

**SOUTHSHORE
METROPOLITAN
DISTRICTS NOS. 1 & 2**

CONSOLIDATED SERVICE PLAN

City of Aurora
Arapahoe County, Colorado

February 2002

PREPARED BY

CARTER DEVELOPMENT CORPORATION

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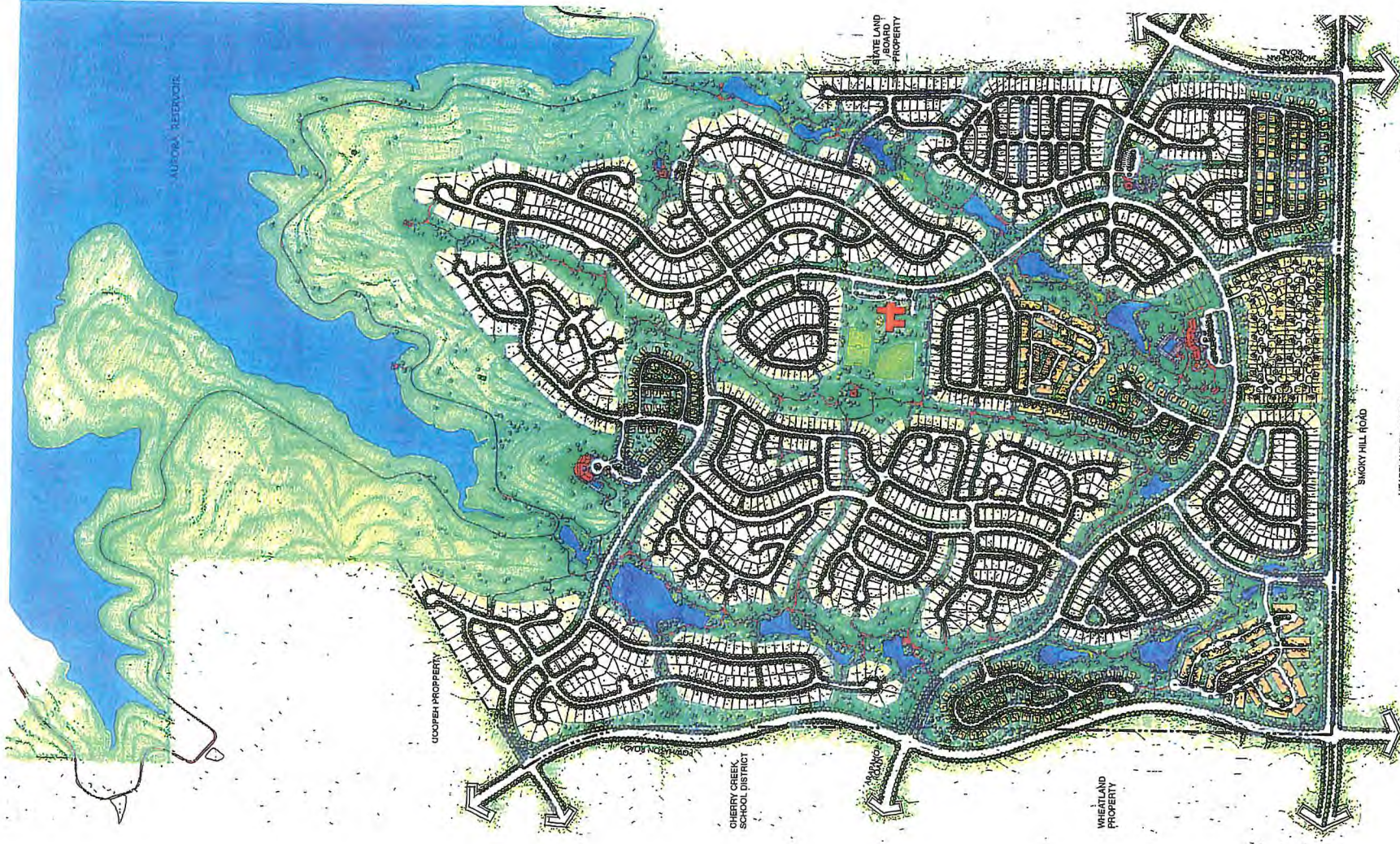
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SOUTHSHORE METROPOLITAN DISTRICTS NOS. 1 & 2

City of Aurora, Arapahoe County, Colorado

CONSOLIDATED SERVICE PLAN

I. INTRODUCTION

A. General Overview. This consolidated service plan ("Service Plan") for Southshore Metropolitan Districts Nos. 1 and 2 (hereinafter collectively known as "Districts") constitutes a combined service plan for two Title 32 special districts proposed to be organized to serve the needs of a new community to be known as "Southshore" or the "Project". Southshore Metropolitan District No. 1 shall hereinafter be known as "the Operating District," and Southshore Metropolitan District No. 2 shall hereinafter be known as "the Taxing District." The primary purpose of the proposed Districts is to provide public improvements for the Southshore area which shall be dedicated to the City of Aurora, Colorado, ("Aurora") or, with Aurora's consent, shall be retained by the Operating District for the use and benefit of the Districts' inhabitants and taxpayers. Improvements to be provided by the Districts shall include the types of facilities and improvements described in Section II.C. below, consisting largely of water, wastewater, streets, drainage, safety protection, park and recreation facilities and other improvements needed for the area. This Service Plan addresses the improvements which are expected to be provided by the Districts and demonstrates how the Districts will work together to provide the necessary public improvements.

The proposed Districts are generally located on the south shore of the Aurora Reservoir, east of E-470, north of Smoky Hill Road, within the boundaries of the City of Aurora, and upon completion will contain approximately 813 acres.

In general, the Taxing District will serve to provide funding to the Operating District for construction, operation and maintenance of the facilities and improvements described herein. The Operating District will manage the financing, construction, operation and maintenance of such facilities and improvements. Agreements between the Districts will identify the timing, purposes and scope of issuance of bonds by the Taxing District to fund those activities. The "Financing Plan" discussed in Section V contains a consolidated financial plan for the two Districts as a result of the inherent financial ties which the Districts will have to each other for the provision of public improvements for the Southshore project and for the payment of debt.

