts and/or the CAB to incur debt, from time to time, on a schedule and in year or years to fund the Improvements to support the

development of the Project from property tax revenues derived from a mill levy not to exceed the District Debt Mill Levy Cap (defined in Part VIII.G.8 below), specific ownership taxes, System Development Fee (“SDF”) revenues, and other rates, fees, tolls and charges of the District permitted under State Statutes, Public Improvement Fee (“PIF”) revenues, and revenues contributed, pledged or dedicated by covenant, agreement or otherwise to the District. It is anticipated that the first Bond issuance will occur in 2015 subject to delays that may occur as a result of the development application process, construction delays or market condition changes. The Financing Plan incorporates all of the provisions of this Part VIII of the Service Plan.

The Districts shall prepare numerical plans for each phase of development as required for the actual phasing and build-out of the Project which numerical plans will model the assumed revenue for timely repayment of the debt as amortized in accordance with the terms of the proposed financing documents for such phase of Improvements to which the future numerical plan applies. Further, such future numerical plans shall be in accordance with all of the terms of the narrative Financing Plan set forth herein. It is anticipated that the CAB will issue Bonds as discussed in Part VIII.D below; provided, however, that the Management District and/or the Financing Districts may, pursuant to the CABEA, issue Bonds directly.

The Financing Plan demonstrates that the Districts will have the financial ability to discharge all Bonds to be issued as part of the Financing Plan on a reasonable basis since the Districts: (i) will be issuing debt on a phased basis to support new development; (ii) will not pledge to impose property taxes for repayment of the debt in excess of the District Debt Mill Levy Cap; (iii) will not issue debt above the Debt Issuance Limit; (iv) will secure the External Financial Advisor Certification (as defined in Part VIII.G.5 below) prior to each issuance; and (v) will secure the Feasibility Analysis (as defined in Part VIII.G.13 below).

C. Fees.

Each of the Districts may impose and collect, as a source of revenue for repayment of debt, capital costs, and/or for operations and maintenance, fees, rates, tolls, penalties, or charges as permitted by statute. Additionally, as part of the overall financing plan for the Improvements, the Districts will rely upon public improvement fee ("PIF") revenues. The PIF will be established privately by one or more covenants (collectively, the "PIF Covenant") recorded against the Property within the Inclusion Area by the owners of the Property, and will generate revenue from retail sales transactions and lodging transactions occurring within the Districts. The PIF Covenant will provide for the CAB and/or one or more of the Districts to be the "Designated Receiving Entity" of the PIF revenues. The PIF revenues may be pledged or used by the Districts and/or the CAB, in part or in whole, for purposes of financing the construction, and operation and maintenance, or both, of the Improvements.

D. Bond Issuance.

The Financing Plan anticipates issuing Bonds which may be issued in a multiple series of Bonds with the combined principal amount of approximately \$1,800,000,000 to fund the estimated Costs (as defined in Part VI above) and other costs of issuance and bond reserves, on a schedule and in a year or years when adequate property tax revenues, water and sewer tap fee revenue, other lawfully imposed fees and charges, PIF revenues and other revenues legally available from the Financing Districts are available to pay such Bonds. Alternate numerical plans to implement the Financing Plan to fund the Costs in order to complete the Improvements with Bonds issued in an aggregate amount to not exceed \$1,800,000,000 may be implemented by the Districts, without having to amend this Service Plan. If voter approval has been received, the Districts may enter into multiple-fiscal year financial obligations with the County and other entities of any nature, including, without limitation, intergovernmental agreements and

acquisition, reimbursement and funding agreements with the Organizer and/or Contributing Owner(s) to accomplish any of the various purposes authorized in this Service Plan, subject to all terms and limitations set forth herein or any other agreement related thereto to which any of the Districts is a party. Refunding Bonds may be issued by the Districts to defease original issue Bonds in compliance with the terms of Part VIII.G below and all applicable State and federal laws. Refunding Bonds shall not apply towards the Districts' aggregate District Debt Issue Limit set forth in Part VIII.F below. Agreements between any of the Districts and another governmental entity or the CAB, including, but not limited to, the Financing Districts and the Management District for the pledge of revenues to support the administrative, operations and maintenance expense will be funded from operating revenues and therefore shall not apply towards the Districts' aggregate District Debt Issue Limit set forth in Part VIII.F below.

Agreements between any of the Districts and another governmental entity or the CAB, including, but not limited to, the Financing Districts and the Management District for the pledge of revenues to support the repayment of Bonds will be a part of an overall integrated debt issuance for the Bonds where the amount of the Bonds would apply towards the Districts' aggregate District Debt Issue Limit and therefore the Agreements shall not apply towards the Districts' aggregate District Debt Issue Limit set forth in Part VIII.F below.

E. Organizer/Contributing Owner Advances.

Currently, it is anticipated that the Organizer, Contributing Owner(s) or other entities will make advances to the CAB and/or Districts as necessary to fund a portion of the costs of organization and the costs of the design, planning, acquisition, construction, financing, relocation, installation, completion, operation, maintenance, repair and replacement of the Improvements in accordance with the terms of acquisition, reimbursement or funding

agreements, which may be entered into by the CAB and Organizer and/or a Contributing Owner. Neither the CAB nor any District shall acquire or repay Organizer, a Contributing Owner or any third party any advances for Improvements made by such entity unless and until an independent third-party engineer or accountant, as appropriate, engaged by the CAB has reviewed and verified that all costs to be repaid have been validly incurred for Improvements allowed pursuant to this Service Plan and such costs are market reasonable (the "Cost Verification"). Further any agreement to repay the Organizer and/or Contributing Owner for advances will be evidenced by the Districts and/or CAB entering into one or more agreements (each, "Reimbursement Agreement") with the Organizer and/or Contributing Owner. Obligations incurred by the CAB under such Reimbursement Agreement(s) are expected to be repaid by the CAB from Bond proceeds or from other available funds, including, without limitation, the District Debt Mill Levy of the Financing Districts as specifically described in the provisions of the CABEA. The Organizer, a Contributing Owner or other entities may also advance funds to the Districts and/or the CAB for the payment of operating and maintenance expenses, which advances may be repaid from legally available revenues pursuant to the terms of an acceptable Reimbursement Agreement. The obligation to repay Organizer or Contributing Owner advance shall not apply towards the Districts' and/or the CAB's aggregate District Debt Issue Limit set forth in Part VIII.F below to the extent such obligation to reimburse the advance is subject to annual appropriations. If, and when, the applicable District and/or CAB agrees that such obligation to reimburse Organizer or Contributing Owner advances shall be multiple-fiscal year obligations of the applicable District and/or the CAB, as may be evidenced by the issuance of general obligation or revenue bond indebtedness to the Organizer or Contributing Owner, such advance amounts that are converted to multiple-fiscal year obligations will apply toward the Districts'

and/or the CAB's aggregate District Debt Issue Limit set forth in Part VIII.F below. Until such time as such Organizer or Contributing Owner advances are converted to multiple-fiscal year obligations, the interest rate on such advances shall not exceed the current Bond Buyer 20-Bond GO Index, plus four percent (4%).

F. Debt Authorization.

At an election to be held on November 5, 2013, each of the Districts shall seek authority to issue revenue or general obligation Bonds in total principal amounts not to exceed \$1,800,000,000. Since each District must vote its own debt authorization for each of the categories of Improvements, each District must, by law, have the full debt authorization available to it in the event that any one of the other Districts finances, acquires, constructs, and completes the Improvements. It is anticipated that the Districts will utilize their debt authorization to issue property tax supported Bonds and/or notes, subject to the limitations in Part VIII.G below, and to enter into the District IGA to pay over their property tax revenue in support of the repayment of such notes and Bonds. Initially, each of the Districts will have the full \$1,800,000,000 in debt authorization for financing the Improvements available to each of them. The aggregate debt of the Districts and/or the CAB for funding the costs of the Improvements shall not exceed \$1,800,000,000 ("Debt Issuance Limit"). When any of the Districts issues debt, the amount of that Bond shall be subtracted from and reduce the amount of Bonds it and the other Districts and the CAB are permitted to issue under their service plans and the CABEA; provided, however, that agreements between any of the Districts and another governmental entity, including, but not limited to, the Financing Districts, the Management District and/or the CAB for the pledge of revenues to support Bonds or administrative or operations and maintenance expense, shall not

reduce the aggregate debt authorization of the Districts. In addition, debt issued for refunding purposes shall not reduce the Debt Issuance Limit.

