SERVICE PLAN

FOR

TIMNATH FARMS NORTH METROPOLITAN DISTRICT NO. 3

TOWN OF TIMNATH, COLORADO

Prepared

By

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I. INTRODUCTION

A. Purpose and Intent.

This Service Plan (the "Service Plan"), submitted in accordance with the requirements of the Special District Control Act (the "Act") (Section 32-1-201, *et seq.*, of the Colorado Revised Statutes), sets forth a proposal for the formation of the proposed Timnath Farms North Metropolitan District No. 3 ("District No. 3") which is intended to be an independent unit of local government, separate and distinct from the Town, and, except as may otherwise be provided for by State or local law or this Service Plan, its activities are subject to review by the Town only insofar as they may deviate in a material matter from the requirements of this Service Plan or the Act. The proposed District is wholly within the Town of Timnath, Colorado ("Town" or "Timnath"), and is generally located east of Main Street, south of Larimer County Road 40, west of County Road 1 and north of Larimer County Road 38.

It is intended that the District, together with Timnath Farms North Metropolitan District No. 1 ("District No. 1") and Timnath Farms North Metropolitan District No. 2 ("District No. 2") (collectively, the "Districts" or individually, "District"), will provide public improvements ("Public Improvements") necessary and appropriate for the development of a mixed-use, master planned development project within the Town of Timnath (the "Town") to be known as Timnath Farms North (the "Project"). The Public Improvements will be constructed for the use and benefit of all anticipated inhabitants and taxpayers of the Districts.

District No. 1 is proposed to encompass all of the commercial development within the Project. District Nos. 2 and 3 are proposed to encompass the residential development within the Project.

B. Need for the Districts.

There are currently no other governmental entities, including the Town, located in the immediate vicinity of the Districts that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, ownership, operation, maintenance, relocation, redevelopment and/or financing of the Public Improvements needed for the Project. Formation of the Districts is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. Objective of the Districts' Service Plans.

Each District shall be authorized to provide for the planning, design, acquisition, construction, installation, financing, ownership, operation, maintenance, relocation and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the Districts. All Debt that is payable from a pledge of property taxes is expected to be repaid by a tax mill levy no higher than the Maximum Debt Mill Levy for commercial and residential properties. Debt which is issued within these parameters will insulate property owners from excessive tax burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

The Districts expect to own, operate and maintain certain Public Improvements not dedicated to the Town. A general description Public Improvements expected to be retained, operated and maintained by the Districts is further described in Section V.A.1. It is expected that certain Public Improvements will be dedicated to either the Town or to other governmental entities according to the applicable procedures for the specific entity (including but not limited to standards relating to construction).

The Town shall have and will exercise sole and exclusive jurisdiction over land use and building, e.g., zoning, subdivision, building permit, and decisions affecting development of property within the boundaries of all Districts. Construction of all Public Improvements shall be subject to applicable ordinances, codes and regulations of the Town.

It is the intent of the Districts to consolidate and/or dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt, and if any District has authorized operating functions under an intergovernmental agreement with the Town, to retain only the power necessary to impose and collect taxes or fees to pay for these costs and to perform these functions.

D. Multiple District Structure.

It is anticipated that the Districts may separately or cooperatively undertake the financing, construction, integration, coordination and management of the infrastructure, services and facilities, both within and outside of their boundaries. Using funds provided by and through the Districts, certain public services and facilities necessary to serve the Project will be constructed, owned and operated by the Districts or will be dedicated to other entities and/or service providers, as appropriate. The nature of the functions and services to be provided by each District shall be clarified in one or more Master IGAs (defined below) between and among the Districts. The Master IGA(s) will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install, operate and maintain the Public Improvements, and to the extent they are funded, constructed and installed by less than all of the benefited Districts, the non-participating District shall be required to reimburse the participating District(s) for its share of the costs of such improvements. The Master IGA(s) will set forth objective methods for allocating Public Improvement costs between the residential and commercial properties based on the relative benefits to be received from the Public Improvements, which allocation shall be verified by an independent engineer mutually acceptable to the Districts and the Town. All such Master IGA(s) will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of the Service Plan for the Districts. The execution of such Master IGA(s) by the Districts is essential to the orderly implementation of the Service Plan. Said Master IGA(s) may be amended by mutual agreement of the Districts without the need to amend this Service Plan.

This multiple district structure is proposed because it provides several benefits to the inhabitants of the Project and the Town. Multiple districts will assure that: (1) the necessary services and improvements can be financed in the most favorable and efficient manner; (2) all the services and improvements needed for the Project will be available when needed through managed development; and (3) a reasonable mill levy and reasonable tax burden on all

residential and commercial property within the Districts will be maintained through managed financing and coordinated completion of infrastructure improvements.

II. DEFINITIONS

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

Approved Development Plan: means a development plan or other process established by the Town (including, but not limited to approval of a final plat, minor development plat or site plan by the Town planning commission or by the Town Board of Trustees) for identifying, among other things, Public Improvements necessary for facilitating development for property within the District as approved by the Town pursuant to the Town Code and as amended pursuant to the Town Code from time to time.

Board: means the board of directors of one District or the boards of directors of all Districts, in the aggregate, as is contextually appropriate.

Debt: means bonds or other obligations for the payment of which the District has promised to impose an ad valorem property tax mill levy, and/or collect Fee revenue.

Developer: means Timnath Land & Cattle Co. I, LLC, a Colorado limited liability company, and its affiliates, successors or assigns.

Development Fee: means the one-time development or system development fee imposed by the Districts on a per-unit (residential) or per square-foot (non-residential) basis at or prior to the issuance of a certificate of occupancy for the unit or structure to assist with the planning and development of the Public Improvements, subject to the limitations set forth in Section VI.D of the Service Plan. The Development Fee may be used to finance, pay Debt service, plan, acquire, construct, operate and maintain the Public Improvements.

District: means any one of the Timnath Farms North Metropolitan District Nos. 1 through 3.

District No. 1: means the Timnath Farms North Metropolitan District No. 3.

District No. 2: means the Timnath Farms North Metropolitan District No. 2.

District No. 3: means the Timnath Farms North Metropolitan District No. 3.

District No. 3 Boundaries: means the boundaries of the area depicted in the District Boundary Map as legally described in **Exhibit A** attached hereto.

District No. 3 Boundary Map: means the map attached hereto as **Exhibit B**, depicting the boundaries of District No. 3.

District Pool: means a swimming pool constructed by one or more of the Districts.

Districts: means District No. 3, District No. 2 and District No. 3, collectively.

External Financial Advisor: means a consultant that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) is not an officer or employee of the District and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Fees: means any fee, toll, rate, penalties, or charges imposed by the Districts for services, programs or facilities, operation and maintenance provided by the Districts, as authorized in Section 32-1-1001(1), C.R.S., as amended from time to time.

Financial Plan: means the Financial Plan described in Section VI which describes (i) how the Public Improvements are to be financed; (ii) how the Debt is expected to be incurred; (iii) the estimated operating revenue derived from property taxes for the first budget year; and (iv) proposed sources of revenue and projected expenses of the Districts.

Financing District: (not applicable)

Improvement Authority: means the Timnath Development Authority, a body corporate of politic of the State of Colorado.

Improvement Authority Intergovernmental Agreement: means the intergovernmental agreement by and among the Districts and the Improvement Authority regarding the revenue and tax sharing among the Districts and Improvement Authority substantially in the form attached hereto as **Exhibit H**.

Inclusion Area Boundaries: means the boundaries of the area depicted in the Inclusion Area Boundary Map as legally described in **Exhibit C** attached hereto.

Inclusion Area Boundary Map: means the map attached hereto as **Exhibit D**, depicting the boundaries of the Inclusion Area.

Master IGA: means one or more agreements among the Districts that establish the mechanisms whereby the Districts will fund, construct, install, operate and maintain Public Improvements.

Maximum Debt Mill Levy: means the maximum mill levy the District is permitted to impose for payment of Debt as set forth in Section VI.C below.

Maximum Debt Mill Levy Imposition Term: (Not applicable)

Operating District: (not applicable)

Project: means the development or property commonly referred to as Timnath Farms North.

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped, operated, maintained and financed as generally described in the Special District Act, except as specifically limited in Section V below, to serve the future taxpayers and inhabitants of the Service Area as determined by the Board of one or more of the Districts.

Service Area: means the property within the Inclusion Area Boundaries.

Service Plan: means the service plan for the District approved by Town Board of Trustees.

Service Plan Amendment: means an amendment to the Service Plan approved by Town Board of Trustees in accordance with the Town's ordinance and the applicable state law.

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

State: means the State of Colorado.

Taxable Property: means real or personal property within the District's boundaries which is subject to ad valorem taxes imposed by the District.

Total Debt Issuance Limitation: means the aggregate principal amount of Debt the Districts may issue, which amount shall be Forty Million Dollars ($40,000,000), unless otherwise approved by the Town.

Town: means the Town of Timnath, Colorado.

Town Code: means the Town Code of the Town.

Town Board of Trustees: means the Town Board of Trustees of the Town of Timnath, Colorado.

Town Intergovernmental Agreement or Town IGA: means the intergovernmental agreement by and among the Districts and the Town as required by Town Code substantially in the form attached hereto as **Exhibit G**.

III. BOUNDARIES

A. Boundary Descriptions and Maps

The total area to be initially included in District No. 1 is approximately Eight-Five (85) acres and in each of District No. 2 and District No. 3 is approximately one (1) acre. The total area comprising the Districts' future inclusion area is approximately Four Hundred Sixty-Five (465) acres ("Inclusion Area"). Legal descriptions of the property within the District No. 3

boundaries and the Inclusion Area are attached hereto as **Exhibits A** and **C**, respectively. Maps of the boundaries of District No. 3 and the Inclusion Area are attached hereto as **Exhibits B** and **D**, respectively, and a vicinity map is attached hereto as **Exhibit E**. It is anticipated that as the property in the Inclusion Area is developed it will be included, pursuant to Section 32-1-401, *et seq.*, C.R.S., and Section 32-1-501, *et seq.*, C.R.S., subject to the limitations set forth below, into the boundaries of one of the Districts.

B. Changes in Boundaries

Each District shall be entitled to change its boundaries through inclusion of property within the Inclusion Area and exclusion of property as its Board may determine is in the best interests of such District without the Town's consent and its property owners, subject to the following limitations:

1. No property may be included within the boundaries of and subject to the mill levy of more than one District.

2. No property may be included into the boundaries of any District unless the property is within the corporate limits of the Town.

3. No property, which is zoned for commercial uses, may be excluded from the boundaries of District No. 1 without prior administrative approval of the Town Planning Department.

4. All District boundary changes must be made in compliance with the Special District Act.

5. The boundaries of the Inclusion Area may not be expanded without prior approval of the Town.

Upon receipt of a petition to include or exclude property, the applicable District shall provide to the Town a copy of such petition and notice of the District's public hearing on such petition no less than 20 days prior to the public hearing. Any inclusion or exclusion which does not comply with the provisions of this Article III shall require administrative review by the Town Planning Department, which will determine whether such boundary change constitutes a material modification of the applicable District's Service Plan.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Districts' Service Area consists of approximately 550 acres of residential and commercial land. The current assessed valuation of the Service Area is assumed to be $0.00 for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The proposed Financial Plan assumes 544,500 square feet of commercial development, 1,200 single-family residential units and 100 multi-family residential units. The population of the Districts at build-out is currently estimated to be approximately 3,900 persons, based on an approximation of 3.0 persons per residence or single-family equivalent unit.

Approval of this Service Plan by the Town does not imply approval of the development of a specific area within the Districts, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. General Powers of District No. 3.

District No. 3 shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without its boundaries as such power and authority is described in the Special District Act, other applicable statutes, common law and the Constitution of the State of Colorado, and may include, but not be limited to, streets, safety protection, sanitation, water, parks and recreation, mosquito control, security services and covenant enforcement, subject to the limitations set forth herein. District No. 3 shall not be authorized without approval of the Town to provide the following services: solid waste disposal facilities or collection and transportation of solid waste; television relay and translation; transportation; and fire protection.

District No. 3 is authorized to provide the following services: mosquito control; parks and recreation; safety protection; street improvements; potable water (for purpose of construction of improvements, but not for provision of service except with approval of the Town); non-potable water, so long as adequate arrangements are made regarding water supply for parks and public facilities; and sanitation (for purpose of construction of improvements, but not for provision of service except with approval of the Town).