The use of a consolidated Service Plan for the proposed Districts will help ensure proper coordination of the powers and authorities of each respective District, and will help avoid confusion regarding the separate but coordinated purposes of the Districts which could arise if separate service plans were used. Unless otherwise specifically noted herein, the general provisions of this Service Plan apply to the Districts collectively. Where necessary, however,

specific reference is made to an individual District to help distinguish the powers and authorities of each District.

The assumptions contained within this Service Plan were derived from a variety of sources. Information regarding the present status of property within the Districts, as well as the current status and projected future level of similar services, was obtained from Laing Village, LLC, a Colorado Limited Liability Company (the "Developer"). Maps and construction cost estimates were assembled by Martin & Martin, Inc. which has experience in the costing and construction of similar facilities. Financial recommendations and advice in the preparation of the Service Plan were provided by George K. Baum & Company and Clifton Gunderson, LLP, which have experience as financial consultants to numerous special districts. This Service Plan was assembled by Carter Development Corporation, 2449 S. Inverness Pl., Evergreen, Colorado 80439 and Collins Cockrel & Cole, Professional Corporation, 390 Union Blvd., Suite 400, Denver, Colorado, 80228-1556, telephone 303-986-1551.

B. Contents of Service Plan. This Service Plan consists of a financial analysis and engineering information showing how the facilities and services of the Districts can be provided and financed. Numerous items are addressed in this Service Plan in order to satisfy the requirements of law relative to formation of special districts, as further specifically identified in Exhibit E attached hereto. It is believed that each of the requirements of law and of the Aurora Code are satisfied by this Service Plan.

C. Modification of Service Plan. This Service Plan has been prepared with sufficient flexibility to enable the Districts to provide required services and facilities to meet the needs of the community under evolving circumstances. While the assumptions upon which this Service Plan are generally based are reflective of anticipated zoning for the property within the proposed Districts, the cost estimates and Financing Plan are sufficiently flexible to enable the Districts to provide the necessary services and facilities without the need for repeated amendments to the Service Plan. To the extent permitted herein, modification of the proposed configuration of improvements, scheduling of construction of such improvements, and the locations and dimensions of various facilities and improvements shall be permitted administratively to accommodate development needs consistent with zoning and final development requirements for the property.

D. Service Plan Approval. Approval of this Service Plan by Aurora does not imply any approval of development of a specific area covered by the proposed Districts, nor does it imply approval of a specific number of units identified in this Service Plan or the Financial Plan attached hereto, unless either item has been approved by Aurora as part of a separate development review process.

E. Multiple District Structure. This Service Plan defines the powers and authorities of, as well as the limitations and restrictions on, the proposed Districts. The Operating District will be responsible for managing or arranging for the construction of facilities and improvements, and for operation and maintenance of improvements which are not conveyed to Aurora or to a homeowners association. The Taxing District will be responsible for providing

the funding and tax base needed to support the Financing Plan for capital improvements and to fund ongoing operations.

Various agreements are expected to be executed by the Districts clarifying the nature of the functions and services to be provided by each District. A description of such agreements shall be included in the annual report to be provided by the Districts to Aurora, as described in Section VII. The agreements will be designed to help assure the orderly development of essential services and facilities resulting in a community which will be both an aesthetic and economic asset to Aurora.

Establishment of the proposed Districts will create several benefits for the inhabitants of the community and Aurora. In general, those benefits are: (a) coordinated administration of construction and operation of public improvements and delivery of those improvements in a timely manner; (b) maintenance of a reasonably uniform mill levy and reasonable tax burden on all residential and commercial areas through controlled management of the financing and operation of public improvements; and (c) assured compliance with state laws regarding taxation which permits the issuance of bonds at the most favorable interest rates possible.

II. PURPOSE OF AND NEED FOR THE PROPOSED DISTRICTS

A. Purpose and Intent. It is intended that the Districts will provide certain essential public-purpose facilities for the use and benefit of all anticipated inhabitants and taxpayers of real property within the boundaries of the Districts, which are wholly located within Aurora. The primary purpose of the Districts will be to finance the construction of these facilities.

It is not the intent of the Districts to provide ongoing services other than as specifically set forth in Section IV.H. hereof and approved by Aurora. Should the Districts cease to provide these services for any reason, it is the intent of the Districts to dissolve upon payment of all debt and other financial obligations incurred. The Districts acknowledge the need and their intent to cooperate with Aurora to serve and promote the health, safety, prosperity, security and general welfare of its inhabitants. As evidence of such cooperation and need to coordinate activities with Aurora, the proposed Districts shall obtain a resolution approving this Service Plan from Aurora which shall be attached hereto as Exhibit A. Should the purposes of the Districts change from what is stated herein, it shall be considered to be a material modification of this Service Plan.

B. Need for Districts. There are currently no other governmental entities in existence located in the immediate vicinity and surrounding area of the Districts that have the ability and/or desire to undertake the design, financing and construction of public improvements needed for the project. It is the petitioner's understanding that Aurora does not consider it feasible or practicable for it to provide the necessary services and facilities for the project depicted in Exhibit F hereof and described herein. Formation of the Districts is necessary in order that the public improvements required for the project be provided in the most economic manner possible.

C. General Powers. The proposed Districts will have power and authority to provide the services and facilities generally described in this Service Plan; however, the powers and authorities of each District will be allocated and further refined in a Master Intergovernmental Agreement ("Master IGA"), as referred to in Section I.D above, which may be voted upon and approved by the Districts' voters, and shall constitute contractual debt of the Taxing District. For purposes of applicable state laws and Aurora requirements, the Master IGA shall not constitute an amendment of this Service Plan, but shall constitute an integral element of the plan for the Districts and shall be considered a binding agreement between the Districts regarding implementation of the powers contained in this consolidated Service Plan.

The termination of, or any material amendment to the Master IGA, shall be deemed a material modification to the Service Plan, and shall be subject to Aurora's prior approval. However, if the Operating District dissolves simultaneously with the termination of the Master IGA, as is contemplated upon completion of construction of the improvements set forth herein and financing therefor, then no material modification will have been deemed to occur.