The total principal amount of Bond authorization to be voted by each District exceeds the Costs of the Improvements to allow for unforeseen contingencies and increases in construction costs due to inflation and to cover all organizational and bond issuance costs, including capitalized interest, reserve funds, discounts, legal and other consulting fees, and other incidental costs of issuance.

G. Parameters for Debt Issuance.

Unless otherwise previously approved in writing by the County, all Bonds issued by any of the Districts and/or the CAB shall be subject to the following restrictions:

1. Bonds issued by any of the Districts and/or the CAB shall be amortized over a period of years that shall not exceed forty (40) from the date of issuance with the first maturity being not later than five (5) years from the date of issuance, that agreements between any of the Districts and another governmental entity, including, but not limited to, the Financing Districts, the Management District and/or the CAB for the pledge of revenues to support Bonds or administrative or operations and maintenance expenses, shall not reduce the aggregate debt authorization of the Districts. In addition, debt issued for refunding purposes shall not reduce the Debt Issuance Limit.

2. The maximum voted interest rate shall be eighteen percent (18%) and the maximum discount shall be four percent (4%). The exact interest rates and discounts will be determined at the time Bonds are sold. Such Bonds will be structured to obtain competitive interest rates for comparable bonds.

3. The Bonds generally will contain adequate call provisions to allow for the prior redemption or refinancing of such Bonds. Bonds sold to the Organizer and/or a Contributing Owner (excluding any financial institution, mutual fund, investment trust or accredited investor that does not control, and is not controlled by, the Organizer and/or Contributing Owner or any affiliate or related person or entity) shall contain a provision allowing the Bonds to be callable without premium, no later than twelve (12) years after their date of issuance.

4. No uninsured Bonds shall be issued that contain provisions permitting acceleration of the Bonds upon default.

5. A certification as to the market reasonableness of the interest rate and terms of Bonds sold shall be provided by an underwriter, investment banker or individual entity listed as a public finance advisor in the Bond Buyer's Municipal Market Place and which advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, such as the pricing, sales and marketing of such securities ("External Financial Advisor Certification") and be obtained prior to closing on any Bond issuance.

6. The Districts will comply with all applicable Securities and Exchange Commission and U.S. Treasury or Internal Revenue Service laws and regulations and the State Constitution and any State securities laws or regulations.

7. The Districts will inform the County in writing within three (3) days after a debt service payment date if such non-payment of principal or interest constitutes an event of default under its Bond documents. To the extent feasible, the Districts will also provide written

notice to the County of any likely event of nonpayment in advance of such debt service payment due date.

8. Any Bonds issued by any of the Districts that are payable in whole or in part from ad valorem property taxes (“Tax Supported Obligations”) shall be issued only as limited tax obligations subject to a debt service mill levy cap of fifty (50) mills as may be adjusted pursuant to Part VIII.G.9 and 10 below (the “District Debt Mill Levy Cap”) and subject to other applicable State law. Subject to the termination of the District Debt Mill Levy Cap as set forth in Part VIII.G.10 below and certain adjustments authorized in Part VIII.G.10, none of the Districts may levy or promise to levy an ad valorem property tax for repayment of outstanding Tax Supported Obligations in excess of the District Debt Mill Levy Cap.

9. The District Debt Mill Levy Cap may be adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation (as of January 1, 2013), so that, to the extent possible, the actual revenues generated by the District Debt Mill Levy Cap are neither diminished nor enhanced as a result of such changes. Among other adjustments, a change in the ratio of actual valuation of assessable property shall be deemed a change in the method of calculating assessed valuation.

10. The District Debt Mill Levy Cap shall remain in effect for Bonds until such time as the assessed valuation of all taxable property within the boundaries of the Districts whose mill levies are pledged or obligated for those particular Bonds is equal to or greater than two (2) times the outstanding principal amount of such Bonds of the Districts, together with any series of general obligation Bonds proposed for release from the District Debt Mill Levy Cap. Further, the total principal amount of outstanding Bonds of the Districts and/or the CAB shall not

exceed the District Debt Issuance Cap and, if exceeded, the same shall constitute a material modification.

11. The Districts shall not pledge as security for any Bonds or other obligations any land, Improvements, revenue or funds to be transferred or pledged to the County.

12. No later than five (5) business days after the sale of any Bonds, the Districts shall provide written notice to the County of such issuance and, upon written request of the County, shall provide copies of final Bond documents. A bond legend shall be included stating the County has no responsibility for payment of any Bonds.

13. Prior to the issuance of any Bonds (excluding refunding Bonds), the CAB and/or the applicable District shall obtain a report, or an updated report if one was previously issued, from a third party market research firm or a market research analyst that has been engaged in analyzing residential and commercial market conditions for at least five (5) years (the "Market Analyst"), stating that it has reviewed the financial projections utilized in sizing the proposed Bond issuance and the CAB's and/or District's ability to meet the debt service requirements of such Bonds including, but not limited to, absorption rates, valuation, growth and inflation rates and has evaluated the same in comparison to current and projected market conditions for Douglas County and/or such other areas deemed by such Market Analyst to be comparable, and that such financial projections are reasonable (the "Feasibility Analysis"). The CAB and/or District shall deliver the Feasibility Analysis to the County at least thirty (30) days prior to closing on such Bond issuance. If, within such thirty (30) day period, the Board of County Commissioners objects to the applicable issuance of Bonds as not being supported by the Feasibility Analysis, then it shall be prohibited and constitute a material modification of this

Service Plan requiring an amendment, pursuant to Part XIII of the Service Plan and Section 32-1-207(2), C.R.S. The CAB and/or the applicable District agrees to pay the actual and reasonable costs for the County's financial consultant to review the Feasibility Analysis in connection with the proposed Bond issuance.

H. Revenue Sources.

The CAB is expected to rely primarily on tax revenues, PIF revenue (as discussed in Part VIII.C above) and other revenues received from the Financing Districts, pursuant to the CABEA to provide facilities and services. Other sources of revenue available to the Districts may also include, without limitation, revenue or moneys received from other metropolitan districts pursuant to intergovernmental agreements between such other metropolitan districts and the District, State or federal or other governmental agency grants or loans (including HUD §108 loans), earnings derived from the reinvestment of bond funds, capitalized interest, property and specific ownership tax revenues, other revenues contributed or pledged or dedicated by covenant agreement or otherwise, and facilities fees collected by the District and/or the other Districts, and utilized pursuant to the CABEA. The Districts are authorized to establish a system of rates, fees, charges and penalties in accordance with the Special District Act in order to generate additional revenue for the payment of any Bonds or other obligations and operating costs as needed, including pledge to the CAB for such purposes. The Districts will not apply for Conservation Trust Funds, Great Outdoors Colorado Funds, or other grant funds available from or through governmental or nonprofit entities that the County is eligible to apply for without the prior written approval of the County.

The anticipated revenue sources will be sufficient to retire the Districts' proposed indebtedness if growth occurs as anticipated. Variations in assessed valuation projections or in

the phasing of private improvements may affect the mill levy and the level of fees, rates and charges upward or downward. No funds or assets of the County will be pledged as security for the repayment of any obligation of the Districts.

I. Operations, Maintenance and Administration.

The CAB will provide for ongoing operations and maintenance of the Improvements that are not transferred to the County or other appropriate entities. The Districts will fund the CAB's operations and maintenance, in part, through revenue generated by an operations mill levy imposed by the Districts. In addition, the Districts will incur costs for various administrative functions, including legal, engineering, accounting and compliance. At full build-out, a property tax of ten (10) mills levied within the Districts is anticipated to be sufficient to operate the Districts and to maintain the Improvements; provided, however, the District Operating Mill Levy will be set to meet budgetary needs of the CAB and Districts on an annual basis in accordance with the CABEA.