1. Operations and Maintenance Limitation. The primary purpose of District No. 3, together with District Nos. 1 and 2, is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The Districts shall dedicate those Public Improvements to the Town or other appropriate jurisdiction in a manner consistent with the Approved Development Plan and other rules and regulations of the Town and applicable provisions of the Town Code. District No. 3 shall be authorized to own, operate and maintain any part or all of the improvements and facilities dedicated to District No. 3 by the owners of property within the Project, in accordance with the terms contained in the Approved Development Plan; provided, however, that the District shall dedicate all street improvements to the Town unless otherwise authorized by the Town in an Approved Development Plan. Any such operations and maintenance shall be funded through the imposition of a mill levy or by appropriate user fees imposed by the Districts. District No. 3 shall be authorized, but not obligated to, operate and maintain park and recreation improvements without an intergovernmental agreement with the Town, provided that any Fee imposed by District No. 3 for access to such park and recreation improvements shall not result in non-District Timnath residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the Districts. However, District No. 3 shall be entitled to impose an administrative Fee as necessary to cover additional expenses associated with non-District Timnath residents to ensure that such costs are not the responsibility of District No. 3's residents. All such Fees shall be based upon District No. 3's determination that such Fees do not exceed reasonable annual market fees for users of such facilities. Notwithstanding the foregoing, all

parks and trails shall be open to the general public and non-District Timnath residents free of charge.

2. Construction Standards Limitation. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the Town and of other governmental entities having proper jurisdiction and of those special districts that qualify as "interested parties" under Section 32-1-204(1), C.R.S., as applicable. The Districts will obtain the Town's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

3. District Swimming Pool Use and Operations Limitations. The Districts, individually or collectively, may undertake the financing, construction, operation and maintenance of a swimming pool. Any District Pool shall be constructed in accordance with plans submitted to and approved by the Town. The applicable District(s) may not cease or abandon the operation of, and may not change the use of the swimming pool as a District Pool, without prior consent of the Town, which consent shall not be unreasonably withheld, delayed or denied. Any District Pool shall be operated and maintained in a manner similar to similar size and types of swimming pools operated by metropolitan districts in other communities. Such District Pool shall be subject to Town regulatory authority as permitted by state law. The Town shall provide written notice of any default in the operation and maintenance of the District Pool. If any such default continues for more than thirty (30) days after receipt of a written notice from the Town, the Town shall have the right to enforce by specific performance the maintenance of the District Pool. Should the default continue after notice, opportunity to cure and refusal to cure the default, the Town shall have the right to operate and maintain the District Pool and collect and use any District Pool Fees unless and until the applicable District(s) demonstrates a willingness and ability to operate the District Pool in accordance with applicable standards. Any maintenance and operations costs incurred by the Town to perform these functions, after written notice of default and failure of the applicable District(s) to cure within thirty (30) days of receipt, shall be reimbursed by such District(s).

4. Current Town Residential Property Owners' Access to Park and Recreation Facilities and Improvements. All open space tracts, trails, and park improvements shall be open and available to the general public and Town citizens free of charge. It is acknowledged that the Town intends to explore the possibility of constructing a Town pool. Until such Town pool is constructed, the applicable District(s) shall allow persons who own and/or reside in property located within the corporate boundaries of the Town as of November 1, 2005, as described on **Exhibit I**, and their immediate families who may reside at the address, including any family member added through birth, marriage, adoption or parents' marriage thereafter, access to any District Pool at reduced rates as defined in the Town IGA on the same terms as if they owned homes within the District. A list defining the current residential property addresses, the owners and/or occupants of which shall be provided this access, is attached hereto as **Exhibit I**. Once a Town pool is constructed, the access and reduced rate as required by the Town for Town residential property owners/occupants as defined in **Exhibit I** shall be rescinded.

5. Town Access and Maintenance Easement to Greenbelts, Open Space, Ponds and Drainage Improvements. The Districts will grant a perpetual, non-exclusive access

easement to the Town for non-motorized pedestrian access to the Districts' greenbelts and open space improvements as defined on the final plat approved by the Town. The Districts shall maintain greenbelts, open space, ponds and drainage improvements in accordance with the plans approved by the Town and subject to Town regulatory authority as provided by state law. The Districts shall grant an easement to the Town for purposes of routine inspections of pond and drainage improvements. The Districts shall also grant the Town emergency access for maintenance purposes to the pond and drainage improvements when necessary to preserve the health, safety and welfare of the Districts' property owners and residents, and guests. The Town shall provide written notice of any default in the maintenance of District owned, operated and maintained Public Improvements in accordance with the approved plans, which if continued for more than thirty (30) days after receipt of a written notice of default from the Town to the applicable District(s), the Town shall have access for purposes of maintenance of these improvements by the Town. Any maintenance performed by the Town, after written notice of default and failure of the applicable District(s) to cure within thirty (30) days of receipt, shall be reimbursed by the applicable District(s).

6. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt, District No. 3 shall obtain the certification of an External Financial Advisor substantially as follows:

> We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.
>
> We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

7. Initial Debt Limitation. On or before the effective date of approval by the Town of an Approved Development Plan, the Districts shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any fees used for the purpose of repayment of Debt.

8. Total Debt Issuance Limitation. The aggregate principal amount of Debt the Districts may issue shall not exceed Forty Million Dollars ($40,000,000) without prior approval by the Town. It is acknowledged that the Districts may seek voter authorization of up to Fifty Million Dollars ($50,000,000). The obligations of the Districts in IGAs (including the Master IGA) concerning the funding and/or operations of the Districts' Public Improvements and services, for which voter approval will be obtained to the extent required by law, will not count against the Total Debt Issuance Limitation, nor shall any revenue obligations payable from rates, fees, tolls and charges issued by the District. Increases necessary to accomplish a refunding,

reissuance or restructuring of Debt shall also not count against the Total Debt Issuance Limitation.

9. Consolidation Limitation. District No. 3 shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the Town, unless such consolidation is with District No. 1 or District No. 2.

10. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Fees have been established under the authority of the Town to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) are, together with all other requirements of Colorado law, included in the "political or governmental powers" reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the "regulatory or electoral approval necessary under applicable nonbankruptcy law" as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt issued with a pledge or which results in a pledge that exceeds the Maximum Debt Mill Levy shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the Town as part of a Service Plan Amendment.

11. Service Plan Amendment Requirement. This Service Plan is general in nature and does not include specific detail in some instances because development plans have not been finalized. This Service Plan has been designed with sufficient flexibility to enable District No. 3 to provide required services and facilities under evolving circumstances without the need for numerous amendments. Modification of the general types of services and facilities making up the Public Improvements, and changes in proposed configurations, locations or dimensions of the Public Improvements shall be permitted to accommodate development needs consistent with the then-current Approved Development Plan(s) for the Project. District No. 3 is an independent unit of local government, separate and distinct from the Town, and District No. 3's activities are subject to review by the Town only insofar as they may deviate in a material manner from the requirements of this Service Plan. Any material change in this Service Plan will be submitted to the Town, and if the Town determines that such change constitutes a "material modification" of the Service Plan pursuant to Section 32-1-207, C.R.S., it shall be subject to Approval by the Town in accordance with the provisions of the Act. Any material change to the final Approved Development Plan(s) for the Project requiring non-administrative approval of the Town Board that also results in changes to the Public Improvements to a level that the Town determines to be a "material modification" to the Service Plan pursuant to Section 32-1-207, C.R.S., shall be subject to approval by the Town or Service Plan Amendment in accordance with the Act. For those actions of District No. 3, which violate the limitations set forth herein and which the Town

deems to be a material modification to this Service Plan, the Town shall be entitled to all remedies available under State and local law to enjoin such action(s).

12. Dedication of Land. In the event and to the extent that the District No. 3 owns any property that is required to be dedicated to the Town pursuant to the annexation agreement between the Town and the Developer, District No. 3 shall cause such dedication to occur.

B. Preliminary Engineering Survey/Capital Plan.

District No. 3 shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, operation, maintenance and financing of the Public Improvements and facilities needed to serve the Project either directly or by contract or acquisition from the Developer or other public or private entities, within and without the boundaries of District No. 3, to be more specifically defined in an Approved Development Plan. It is anticipated that the Districts will acquire the completed Public Improvements from the Developer, and/or complete the construction of such Public Improvements, and may then transfer certain Public Improvements to the Town, as long as such Public Improvements are constructed and accepted in accordance with Town regulations, the Fort Collins-Loveland Water District, for ownership, operation and maintenance of water systems in accordance with Town regulations and the Fort Collins-Loveland Water District regulations, the South Fort Collins Sanitation District, for ownership, operation and maintenance of sanitary sewer systems in accordance with South Fort Collins Sanitation District regulations, as applicable, while retaining, operating and maintaining all other public improvements not otherwise dedicated to other public agencies. If appropriate, District No. 3 may contract with other public and/or private entities to complete the Public Improvements and to affect such functions and activities, including without limitation funding, acquisition and reimbursement agreements with the Developer or other developers and builders.

A Capital Plan including an initial estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, operated, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from what is anticipated to be the approved development on the property in the Service Area and is attached hereto as **Exhibit F**. It is important to note that the engineering information used to determine costs, pricing, and phasing of improvements referenced in the Service Plan is preliminary in nature, and that modifications to the type, configuration, quantity, dimension, location and costs of Public Improvements may be necessary as development proceeds. Notwithstanding the cost estimate allocations set forth in **Exhibit F**, the Districts shall be permitted to reallocate costs between categories of improvements as they deem necessary in their discretion, acting in the best interests of their respective residents, property owners and taxpayers. The combined total estimated cost of improvements which the Districts shall be permitted to construct is not currently anticipated to exceed Forty Million Dollars ($40,000,000), inclusive of contingencies. The Districts may finance all or a portion of such improvements in accordance with the Master IGA(s).

All of the Public Improvements will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the Town or any other entity

that is intended to have ownership and/or operation and maintenance responsibility for the Public Improvements and shall be in accordance with the requirements of the Approved Development Plan. All Public Improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the Town's requirements, and construction scheduling may require. All cost estimates will be inflated to then-current dollars at the time of issuance of Debt and construction. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

C. Facilities and/or Services to be Provided by Other Entities.

The Districts propose to construct or acquire the Public Improvements necessary to serve the Districts' residents and taxpayers, but do not intend to provide ongoing water or sanitary sewer services, unless approved or directed by the Town. It is intended that Fort Collins-Loveland Water District shall provide the water service in conjunction with the Town. The South Fort Collins Sanitation District shall provide sanitary sewer service, and the Town shall provide law enforcement services and other municipal services, as appropriate. Appropriate agreements regarding provision of service by these entities have been or will be obtained prior to obtaining service including any necessary inclusion in the respective districts of the property within the Districts, with the exception of any portion of the Districts that is already included in another district providing the same type of service. Nothing herein shall limit or discharge the Districts' responsibilities for operation, maintenance, and repair of Public Improvements prior to their acceptance by the Town, Fort Collins-Loveland Water District, South Fort Collins Sanitation District, or their designee, or the Districts' warranty obligations.

D. Multiple District Structure.

It is anticipated that the Districts, collectively, will undertake the financing and construction, maintenance and operation of the Public Improvements. The nature of the functions and services to be provided by each District shall be clarified in one or more Master IGA(s) by and among the Districts. The Master IGA(s) will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of the Districts' Service Plans. Implementation of the Master IGA is essential to the orderly implementation of this Service Plan. The Master IGA may be amended by mutual agreement of the Districts without the need to amend this Service Plan.

VI. FINANCIAL PLAN

A. General Plan of Finance.

District No. 3 shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation, financing, ownership, operation and maintenance and/or redevelopment of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the Districts. The Financial Plan for the Districts shall be to issue such Debt as the Districts can reasonably pay from revenues derived from the Maximum Debt Mill Levy, Fees and other legally available revenues. The total Debt that the Districts shall be permitted to issue shall not exceed Forty Million Dollars ($40,000,000), unless otherwise approved by the

Town, and shall be permitted to be issued on a schedule and in such year or years as the Districts determine shall meet the needs of the Financial Plan referenced above and shall be phased to serve development as it occurs; provided, however, that the total Debt that may be issued by District Nos. 2 and 3 shall not exceed sixty-two percent (62%) of the Total Debt Issuance Limitation. All Debt issued by the Districts may be payable from any and all legally available revenues of the Districts, including general ad valorem taxes and Fees to be imposed upon taxable property within the Districts. 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 Section 32-1-1001(1), C.R.S., as amended from time to time.