Contractual debt obligations as are contained in the Master IGA shall not count against the total combined new money debt limit ("debt limit") as set forth below in Section V. The maximum allowable contractual debt limit hereunder shall be \$33,033,000, although only \$30,030,000 in debt is currently anticipated; the difference is intended to allow flexibility in refinancing and inflation.

1. Powers Regarding Services and Facilities. The Operating District shall have authority to construct, operate and maintain the services and facilities described below. The Taxing District will provide the funding to the Operating District necessary for activities to be undertaken by the Operating District. Funding will be provided by the issuance of bonds by the Taxing District at times required pursuant to the Master IGA. The following activities shall be permitted:

a. Water. The design, acquisition, installation, construction, operation, and maintenance of a water and irrigation water system, including but not limited to, treatment, storage, transmission and distribution systems for domestic and other public or private purposes, together with all necessary and proper reservoirs, treatment works and facilities, wells, equipment and appurtenances incident thereto which may include, but shall not be limited to, transmission lines, distribution mains and laterals, storage facilities, land and easements, together with extensions of and improvements to said systems. The Districts will not be empowered to operate a water system except as may be authorized or directed by the City of Aurora. This might include the operation of certain wells and certain landscape irrigation systems.

b. Streets and Roadways. The design, acquisition, installation construction, relocation, completion, operation and maintenance of street, drainage, and roadway improvements, including but not limited to curbs, and entry monumentation, as well as sidewalks, bridges, underpasses, emergency access streets, parking facilities, paving, lighting, sleeving, grading, landscaping, irrigation, snow removal equipment, and other street improvements, together with all necessary, incidental, and appurtenant facilities, land and

easements, together with extensions of and improvements to said facilities. Additionally, the Districts shall have the right to participate in the costs of Smoky Hill Road improvements.

c. Traffic and Safety Controls. The design, acquisition, installation and construction of traffic and safety protection facilities and services through traffic and safety controls and devices on streets and highways, environmental monitoring, as well as other facilities, fees, and improvements including but not limited to, main entry buildings, access gates, signalization at intersections, traffic signs, area identification signs, directional assistance, and driver information signs, together with all necessary, incidental, and appurtenant facilities, land easements, together with extensions of and improvements to said facilities.

d. Parks, Open Space and Recreation. The design, acquisition, installation, construction, operation and maintenance of park and recreation facilities or programs potentially in conjunction with homeowner's associations ("HOA") including, but not limited to, swimming pools and spas, tennis courts, exercise facilities, bike paths, hiking trails, pedestrian trails, pedestrian bridges, pedestrian malls, public fountains and sculpture, art, and botanical gardens, equestrian trails and centers, picnic areas, skating areas and facilities, common area and right-of-way landscaping and irrigation, weed control, outdoor lighting of all types, community events and other facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems.

e. Sanitation and Drainage. The design, acquisition, installation and construction of storm or sanitary sewers, or both, flood and surface drainage, gutters, culverts, storm sewers and other drainage facilities, detention ponds, retaining walls and appurtenances, wastewater treatment and disposal works and facilities, water quality facilities, and all necessary or proper equipment and appurtenances incident thereto, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems.

f. Mosquito Control. The design, acquisition, installation, construction, operation and maintenance of systems and methods for the elimination and control of mosquitoes, rodents, and other pests.

2. Relationship with Framework Development Plan. The terms, requirements, and provisions of the Southshore Framework Development Plan ("FDP"), as approved, shall take precedence over conflicting terms and provisions, if any, between the final FDP and this Service Plan. If there is a density discrepancy greater than five percent (5%) between the number of units described in the Financing Plan and the final FDP, then the Service Plan will be amended, pursuant to Aurora's approval, to reflect the actual number of units contained in the final FDP. The Districts may not be allowed to issue debt or levy taxes until such time as the City approves the FDP.

3. Miscellaneous Powers. The Districts shall have the following miscellaneous powers with respect to activities to be conducted pursuant to this Service Plan.

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

b. Other. In addition to the powers enumerated above, the boards of directors of the Districts shall also have the following authority:

i. To amend this Service Plan as needed, subject to applicable state and local laws contained in Title 32, C.R.S. and the Aurora Code. Each District shall have the right to amend this Service Plan independent of participation of the other Districts on condition that none of the Districts shall be permitted to amend those portions of this Service Plan which affect, impair, or impinge upon the rights or powers of the other District without such District's written consent. No District shall be permitted to depart from or attempt to amend this Service Plan in any way which materially affects the activities of the other District as contemplated herein including, but not limited to, the efforts of the Operating District exclusively to manage the payment, construction, operations and maintenance of facilities as contemplated herein; and

ii. With the written consent of the Operating District, to forego, reschedule, or restructure the financing; payment and construction of certain improvements and facilities in order to better accommodate the pace of growth, resource availability and potential inclusions of property within the other Districts, or if the development of the improvements and facilities would best be performed by another entity; and

iii. To provide all such additional services and exercise all such powers as are expressly or impliedly granted herein, and which the Districts are required to provide or exercise or, in their discretion, choose to provide or exercise; and

iv. To exercise all necessary and implied powers under Title 32, C.R.S. in the reasonable discretion of the boards of directors of the Districts subject to and in accordance with the powers described herein.

III. BOUNDARIES; POPULATION AND ASSESSED VALUATION ESTIMATES

A. General. The service areas of the Districts are generally described as all real property within the collective boundaries of the Districts. The boundaries of the Districts are more particularly depicted in the maps contained in Exhibit D. Legal descriptions of the boundaries of the Operating District and the Taxing District are attached as Exhibit B. The service areas of the Districts are more particularly discussed in Section III.C. which follows. Exhibit C is an Aurora vicinity map, which generally reflects the Districts' location within current Aurora boundaries.