IX. INCLUSIONS / EXCLUSIONS

The Districts shall be authorized, upon property owner petition, to include into their respective boundaries and exclude from their respective boundaries Property that is within the Inclusion Area as depicted in **Exhibit B**. Prior to any inclusions or exclusions that are not identified in **Exhibit B**, the District shall provide forty-five (45) days published notice and written notice to the Board of County Commissioners pursuant to Section 32-1-207(3)(b), C.R.S. If, within such forty-five (45) day period, the Board of County Commissioners objects to the inclusion or exclusion, then the inclusion or exclusion shall be prohibited and constitute a material modification of this Service Plan requiring an amendment, pursuant to Part XIII of this Service Plan and Section 32-1-207(2), C.R.S. In addition, the inclusion of Property not described within the Inclusion Area and/or the exclusion of Property that will not be included

within another District shall require a minimum of two (2) public meetings prior to a resolution approving such inclusion or exclusion to provide opportunity for resident and property owner input on such subject matter. Inclusion and/or exclusion proceedings shall be conducted in accordance with Section 32-1-401, *et seq.*, C.R.S., and Section 32-1-501, *et seq.*, C.R.S., as applicable.

X. CONSOLIDATION

It is anticipated that, in connection with the CABEA, the Districts will pursue consolidation of their boundaries in accordance with Parts 6 or 7 respectively of the Special District Act at such time as the Project is built-out and the CAB owns and maintains all of the Improvements. The approval of the Board of County Commissioners will be required prior to the consolidation of any one of the Districts with another special district, including, but not limited to, consolidation between or among the Districts.

XI. REQUIRED NOTICES, DOCUMENTATION AND COORDINATION WITH COUNTY

The District shall provide notice to all purchasers of property in the District regarding the District's authority to levy and collect ad valorem taxes and to impose and collect rates, fees, tolls and charges, by recording a disclosure statement against the property within the District with the Office of the Douglas County Clerk and Recorder. Such disclosure statement shall also provide information concerning the structure of the CAB and summarize how purchasers may participate in the affairs of the CAB. The disclosure statement shall be recorded within thirty (30) days following the recordation of the court decree organizing the District.

At least annually following the year of its organization, each District shall provide notice by posting on the District's website or comparable then-current technology to all property owners and residents of all regularly scheduled meetings of its Board of Directors and shall

update as necessary to provide notice of the date, time and place of any special meetings. Such notice shall include the address of the Districts' office where the names and addresses of the Board of Directors and their officers and the address, telephone number, fax number, and email address of such District may be obtained and shall also include reference to the existence of a District file maintained by the County as described below.

In addition, prior to certain actions being considered by the District as specifically noted in this Service Plan, Expanded Notice shall be provided by one of the following methods: (a) publication in a newspaper circulated within the County; (b) an insert with a monthly utility billing statement; or (c) email or comparable then-current technology to all property owners. To constitute an Expanded Notice, publication must be made by one of the foregoing methods no less than thirty (30) days prior to the date of the meeting at which consideration of a final decision on the matter will be considered and not more than sixty (60) days before the date of such meeting. Such notice shall include the address of the Districts' office where the names and addresses of the Board of Directors and their officers and the address, telephone number, fax number, and email address of such District may be obtained. Any of the requirements set forth in this Part XI may be performed on behalf of the District by the CAB pursuant to the CABEA.

The Districts shall provide to the County the following information and documents on an annual basis, if such information differs from the information provided in any previous year: (i) annual budget of each of the Districts; (ii) annual construction schedules for the current year and reconciliation of the capital improvement program for completion of the Improvements in the following two (2) years; (iii) annual audited financial statements (or any exemption filing made to the State Auditor) of each of the Districts; (iv) total debt authorized, total debt issued, and remaining debt authorized and intended to be issued by each of the Districts; (v) names and

terms of the members of the Board of Directors and their officers of each of the Districts and the CAB; (vi) any bylaws, rules and regulations of the Districts regarding bidding, conflict of interest, contracting and other governance matters; (vii) current intergovernmental agreements and amendments among the Districts; (viii) a summary of all current Districts' contracts for services related to construction; (ix) current approved Service Plan of each of the Districts and amendments thereto; and (x) the District office contact information. Additionally, the Districts will file a map with the County Clerk each year in accordance with Section 32-1-306, C.R.S., and County standards.

The following events shall be reported to the County within thirty (30) days of such occurrence, to the extent such information is known and available to the District: (i) a negative change in any Bond rating or failure of a credit facility; or (ii) any bankruptcy related filing of the Management District or any of the Financing Districts.

Notices to the District may initially be provided to Sterling Ranch Colorado Metropolitan District No. 3, c/o McGeady Sisneros, P.C., 450 East 17th Ave., Suite 400, Denver, Colorado 80203. An alternative notice party may be designated by the District in its discretion.

XII. PROPOSED INTERGOVERNMENTAL AGREEMENTS

It is contemplated that the Districts and/or the CAB will enter into an intergovernmental agreement with Dominion Water and Sanitation District for the provision of wholesale water and wastewater services to the Project. The Districts and/or the CAB may also enter into an intergovernmental agreement with the Fire Authority as provided in Part V.A.11. above. The Districts and/or the CAB may also enter into an intergovernmental agreement with the Douglas County Sheriff's Department if the Districts and/or the CAB determine that it is in the best interest of the Project to provide additional security services. In addition to the above, and the

other District IGAs, it is anticipated that the Districts will enter into the CABEA. The CABEA will, at a minimum, provide the following:

A. Community Authority Board Establishment Agreement.

1. Board Governance.

The CABEA will provide initially for an eleven (11) member board to be comprised of five (5) members appointed by the Management District and one member appointed by each Financing District. The CABEA will provide, however, that in all events, at such time as the Project has been fully built-out, the majority of the members of the CAB will be residents and property owners within the Project. The foregoing notwithstanding, in the event any of the District(s) does not appoint the required number of member(s) to the CAB, the total number of members on the CAB shall be reduced and the number of CAB members that constitute a quorum shall be reduced such that the CAB may continue to function despite such vacancy or vacancies.

2. Service Plan Amendments.

The CABEA will provide that any District may seek an amendment to its Service Plan in accordance with State and County procedures; provided, however, the CAB must give prior written consent to any Service Plan amendment that would alter such District's ability to perform its obligations under the CABEA.

3. Process/Meeting Requirements.

The CABEA will establish the following process/meeting requirements:

(a) Prior to any Bond issuance, the CAB and/or the issuing District shall discuss the proposed debt issuance at a minimum of two (2) public meetings to provide

additional opportunity for resident and property owner input prior to adoption of a resolution to issue such debt.

(b) On or after January 1, 2015, the CAB shall, prior to establishing or adjusting any rates for water and/or sewer charges, where such adjustment would result in an increase in rates by more than 20% of the rate imposed in the full fiscal year prior to the date of the public meeting at which the rate increase is to be considered, deliver Expanded Notice of the same and discuss at a minimum of two (2) public meetings to provide expanded opportunity for resident and property owner input prior to adoption of such rate imposition or increase.

(c) Prior to the issuance of a certificate of occupancy for a residence in the Project, the CAB will establish a website, or comparable then current technology, for itself and the Districts which website will be available to all residents and property owners within the Districts to provide an up-to-date schedule of all meetings of the Districts, the Districts' current budget and mill levy and fee imposition and such other information as may be reasonably determined by the CAB from time-to-time, including, but not limited to, information regarding the park and recreational facilities and programming.

(d) Prior to acquiring any land, the CAB agrees to provided Expanded Notice of the same and shall discuss the possible acquisition at a minimum of two (2) public meetings on the subject to provide for expanded opportunity for residents and other property owners input regarding such acquisition.

The CAB agrees that the public records it maintains shall be the public record for all the Districts and the CAB shall adopt rules and regulations regarding access to these public records by any of the Districts and the public upon request.

4. PIF Revenue.

The CABEA will provide that the use of any PIF Revenue or other covenant generated revenue generated from property within the boundaries of any Financing District comprised solely of commercial property, will be solely determined by the majority vote of the Board of Districts of the commercial Financing District(s).