Prior to the issuance of long-term Debt, the Districts may issue bond anticipation notes or other multiple-fiscal year financial obligations secured by the revenues generated from property taxes, capital development fees, district fees, and any other District revenues collected by the Districts. Credit enhancement may be provided for any obligation of the Districts, if necessary. The Districts may make multiple-fiscal year financial obligation pledges secured by property taxes, specific ownership taxes and the capital development fee revenue to fund the acquisition and installation of the Public Improvements for the Project. Revenue from property taxes, specific ownership taxes and Development Fees and from other available sources will be used to retire District bonds, other Debt or multiple-fiscal year financial obligations.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed fifteen percent (15%). The proposed maximum underwriting discount will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

C. Maximum Debt Mill Levy.

All Debt issued by the Districts must be issued in compliance with the requirements of Section 32-1-1101, C.R.S., and all other requirements of State or Federal law.

The "Maximum Debt Mill Levy" shall be the maximum mill levy each District is permitted to promise to impose for payment of general obligation Debt, and shall be determined as follows:

1. For Debt which exceeds 50% of a District's assessed valuation, the Maximum Debt Mill Levy shall be thirty-five (35) mills; reduced by the number of mills necessary to pay the unlimited mill levy general obligation Debt, provided however, that in the event the method of calculating assessed valuation is changed after the date of approval of its Service Plan, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut or abatement, the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the

foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

2. For Debt which is less than 50% of a District's assessed valuation, either on the date of issuance or at any time thereafter, the Maximum Debt Mill Levy shall be such amount as may be necessary to pay the Debt service on such Debt, without limitation of rate, provided that (i) the Board is controlled by homeowners or (ii) the District has obtained the Town's consent to terminate the Maximum Debt Mill Levy.

For purposes of the foregoing, once Debt has been determined to be within subsection C.2. above so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent reduction in the assessed valuation of the District.

Obligations of the Districts in the IGAs discussed herein will not count against the Debt limitation, but will be subject to the 35-mill maximum Debt Mill Levy. Any change in the Debt limitation shall be considered a material modification of their Service Plans. The Debt limitation shall not otherwise be increased unless approved by the Town and as permitted by statute.

To the extent that a District is composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to such District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

All issuances of Debt shall be deemed to be in compliance with the Financial Plan so long as the "Minimum Criteria," as hereinafter defined, have been met. Minimum Criteria shall mean that the Debt is: (1) subject to a Maximum Debt Mill Levy, if required by this Service Plan; (2) together with other outstanding Debt, not in excess of the Debt authorization set forth in this Service Plan, as may be amended from time to time; and (3) together with other outstanding Debt, not in excess of the Debt authority approved by the District's electorate.

D. Debt Repayment Sources.

Each of the Districts may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of Debt service and for operations and maintenance. Each District may also rely upon various other revenue sources authorized by law. At each District's discretion, these may include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time. In no event shall the Debt service mill levy in any District exceed the Maximum Debt Mill Levy.

The Districts may also collect a Development Fee, provided that such Development Fee does not exceed the following limits:

1. For each single-family detached residential unit, the Development Fee shall not exceed Two Thousand Five Hundred Dollars ($2,500.00).

2. For each single-family attached or multi-family residential unit, the Development Fee shall not exceed Two Thousand Dollars ($2,000.00).

3. For a structure other than a single-family or multi-family residential structure, the Development Fee shall not exceed Fifty Cents ($0.50) per square foot of the structure.

The Development Fee set forth in this Service Plan may increase by up to the Consumer Price Index for Denver-Boulder, all items, all urban consumers (or its successor index for any years for which Consumer Price Index is not available) each year thereafter (as an inflation adjustment) commencing on January 1, 2006. The Development Fee shall be collected prior to issuance of a certificate of occupancy.

E. Debt Instrument Disclosure Requirement.

In the text of each Bond and any other instrument representing and constituting Debt, the issuing District shall set forth a statement in substantially the following form:

> By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the Districts.

F. Security for Debt.

The Districts shall not pledge any revenue or property of the Town as security for the indebtedness set forth in this Service Plan. Approval of this Service Plan shall not be construed as a guarantee by the Town of payment of any of the Districts' obligations; nor shall anything in the Service Plan be construed so as to create any responsibility or liability on the part of the Town in the event of default by the Districts in the payment of any such obligation.

G. TABOR Compliance.

The Districts will comply with the provisions of TABOR. In the discretion of the Board, 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' Boards.

H. Districts' Formation and First Year Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the Districts' organization are not

anticipated to exceed One Hundred Thousand Dollars ($100,000), which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The Districts' first year's operating budget is estimated to be One Hundred Fifteen Thousand Dollars ($115,000) which is anticipated to be derived from property taxes and other revenues.

District No. 3 will impose a mill levy to be assessed on all taxable property within its boundaries as a primary source of revenue for operations and maintenance. In addition to the operations mill levy, District No. 3 may also rely upon various other revenue sources authorized by law and this Service Plan to offset the expense of capital construction and District No. 3's management, operations and maintenance. These will include revenues from other governmental entities and developers, as well as the power to assess fees, rates, tolls, penalties or charges as provided in Title 32, Article 1, C.R.S., as amended.

The Maximum Debt Mill Levy does not apply to District No. 3's ability to increase its mill levy as necessary for provision of operation and maintenance services to the property within its boundaries. However, there are statutory and constitutional limits on a District's ability to increase its mill levy for operation and maintenance services without an election. The proponents of the Districts intend to seek the Districts' electoral approval to waive the revenue and spending limits of Article X, Section 20 of the Colorado Constitution, as well as the 5.5% limitation set forth in Section 29-1-301, C.R.S.

Prior to the Districts having sufficient revenue to cover their ongoing operations and maintenance expenses, the Developer will advance funds to the Districts. The Districts will have the authority to repay the developer for amounts advanced for operations and maintenance expenses, together with interest thereon.

VII. ANNUAL REPORT

A. General.

Upon the request of the Town, each District shall be responsible for submitting an annual report to the Town Manager's Office no later than August 1st of each year following the year in which the Order and Decree creating the District has been issued.

B. Reporting of Significant Events.

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

1. Boundary changes made to the District's boundaries as of December 31 of the prior year.

2. Intergovernmental Agreements with other governmental entities, either entered into or proposed as of December 31 of the prior year.

3. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the Town as of December 31 of the prior year.

4. The assessed valuation of the District for the current year.

5. Current year budget including a description of the Public Improvements to be constructed in such year.

6. Audit of the District's financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

7. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.

8. Reasonable information requested by the Town pertaining to usage of any District facilities, including the District Pool, and costs related to such usage, operation and maintenance of such facilities.

VIII. CONSOLIDATION/DISSOLUTION

The consolidation of District No. 3 with any other special district, unless such consolidation of District No. 3 is with District No. 1 and/or District No. 2, shall be subject to the approval of the Town. Each District will take all action necessary to dissolve pursuant to Title 32, Article 1, Part 7, C.R.S., as amended from time to time, at such time as it does not need to remain in existence to discharge its financial obligations or perform its services.

IX. DISCLOSURE TO PURCHASERS

Each District will use reasonable efforts to assure that all developers of the property located within such District provide written notice to all purchasers of property in the District regarding the Maximum Debt Mill Levy, as well as a general description of the District's authority to impose and collect rates, fees, tolls and charges.

X. INTERGOVERNMENTAL AGREEMENTS

A. Town IGA. The form of the intergovernmental agreement required relating to the limitations imposed on the District's activities is attached hereto as **Exhibit G**. Each District shall approve an intergovernmental agreement substantially in the form attached as **Exhibit G** at its first Board meeting after its organizational election. The Town Board of Trustees shall approve the intergovernmental agreement in the form attached as **Exhibit G** at the public hearing approving the Service Plan.

B. Master IGA. The relationship among the Districts, including the means for approving, financing, constructing, and operating the public services and improvements needed to serve the Project is expected to be established by means of the Master IGA(s).

C. Improvement Authority IGA. The form of the intergovernmental agreement describing the relationship between the Town Improvement Authority and the Districts in relation to property tax and revenue sharing between the Improvement Authority and the Districts' Public Improvement financing, operations and maintenance is attached hereto as **Exhibit H**. The Districts shall approve this "Improvement Authority IGA" substantially in the form attached as **Exhibit H** as soon as practical after formation of the Districts on the terms and conditions substantially described in the form attached hereto. The Town Board of Trustees shall approve the Improvement Authority IGA in substantially the form attached as **Exhibit H** at the public hearing approving the Service Plan.

D. Developer Fee Agreement. The Districts may enter into a Development Fee Agreement with the Developer and other developers and/or builders to install the public improvements to be furnished by the Districts. Under the Development Fee Agreement, the Developer and other developers and/or builders will be obligated to pay the Development Fee in the amounts set forth in Section VI.D. above based upon a per lot or equivalent unit calculation. The Districts may increase the Development Fee as necessary to fund the capital costs of the public improvements. The Development Fee will constitute an unconditional obligation of, and statutory lien against, each lot within the Project until paid.

E. Other Agreements/Authority. To the extent necessary, District No. 3 may enter into additional intergovernmental and private agreements to ensure the long-term provision of the public facilities and services needed for the Project and for the effective management of District No. 3's affairs. Agreements may also be entered into with the Developer, other developers and/or builders, owner associations, and other service providers to discharge any facility or service responsibility of District No. 3.

XI. CONCLUSION

It is submitted that this Service Plan for District No. 3, as required by Section 32-1-203(2), and Section 32-1-204.5, C.R.S., establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by District No. 3;

2. The existing service in the area to be served by District No. 3 is inadequate for present and projected needs;

3. District No. 3 is capable of providing economical and sufficient service to the area within its proposed boundaries; and

4. The area to be included in District No. 3 does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

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

6. The facility and service standards of District No. 3 are compatible with the facility and service standards of the Town within which the special districts are to be located and each municipality which is an interested party under Section 32-1-204(1), C.R.S.

7. The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the Town Code.

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

9. The creation of District No. 3 is in the best interests of the area proposed to be served.

Therefore, it is hereby respectfully requested that the Town Board of Trustees of the Town of Timnath, Colorado, which has jurisdiction to approve this Service Plan by virtue of Section 32-1-204.5, C.R.S., *et seq.*, as amended, adopt a resolution, which approves this "Service Plan for Timnath Farms North Metropolitan District No. 3," as submitted.

Respectfully submitted this 27th day of February, 2006.

By _____
Attorneys for the Proponents of Timnath Farms North Metropolitan District No. 3

EXHIBIT A

Legal Description of District No. 3 Boundaries

LEGAL DESCRIPTION

SHEET 1 OF 2

EMK CONSULTANTS, INC.
ENGINEERING & SURVEYING
7006 SOUTH ALTON WAY, BUILDING F, CENTENNIAL, COLORADO 80112–2019 (303) 694–1520

NOTICE: This drawing does not represent a monumented survey and is only intended to depict the accompanying legal description.

Date 01/20/06 Job No. 12415.00
Scale N/A Drawn By DSN

NOTICE: According to Colorado law you must commence any legal action based upon any defect in this survey within 3 years after you first discover such defect. In no event, may any action based upon any defect in this survey be commenced more than ten years from the date of the certification shown hereon.

TIMNATH FARMS NORTH METROPOLITAN DISTRICT NO. 3

REV. 2/23/06

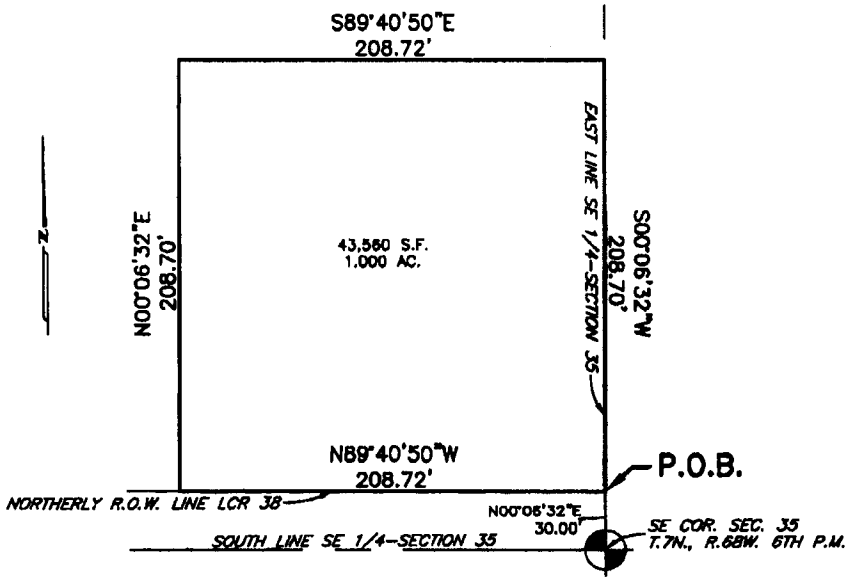

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EXHIBIT B

District No. 3 Boundary Map

LEGAL DESCRIPTION

EMK CONSULTANTS, INC.
ENGINEERING & SURVEYING
7006 SOUTH ALTON WAY, BUILDING F, CENTENNIAL, COLORADO 80112–2019 (303) 694–1520

NOTICE: This drawing does not represent a monumented survey and is only intended to depict the accompanying legal description.