The Developer of the Project holds title to 350 acres of the real property within the Districts. The Developer has entered into a contract to purchase the remaining 453 acres of property and anticipates that it will be included into the final anticipated boundaries of the proposed District. Additionally, the Developer has a memorandum of understanding with Aurora regarding the exchange of certain property, which is expected to result in approximately 10 acres also to be included into the proposed District. Initially, the District will consist of 350 acres, and will submit a plan and schedule for the phased development and inclusion of the remaining 463 acres. The Developer consents to the Districts formation as immediately structured, and the later inclusions will have consent required. The Districts will contain approximately 813 acres of real property after the inclusions referred to above, that will be divided into several development phases planned for residential communities. The Operating District will be comprised of approximately .503 acres and the Taxing District will be comprised of 350 acres immediately and ultimately approximately 813 acres. The improvements, which are described in this Service Plan, are necessary and applicable for the entirety of Southshore. The petitioners assure that the Districts are entirely within the current boundaries of Aurora.

The infrastructure for the Districts is proposed to be constructed in two phases, with the debt for the District infrastructure being issued in at least two phases. Phase I debt will be applicable to the approximately 350 acres land currently within the District, with a maximum Phase I debt limit of \$12,100,000 and with the Phase I debt being issued in 2003. Phase II debt will be applicable to the additional 463 acres of land currently under option and not yet included within the Districts, with the Phase II debt being issued in 2006. Phase II debt will not be issued until that property is finally acquired and included into the Districts. If, for any reason, that property is not closed upon and included into the Districts, this will be deemed to be a material modification to this Service Plan, and an amendment to this Service Plan will be required. A hypothetical model, demonstrating the financial feasibility of Phase I construction and debt repayment has been included in the Financing Plan attached hereto as Exhibit G.

B. Changes in Boundaries. The Districts shall obtain written approval from Aurora prior to seeking a change in their boundaries. Any changes in the boundaries of either the Operating District or the Taxing District shall be approved administratively on the condition that all property originally in one of the districts remains in one of the districts. Otherwise, the inclusion or exclusion of any property into or from the boundaries of the Districts shall be subject to the prior approval of the Aurora City Council following a public hearing thereon.

C. Configuration of Districts. In order to implement the multiple district structure contemplated herein, the boundaries and individual service areas of the Operating District and the Taxing District need to be carefully configured. The service area (the area legally permitted to be served) of the Operating District will consist of the entire community, including the property within the Taxing District's boundaries. The service area of the Taxing District will be the Taxing District's legal boundaries, as amended from time to time. The Operating District will have power to impose taxes only within its legal boundaries, but will be permitted to provide public services to its entire service area and will be permitted to impose fees and charges for such services in the areas served. The Taxing District will have power to assess taxes and other charges permitted by law only within its service area to fund the Taxing District's obligations to

the Operating District. It is currently anticipated that no residential units will be located within the Operating District. The Taxing District is expected to contain residential properties, comprised of single and multi-family homes and commercial property.

D. Population and Assessed Valuation Estimates. An estimate of projected assessed valuations within the Districts is set forth in Exhibit G, which contains the financing plan for the Districts.

1. Southshore Metropolitan District No. 1. The Operating District shall consist of open space and public park and recreation improvements. There will be no calculable residential component within the boundaries of the Operating District, and therefore there is no projected population.

2. Southshore Metropolitan District No. 2. It is anticipated that the Taxing District will consist of residential development comprised of single and multi-family homes. At build-out, the residential population of the Taxing District is estimated to be approximately 7,000 persons.

IV. DESCRIPTION OF PROPOSED FACILITIES

The following section describes the facilities and improvements expected to be provided by the Districts both within and without their boundaries. This description is preliminary only and will be subject to modification and revision as engineering plans, financial factors, and construction scheduling and costs may require. The improvements shall be subject to the limitations on the powers of the Districts as set forth in this Service Plan. Improvements not specifically described herein shall be permitted as long as they are necessary and appurtenant to those improvements generally contemplated in the Service Plan and are within the Districts' financial ability to provide such improvements. As noted herein, the Taxing District will provide funding to the Operating District for construction, operation, and maintenance of such facilities and improvements. The Operating District will be permitted to exercise its statutory powers and authority set forth herein to finance, construct, acquire operate and maintain the public facilities and their improvements as further described in this Service Plan, either directly or by contract. Where appropriate, the Operating District will contract with various public and/or private entities to undertake such functions, including a Master IGA with the Taxing District and an Intergovernmental Agreement with the City of Aurora, both as further described herein.

The Facilities Plan attached hereto as Exhibit F identifies the facilities and improvements to be designed, financed, and constructed by the Districts. The Facilities Plan also includes a schedule of estimated costs (in current dollars) and the anticipated timetable for the construction of such facilities and improvements, as well as an explanation of the methods, basis, and/or assumptions used to prepare such Plan.

The combined total estimated cost of the facilities and improvements that the Districts shall be permitted to construct is approximately \$24,189,234, (hereafter rounded to \$24,200,000) inclusive of contingencies, engineering, and construction management, and exclusive of costs of

organization. Diagrams showing the general layout of the proposed facilities and improvements are attached hereto as Exhibit F. Any material change in the type or cost of, or the construction timetable for, such facilities and improvements from that which have been stated in this section shall be considered to be a material modification of this Service Plan.

Upon approval of this Service Plan, the Districts will continue to develop and refine cost estimates contained herein and prepare for bond issues. Reasonable modifications of public facilities and cost estimates shall be permitted. Updated information, if any, shall be provided to the City in the annual report referred to herein. All cost estimates will be inflated to then-current dollars at the time of bond issuance and construction. All construction cost estimates assume construction to applicable local, state or federal requirements.

A. Water System.

1. Overall Plan. The water system will consist of a water distribution system consisting of buried water mains, fire hydrants, and related appurtenances located predominately, but not exclusively, within the Districts' boundaries. The final configuration of the internal water system is currently being designed. When design and construction are finalized, the entire system will serve each development tract from adjacent streets and roads. The Districts shall dedicate to Aurora all water facilities traditionally owned and operated by the City for operations and maintenance.

2. Design Criteria. The proposed domestic potable water distribution system is expected to include pressurized water mains with multiple pressure zones. Water system components will be installed in accordance with the applicable standards of all entities with jurisdiction over the Districts including Aurora. The Drinking Water Design Criteria of the Colorado Department of Health will also be followed where applicable. The water system will also be designed based on Aurora fire protection requirements. System pressure will primarily be controlled by an Aurora pump station. Water transmission mains will be installed from a direct connection to Aurora's water distribution system. Treated water will be delivered to the mains by high-pressure pump stations.