XIII. MATERIAL CHANGES AND OTHER APPROVAL REQUIREMENTS

Pursuant to Section 32-1-207, C.R.S., as amended, the District shall obtain prior written approval of the County before making any material modification to this Service Plan. Material modifications require a Service Plan amendment and include modifications of a basic or essential nature, including, but not limited to, the following: any addition to the types of services provided by the District, a decrease in the level of services, a decrease in the financial ability of the District to discharge the existing or proposed indebtedness, a decrease in the existing or projected need for organized service in the area, or inclusion of property that is located in a county or municipality with no other territory within the District. In the event the District plans to undertake an action which may not be permitted by this Service Plan, the District shall provide forty-five (45) day published notice and written notice to the County pursuant to Section 32-1-207(3)(b), C.R.S. If, within forty-five (45) days of the publication of such notice, the County expresses to the District a written objection to the action, then such action shall be considered a material modification of the Service Plan and shall be resolved only in accordance with Section 32-1-207(2), C.R.S.

XIV. CONCLUSION

This Service Plan establishes that:

A. There is sufficient existing and projected need for organized service in the area to be served by the District;

B. The existing service in the area to be served by the District is inadequate for projected needs within the Project;

C. The District (acting in cooperation with the other Districts) is capable of providing economical and sufficient service to the area within its proposed boundaries;

D. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

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

F. The facility and service standards of the District will be compatible with the facility and service standards of the County;

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

H. The organization of the District is in the best interests of the area proposed to be served.

EXHIBIT A

Legal Description and Map of the District No. 3's Boundaries

EXHIBIT A.

LEGAL DESCRIPTION AND MAP OF THE DISTRICT NO. 3'S BOUNDARIES

A PARCEL OF LAND BEING A PORTION OF THE SOUTHWEST QUARTER OF SECTION 29, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER QUARTER CORNER OF SAID SECTION 29, WHENCE THE SOUTH QUARTER CORNER OF SAID SECTION 29 BEARS SOUTH 00°22'13" EAST, AND ALL BEARINGS ARE MADE AS A REFERENCE HEREON;

THENCE SOUTH 33°07'17" WEST, A DISTANCE OF 1435.55 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 89°52'45" EAST, A DISTANCE OF 73.79 FEET;

THENCE SOUTH 00°07'15" EAST, A DISTANCE OF 73.79 FEET TO A POINT ON THE NORTHERLY BOUNDARY OF A PUBLIC SERVICE COMPANY EASEMENT RECORDED IN BOOK 197 AT PAGE 188 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER'S OFFICE;

THENCE ALONG SAID NORTHERLY BOUNDARY, SOUTH 89°52'45" WEST, A DISTANCE OF 73.79 FEET;

THENCE DEPARTING SAID NORTHERLY BOUNDARY, NORTH 00°07'15" WEST, A DISTANCE OF 73.79 FEET TO THE POINT OF BEGINNING.

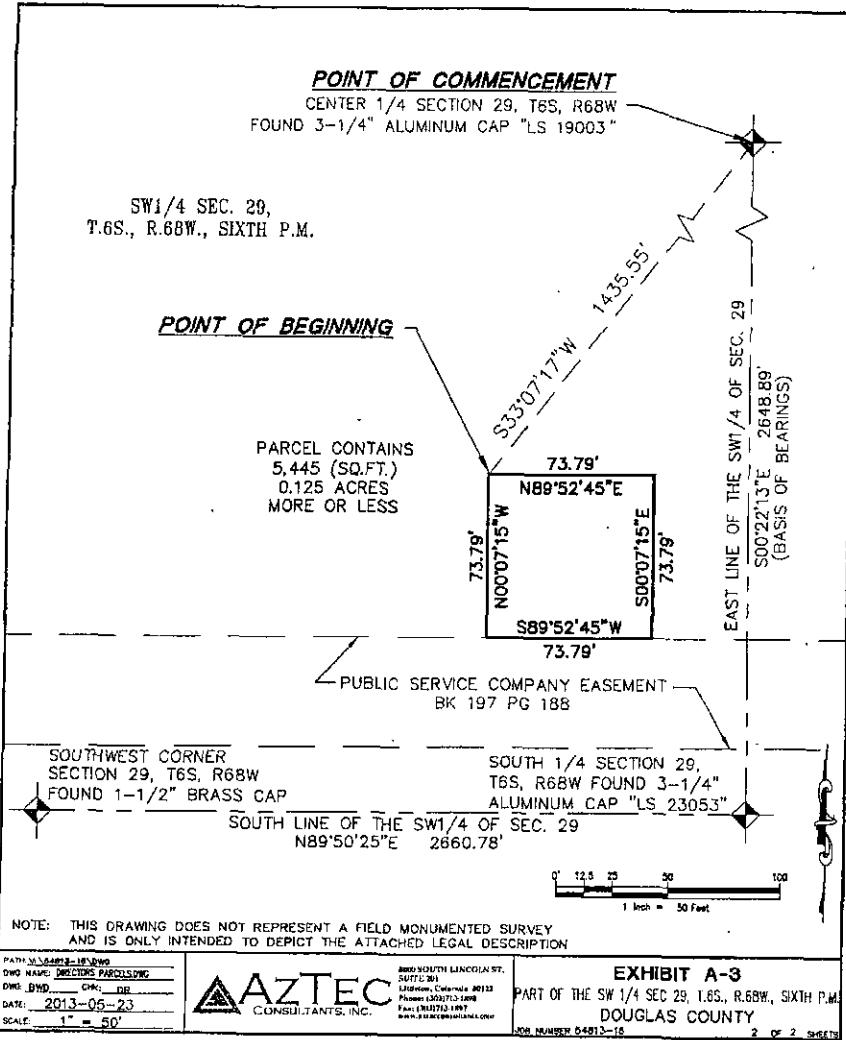
CONTAINING AN AREA OF 0.125 ACRES, (5,445 SQUARE FEET), MORE OR LESS.

EXHIBIT ATTACHED AND MADE A PART HEREOF.



DALE C. RUSH
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR NO. 33204
FOR AND ON BEHALF OF AZTEC CONSULTANTS, INC.
8000 SOUTH LINCOLN STREET, SUITE 201
LITTLETON, CO 80122

ILLUSTRATION TO EXHIBIT A



{00280416.DOC v:1 }

{00280416.DOC v:3 }

EXHIBIT B

Legal Description of the Inclusion Area

PARCEL 1 (ARS SAND & GRAVEL CO., LLC)

PARCEL 1 IS COMPRISED OF THE FOLLOWING FOUR PARCELS: PARCEL 1-A, PARCEL 1-E, PARCEL 1-G AND PARCEL 1-H.

PARCEL 1-A:

THE NE 1/4 OF SECTION 19, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE 6TH P.M., EXCEPT THAT PORTION OF THE SAID NE 1/4 DESCRIBED BY A DEED TO DARLENE JUNE FEHR RECORDED AUGUST 8, 1968 RECORDED IN B185 P469, EXCEPT THAT PORTION OF THE SAID NE 1/4 LYING NORTHEASTERLY OF THE EASTERLY RIGHT OF WAY LINE OF THE DENVER BOARD OF WATER COMMISSIONERS HIGHLINE CANAL ACQUIRED BY THE UNITED STATES DEPARTMENT OF DEFENSE, DEPARTMENT OF ARMY CORP. OF ENGINEERS, KNOWN AS TRACT 268 IN CONDEMNATION CASE NO. C-3867, CHATFIELD DAM PROJECT, EXCEPT FOR THAT PORTION OF SAID NE 1/4 DESCRIBED BY A DEED RECORDED DECEMBER 19, 1968 TO ALPERT C. ENAX AND MARGARET E. ENAX, GRANTEES, IN B189 P217 IN THE RECORDS OF THE CLERK AND RECORDER OF DOUGLAS COUNTY, EXCEPT THE DENVER BOARD OF WATER COMMISSIONERS HIGHLINE CANAL AND EXCEPT THAT PORTION OF MOUNTAIN VIEW LANE, AS DEDICATED ON THE PLAT OF BRALEY ACRES FILING NO. 1, THAT LIES WITHIN SAID LANDS, COUNTY OF DOUGLAS, STATE OF COLORADO.

PARCEL 1-E:

THE SOUTH HALF OF THE SOUTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 19, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE 6TH P.M., EXCEPT THAT PART CONVEYED TO THE NORTHERN COLORADO IRRIGATION COMPANY IN INSTRUMENT RECORDED NOVEMBER 27, 1933 IN B88 P162, COUNTY OF DOUGLAS, STATE OF COLORADO.