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REV. 2/23/06

LEGAL DESCRIPTION–TIMNATH FARMS NORTH METROPOLITAN DISTRICT NO. 3

A PARCEL OF LAND LOCATED IN THE SOUTHEAST QUARTER OF SECTION 35, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF LARIMER, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 35, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH PRINCIPAL MERIDIAN;

THENCE ALONG THE EAST LINE OF SAID SOUTHEAST QUARTER OF SECTION 35, N00°06'32"E, 30.00 FEET TO A POINT ON THE NORTHERLY RIGHT–OF–WAY LINE OF LARIMER COUNTY ROAD 38, SAID POINT ALSO BEING THE POINT OF BEGINNING;

THENCE ALONG SAID NORTHERLY RIGHT–OF–WAY LINE, N89°40'50"W, 208.72 FEET;
THENCE N00°06'32"E, 208.70 FEET;
THENCE S89°40'50"E, 208.72 FEET TO A POINT ON THE EAST LINE OF SAID SOUTHEAST QUARTER OF SECTION 35;
THENCE ALONG THE EAST LINE OF SAID SOUTHEAST QUARTER OF SECTION 35, S00°06'32"W, 208.70 FEET TO THE POINT OF BEGINNING, CONTAINING 43,560 SQUARE FEET OR 1.000 ACRES, MORE OR LESS.

THE ABOVE AND FOREGOING DESCRIBES A SURFACE ESTATE ONLY. EXPRESSLY EXCLUDED FROM THIS LEGAL DESCRIPTION ARE ANY ESTATES BELOW THE SURFACE INCLUDING OIL, GAS AND OTHER MINERALS (INCLUDING SAND AND GRAVEL) AND ANY RELATED RIGHTS OF SURFACE USE.

COLORADO REGISTERED JON S. McDANIEL 12405 PROFESSIONAL LAND SURVEYOR 2-23-06

PREPARED BY:
JON S. McDANIEL, PLS
FOR AND ON BEHALF OF
EMK CONSULTANTS, INC.

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EXHIBIT C

Legal Description of Inclusion Area Boundaries

LEGAL DESCRIPTION - TIMNATH FARMS NORTH INCLUSION AREA

AN IRREGULAR PARCEL OF LAND LOCATED IN SECTION 35 AND THE SOUTH HALF OF SECTION 26, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., COUNTY OF LARIMER, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 35 AND CONSIDERING THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 35 TO BEAR N89°40'50"W, AS SHOWN ON THE PLAT OF TIMNATH FARMS FOURTH ANNEXATION TO THE TOWN OF TIMNATH, WITH ALL OTHER BEARINGS RELATIVE THERETO;

THENCE ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 35, N00°06'32"E, 30.00 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF LARIMER COUNTY ROAD 38;
THENCE CONTINUING ALONG SAID EAST LINE OF THE SOUTHEAST QUARTER OF SECTION 35, N00°06'32"E, 208.70 FEET TO THE POINT OF BEGINNING;

THENCE N89°40'50"W, 417.44 FEET;
THENCE S00°06'32"W, 208.70 FEET TO THE NORTHERLY BOUNDARY OF TIMNATH RANCH FOURTH ANNEXATION TO THE TOWN OF TIMNATH;
THENCE ALONG SAID NORTHERLY BOUNDARY OF TIMNATH RANCH FOURTH ANNEXATION TO THE TOWN OF TIMNATH, N89°40'50"W, 2231.84 FEET;
THENCE N00°10'37"E, 817.57 FEET;
THENCE N89°49'23"W, 241.35 FEET TO A POINT OF CURVE;
THENCE ALONG SAID CURVE TO THE RIGHT HAVING A RADIUS OF 1035.00 FEET AND A CENTRAL ANGLE OF 23°36'35", (THE CHORD OF WHICH BEARS N78°01'06"W,423.48 FEET) 426.49 FEET;
THENCE N47°48'33"E, 166.42 FEET TO A POINT ON A CURVE;
THENCE ALONG SAID CURVE TO THE RIGHT HAVING A RADIUS OF 899.65 FEET AND A CENTRAL ANGLE OF 19°44'48", (THE CHORD OF WHICH BEARS N60°22'02"W, 308.53 FEET) 310.06 FEET;
THENCE N50°19'29"W, 686.98 FEET;
THENCE N48°00'06"W, 546.04 FEET TO A POINT OF CURVE;
THENCE ALONG SAID CURVE TO THE LEFT HAVING A RADIUS OF 430.00 FEET AND A CENTRAL ANGLE OF 61°13'03", (THE CHORD OF WHICH BEARS N78°36'38"W, 437.89 FEET) 459.43 FEET TO A POINT ON THE BOUNDARY OF THE PROPERTY DESCRIBED IN THE SPECIAL WARRANTY DEED BETWEEN TIMNATH FARMS INC. AND TIMNATH LAND AND CATTLE COMPANY I, LLC RECORDED MAY 24, 2000 AT RECEPTION NO. 2000033822;
THENCE ALONG SAID BOUNDARY THE FOLLOWING TEN (10) COURSES:

1. N00°14'31"E, 181.11 FEET;
2. S89°45'29"E, 30.00 FEET;
3. N00°14'31"E, 380.15 FEET TO A POINT ON THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 35;
4. S89°46'32"E, 905.61 FEET;
5. N00°13'25"E, 300.00 FEET;
6. N00°05'50"E, 282.85 FEET;
7. N89°54'10"W, 696.87 FEET;
8. N00°02'16"E, 71.01 FEET;
9. N89°57'44"W, 270.00 FEET;
10. N00°02'16"E, 465.00 FEET TO A POINT ON THE SOUTHERLY BOUNDARY OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN THE WARRANTY DEED BETWEEN TIMNATH FARMS INC. AND POUDRE SCHOOL DISTRICT R-1 RECORDED AUGUST 17, 1999 AT RECEPTION NO. 99073702;

AN IRREGULAR PARCEL OF LAND LOCATED IN SECTION 35 AND THE SOUTH HALF OF SECTION 26, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., COUNTY OF LARIMER, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 35 AND CONSIDERING THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 35 TO BEAR N89°40'50"W, AS SHOWN ON THE PLAT OF TIMNATH FARMS FOURTH ANNEXATION TO THE TOWN OF TIMNATH, WITH ALL OTHER BEARINGS RELATIVE THERETO;

THENCE ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 35, N00°06'32"E, 30.00 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF LARIMER COUNTY ROAD 38;
THENCE CONTINUING ALONG SAID EAST LINE OF THE SOUTHEAST QUARTER OF SECTION 35, N00°06'32"E, 208.70 FEET TO THE POINT OF BEGINNING;

THENCE N89°40'50"W, 417.44 FEET;
THENCE S00°06'32"W, 208.70 FEET TO THE NORTHERLY BOUNDARY OF TIMNATH RANCH FOURTH ANNEXATION TO THE TOWN OF TIMNATH;
THENCE ALONG SAID NORTHERLY BOUNDARY OF TIMNATH RANCH FOURTH ANNEXATION TO THE TOWN OF TIMNATH, N89°40'50"W, 2231.84 FEET;
THENCE N00°10'37"E, 817.57 FEET;
THENCE N89°49'23"W, 241.35 FEET TO A POINT OF CURVE;
THENCE ALONG SAID CURVE TO THE RIGHT HAVING A RADIUS OF 1035.00 FEET AND A CENTRAL ANGLE OF 23°36'35", (THE CHORD OF WHICH BEARS N78°01'06"W,423.48 FEET) 426.49 FEET;
THENCE N47°48'33"E, 166.42 FEET TO A POINT ON A CURVE;
THENCE ALONG SAID CURVE TO THE RIGHT HAVING A RADIUS OF 899.65 FEET AND A CENTRAL ANGLE OF 19°44'48", (THE CHORD OF WHICH BEARS N60°22'02"W, 308.53 FEET) 310.06 FEET;
THENCE N50°19'29"W, 686.98 FEET;
THENCE N48°00'06"W, 546.04 FEET TO A POINT OF CURVE;
THENCE ALONG SAID CURVE TO THE LEFT HAVING A RADIUS OF 430.00 FEET AND A CENTRAL ANGLE OF 61°13'03", (THE CHORD OF WHICH BEARS N78°36'38"W, 437.89 FEET) 459.43 FEET TO A POINT ON THE BOUNDARY OF THE PROPERTY DESCRIBED IN THE SPECIAL WARRANTY DEED BETWEEN TIMNATH FARMS INC. AND TIMNATH LAND AND CATTLE COMPANY I, LLC RECORDED MAY 24, 2000 AT RECEPTION NO. 2000033822;
THENCE ALONG SAID BOUNDARY THE FOLLOWING TEN (10) COURSES:

1. N00°14'31"E, 181.11 FEET;
2. S89°45'29"E, 30.00 FEET;
3. N00°14'31"E, 380.15 FEET TO A POINT ON THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 35;
4. S89°46'32"E, 905.61 FEET;
5. N00°13'25"E, 300.00 FEET;
6. N00°05'50"E, 282.85 FEET;
7. N89°54'10"W, 696.87 FEET;
8. N00°02'16"E, 71.01 FEET;
9. N89°57'44"W, 270.00 FEET;
10. N00°02'16"E, 465.00 FEET TO A POINT ON THE SOUTHERLY BOUNDARY OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN THE WARRANTY DEED BETWEEN TIMNATH FARMS INC. AND POUDRE SCHOOL DISTRICT R-1 RECORDED AUGUST 17, 1999 AT RECEPTION NO. 99073702;

THENCE ALONG THE SOUTHERLY AND EASTERLY BOUNDARIES OF SAID PARCEL DESCRIBED IN SAID WARRANTY DEED THE FOLLOWING TWO (2) COURSES:

1. S89°57'44"E, 987.48 FEET;
2. N00°02'16"E, 1,521.58 FEET TO A POINT ON THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 35;

THENCE CONTINUING N00°02'16"E, 30.00 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF LARIMER COUNTY ROAD 40;
THENCE ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, S89°48'54"E, 1,216.38 FEET;
THENCE CONTINUING ALONG SAID NORTHERLY RIGHT-OF-WAY LINE AS DESCRIBED IN BOOK 1122, PAGE 167 THE FOLLOWING FIVE (5) COURSES:

1. S89°55'03"E, 29.07 FEET;
2. S85°43'33"E, 380.78 FEET;
3. S89°37'33"E, 257.78 FEET;
4. N86°28'27"E, 521.87 FEET;
5. S89°44'37"E, 1,455.83 FEET;

THENCE S00°20'26"W, 30.00 FEET TO THE NORTHEAST CORNER OF SAID SECTION 35;
THENCE ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 35 S00°06'35"W, 2,647.89 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 35;
THENCE ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 35, S00°06'32"W, 2,409.44 FEET TO THE POINT OF BEGINNING, CONTAINING 20,253,528 SQUARE FEET OR 464.957 ACRES, MORE OR LESS.

THE ABOVE AND FOREGOING DESCRIBES A SURFACE ESTATE ONLY. EXPRESSLY EXCLUDED FROM THIS LEGAL DESCRIPTION ARE ANY ESTATES BELOW THE SURFACE INCLUDING OIL, GAS AND OTHER MINERALS (INCLUDING SAND AND GRAVEL) AND ANY RELATED RIGHTS OF SURFACE USE.