3. Water Demand. The individual water system components will be sized based upon the projected potable, irrigation and fire flow requirements of Southshore.

4. Water Distribution System. The water distribution system will be owned by Aurora. The system is expected to include main distribution and transmission lines and related appurtenances. At completion, the water distribution system will provide domestic potable water to all platted lots within the Taxing District. The mains will provide for normal and peak water demands of the project as well as the delivery of fire protection water.

5. Metering. Water users within the Taxing District will be metered. Billings for all water service will be based on actual water use to the extent reasonably practicable. The billing process will be the responsibility of Aurora.

6. Cost Estimates. The estimated construction costs for the development of the domestic water system for Southshore are presented in Exhibit F.

B. Street Improvements. After conveyance by the Developer of the street rights-of-way or appropriate easements to the Operating District or the City, the Operating District or the City is expected to construct curbs, gutters, culverts, drainage ditches, sidewalks, box culverts, tunnels, paving, lighting, landscaping and other road, street and drainage facility improvements which the project will require, as well as necessary traffic and safety protection devices and controls. In addition to all street improvements contemplated herein, the Districts have the right and ability to participate in the sharing of costs associated with Smoky Hill and Powhatan Roadway improvements, and other regional improvements as may be required by the City of Aurora.

1. Roadway Infrastructure. All public streets and streets dedicated by plat within the Districts will be owned and maintained by the City of Aurora. This will include all roadway infrastructure as it is completed and accepted by Aurora. With the exception of private roads within the Districts, snow removal and other roadway maintenance on roads within the Districts that are dedicated to and accepted by Aurora will be Aurora's responsibility.

2. Storm Drainage. The Operating District is expected to construct culverts, drainage ditches, box culverts, tunnels and drainage facility improvements, including but not limited to detention ponds, water quality ponds, and off-site drainage facilities as necessary. Only those regional storm drainage facilities dedicated to and accepted by Aurora will be operated and maintained by Aurora. Public detention and water quality ponds that will not be owned, operated or maintained by Aurora will be operated and maintained by the Operating District or by contract with a HOA.

3. Cost Estimates. The estimated construction costs for the development of the roadway system for the project are shown on Exhibit F.

C. Park and Recreation Improvements; Landscaping.

1. Parks and Open Space. The park improvements expected to be constructed within the Districts include neighborhood parks, and common area improvements which may consist of irrigated turf, hardscape, walkways, shrubs, mulch beds, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems, and various amenity features. All public parks shall be open and available to the general public and Aurora citizens free of charge.

2. Recreation. Recreation improvements are proposed to be distributed throughout the development. Currently, most recreational facilities are expected to be operated by HOA; although the Districts may assume this. If any recreation improvements will be constructed through the District, those recreation improvements will be open and available to the public without a significant differential fee.

3. Trails. Trails are proposed to provide linkage between the major development parcels and other major roadways or other features within the property or immediately adjacent thereto. The trail system is anticipated to include a combination of concrete walkways, gravel trails, necessary signage and identification markers and other ancillary trail hardscape such as benches and tables. All trails shall be open and available to the general public and Aurora citizens free of charge.

4. Street Landscaping. The major streets are anticipated to have landscaping along curbing/sidewalk areas and along any medians. This landscaping may consist of required fencing, identification markers, landscape buffers, shrub and flower beds, mulch beds, irrigated and non-irrigated turf and native grasses, subdivision identification markers, trees, together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems and other landscape features commonly associated with streetscape design.

5. Cost Estimates. The estimated construction costs for the development of the park and recreation improvements are shown on Exhibit F.

D. Sanitary Sewer Collection System.

1. Overall Plan. The sanitary sewer collection system is expected to include buried sewer mains, manholes and related appurtenances located predominately within the Taxing District's boundary. The District shall dedicate to Aurora all public wastewater facilities traditionally owned, operated and maintained by Aurora. Aurora will charge system users for its services in accordance with Aurora policies. The exact configuration of the sanitary sewer collection system is currently being designed.

2. Design Criteria. The proposed sanitary sewer collection system is expected to include sewer mains designed to collect sewage from the development areas within Southshore. The sewer system components will be designed and installed in accordance with the applicable standards of all entities with jurisdiction over the Districts including the Colorado Department of Health. A sanitary sewer system analysis will be prepared to determine appropriate line sizes and slopes. The minimum line size of a sewer main is expected to be eight (8) inches.

3. Wastewater Treatment. Wastewater may be collected and transported to Aurora or the Metro Wastewater Reclamation District as appropriate.

4. Cost Estimates. The estimated construction costs for development of the sanitary sewer collection system and storm drainage improvements for Southshore are shown in Exhibit F.

E. Description of Cost Estimates. The cost estimates for all improvements summarized in Exhibit F are based on quantities taken from preliminary development plans and

preliminary utility and drainage plans. The unit prices, based on recent bids or contracts, were multiplied by the individual quantities. A contingency is added to the subtotals for each system for unforeseen matters, engineering, staking, and for construction management to arrive at the total cost estimates.

F. Aurora Construction Standards. The Operating District shall ensure that any proposed improvements set forth in this Section IV will be designed and constructed solely in accordance with the standards and specifications set forth by Aurora, if applicable. The Operating District will obtain approval of civil engineering plans and a permit for construction and installation of improvements from Aurora.

G. Dedication of Improvements to Aurora. Other than as set forth within this Service Plan, the Operating District shall dedicate or cause all of the public water improvements, storm and sanitary sewers, all public streets and streets dedicated by plat, all regional drainage facilities, and all public sidewalks as well as all rights-of-way and easements necessary for access to facilities to be conveyed to Aurora upon completion of construction and installation. Failure to comply with the dedication of improvements set forth in this section shall be deemed to be a material modification of this Service Plan.