PARCEL 1-G:

SOUTH 1/2 OF THE SOUTH 1/2 OF THE NW 1/4 OF SECTION 19, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE 6TH P.M., AND SOUTH 1/2 OF THE SW 1/4 OF THE NE 1/4 OF SECTION 19, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE 6TH P.M., COUNTY OF DOUGLAS, STATE OF COLORADO.

PARCEL 1-H:

A PART OF THE NORTHWEST 1/4 OF SECTION 19, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF THE NORTHWEST 1/4 OF SAID SECTION 19, THENCE NORTH 00 DEGREES 10 MINUTES 00 SECONDS WEST ALONG THE WESTERLY LINE OF SAID NORTHWEST 1/4, A DISTANCE OF 662.26 FEET TO THE POINT OF BEGINNING; THENCE NORTH 00 DEGREES 10 MINUTES 00 SECONDS WEST, ALONG SAID WESTERLY LINE, A DISTANCE OF 1146.34 FEET TO A POINT; THENCE SOUTH 89 DEGREES 47 MINUTES 36 SECONDS EAST, LEAVING SAID WESTERLY LINE, ALONG THE SOUTHERLY LINE BRALEY ACRES-FILING NO. 1 AMENDED AND BRALEY ACRES-FILING NO. 2 AS RECORDED AMONG THE LAND RECORDS OF SAID DOUGLAS COUNTY, A DISTANCE OF 2552.75 FEET TO A POINT ON THE EASTERLY LINE OF SAID NORTHWEST 1/4; THENCE SOUTH 00 DEGREES 15 MINUTES 25 SECONDS EAST, ALONG SAID EASTERLY LINE A DISTANCE OF 1150.81 FEET TO A POINT; THENCE N 89 DEGREES 41 MINUTES 35 SECONDS WEST, LEAVING SAID EASTERLY LINE A DISTANCE OF 2554.59 FEET TO THE POINT OF BEGINNING.

PARCEL 2 (STERLING RANCH FORE, LLC)

A PARCEL OF LAND BEING A PART OF GOVERNMENT LOT 3 (NORTHWEST QUARTER OF THE SOUTHWEST QUARTER) OF SECTION 19, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 19 AND CONSIDERING THE NORTH LINE OF SAID GOVERNMENT LOT 3 (NORTHWEST QUARTER OF THE SOUTHWEST QUARTER) TO BEAR SOUTH 89°56'08" EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO; THENCE SOUTH 89°56'08" EAST, ALONG SAID NORTH LINE, A DISTANCE OF 30.00 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF ROXBOROUGH PARK ROAD, ALSO KNOWN AS COUNTY ROAD 3, SAID POINT BEING THE POINT OF BEGINNING; THENCE CONTINUING SOUTH 89°56'08" EAST, ALONG SAID NORTH LINE, A DISTANCE OF 1121.54 FEET; THENCE SOUTH 00°26'42" EAST, A DISTANCE OF 1324.41 FEET TO A POINT ON THE SOUTH LINE OF SAID GOVERNMENT LOT 3; THENCE NORTH 89°56'42" WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 1121.54 FEET TO A POINT ON SAID EASTERLY RIGHT-OF-WAY LINE; THENCE NORTH 00°26'42" WEST, ALONG SAID EASTERLY RIGHT-OF-WAY LINE PARALLEL WITH THE WEST LINE OF SAID GOVERNMENT LOT 3, A DISTANCE OF 1324.60 FEET TO THE POINT OF BEGINNING.

PARCEL 3 (STERLING RANCH TOO, LLC)

PARCEL 6-A

A PARCEL OF LAND BEING A PART OF SECTION 30 AND THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE 6TH PRINCIPAL MERIDIAN, AND THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 6 SOUTH, RANGE 69 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 30 AND CONSIDERING THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 36, TOWNSHIP 6 SOUTH, RANGE 69 WEST OF THE 6TH PRINCIPAL MERIDIAN, TO BEAR SOUTH $00^{\circ}18'03''$ EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO; THENCE SOUTH $89^{\circ}57'02''$ EAST, ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 30, A DISTANCE OF 1243.22 FEET TO THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 30; THENCE SOUTH $89^{\circ}57'02''$ EAST, ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 30, A DISTANCE OF 1315.81 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 30; THENCE SOUTH $89^{\circ}56'24''$ EAST, ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 30, A DISTANCE OF 2632.95 FEET TO THE NORTHEAST CORNER OF SAID SECTION 30; THENCE NORTH $89^{\circ}43'08''$ EAST, A DISTANCE OF 1456.70 FEET TO A POINT ON THE WESTERLY BOUNDARY LINE OF THAT PARCEL OF LAND AS DESCRIBED IN BOOK 251, PAGE 747 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER; THENCE THE FOLLOWING TWO (2) COURSES ALONG SAID WESTERLY BOUNDARY LINE;

1. SOUTH $42^{\circ}26'06''$ WEST, A DISTANCE OF 1485.03 FEET;
2. SOUTH $31^{\circ}24'06''$ WEST, A DISTANCE OF 3327.27 FEET TO THE NORTHERLY BOUNDARY LINE OF THAT PARCEL OF LAND AS DESCRIBED IN BOOK 197, PAGE 188 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER;

THENCE THE FOLLOWING THREE (3) COURSES ALONG SAID NORTHERLY BOUNDARY LINE;

1. NORTH $89^{\circ}59'23''$ WEST, A DISTANCE OF 1325.46 FEET;
2. SOUTH $89^{\circ}52'05''$ WEST, A DISTANCE OF 2569.83 FEET;
3. SOUTH $89^{\circ}35'35''$ WEST, A DISTANCE OF 2645.18 FEET TO A POINT ON THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 25;

THENCE NORTH $00^{\circ}25'25''$ WEST, ALONG THE WEST LINE OF SAID SOUTHEAST QUARTER, A DISTANCE OF 1277.50 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 25; THENCE NORTH $89^{\circ}32'56''$ EAST, ALONG THE NORTH LINE OF SAID SOUTHEAST QUARTER, A DISTANCE OF 2648.81 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 25; THENCE NORTH $00^{\circ}15'22''$ WEST, ALONG THE EAST

LINE OF THE NORTHEAST QUARTER OF SAID SECTION 25, A DISTANCE OF 2659.94 FEET TO THE POINT OF BEGINNING;

PARCEL 6-B

A PARCEL OF LAND BEING A PART OF THE WEST HALF OF SECTION 29 AND THE EAST HALF OF SECTION 30, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 29 AND CONSIDERING THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 36, TOWNSHIP 6 SOUTH, RANGE 69 WEST OF THE 6TH PRINCIPAL MERIDIAN, TO BEAR SOUTH 00°18'03" EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO; THENCE NORTH 89°43'08" EAST, ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 29, A DISTANCE OF 1592.79 FEET TO A POINT ON THE EASTERLY BOUNDARY LINE OF THAT PARCEL OF LAND AS DESCRIBED IN BOOK 251, PAGE 747 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER, SAID POINT ALSO BEING THE POINT OF BEGINNING; THENCE CONTINUING NORTH 89°43'08" EAST, ALONG SAID NORTH LINE, A DISTANCE OF 784.95 FEET TO A POINT ON THE WESTERLY BOUNDARY LINE OF THAT PARCEL OF LAND AS DESCRIBED IN BOOK 197, PAGE 188 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER;

THENCE THE FOLLOWING THREE (3) COURSES ALONG THE WESTERLY AND NORTHERLY BOUNDARY LINES OF SAID PARCEL OF LAND;

1. SOUTH 00°22'12" EAST, A DISTANCE OF 3935.79 FEET;
2. SOUTH 89°52'45" WEST, A DISTANCE OF 2372.20 FEET;
3. NORTH 89°59'23" WEST, A DISTANCE OF 1192.78 FEET TO A POINT ON THE EASTERLY BOUNDARY LINE OF SAID PARCEL OF LAND DESCRIBED IN BOOK 251, PAGE 747 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER;

THENCE THE FOLLOWING TWO (2) COURSES ALONG SAID EASTERLY BOUNDARY LINE;

1. NORTH 31°24'06" EAST, A DISTANCE OF 3256.59 FEET;
2. NORTH 42°26'06" EAST, A DISTANCE OF 1567.69 FEET TO THE POINT OF BEGINNING;