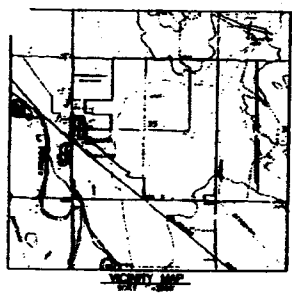
PREPARED UNDER MY SUPERVISION
FOR AND ON BEHALF OF EMK CONSULTANTS, INC.
JON S. McDANIEL, PLS NO. 12405

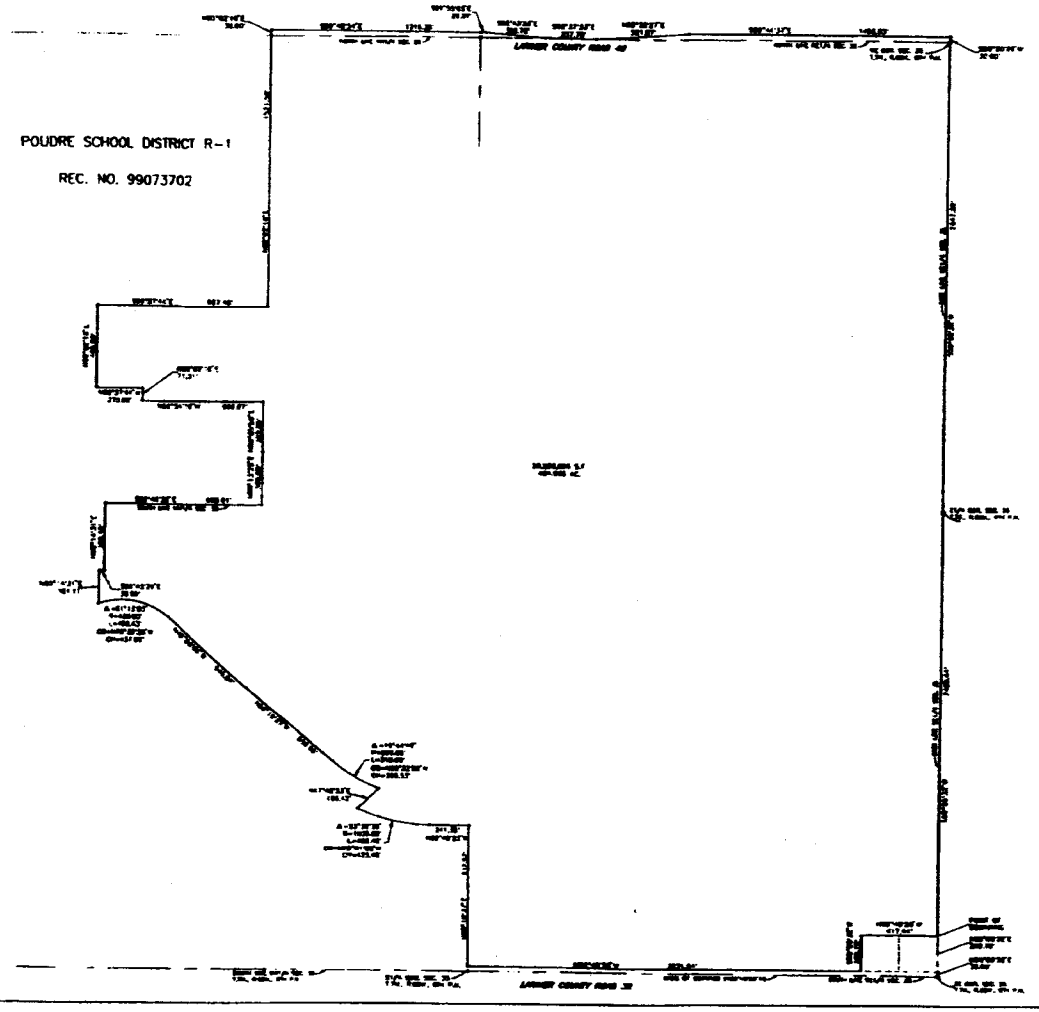
EXHIBIT D

Inclusion Area Boundary Map

TIMNATH FARMS NORTH INCLUSION AREA

A PARCEL OF LAND LOCATED IN SECTION 35 AND THE SOUTH HALF OF SECTION 26,
TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M.
COUNTY OF LARIMER, STATE OF COLORADO



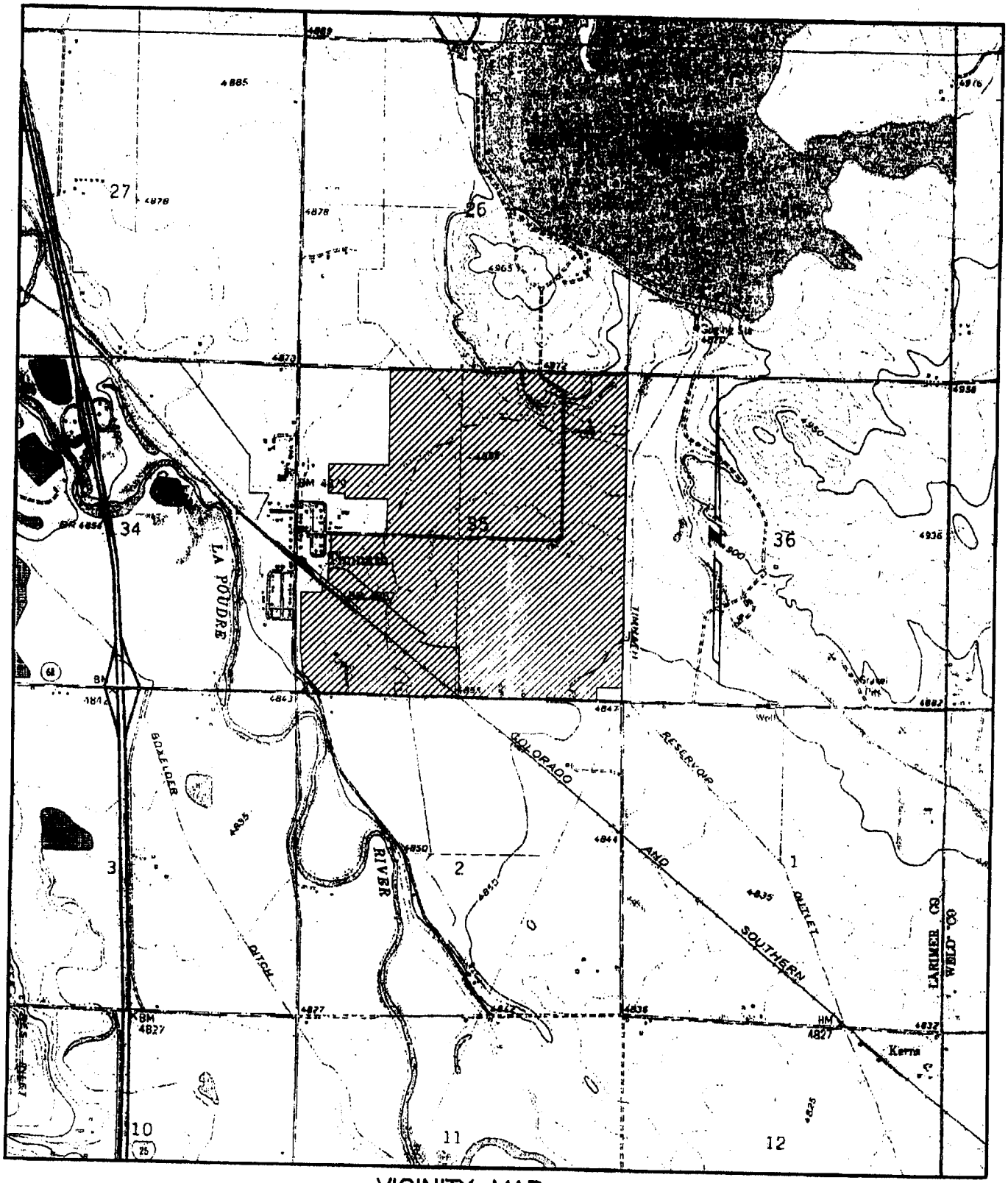


GRAPHIC SCALE

DATE PREPARED: JANUARY 20, 2008

EXHIBIT E

Timnath Vicinity Map



VICINITY MAP
SCALE: 1"=2000'

EXHIBIT F

Capital Plan

Item			Cost ($)
Street Improvements			$ 8,000,000
Park, Recreation Improvements & Landscaping			8,750,000
Sanitary Sewer Improvements			3,500,000
Water Distribution Improvements			1,100,000
Safety:	Signage/Striping		30,000
	Lighting		50,000
	Sub Total		$21,430,000

Contingencies

Engineering/Planning/Surveying/Geotechnical	16%	$ 3,428,800
Review Fees	Lump Sum	300,000
Construction Management	5%	1,071,500
Construction	20%	4,286,000
Total		$30,516,300

EXHIBIT G

Form of Intergovernmental Agreement between
District No. 3 and Town of Timnath

INTERGOVERNMENTAL AGREEMENT BETWEEN

THE TOWN OF TIMNATH, COLORADO

AND

TIMNATH FARMS NORTH METROPOLITAN DISTRICT NO. 3

THIS AGREEMENT is made and entered into to be effective as of the ___ day of _____, _____, by and between the **TOWN OF TIMNATH**, a municipal corporation and political subdivision of the State of Colorado ("Town"), and **TIMNATH FARMS NORTH METROPOLITAN DISTRICT NO. 3**, a quasi-municipal corporation and political subdivision of the State of Colorado ("District"). The Town and the District are collectively referred to as the Parties.

RECITALS

WHEREAS, the District was organized to provide certain capital facilities and services in connection with the development of property annexed to the Town under that certain Annexation of Development Agreement for the Timnath Farms North Parcel dated December 13, 2004, and recorded in the Larimer County, Colorado, real property records on December 23, 2004, at Reception No. 2004-0122900 (the "Timnath Farms North Annexation Agreement"); and

WHEREAS, the District is authorized to provide financing and to exercise powers as are more fully set forth in the District's Service Plan approved by the Town on _____, 2006 ("Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the Town and the District; and

WHEREAS, the Town and the District have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement ("Agreement") to promote the coordinated development of the Timnath Farms North Annexation property.

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Definition of Terms. Terms not defined herein shall have the same meanings as given to such terms in the Service Plan.

2. Ownership, Operations and Maintenance of Facilities. The District shall dedicate the Public Improvements to the Town or other appropriate jurisdiction in a manner consistent with the Approved Development Plan and other rules and regulations of the Town and applicable provisions of the Town Code. The District shall undertake ownership, operation and

maintenance of those public facilities, and shall furnish related services, or shall dedicate and convey to the Town, the Fort-Collins-Loveland Water District, or the South Fort Collins Sanitation District, those facilities shown for such dedication and conveyance as set forth the schedule of disposition of facilities attached hereto as **Exhibit A** and incorporated herein by reference. Except for those public improvements required to be dedicated to the Town or its designee in accordance with the Approved Development Plan or this Agreement, the Districts shall be authorized to operate and maintain any part or all of the Public Improvements provided for in the Service Plan.

3. Construction Standards. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the Town and of other governmental entities having proper jurisdiction and of those special districts that qualify as "interested parties" under Section 32-1-204(1), C.R.S., as applicable. The District will obtain the Town's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

4. District Swimming Pool Use and Operations Limitations. The District, individually or collectively with Timnath Farms North Metropolitan District No. 1 ("District No. 1") and/or Timnath Farms North Metropolitan District No. 2 ("District No. 2"), may undertake the financing, construction, operation and maintenance of a swimming pool. Any District Pool shall be constructed in accordance with plans submitted to and approved by the Town. If applicable, the District may not cease or abandon the operation of, and may not change the use of the swimming pool as a District Pool, without prior consent of the Town, which consent shall not be unreasonably withheld, delayed or denied. Any District Pool shall be operated and maintained in a manner similar to similar size and types of swimming pools operated by metropolitan districts in other communities. Such District Pool shall be subject to Town regulatory authority as permitted by state law. The Town shall provide written notice of any default in the operation and maintenance of the District Pool. If any such default continues for more than thirty (30) days after receipt of a written notice from the Town, the Town shall have the right to enforce by specific performance the maintenance of the District Pool. Should the default continue after notice, opportunity to cure and refusal to cure the default, the Town shall have the right to operate and maintain the District Pool and collect and use any District Pool Fees unless and until the District, if applicable, demonstrates a willingness and ability to operate the District Pool in accordance with applicable standards. Any maintenance and operations costs incurred by the Town to perform these functions, after written notice of default and failure to cure within thirty (30) days of receipt, shall be reimbursed by the District, if applicable.