An "Initial Acceptance" letter shall be issued by Aurora which specifies that the public improvements shall be warranted for one calendar year from the date of such dedication. Aurora shall issue a "Final Acceptance" form letter at the completion of the warranty period should the public improvements conform to Aurora specifications and standards. At Aurora's discretion, dedication may take place after expiration of the one-year warranty.

H. Dedication to Other Entities or Ownership/Operation of Facilities by Districts. Except for facilities and improvements described in this Section, the Districts shall not be authorized to own or operate facilities to be provided pursuant to this Service Plan, other than as necessary to permit the financing and construction thereof, except through approval by Aurora of an amendment to this Service Plan. The Districts shall have authority to own, operate and maintain the following facilities and improvements not otherwise dedicated to or accepted by Aurora: recreation facilities, parks, tract landscaping improvements, streetscape landscaping detention ponds and trail systems. The Districts may contract with a homeowners' associations for the operation and maintenance of these facilities. The timing for any such contracting will be determined based on the Districts' evaluation of the build-out and cost effectiveness of transferring said operation and maintenance responsibilities.

The Operating District is expected to assume responsibility for the operation and maintenance of the facilities and improvements identified in this Section, which are not conveyed to Aurora, and will do so either by itself or by contract with homeowners' associations. All public park and recreation facilities shall be open and available to all Aurora residents as public facilities. If the Operating District elects to operate and maintain the facilities itself or through a homeowners' association the expenses associated with such activities may be paid from fees lawfully imposed by the District or other legally available District revenues. For example, a reasonable recreation user fee, to be determined in the future, may be imposed to help offset the

District's costs of operating and maintaining the recreation center. Any recreation center fee imposed upon non-District residents shall be determined in accordance with the following, or similar, calculation:

Average Assessed Valuation per Single Family Equivalent within the Districts as reported as of January 1 of the year in question times total Districts' mill levy for all improvements necessary and related to actual costs of the Districts' recreation facilities plus Monthly Recreation Fee x 12 months = Annual Fee for Non-District Residents.

Such fee shall not result in non-District residents paying a user fee that is greater than or otherwise disproportionate to, similar fees paid by residents of the Districts. However, the Districts shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with non-District residents to ensure that such costs are not the responsibility of District residents. All such fees shall be based upon the Districts' determination that such fee constitutes a reasonable annual market fee for users of the Districts' recreation facilities.

Notwithstanding the foregoing, all public parks and trails are to be free and open to the general public and to Aurora citizens. All other recreation facilities shall be open and available to the general public and Aurora citizens as public improvements, and subject to, but not greater than, the fee calculation described herein.

Approval of this Service Plan by Aurora constitutes Aurora's agreement that the Operating District may perform these functions.

I. Acquisition of Land for Public Improvements and Easements. The Districts agree to acquire or arrange for conveyance of all property or easements required by Aurora for the construction of public improvements being provided by the Districts pursuant to this Service Plan. The Districts will agree to acquire or arrange for conveyance of all land needed by Aurora for construction of normal street improvements required by Aurora through dedication by developer at no cost. Exceptions must be approved by Aurora in writing. Failure to comply with this provisions shall be deemed to be a material modification of this Service Plan.

J. Services of Districts. The Operating District will require operating funds to plan and cause the facilities contemplated herein to be constructed, operated, and maintained as permitted herein. Such costs are expected to include reimbursement of organizational costs, legal, engineering, accounting, bond issuance costs and compliance with state reporting and other administrative requirements. The first year's operating budget is estimated to be **\$100,000**. An overall financing plan showing the anticipated operating costs, phasing of bond issues, and related matters is attached as Exhibit G. Operating costs may increase depending upon the entity designated responsible for operations and maintenance of the facilities as set forth in Section IV(H). Notwithstanding the projections set forth in the financing plan such amounts are therefore subject to increase and may be paid from any legally available revenues including but not limited to fees or charges legally imposed by the Districts. Organizational costs and capital costs expended for public infrastructure prior to the date of organization will be reimbursed to

the landowners by the Districts out of their initial revenue sources including bond issue proceeds. The Operating District is expected to acquire completed improvements from the landowners with bond proceeds. The Operating District will then convey certain of those improvements to Aurora.

As discussed herein, it is anticipated that the Districts will enter into a Master IGA which is expected to provide that the obligation of the Taxing District to pay the Operating District for operating expenses incurred for the provision of services shall constitute "debt" of the Taxing District. Accordingly, mill levies certified to make necessary payments to the Operating District will be characterized as debt service mill levies notwithstanding that they are imposed to pay contractual obligations for operations and maintenance services provided by the Operating District. The Operating District anticipates borrowing its initial operating funds from private entities until such time as it is able to generate operating revenues from the Taxing District.

K. Limitation on Use of Funds. The Districts agree that no District revenues will be used to pay water transmission development fees, sewer interceptor development fees, storm drainage development fees, park development fees, E-470 impact fees, traffic impact fees or any other development fee imposed by Aurora.

L. Public Art. The Districts shall provide and install such exterior works of art as may be approved by Aurora, which works of art shall comply with the applicable City standards. The aggregate cost of such works of art shall be not less than one percent (1%) of the total principal amount of all bonds issued by the Districts to finance the construction of aboveground facilities and improvements. At the time at which the Districts designate such works of art as they deem appropriate, they shall submit plans, diagrams and/or descriptions of such works of art to the Aurora Parks and Open Space Department for administrative approval.

M. Regional Improvements. In lieu of a regional improvement financial contribution, the proposed Districts agree to participate in sharing the costs of constructing, installing, acquiring and dedicating to Aurora the public regional infrastructure improvements that benefit the taxpayers and residents of the proposed Districts. Regional improvements creating benefit to taxpayers and residents of the proposed Districts include trails, storm drainage, open space, water, wastewater, and roadway improvements as are described in the Infrastructure Cost Estimate, attached hereto as Exhibit F. Upon organization of the Districts, the Developer anticipate executing an assumption agreement whereby the Districts will assume certain Developer obligations in exchange for receiving assignment of reimbursements due under the Agreements. Failure to comply with this Section shall be deemed to be a material modification of the Service Plan. There may be other regional improvements which the Districts may consider funding, which improvements would require only administrative approval of a clarification of the Service Plan.