PARCEL 6-C

A PARCEL OF LAND BEING A PART OF SECTION 6, TOWNSHIP 7 SOUTH, RANGE 68 WEST AND SECTIONS 29, 30 AND 31 TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 31 AND CONSIDERING THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 36, TOWNSHIP 6 SOUTH, RANGE 69 WEST OF THE 6TH PRINCIPAL MERIDIAN, TO BEAR SOUTH 00°18'03" EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO; THENCE SOUTH 00°16'21" EAST, ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 31, A DISTANCE OF 2648.85 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 31; THENCE SOUTH 00°17'15" EAST, ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 31, A DISTANCE OF 2649.78 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 31; THENCE SOUTH 01°05'15" WEST, ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 6, A DISTANCE OF 2725.82 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 6; THENCE SOUTH 01°06'08" WEST, ALONG THE EAST LINE OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 6, A DISTANCE OF 1326.12 FEET TO THE SOUTHEAST CORNER OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 6; THENCE NORTH 88°57'37" WEST, ALONG THE NORTH LINE OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 6, A DISTANCE OF 1309.00 FEET TO THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 6; THENCE NORTH 88°57'09" WEST, ALONG THE NORTH LINE OF SAID SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER, A DISTANCE OF 1308.96 FEET TO THE SOUTHWEST CORNER OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 6; THENCE NORTH 00°35'55" EAST, ALONG THE WEST LINE OF SAID NORTH HALF OF THE SOUTHEAST QUARTER, A DISTANCE OF 1339.60 FEET TO CENTER QUARTER CORNER OF SAID SECTION 6; THENCE NORTH 88°39'05" WEST, ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 6, A DISTANCE OF 2512.37 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 6; THENCE NORTH 00°19'15" WEST, ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 6, A DISTANCE OF 2591.74 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 31; THENCE NORTH 00°17'59" WEST, ALONG THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 31, A DISTANCE OF 218.14 FEET TO A POINT ON THE EASTERLY BOUNDARY LINE OF THAT PARCEL OF LAND AS DESCRIBED IN BOOK 251, PAGE 747 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER;

THENCE THE FOLLOWING SIX (6) COURSES ALONG SAID EASTERLY BOUNDARY LINE;

1. NORTH 89°42'01" EAST, A DISTANCE OF 30.00 FEET;
2. NORTH 31°24'06" EAST, A DISTANCE OF 408.75 FEET;

3. SOUTH 58°33'54" EAST, A DISTANCE OF 25.00 FEET;
4. NORTH 31°24'06" EAST, A DISTANCE OF 1400.00 FEET;
5. NORTH 58°35'54" WEST, A DISTANCE OF 25.00 FEET;
6. NORTH 31°24'06" EAST, A DISTANCE OF 5466.77 FEET TO THE SOUTHERLY BOUNDARY LINE OF THAT PARCEL OF LAND DESCRIBED IN BOOK 118, RECEPTION NO. 99145 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER;

THENCE THE FOLLOWING TWO (2) COURSES ALONG SAID SOUTHERLY BOUNDARY LINE;

1. SOUTH 89°59'23" EAST, A DISTANCE OF 1352.92 FEET;
2. NORTH 89°52'45" EAST, A DISTANCE OF 2595.09 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF MOORE ROAD ALSO KNOWN AS DOUGLAS COUNTY ROAD 19 AS DESCRIBED IN BOOK 180, PAGE 481 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER;

THENCE THE FOLLOWING FIVE (5) COURSES ALONG SAID WESTERLY RIGHT-OF-WAY LINE;

1. SOUTH 00°50'12" EAST, A DISTANCE OF 60.48 FEET;
2. SOUTH 02°01'48" WEST, A DISTANCE OF 200.30 FEET;
3. SOUTH 05°24'42" EAST, A DISTANCE OF 501.60 FEET;
4. SOUTH 01°59'12" EAST, A DISTANCE OF 29.07 FEET;
5. SOUTH 00°22'13" EAST, A DISTANCE OF 325.31 FEET TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 29;

THENCE SOUTH 89°50'25" WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 2630.78 FEET TO THE POINT OF BEGINNING;

EXCEPTING THEREFROM;

THAT PARCEL OF LAND AS DESCRIBED IN BOOK 125, PAGE 273 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER, LOCATED IN THE SOUTH HALF OF SECTION 31, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 31 AND CONSIDERING THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 36, TOWNSHIP 6 SOUTH, RANGE 69 WEST OF THE 6TH PRINCIPAL MERIDIAN, TO BEAR SOUTH 00°18'03" EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO;

THENCE SOUTH 30°03'08" EAST, A DISTANCE OF 3823.57 FEET TO THE POINT OF BEGINNING;

THENCE THE FOLLOWING SIX (6) COURSES ALONG THE NORTHERLY, EASTERLY, SOUTHERLY AND WESTERLY BOUNDARY LINES OF SAID PARCEL DESCRIBED IN BOOK 125, PAGE 273 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER:

1. NORTH 89°53'44" EAST, A DISTANCE OF 664.07 FEET;
2. NORTH 89°52'27" EAST, A DISTANCE OF 661.63 FEET;
3. SOUTH 00°07'50" EAST, A DISTANCE OF 662.77 FEET;
4. SOUTH 89°52'46" WEST, A DISTANCE OF 662.10 FEET;
5. SOUTH 89°52'20" WEST, A DISTANCE OF 663.91 FEET;
6. NORTH 00°06'12" WEST, A DISTANCE OF 662.98 FEET TO THE POINT OF BEGINNING;

PARCEL 6-D

A PARCEL OF LAND BEING A PART OF SECTIONS 30 AND 31, TOWNSHIP 6 SOUTH, RANGE 68 WEST AND SECTION 25, TOWNSHIP 6 SOUTH, RANGE 69 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 31 AND CONSIDERING THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 36, TOWNSHIP 6 SOUTH, RANGE 69 WEST OF THE 6TH PRINCIPAL MERIDIAN, TO BEAR SOUTH 00°18'03" EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO; THENCE SOUTH 89°38'16" WEST, ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 25, A DISTANCE OF 2641.28 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 25; THENCE NORTH 00°25'25" WEST, ALONG THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 25, A DISTANCE OF 1117.50 FEET TO THE SOUTHERLY LINE OF THAT PARCEL OF LAND AS DESCRIBED IN BOOK 118, RECEPTION NO. 99145 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER; THENCE THE FOLLOWING THREE (3) COURSES ALONG SAID SOUTHERLY LINE;

1. NORTH 89°35'35" EAST, A DISTANCE OF 2644.45 FEET;
2. NORTH 89°52'05" EAST, A DISTANCE OF 2570.21 FEET;
3. SOUTH 89°59'23" EAST, A DISTANCE OF 1165.20 FEET TO A POINT ON THE WESTERLY BOUNDARY LINE OF THAT PARCEL OF LAND AS DESCRIBED IN BOOK 251, PAGE 747 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER;

THENCE THE FOLLOWING ELEVEN (11) COURSES ALONG SAID WESTERLY BOUNDARY LINE;

1. SOUTH 31°24'06" WEST, A DISTANCE OF 1306.30 FEET;
2. SOUTH 31°24'06" WEST, A DISTANCE OF 4099.46 FEET;
3. NORTH 58°35'54" WEST, A DISTANCE OF 25.00 FEET;
4. SOUTH 31°24'05" WEST, A DISTANCE OF 698.67 FEET;
5. NORTH 04°24'06" EAST, A DISTANCE OF 50.93 FEET;
6. NORTH 85°35'54" WEST, A DISTANCE OF 50.00 FEET;
7. SOUTH 04°24'06" WEST, A DISTANCE OF 149.07 FEET;
8. SOUTH 31°24'06" WEST, A DISTANCE OF 191.19 FEET;
9. SOUTH 58°35'54" EAST, A DISTANCE OF 25.00 FEET;
10. SOUTH 31°24'06" WEST, A DISTANCE OF 646.83 FEET;
11. SOUTH 89°42'01" WEST, A DISTANCE OF 30.00 FEET TO A POINT ON THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 31;

THENCE NORTH 00°17'59" WEST, ALONG SAID WEST LINE, A DISTANCE OF 2243.14 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 31; THENCE NORTH 00°18'03" WEST, ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 31, A DISTANCE OF 2651.47 FEET TO THE POINT OF BEGINNING;