5. Current Town Residential Property Owners' Access to Park and Recreation Facilities and Improvements. All open space tracts, trails, and park improvements shall be open and available to the general public and Town citizens free of charge, except as authorized herein by this Section 5 regarding Fees for the use of a District Pool. It is acknowledged that the Town intends to explore the possibility of constructing a Town pool. Until such Town pool is constructed, District No. 3, if applicable, shall allow persons who own and/or reside in property located within the corporate boundaries of the Town as of November 1, 2005, access to any District Pool at a Fee rate that shall be 50% of the then current Fee charged to in-District residents. A list defining the current residential property addresses, the owners and/or occupants

of which (including their immediate families who may reside at the address, and any family member added through birth, marriage, adoption or parents' marriage after November 1, 2005) shall be provided this access, is attached hereto as **Exhibit B**. Once a Town pool is constructed, the access and reduced rate as required by the Town for Town residential property owners/occupants as defined in **Exhibit B** shall be rescinded.

6. Town Access and Maintenance Easement to Greenbelts, Open Space, Ponds and Drainage Improvements. The District will grant a perpetual, non-exclusive access easement to the Town for non-motorized pedestrian access to its greenbelts and open space improvements as defined on the final plat approved by the Town. The District shall maintain greenbelts, open space, ponds and drainage improvements in accordance with the plans approved by the Town and subject to Town regulatory authority as provided by state law. The District shall grant an easement to the Town for purposes of routine inspections of pond and drainage improvements. The District shall also grant the Town emergency access for maintenance purposes to the pond and drainage improvements when necessary to preserve the health, safety and welfare of the District's property owners and residents, and guests. The Town shall provide written notice of any default in the maintenance of District owned, operated and maintained Public Improvements in accordance with the approved plans, which if continued for more than thirty (30) days after receipt of a written notice of default from the Town to the District, the Town shall have access for purposes of maintenance of these improvements by the Town. Any maintenance performed by the Town, after written notice of default and failure of the District to cure within thirty (30) days of receipt, shall be reimbursed by the District.

7. Issuance of Privately Placed Debt. Prior to the issuance of any privately placed Debt, the District shall obtain the certification of an External Financial Advisor substantially as follows:

> We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.
>
> We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

8. Changes in Boundaries or Inclusion Area. The District shall be entitled to change its boundaries through inclusion of property within the Inclusion Area and exclusion of property as its Board may determine is in the best interests of the District and its property owners subject to the following limitations:

(a) No property may be included within the boundaries of and subject to the mill levy of more than one District.

(b) No property may be included into the boundaries of the District unless the property is within the corporate limits of the Town.

(c) All District boundary changes must be made in compliance with the Special District Act.

Upon receipt of a petition to include or exclude property, the District shall provide to the Town a copy of such petition and notice of the District's public hearing on such petition no less than 20 days prior to the public hearing. Any inclusion or exclusion which does not comply with the provisions of this Section 8 shall require review and approved by the Town.

9. Initial Debt. On or before the effective date of approval by the Town of an Approved Development Plan (as defined in the Service Plan), the District shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any Fees used for the purpose of repayment of Debt.

10. Total Debt Issuance. Unless otherwise approved by the Town Board of Trustees, which approval will not be unreasonably withheld, delayed or conditioned, the District, together with District No. 1 and District No. 2, shall not issue aggregate Debt in excess of Forty Million Dollars ($40,000,000).

11. Consolidation. The District shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the Town, unless such consolidation is with District No. 1 and/or District No. 2.

12. Bankruptcy. All of the limitations contained in the Service Plans including, but not limited to, those pertaining to the Maximum Debt Mill Levy have been established under the authority of the Town to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the "political or governmental powers" reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the "regulatory or electoral approval necessary under applicable nonbankruptcy law" as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt issued with a pledge or which results in a pledge that exceeds the Maximum Debt Mill Levy shall be deemed a material modification of the applicable Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the Town as part of a Service Plan Amendment.

13. Dissolution. Upon an independent determination of the Town Board of Trustees that the purposes for which the District was created have been accomplished, the District agrees to file a petition in the appropriate District Court for dissolution, pursuant to the applicable State

statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State statutes.

14. Disclosure to Purchasers. The District will use reasonable efforts to assure that all developers of the property located within the District provides written notice to all purchasers of property in the District regarding the Maximum Debt Mill Levy, as well as a general description of the District's authority to impose and collect rates, Fees, tolls and charges. The form of notice shall be filed with the Town prior to the initial issuance of the Debt of the District imposing the mill levy which is the subject of the Maximum Debt Mill Levy.

15. Service Plan Amendment Requirement. Actions of the District which violate the limitations set forth in its Service Plan shall be deemed to be material modifications to such Service Plan, and the Town shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

16. Multiple District Structure. It is anticipated that the District, District No. 1 and District No. 2 (collectively, "Districts"), will undertake the financing and construction of the Public Improvements. The nature of the functions and services to be provided by each of the Districts shall be clarified in an intergovernmental agreement by and among the Districts. Such intergovernmental agreement will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of the Districts' Service Plans. Implementation of such intergovernmental agreement is essential to the orderly implementation of the Service Plans. Said intergovernmental agreement may be amended by mutual agreement of the Districts without the need to amend the Service Plans.

17. Annual Report. Upon request by the Town, the District shall be responsible for submitting an annual report to the Manager of the Office of Development Assistance of the Town Manager's Office no later than August 1st of each year following the year in which the Order and Decree creating the District has been issued, in accordance with applicable Town policies and pursuant to the Town Code and containing the information set forth in Section VII of the Service Plans.

18. Maximum Debt Mill Levy.

The "Maximum Debt Mill Levy" shall be the maximum mill levy the District is permitted to promise to impose for payment of general obligation Debt, and shall be determined as follows:

(a) For Debt which exceeds 50% of the District's assessed valuation, the Maximum Debt Mill Levy shall be thirty-five (35) mills; reduced by the number of mills necessary to pay the unlimited mill levy general obligation Debt, provided however, that in the event the method of calculating assessed valuation is changed after the date of approval of its Service Plan, by any change in law, change in method of calculation, or in the event of any legislation or constitutionally mandated tax credit, cut or abatement, the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and

final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

(b) For Debt which is less than 50% of the District's assessed valuation, either on the date of issuance or at any time thereafter, the Maximum Debt Mill Levy shall be such amount as may be necessary to pay the Debt service on such Debt, without limitation of rate, provided that (i) the Board is controlled by homeowners or (ii) the District has obtained the Town's Consent to terminating the Maximum Debt Mill Levy.

For purposes of the foregoing, once Debt has been determined to be within 18(b) above so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent reduction in the assessed valuation of the District.

Obligations of the Districts in the IGAs discussed herein will not count against the Debt limitation, but will be subject to the Maximum Debt Mill Levy set forth herein. Any change in the Debt limitation shall be considered a material modification of the Service Plans. The Debt limitation shall not otherwise be increased unless approved by the Town and as permitted by statute.

To the extent that a District is composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District" as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

19. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via United Parcel Service or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the District:
Timnath Farms North Metropolitan District No. 3
c/o McGeady Sisneros, P.C.
Attn: Mary Jo Dougherty
1675 Broadway, Suite 2100
Denver, CO 80202
Phone: (303) 592-4380
Fax: (303) 592-4385

with a copy to:	McGeady Sisneros, P.C. Attn: Mary Jo Dougherty 1675 Broadway, Suite 2100 Denver, CO 80202 Phone: (303) 592-4380 Fax: (303) 592-4385
To the Town:	Town of Timnath P.O. Box 37 Timnath, CO 80547 Phone: (970) 224-3211 Fax: (970) 224-3217
with copy to:	Brad March March Olive & Pharris, LLC 110 E. Oak Street, Suite 200 Fort Collins, CO 80524-2825 Phone: (970) 482-4322 Fax: (970) 482-5719

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States mail. By giving the other Party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

20. Precedence. Recognizing that full development of the Timnath Farms North property may take up to thirty (30) years, the Town approved the Service Plan with sufficient flexibility to accommodate and enable the District to respond to changed conditions over time, while still relying upon the provisions of this Agreement to enable it to exercise appropriate control and supervision of the District as provided by state law. Accordingly, any conflict or inconsistency between the Service Plan and this Agreement shall be resolved in favor of the provisions of this Agreement.

21. Entire Agreement of the Parties. This written Agreement constitutes the entire agreement among the Parties and supersedes all prior written or oral agreements, negotiations, or representations and understandings of the Parties with respect to the subject matter contained herein.

22. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan. The need for formal amendment to the Service Plan shall be determined according to state law then in effect.

23. Assignment. No Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of

all other Parties, which consent will not be unreasonably withheld; provided, however that Town consent shall not be required for the District's assignment of rights or delegation of duties to District No. 1 and/or District No. 2 pursuant to a master IGA. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

24. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Parties shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party/Parties in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

25. Governing Law. This Agreement shall be governed and construed under the laws of the State of Colorado.

26. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

27. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

28. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the District and the Town any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the District and the Town shall be for the sole and exclusive benefit of the District and the Town. Except as otherwise stated herein, this Agreement is not intended to, and shall not limit in any ways the powers and responsibilities of the Town, the Districts, or any other entity not a party hereto.

29. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

30. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

31. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

32. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plans.

IN WITNESS WHEREOF, the District and the Town have caused this Agreement to be duly executed to be effective as of the day first above written.

TIMNATH FARMS NORTH
METROPOLITAN DISTRICT NO. 3

By: _____
President

Attest:

_____
Secretary

TOWN OF TIMNATH, COLORADO

By: _____
_____, Mayor

Attest:
By: _____
Its: _____

APPROVED AS TO FORM: _____

EXHIBIT A
SCHEDULE OF FACILITIES DISPOSITION

1. **Streets and Roadways.**

Upon acceptance, conveyed to the Town for ownership, operation and maintenance.

2. **Traffic and Safety Protection.**

Unless otherwise agreed to between Town and Districts, upon acceptance, conveyed to the Town for ownership, operation and maintenance.

3. **Drainage/Stormwater Facilities.**

Owned, operated and maintained by District unless accepted and conveyed to the Town for ownership, operation and maintenance.

4. **Sanitation.**

Upon acceptance, conveyed to South Fort Collins Sanitation District for ownership, operation and maintenance.

5. **Water.**

a. **Potable water facilities**: Upon acceptance, conveyed to Fort Collins-Loveland Water District for ownership, operation and maintenance.

b. **Non-potable water facilities**: (If applicable) Owned, operated and maintained by District.

6. **Parks and Recreation.**

Owned, operated and maintained by District in accordance with an Approved Development Plan, unless accepted by and conveyed to the Town, in the Town's discretion, for ownership, operation and maintenance.

7. **Mosquito Control; Miscellaneous**

Owned, operated and maintained by District.

EXHIBIT B
LIST OF RESIDENTIAL PROPERTY ADDRESSES
AS OF NOVEMBER 1, 2005

EXHIBIT H

Form of Intergovernmental Agreement between
the Districts and Town Improvement Authority

INTERGOVERNMENTAL AGREEMENT
REGARDING DISTRICT PROPERTY TAXES

THIS INTERGOVERNMENTAL AGREEMENT REGARDING DISTRICT PROPERTY TAXES (SOUTH TIMNATH) (this "**Agreement**") is made and entered into this ____ day of _____, 2006, by and between the TOWN OF TIMNATH, a Colorado statutory town (the "**Town**"), the TIMNATH DEVELOPMENT AUTHORITY, a body corporate and politic of the State of Colorado (the "**Authority**"), and the TIMNATH FARMS NORTH METROPOLITAN DISTRICT NOS. 1, 2 and 3, quasi-municipal corporations and political subdivisions of the State of Colorado (each a "**District**" and, collectively, the "**Districts**"). The Authority, the Town, and the Districts are each referred to herein as a "Party" or collectively as the "Parties".