V. FINANCING PLAN

A. Debt Limitation and General Plan of Finance. Pursuant to the Master IGA contemplated herein, the Operating District shall be responsible for construction of the facilities described herein to the extent the Taxing District has the financial resources to provide funding

to the Operating District for construction of such facilities. The total estimated costs of Districts facilities and improvements are substantially greater than the amount proposed to be financed through general obligation bonds. The Taxing District anticipates financing \$24,200,000 of these facilities and improvement costs through two phases of debt issuance totaling only \$30,030,000 (in Current Dollars). This \$30,030,000 figure includes costs of issuance and interest reserves. The total combined new money bond debt limit ("debt limit") for the Districts will be \$12,100,000 for Phase I and \$33,033,000 for Phase I & II. This \$33,033,000 amount is inclusive of costs of issuance, organizational costs, inflation, refunding, and other similar costs. The aforesaid debt limit is based upon the financing assumptions set forth in Exhibit G. For purposes of this Service Plan, debt shall be considered any financial obligations of the Districts payable wholly or in part from *ad valorem* taxes collected on real property in the District and for the purposes of financing, acquiring, constructing, or improving any of the public improvements contemplated herein. Increases in debt necessary to accomplish a refunding, re-issuance or restructuring of debt, and bonds payable solely from sources other than *ad valorem* property taxes, shall not count against the debt limit. Obligations of the Districts in the Master IGA discussed herein will not count against the debt limitation. The debt limit shall not be increased unless approved by Aurora and as permitted by statute. Any change in debt limit shall be considered a material modification of the Service Plan unless otherwise permitted herein.

B. Approval of Debt Issuance. It is currently anticipated that the Taxing District will issue general obligation bonds and pay the proceeds to the Operating District under the Master IGA in amounts sufficient to permit the Operating District to construct needed facilities. Senior lien bonds will not have a maturity that exceeds 30 years from the date of issuance. Subordinate lien bonds will not have a maturity that exceeds 20 years from the date of issuance. Notwithstanding anything in this Service Plan to the contrary, the final maturity of any bonds shall not extend beyond 40 years from the date of organization. The Taxing District anticipates it will issue debt in two phases, for a total amount of \$30,030,000. Phase I debt will be applicable to the land currently within the District, with \$10,975,000 being issued in 2003. Phase II debt will be applicable to the additional District land currently under option and not yet included within the Districts, with \$19,055,000 being issued in 2006. Phase II debt will not be issued until that property is finally acquired and included into the Districts. If, for any reason, that property is not closed upon and included into the Districts, this will be deemed to be a material modification to this Service Plan, and an amendment to this Service Plan will be required. A hypothetical model, demonstrating the financial feasibility of Phase I debt has been included in the Financing Plan attached hereto as Exhibit G. The Taxing District anticipates seeking initial voter approval for general obligation debt issuance (exclusive of Master IGA contractual debt) in the amount of \$33,033,000 to cover inflation, refunding, and other unknowns. Despite the amount of voted authorization, the above Service Plan debt limit serves as the ultimate cap for all bonds, notes, contracts, or other financial obligations which are payable wholly or in part from *ad valorem* taxes collected on real property in the District will be classified as either senior lien general obligation debt, junior lien general obligation debt, or developer advances that the Districts may incur. TABOR requirements necessitate that voted debt be in amounts to allow the Districts sufficient flexibility to fund all public improvements contemplated herein. The general form of question or questions authorizing the issuance of debt and the levying of taxes proposed to be submitted by the Districts to their voters are attached hereto as Exhibit J, which may be modified

upon advice of the Districts' bond counsel. For purposes of applicable state laws, Aurora requirements and this Service Plan, such revisions to the ballot questions shall not be considered a modification of this Service Plan and shall not require Aurora approval. However, a copy of any such changes shall be sent to the City's legal department, or its designee, for its files.

A written underwriting commitment from a lender or investment banking firm is attached as Exhibit K for all debt anticipated to be issued within five (5) years of Districts' formation.

C. Identification of District Revenue. All bonds issued by the Districts may be payable from any and all legally available revenues of the Districts, including general *ad valorem* taxes to be imposed upon all taxable property within the Taxing District; subject to the following limitations:

1. The maximum mill levy the Taxing District can impose for all purposes, including the payment of general obligation debt and for operations and maintenance shall be 45.29 mills (the "Mill Levy Cap"). The Mill Levy Cap may be eliminated for payment of senior lien general obligation debt at such time as the face amount of all outstanding senior lien general obligation bonds does not exceed fifty percent (50%) of the Taxing District's assessed valuation. The foregoing mill levy limit shall be subject to adjustment if the laws of the State change with respect to the assessment of property for taxation purposes, the ratio for determining assessed valuation changes, or other similar changes occur. In any of these events, the Mill Levy Cap shall be automatically adjusted so that the tax liability of individual property owners neither increases nor decreases as a result of any such changes, thereby maintaining a constant level of tax receipts of the Taxing District and overall tax payments from property owners.

The total outstanding amount of general obligation debt must be less than fifty percent (50%) of the Taxing District's assessed valuation in order for the District to issue debt that is not subject to the Mill Levy Cap. The total outstanding general obligation debt must remain less than fifty percent (50%) of the Taxing District's assessed valuation after such issuance in order to not be subject to the Mill Levy Cap. Additionally, any debt exceeding fifty percent (50%) of the valuation for assessment of the taxable property in the Taxing District must be issued in compliance with Colorado law, and specifically, Section 32-1-1101(6), C.R.S.

2. In addition to revenues from the Taxing District mill levy, the Districts anticipate revenue from specific ownership taxes, developer advances, residential development fees, and interest income, as further set forth and projected in the Financing Plan, attached hereto as Exhibit G.