PARCEL 7 (STATE OF COLORADO ACTING BY AND THROUGH THE STATE BOARD OF LAND COMMISSIONERS)

A PART OF SECTION 36, TOWNSHIP 6 SOUTH, RANGE 69 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 36; AND CONSIDERING THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 36 TO BEAR SOUTH 00°18'03" EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO; THENCE SOUTH 00°18'03" EAST ALONG SAID EAST LINE OF THE NORTHEAST QUARTER, A DISTANCE OF 2651.47 FEET TO THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER; THENCE SOUTH 00°17'59" EAST ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 36, A DISTANCE OF 2651.57 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 36; THENCE SOUTH 89°39'52" WEST ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 36, A DISTANCE OF 30.00 FEET TO THE SOUTHEAST CORNER OF THAT PARCEL DESCRIBED IN RULE AND ORDER CIVIL ACTION NO. 4002 RECORDED SEPTEMBER 21, 1973 IN BOOK 252 AT PAGE 654 OF THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER; THENCE ALONG THE BOUNDARY OF SAID RULE AND ORDER CIVIL ACTION NO. 4002 THE FOLLOWING THREE (3) COURSES;

1. NORTH 00°17'59" WEST, A DISTANCE OF 410.00 FEET;
2. SOUTH 89°39'52" WEST, A DISTANCE OF 100.00 FEET;

3. SOUTH 00°17'59" EAST, A DISTANCE OF 410.00 FEET TO THE SOUTH LINE OF SAID SOUTHEAST QUARTER;

THENCE SOUTH 89°39'52" WEST ALONG SAID SOUTH LINE, A DISTANCE OF 2508.30 FEET TO THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 36; THENCE SOUTH 89°39'29" WEST ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER, A DISTANCE OF 2641.93 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 36; THENCE NORTH 00°25'22" WEST ALONG THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SOUTHWEST QUARTER, A DISTANCE OF 1328.59 FEET TO THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF SAID SOUTHWEST QUARTER; THENCE NORTH 00°25'13" WEST ALONG THE WEST LINE OF SAID NORTHWEST QUARTER OF THE SOUTHWEST QUARTER, A DISTANCE OF 1328.59 FEET TO THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF SAID SECTION 36; THENCE NORTH 00°06'53" WEST ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 36, A DISTANCE OF 2649.27 FEET TO THE NORTHWEST CORNER OF SAID SECTION 36; THENCE NORTH 89°45'31" EAST ALONG THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 36, A DISTANCE OF 2636.00 FEET TO THE NORTHWEST CORNER OF SAID NORTHEAST QUARTER OF SECTION 36; THENCE NORTH 89°38'16" EAST ALONG THE NORTH LINE OF SAID NORTHEAST QUARTER, A DISTANCE OF 2641.28 FEET TO THE POINT OF BEGINNING,

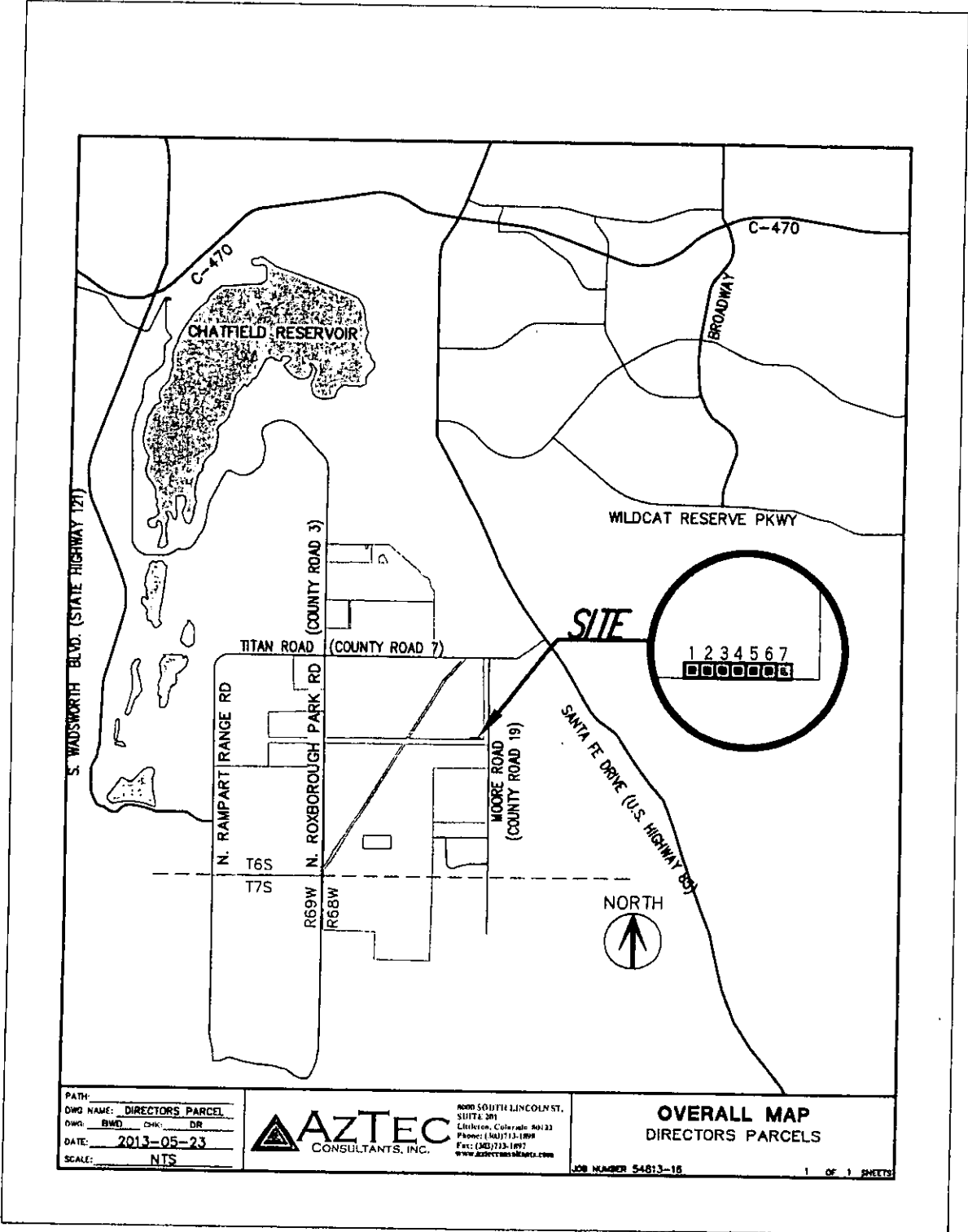
PARCEL 8 (STERLING RANCH FORE, LLC)

A PARCEL OF LAND BEING A PART OF THE NORTHWEST QUARTER OF SECTION 32, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 32; AND CONSIDERING THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 32 TO BEAR NORTH 89°50'25" EAST, WITH ALL BEARINGS CONTAINED HEREIN RELATIVE THERETO; THENCE NORTH 89°50'25" EAST ALONG SAID NORTH LINE OF THE NORTHWEST QUARTER A DISTANCE OF 2630.78 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF MOORE ROAD ALSO KNOWN AS COUNTY ROAD 19; THENCE SOUTH 00°33'39" EAST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE PARALLEL WITH THE EAST LINE OF SAID NORTHWEST QUARTER, A DISTANCE OF 2647.79 FEET TO A POINT ON THE SOUTH LINE OF SAID NORTHWEST QUARTER; THENCE SOUTH 89°48'57" WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 2644.10 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 32; THENCE NORTH 00°16'21" WEST, ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 32, A DISTANCE OF 2648.85 FEET TO THE POINT OF BEGINNING.