RECITALS

WHEREAS, the Districts were organized to provide certain public improvements and services to serve the Service Area (as shown on Exhibit A hereto) in connection with the development of property annexed to the Town; and

WHEREAS, the Districts are authorized to provide financing and to exercise powers as are more fully set forth in the Districts' Service Plans approved by the Town on January 18, 2006 (the "**Service Plans**"); and

WHEREAS, pursuant to Resolution No. _____, adopted by the Town on _____, 2006, the TDA was formed as a urban renewal authority, a body corporate and politic of the State of Colorado, to serve the Plan Area, having the powers of an urban renewal authority under the Urban Renewal Act (as defined herein); and

WHEREAS, development of the public improvements in the Service Area would be of substantial benefit to the Town and result in a net increase in the Town's revenues; and

WHEREAS, development of the Service Area is necessary and appropriate to facilitate proper growth and development of the Town in accordance with sound planning standards and community objectives and in accordance with the applicable general development plan approved by the Town and it is in the best interests of the Town for the Service Area to be developed; and

WHEREAS, considerable public infrastructure will be required to provide potable and non-potable water; to dispose of wastewater; to detain, retain and transport stormwater; to landscape public rights of way, public easements, and publicly dedicated or owned real properties; to provide curb, gutter, sidewalks, streets, trails and other access ways; to provide public parks, recreation facilities and open spaces; and to provide other public improvements necessary and/or reasonably required for development of the Service Area, and neither the Town nor the TDA is able to fund the total costs of all such public improvements necessary or reasonably required for development of the Service Area within a reasonable period of time; and

WHEREAS, pursuant to the Service Plans, the Districts are permitted to impose a mill levy for debt service (the "**Debt Service Mill Levy**") not in excess of fifty (50) mills unless approved by the Town; provided, however, in the event that the method of calculating assessed

valuation is changed after the date of this Agreement by any change in law or method of calculation or by any change in the percentage of actual value used to determine assessed valuation pursuant to Section 39-1-104.2, C.R.S., and Article X, Section 3 of the State Constitution, the mill levy limitation shall be increased or decreased (the "**Gallagher Adjustment**") to reflect such change, as reasonably determined by the Boards of Directors of the Districts so that, to the greatest extent possible, the actual property tax revenues generated by the mill levy as adjusted are neither increased nor diminished as a consequence of such adjustment; and

WHEREAS, in order to fund or refund certain of the Eligible Improvements, and in consideration for the pledge and assignment of the District Tax Increment to the Districts to fund Eligible Improvements, it is contemplated that one or more of the Districts will incur District Debt (as defined herein) payable from District capital fees and revenues resulting from the District Mill Levy ("**District Mill Levy Revenues**"); and

WHEREAS, as a result of the adoption of the Urban Renewal Plan, the parties hereto understand that, by operation of the Urban Renewal Law, the TDA is granted certain rights in revenues constituting "**Tax Increment Revenues**" (as defined herein), and intend to ensure that, in the event that any District Mill Levy Revenues constitute Tax Increment Revenues, such revenues continue to be made available to the Districts for the purpose of funding or refunding the provision of Eligible Improvements.

NOW THEREFORE, **for and in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby confessed and acknowledged, the Parties agree as follows**:

SECTION 1. DEFINITIONS

"**Base Valuation**" means, with respect to the Plan Area, the total assessed valuation of all taxable property last certified by the assessor prior to the effective date of the approval of the Urban Renewal Plan, as may be subsequently adjusted due to a general reassessment of taxable property in the Plan Area or if additional area is added to the original Plan Area.

"**County**" shall mean Larimer County, Colorado.

"**District Debt**" shall mean and refer to all bonds (including refunding bonds), notes, interim certificates or receipts, temporary bonds, certificates of indebtedness, debentures, promissory notes, contracts, agreements, leases, or other documents or instruments evidencing loans, advances, indebtedness, whether funded, refunded, assumed or otherwise, and all other obligations incurred by any District to finance or refinance, in whole or in part, the construction, installation, repair, replacement, improvement, maintenance and operation of any Eligible Improvements.

"**Designated District**" shall mean the District (or Districts) designated to receive all or any portion of the District Tax Increment pursuant to Section 2.03 hereof, as indicated in a certificate executed by a duly authorized officer of each of the Districts.

"**Developer**" shall mean and refer to Timnath Land & Cattle Co. I, LLC, a Colorado limited liability company, and its affiliates, successors or assigns.

"**District Tax Increment**" means the portion of Tax Increment Revenues attributable to any District Mill Levy imposed by the Districts on property located within the Plan Area.

"**Effective Date**" shall mean and refer to the date this Agreement is signed by all Parties.

"**Eligible Costs**" shall mean and refer to (i) expenditures made by any District, and expenditures made by the Developer, the Town or any other entity acting at the request of or on behalf of a District, and reimbursed by any District, to finance or refinance, in whole or in part, the construction, installation, repair, replacement, improvement, maintenance and operation of any Eligible Improvements; and (iii) principal, interest, premiums, reserves, trustee and rebate fees and all other amounts due or which may become due on or in connection with any District Debt.

"**Eligible Improvements**" shall mean and refer to any and all improvements that could be acquired, constructed, installed, owned, maintained, repaired, replaced, improved, and/or operated by the Districts for the benefit of the Service Area, to the maximum extent permitted by the Special District Act and the Service Plan, as presently existing or as amended from time to time; but only to the extent that such improvements could also be installed, constructed, or reconstructed by the TDA to the maximum extent permitted by the Urban Renewal Law as it presently exists or as it may be amended from time to time; regardless of whether such improvements are in fact acquired, constructed, installed, owned, maintained, repaired, replaced, improved, and/or operated by a District or the TDA; subject to any limitations of the Urban Renewal Plan.

"**Increment Valuation**" means, with respect to the Plan Area, the amount of assessed valuation, if any, which exceeds the Base Valuation.

"**Plan Area**" shall mean and refer to the area indicated in the Urban Renewal Plan, as shown on Exhibit B hereto.

"**Service Area**" shall mean and refer to the area included within the boundaries of the Districts as shown on the map attached as Exhibit A hereto, subject to addition of future inclusions and deletion of future exclusions.

"**Special District Act**" shall mean Title 32, Article 1, Colorado Revised Statutes, as amended from time to time.

"**Tax Increment Revenues**" means the amount of ad valorem property taxes collected on the Increment Valuation of all taxable property located in the Plan Area.

"**TDA**" shall mean and refer to the urban renewal authority for the Growth Management Area for the Town of Timnath, also referred to as the Timnath Urban Renewal Authority, or the Timnath Development Authority, a body corporate and politic of the State of Colorado, formed by Resolution No. AJ-2004, on November 10, 2004.

"**Urban Renewal Law**" shall mean and refer to the Colorado Urban Renewal Law, Colorado Revised Statutes, Title 31, Article 25, Part I, as amended from time to time.

"**Urban Renewal Plan**" shall mean and refer to the Urban Renewal Plan prepared for the Town, recommended by the Planning Commission on November 10, 2004, and approved and adopted by the Town's Board of Trustees December 15, 2004 by Resolution No. AS-2004.

SECTION 2. DISTRICT TAX INCREMENT

2.01 TDA Direction to County.

(a) In order to enable the Districts to acquire, construct, operate and maintain the Eligible Improvements, the TDA hereby agrees (subject to subparagraph (b) hereof) (i) to direct the County to pay all of the District Tax Increment directly to the District imposing the related District Mill Levy, and (ii) to pay any District Tax Increment received from the County promptly to the applicable District; provided that such District Tax Increment may be applied only to Eligible Costs. The Districts shall make the final determination as to costs that constitute Eligible Costs; provided that such determination is in accordance with the definition set forth herein.

(b) Notwithstanding subparagraph (a) hereof, in the event that (i) legal counsel to the TDA advises that the TDA is not legally permitted to take the actions set forth in subparagraph (a) hereof or (ii) the County Assessor refuses to comply with the directions of the TDA as contemplated by subparagraph (a), then the provisions of subparagraph (a) shall be deemed of no force and effect, the TDA shall not be obligated to comply with the same and, instead, the TDA shall apply District Tax Increment in accordance with the provisions of Sections 2.02 and 2.03.

2.02 Deposit and Pledge of District Tax Increment. ***The provisions of this Section 2.02 shall be operative only under the circumstances described in Section 2.01(b).*** There shall be created and held by the TDA a special fund referred to herein as the "**North Timnath Special Fund.**" All of the District Tax Increment shall be allocated to, and when collected paid into, the North Timnath Special Fund. All of the District Tax Increment, and all interest earned thereon, is hereby irrevocably pledged and assigned to the Districts for the purpose of funding and refunding Eligible Costs. The TDA agrees that, at such time as one or more of the Districts proposes to issue District Debt to fund Eligible Improvements, the TDA shall execute such additional documentation as may be necessary to further evidence such pledge and facilitate the issuance of such District Debt. Until terminated as provided in Section 2.04, the District Tax Increment collected from the TDA may not be allocated by the TDA for any use or purpose except as permitted by this Agreement.

2.03 Disbursement of District Tax Increment. ***The provisions of this Section 2.03 shall be operative only under the circumstances described in Section 2.01(b).***

All District Tax Increment collected and the balance in the North Timnath Special Fund, including all interest thereon, shall be paid to or at the direction of the Designated District on dates established by the Designated District, but no more frequently than monthly, subject to the receipt by the TDA of the following at least 5 business days prior to the requested disbursement:

(i) if to be applied to District Debt, a certificate of the District (provided at the time of issuance of such District Debt) indicating the Eligible Improvements to which net proceeds of such District Debt are to be applied and stating that all of such proceeds and the requested District Tax Increment will be applied to Eligible Costs, and providing specific instructions as to the time and place of payment; and (ii) if to be applied to Eligible Costs not constituting District Debt, a certificate of the District indicating the Eligible Costs to be funded with such District Tax Increment (which Eligible Costs need not have been incurred by a District if based upon budgeted operation and maintenance expenses of the District for the current year or, in the case of the funding of capital costs, the amount of any proposed contract) and stating that such District Tax Increment will be applied only to such Eligible Costs. The Districts shall make the final determination as to costs that constitute Eligible Costs; provided that such determination is in accordance with the definition set forth herein.

2.04 Termination of Tax Increment Financing. Allocation of the District Tax Increment to the North Timnath Special Fund shall terminate twenty-five (25) years after the TDA Commencement Date.

2.05 Pledge of District Tax Increment. All of the District Tax Increment, and all interest earned thereon, due hereunder, is hereby irrevocably pledged and assigned by the TDA to the Districts for the purpose of funding and refunding Eligible Costs.

2.06 No Annual Appropriation. The obligations of the TDA hereunder constitute valid and binding obligations of the TDA, subject to any advice described in Section 2.01(b), and are expressly not subject to annual appropriation by the TDA.

SECTION 3. COVENANTS, ACKNOWLEDGEMENTS & AUTHORIZATIONS

3.01 Districts' Provision of Eligible Improvements. In exchange for the TDA's pledge and payment of the District Tax Increment in accordance with the foregoing provisions, the Districts hereby agree to provide the Eligible Improvements, or a portion thereof, to the extent the same may be funded by the District Tax Increment. The TDA hereby authorizes and delegates to the Districts, to the extent of available funds and to the extent the District has the legal authority to do so, to (i) design, install, maintain, repair, replace, construct, reconstruct, expand, operate and maintain Eligible Improvements in the Plan Area, including, without limitation, water, street, park, recreation, landscaping, sanitary sewer and drainage improvements and (ii) to incur indebtedness as necessary to pay the Eligible Costs.

3.02 Town/TDA Debt. Neither the Town nor the TDA shall be obligated by this Agreement to issue bonds, incur debt, pledge its credit, or otherwise incur financial risk under the Urban Renewal Plan except that the TDA shall irrevocably pledge, assign and pay the District Tax Increment, to the extent received by the TDA, in accordance with the provisions hereof.

3.03 District Debt. The TDA expressly acknowledges that District Debt will be incurred by the Districts in reliance upon the agreements set forth in Article 2.

3.04 Amendment of Plan. The Urban Renewal Plan shall not be amended or modified in any way if:

(a) such amendment or modification would reduce the District Tax Increment to be allocated to the South Timnath Special Fund as originally approved, or reduce, delete, or exclude any real property from the TDA as originally established; or

(b) such amendment or modification would impair in any way any of the obligations of the TDA set forth in Section 2 hereof or District Debt.

3.05 Acknowledgement of Other Revenues. The parties hereto acknowledge that: (i) the Town may impose certain fees on property owners in connection with the annexation of their property to the Town, certain property tax levies on properties with the boundaries of the Town, and certain sales taxes on sales transactions occurring within the Town (collectively, the "**Town Impositions**"); (ii) the Districts may impose certain fees, rates and charges (collectively, "**District Impositions**") as are permitted by the Special District Act and the Service Plan for the purpose of funding Public Improvements (provided that such fees, rates and charges are not imposed on properties then-owned by the Town); and (iii) owners of property within the Districts, in particular commercial property, may choose to impose such private contractual fees on users of such property, including public improvement fees imposed on sales transactions, as are legally permitted by law ("**Private Fees**"). Nothing in this Agreement is intended to or shall prohibit or restrict in any way, or alter the parties entitled to receipt of, and no provision of this Agreement is contingent upon the existence or non-existence of, such Town Impositions, District Impositions or Private Fees.

SECTION 4. REPRESENTATIONS AND WARRANTIES

4.01 By the Districts. Each District represents and warrants as follows:

(a) The District is a quasi-municipal corporation and political subdivision of the state of Colorado duly organized and validly existing under the Special District Act;

(b) The District has the power to enter into and has taken all actions required to authorize this Agreement and to carry out its obligations hereunder;

(c) There is no litigation, proceeding or investigation pending contesting the power and authority of the District or its officials to enter into or consummate the transactions contemplated by this Agreement and the District is unaware of any such litigation, proceeding or investigation that has been threatened;

(d) The execution and delivery of this Agreement and the documents required hereunder and the consummation of the transactions contemplated by this Agreement will not:

i. conflict with or contravene any Regulation applicable to the District;

ii. result in the breach of any of the terms or provisions of, or constituted default under, any agreement or other instrument to which the District is a party or by which it may be bound or affected; or

iii. permit any party to terminate any such agreement or instruments or to accelerate the maturity of any indebtedness or other obligation of the District; and

(e) This Agreement constitutes a valid and binding obligation of the District, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity. The District will defend the validity of this Agreement in the event of any litigation arising hereunder that names the District as a party or which challenges the authority of the District to enter into or perform its obligations hereunder.

4.02 By the TDA. The TDA and the Town, for and on behalf of the TDA, jointly and severally represent and warrant as follows:

(a) The TDA is a body corporate and politic and has the power to enter into, and has taken all actions to date required to authorize, this Agreement and to carry out its obligations hereunder;

(b) Neither the TDA nor the Town knows of any litigation, proceeding, initiative, referendum, investigation or threat of any of the same contesting the powers of the TDA or its officials with respect to this Agreement that has not been disclosed in writing to the Developer and the Districts (and, in connection therewith, the Districts acknowledge receipt of the letter of _____ dated _____ relating to certain litigation involving the Town and TDA);

(c) The execution and delivery of this Agreement and the documents required hereunder and the consummation of the transactions contemplated by this Agreement will not:

i. conflict with or contravene any Regulation of, or applicable to, the TDA;

ii. result in the breach of any of the terms or provisions of, or constitute a default under, any agreement or other instrument to which the TDA is a party or by which it may be bound or affected; or

iii. permit any party to terminate any such agreement or instruments or accelerate the maturity of any indebtedness or other obligation of the TDA; and

(d) This Agreement constitutes a valid and binding obligation of the TDA, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity. The Town and the TDA will defend the validity of this Agreement in the event of any litigation arising hereunder that names the TDA as a party or which challenges the authority of the TDA to enter into or perform its obligations hereunder.

SECTION 5. MISCELLANEOUS

5.01 Amendment. This Agreement shall be amended only by an instrument signed by all of the Parties. It may not be amended or modified by course of conduct or by an oral understanding or agreement among any of the Parties.

5.02 Applicable Law. This Agreement shall be governed by, and its terms construed in accordance with, the laws of the state of Colorado.

5.03 Assignment. The Districts shall have the right to assign or transfer all or any of their interests, rights and obligations under this Agreement to any trustee for District Debt and/or to a Designated District without consent of the TDA. No other assignment or assumption of this Agreement shall be permitted without the written consent of the parties hereto.

5.04 Execution and Counterparts. This Agreement may be executed in any number of counterpart copies. Facsimile signatures shall be accepted the same as originals.

5.05 Notice. Any notice required or desired to be given by one or more of the Parties to any other Party or Parties shall be in writing and may be personally delivered; mailed, certified mail, return receipt requested; sent by telephone facsimile with a hard copy sent by regular mail; sent by a nationally recognized receipted overnight delivery service, including, by example and not limitation, United Parcel Service, Federal Express, or Airborne Express for earliest delivery the next business day; or sent by electronic mail with a hard copy sent by regular mail. Any such notice shall be deemed given when personally delivered; if mailed, three (3) delivery days after deposit in the United States mail, postage prepaid; if sent by telephone facsimile or electronic mail, on the day sent if sent on a business day during regular business hours (9 a.m. to 5 p.m.) of the recipient, otherwise on the next business day; or if sent by overnight delivery service, one (1) business day after deposit in the custody of the delivery service. The addresses, telephone numbers, and electronic mail addresses for the mailing, transmitting, or delivering of notices shall be as follows:

If to **Town or TDA**:	Town of Timnath Attn: Town Manager P.O. Box 37 Timnath, CO 80547 Phone: (970) 224-3211 Fax: (970) 224-3217
With a copy to:	Brad March, Town Attorney March Olive & Pharris, LLC 110 E. Oak Street, Suite 200 Fort Collins, Colorado, 80524-2825 Phone: (970) 482-4322 Fax: (970) 482-5719

If to **Developer**:	Thomas Brinkman BCX Development LLC 7108 S. Alton Way, Bldg. M Englewood, CO 80112 Phone: (303) 793-0220 x 1221 Fax: (303) 793-0550
With a copy to:	McGeady Sisneros, P.C. Attn: Mary Jo Dougherty 1675 Broadway, Suite 2100 Denver, CO 80202 Phone: (303) 592-4380 Fax: (303) 592-4385
If to **Districts**:	Timnath Farms North Metropolitan District Nos. 1-3 c/o McGeady Sisneros, P.C. Attn: Mary Jo Dougherty 1675 Broadway, Suite 2100 Denver, CO 80202 Phone: (303) 592-4380 Fax: (303) 592-4385

Notice of a change of address of a Party shall be given in the same manner as all other notices as hereinabove provided.

5.06 Contracting by Electronic Means. The Parties do not agree to contract by electronic means except for facsimile signatures on this Agreement and notices given by electronic means pursuant to Section 5.05.

5.07 Further Assurances. The Parties shall execute such documents or instruments and take such action as may be necessary or reasonably required to carry out the terms and provisions of this Agreement.

5.08 Default/Remedies. The Parties recognize that because the extent of damage caused by any breach of the provisions of this Agreement may be extremely difficult or impossible to determine, an action for specific performance may be necessary to provide an adequate remedy for such breach. Accordingly, in the event of a material breach or default by any Party in the performance of its obligations under this Agreement, and in the event such default is not cured within thirty (30) days after notice of default is given to the defaulting party, any nondefaulting Party shall have the right to an action for specific performance, injunctive relief, and/or damages.

5.09 Entire Agreement. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes any prior agreements, understandings, discussions, representations or warranties made by any Party.

5.10 Good Faith. Except for any matters expressly stated to be in the sole discretion of a Party, the Parties shall act in good faith and shall not act unreasonably, arbitrarily or capriciously in the performance of their obligations under this Agreement. Any consent required to be given pursuant to the terms of this Agreement, unless stated to be in the sole discretion of one Party, shall not be unreasonably withheld, conditioned, delayed, or denied.

5.11 Incorporation of Exhibits. All exhibits attached to this Agreement are incorporated into and made a part of this Agreement as if fully set forth herein.

5.12 Third Party Beneficiaries. No rights created in favor of any Party shall be construed as benefiting any Person that is not a party to this Agreement, except the Bond Trustee. The trustee for any District Debt is an intended third party beneficiary of all of the terms and provisions of this Agreement and shall be entitled to enforce such terms and provisions the same as if it was a Party to the Agreement.

5.13 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, in whole or in part, such provision shall be fully severable and this Agreement shall be construed and enforced, and shall not be affected by, the illegal, invalid or unenforceable provision or by the severance of such provision from this Agreement.

5.14 Titles of and References to Sections. The titles of sections of this Agreement are inserted for convenience of reference only and shall not be considered in construing or interpreting any section of this Agreement. References to section numbers are to sections or subsections of this Agreement.

5.15 Town Findings. The Town finds and determines that the execution of this Agreement is in the best interest of the public health, safety and general welfare of the Town.

5.16 No Partnership. Nothing contained in this Agreement shall be construed to create a partnership, joint venture or other joint enterprise between and among any of the Parties.

5.17 Waiver of Breach. No waiver of any one or more of the terms of this Agreement shall constitute a waiver of any other terms and no failure to enforce any of the terms or provisions of this Agreement shall be construed as a waiver of such terms or provisions.

5.18 Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors and assigns.

5.19 Term. This Agreement shall remain in full force and effect for a period of twenty-five (25) years from and after the Effective Date.

5.20 Construction. The terms and provisions of this Agreement have been negotiated among the Parties and shall not be construed in favor of or against the Party primarily responsible for the drafting of this Agreement. To the extent that any of the terms or provisions of this Agreement may conflict with any current or future Regulations, the terms and provisions of this Agreement shall govern and shall be deemed to have superseded such Regulations. Regulations shall be applicable only as expressly provided in this Agreement to the extent such Regulations are not in conflict with any of the terms or provisions of this Agreement.

5.21 Delegation of Authority. Nothing contained in this Agreement is intended to, or shall be construed to, constitute or require an unlawful delegation of authority by the Town or the TDA or an unlawful restraint on the legislative discretion of future Town Boards.

5.22 Nonliability of Officials and Employees. No member of the Town Board, of any District Board, or any official, employee, agent or consultant of any Party to this Agreement shall be personally liable for the performance of any of the terms or provisions of this Agreement or in the event of a breach or default by any Party.

5.23 Conflict of Interest. No Party shall allow or knowingly permit any of the following Persons to have any interest, direct or indirect, in this Agreement:

(a) A member of the Town Board;

(b) A member of the governing body of the TDA;

(c) An employee of the Town or an employee of the TDA who exercises responsibility concerning the Urban Renewal Project; or

(d) An individual or firm retained by the Town or the TDA that has performed consulting or other professional services in connection with the Urban Renewal Project.

No party shall willingly permit any of the above-described Persons to participate in any decision relating to this Agreement that affects his or her financial interest or the financial interest of any Person with whom or in which he or she is directly or indirectly interested. The parties hereto acknowledge that ownership of, or an interest in, a residential home in the Districts by any of the above-described persons will not constitute a prohibited interest in this Agreement for the purpose of this Section 5.23.

5.24 Opinion Letter. If at any time during the term of this Agreement, a District(s) requests the cooperation of the Town and/or the Authority in connection with rendering opinions for the issuance of District Debt, such District(s) expressly assumes the obligation to pay any and all fees and expenses, including reasonable attorneys' fees, incurred by the Town and/or Authority in connection with such action.

5.25 Dedication of Land. In the event and to the extent that the District No. 3 owns any property that is required to be dedicated to the Town pursuant to the annexation agreement between the Town and the Developer, District No. 3 shall cause such dedication to occur.

IN WITNESS WHEREOF, the Parties have executed this Agreement or counterpart copies thereof as of the Effective Date.

AUTHORITY: TIMNATH DEVELOPMENT AUTHORITY

By: _____
Date: _____, 2006

ATTEST:

By: _____

TOWN: TOWN OF TIMNATH, COLORADO

By: _____
Date: _____, 2006

ATTEST:

By: _____

DISTRICTS: TIMNATH FARMS NORTH
METROPOLITAN DISTRICT NO. 1

By: _____
Date: _____, 2006

ATTEST:

By: _____

TIMNATH FARMS NORTH
METROPOLITAN DISTRICT NO. 2

By: _____
Date: _____, 2006

ATTEST:

By: _____

TIMNATH FARMS NORTH
METROPOLITAN DISTRICT NO. 3

By: _____
Date: _____, 2006

ATTEST:

By: _____

EXHIBIT A
DISTRICT BOUNDARIES
(SERVICE AREA)

EXHIBIT B
PLAN AREA

EXHIBIT I

List of Residential Property Addresses as of November 1, 2005

Exhibit I

Timnath Farms North Metropolitan District No. 3
Town of Timnath Address List as of November 1, 2005

Main Street	
3721	4124
3733	4201
3805	4120
3817	4217
3927	4229
4000	4233
4004	4237
4005	4241
4008	4301
4012	4309
4016	4317
4104	4321
4105	4325
4109	4329
4110	4333
4113	4401
4116	4405
4117	4409

Dixon Street
4208
4208½
4217
4220
4221
4225
4228
4233
4234
4241
4248
4249
4304
4305
4308
4316
4319
4320
4324
4324
4332

Kern Street
4000
4001
4004
4006
4009
4016
4017
4020
4025
4033
4101
4105
4113
4121

Sugar Trail
5101
5103
5105

3rd Avenue
5000
5050
5151

4th Avenue
5124
5200
5250

5th Avenue
5001
5008
5009
5016
5017
5024
5025
5032
5033
5115
5121