EXHIBIT C

Vicinity Map



PATH:
 DWG NAME: DIRECTORS PARCEL
 DWG: BWD CHK: DR
 DATE: 2013-05-23
 SCALE: NTS



8000 SOUTH LINCOLN ST.
 SUITE 201
 Littleton, Colorado 80120
 Phone: (303) 713-1898
 Fax: (303) 713-1897
 www.aztecconsultants.com

OVERALL MAP
DIRECTORS PARCELS

EXHIBIT D
COMPLIANCE WITH SECTION 18A, WATER SUPPLY – OVERLAY DISTRICT

DOMINION WATER AND SANITATION DISTRICT

1805 SHEA CENTER DRIVE | SUITE 210 | HIGHLANDS RANCH | COLORADO | 80129 | 303 233 3705 PHONE | 303 232 9088 FAX

July 15, 2013

Douglas County Planning Department
100 Third Street
Castle Rock, Colorado 80104
Attn: Steven Koster, AICP, Chief Planner

Re: Sterling Ranch Planned Development (ZR2009-004) – Letter of Intent to Serve

Dear Mr. Koster:

I am writing to you on behalf of Dominion Water and Sanitation District (Dominion) to confirm that Dominion commits to provide wholesale water serves to Sterling Ranch, which service will be in compliance with Dominion's Service Plan and will also be in compliance with Section 18A of the Douglas County Zoning Resolution (the "Zoning Resolution").

Dominion is a wholesale water, wastewater treatment, stormwater and transmission provider. The entire Sterling Ranch development is located within Dominion's service area. Dominion is committed to provide water, stormwater and wastewater treatment to the Sterling Ranch Authority to be constituted as set forth in the Service Plans for the Sterling Ranch Colorado Metropolitan Districts and the Sterling Ranch Authority will then provide water directly to users within Sterling Ranch. The location of Sterling Ranch within Dominion is shown in Exhibit A.

The service Dominion intends to provide will be subject to an inter-governmental agreement between Dominion and the Sterling Ranch Authority to be formed by the Sterling Ranch Colorado Metropolitan Districts, Dominion's Rules and Regulations, payment of Dominion's tap fees, and payment of all other fees and charges associated with the provision of water and wastewater treatment services to the development. Prior to service being provided, a copy of the inter-governmental agreement will be provided to Douglas County in accordance with Dominion's Service Plan.

Dominion's service will comply with its Service Plan and with the minimum water demand standards and documentation standards established through the Water Appeal that was processed pursuant to Section 1810A of the Zoning Resolution. The Water Appeal was approved by the Douglas County Board of County Commissioners (the "BOCC") on July 10, 2013. Finally, prior to service, Dominion will submit to Douglas County for its review, the terms of such service, including, but not limited to, the rates and financing structure of the service as required by Article IX of its Service Plan.

{00279567.DOCX v:2 }

DOMINION WATER AND SANITATION DISTRICT

1805 SHEA CENTER DRIVE | SUITE 210 | HIGHLANDS RANCH | COLORADO | 80129 | 303 233 3705 PHONE | 303 232 9088 FAX

The commitment herein from Dominion to the Authority Board formed by the Sterling Ranch Colorado Metropolitan Districts District(s) will be irrevocable, but may be assignable to another local government that meets Douglas County requirements.



Harold Smethills

Dominion Water and Sanitation District
By Harold Smethills, Secretary/Treasurer

Inc:

Exhibit A – Location of Sterling Ranch within Dominion service area

Cc:

Jack Hoagland
MaryAnn McGeady
Mary Kay Provaznik

{00279567.DOCX v:2 }

{00280416.DOC v:3 }

EXHIBIT E

COMPLIANCE WITH DRCOG CLEAN WATER PLAN

(Letter from Brownstein Hyatt Farber Schreck stating entity is in compliance with the Regional Clean Water Plan)

**Brownstein Hyatt
Farber Schreck**

July 12, 2013

Ronda L. Sandquist
Attorney at Law
303.223.1191 tel
303.223.0991 fax
rsandquist@bhfs.com

VIA EMAIL AND U.S. MAIL

Kati Rider
Douglas County Planning Department
100 Third Street
Castle Rock, CO 80104

RE: Sterling Ranch Colorado Metropolitan Districts Nos. 1-7

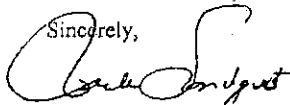
Dear Ms. Rider:

Our office serves as special counsel to the Dominion Water and Sanitation District ("Dominion") with respect to wastewater matters. It is contemplated that Dominion will provide wastewater treatment services to the proposed Sterling Ranch Colorado Metropolitan Districts Nos. 1-7 through and pursuant to terms of a mutually acceptable intergovernmental agreement.

This letter is to confirm that Dominion is in full compliance with the Regional Clean Water Plan and that updates to the Clean Water Plan in 2007 and 2013, respectively, fully recognize wastewater service to the areas within Sterling Ranch Colorado Metropolitan Districts Nos. 1-7.

If you have any questions and/or concerns, please do not hesitate to contact me.

Sincerely,



Ronda L. Sandquist

cc: Harold Smethills
Mary Kay Provaznik
MaryAnn McGeady

099999\1807\10572216.1

410 Seventeenth Street, Suite 2200
Denver, CO 80202-4432
main 303.223.1100

bhfs.com

Brownstein Hyatt Farber Schreck, LLP

EXHIBIT F

RESOLUTION OF APPROVAL

RESOLUTION NO. R-013-_____

THE BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF DOUGLAS, COLORADO

A RESOLUTION APPROVING THE SERVICE PLAN OF STERLING RANCH COLORADO
METROPOLITAN DISTRICT NO. 3

WHEREAS, on _____, a service plan for the proposed Sterling Ranch Colorado Metropolitan District No. 3 ("Service Plan") was filed with the Douglas County Clerk and Recorder ("Clerk"), and the Clerk, on behalf of the Board of County Commissioners ("Board"), mailed a Notice of Filing of Special District Service Plan to the Division of Local Government in the Department of Local Affairs on _____; and

WHEREAS, on _____, the Douglas County Planning Commission recommended approval of the Service Plan to the Board; and

WHEREAS, on _____, the Board set a public hearing on the Service Plan for _____ ("Public Hearing"), and (1) ratified publication of the notice of the date, time, location and purpose of such Public Hearing, which was published in *The Douglas County News-Press* on _____; and (2) caused notice of the date, time and location of the Public Hearing to be mailed on _____, to the governing body of the existing municipalities and special districts which have levied an *ad valorem* tax within the next preceding tax year and which have boundaries within a radius of three miles of the proposed boundaries of the Sterling Ranch Colorado Metropolitan District No. 3 ("District") and, on _____, to the petitioners and property owners, pursuant to the provisions of § 32-1-204(1.5), C.R.S.; and

WHEREAS, on _____, a Public Hearing on the Service Plan was opened at which time all interested parties, as defined in § 32-1-204, C.R.S., were afforded an opportunity to be heard, and all testimony and evidence relevant to the Service Plan and the organization of the proposed District was heard, received and considered.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF DOUGLAS, STATE OF COLORADO, THAT:

Section 1. The Board does hereby determine that all procedural requirements of §§ 32-1-201., *et seq.*, C.R.S., relating to the Service Plan have been fulfilled and that the Board has jurisdiction in this matter.

Section 2. The Board does hereby find:

(a) that there is sufficient existing and projected need for organized service in the area to be serviced by the proposed District; and

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

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

(d) that the area to be included in the proposed District has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis; and

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

(f) that the facility and service standards of the proposed District are compatible with the facility and service standards of Douglas County and each municipality which is an interested party under § 32-1-204, C.R.S.; and

(g) that the proposal is in substantial compliance with the Douglas County Comprehensive Master Plan; and

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

(i) that the creation of the proposed District will be in the best interests of the area proposed to be served; and

(j) that the Service Plan, based upon the statements set forth in the Service Plan and upon all evidence presented at the Public Hearing on the Service Plan, meets all conditions and requirements of §§ 32-1-201, *et seq.*, C.R.S.

Section 3. The Board hereby approves the Service Plan without conditions; provided, however, that such action shall not imply the approval of any land development activity within the proposed District or its service area, or of any specific number of buildable units identified in the Service Plan, unless the Board has approved such development activity as part of a separate development review process.

Section 4. The legal description of the District shall be as provided in Exhibit A, attached hereto and incorporated herein by reference.

Section 5. A certified copy of this resolution shall be filed in the records of Douglas County.

PASSED AND ADOPTED this ____ day of _____, 2013, in Castle Rock, Douglas County, Colorado.

THE BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF DOUGLAS, COLORADO

BY: _____
Chair

ATTEST:

Deputy Clerk