The Districts are anticipated to receive initial funding for both capital and ongoing administrative requirements from Developer advances. Such advances shall be made to the Districts subject to the Districts' obligation to reimburse the same, as shall be evidenced by short-term reimbursement agreements without interest or other acceptable agreements. Such advances shall count against the maximum allowable debt limit. Refundings of such advances shall not count against such debt limit, except and to the extent that refunded debt issued by the Districts is above and beyond the developer advances refunded. Such agreements shall be

limited to a twenty-year term, shall be interest free, and shall not constitute bonded debt. The Developer shall not be permitted to re-market or re-sell the Districts' obligation to reimburse such advances without the prior approval of both the Districts and Aurora. Any and all advances that are made by the Developer shall be subordinate to the Districts' senior lien general obligation bonds, and shall be repaid by the Districts from general obligation bond proceeds or other legally available sources of revenue, and refinancing of the same shall not require Aurora's approval. Any amount of outstanding principal and accrued interest on said Developer advances that remains unpaid after the final maturity date shall be deemed to be forever discharged and satisfied in full.

The following additional revenue sources, as set forth in Exhibit G, in the following amounts over time are:

<u>Revenue</u>	<u>Years Collected</u>	<u>Total Amount</u>
Specific Ownership Taxes	2002 - 2026	\$ 5,690,053
Residential System Development Fee	2002 - 2026	\$ 5,047,500
Interest Income	2002 - 2026	\$ 778,481

D. Security for Debt. The Districts shall not pledge any revenue or property of Aurora as security for the indebtedness set forth in the Financial Plan of the proposed Districts.

E. Refinancing of District Debt. Notwithstanding any provision of state statute to the contrary, the Districts shall not shorten or extend the final maturity, or increase the total debt service of any District debt through refinancing or any other method without the prior approval of the Aurora City Council, following a public hearing thereon. Notwithstanding the foregoing, such prior approval need not be obtained where the refunding or restructuring of senior lien general obligation debt of the Districts is being undertaken for the purpose of preventing or averting default or terminating a condition of default.

F. Subordinate Bonds. The Districts shall have the authority to issue such subordinate lien bonds as may be necessary to complete the improvements to be constructed by the Districts. As a condition precedent to issuance of all or any portion of subordinate bonds, the Districts shall be required to present an updated financial plan to the City for approval. Such updated financial plan shall meet all of the criteria set forth in Section V. Such bonds will be characterized as general obligation bonds and, therefore, be subject to the Districts' debt limit, but will be subordinate to all senior lien general obligation bonds then outstanding. The Developer of the property within the Districts shall initially purchase all subordinate lien bonds issued by the Districts. The principal and interest on such bonds shall be paid only if and to the extent revenues are available after the payment of senior Districts obligations and operating costs. To the extent they are approved by the City, the following are terms upon which the subordinate bonds may issue:

1. The final maturity of subordinate bonds shall not exceed the earlier of twenty (20) years from the date of issuance or forty (40) years from the date of organization;
2. The final maturity cannot be extended through refinancing or any other method;
3. Any amount of outstanding principal and accrued interest or other obligation that remains unpaid after the final maturity date shall be deemed to be forever discharged and satisfied in full;
4. Refinancing to senior lien bond status shall require that the Districts net revenues for the immediately preceding fiscal year equal at least 1.2 times the combined value of the debt service of the subordinate bonds to be refinanced; and
5. The total amount of outstanding senior lien debt, after the conversion, does not exceed forty percent (40%) of the total assessed value of property within the District.
6. Developer held subordinate debt cannot be re-sold or re-marketed without prior Aurora administrative approval.

G. Quinquennial Review. Pursuant to Section 32-1-1101.5(1.5), the Districts shall submit application for a quinquennial finding of reasonable diligence in every fifth calendar year after the calendar year in which the Districts' ballot issue to incur general obligation indebtedness or other obligations was approved by its electors. Upon such application, the City shall conduct an administrative review to ensure that the Districts' conduct is in conformance with the provisions of Section 122-35(b) of the Aurora City Code. In the event that Aurora determines that a public hearing is necessary on such application, such hearing shall be held in accordance with Section 32-1-1101.5(2)(a) and a determination for continuation of the authority of the boards of the Districts to issue any remaining authorized debt shall be made at that time. At Aurora's sole discretion, the Districts shall pay an administrative fee for any review required by Aurora under this Section.

H. Description of Existing Conditions. There is currently no ongoing development of property within the Districts. The current assessed value of land within the Districts is approximately \$4,000.

The property within the Districts is currently zoned planned development with an approved general development plan.

I. Anticipated Development. The future development projections of the Districts are set forth in the Market Research Report attached hereto as Exhibit I. All development projections are based upon reasonable and realistic assumptions as evidenced by an Opinion Letter from a market analyst acceptable to Aurora. These assumptions, in turn, are based upon the zoning and building densities approved by Aurora for all property within the Districts.

J. Financial Analysis. The proposed Financing Plan of the Districts is attached hereto as Exhibit G, and been prepared in accordance with the standards established by the

American Institute of Certified Public Accountants and certified by the preparer Exhibit G includes a complete forecasted statement of sources and uses of District revenue, extending through the discharge of all proposed indebtedness. Separate amortization schedules showing annual principal and interest payments are provided for each proposed debt issue and for all debt combined. Insofar as different classes of debt are proposed, the total debt service for each class of debt is shown. A Sources and Uses statement is also provided for each proposed debt issue. Substantial or otherwise material deviations from the bond amortization schedules provided herein will be considered a material modification of this Service Plan. The proposed Financing Plan contemplates the use of a debt service reserve fund for each debt issue. As further described in the summary of significant forecast assumptions and accounting policies, after the Districts are formed, and at the time the proposed debts are issued, the Districts anticipate entering into an agreement with the Developer whereby the Developer agrees to deposit money, as needed, to reimburse the debt service reserve fund if any authorized draws are made upon said fund. Said agreement is intended to exist until such time as the debt issue is refunded or it achieves an investment grade rating. However, if said debt issue is refunded, and the refunding bonds are not investment grade rated at time of issuance, the Developer's obligation, as discussed herein, to reimburse the debt service reserve fund shall remain in effect until such time as said refunding bonds achieve an investment grade rating.

The Financing Plan demonstrates one method that may be used by the Districts to finance the cost of facilities. Any material economic deviation of the Financing Plan from the scope of this Service Plan shall be deemed a material modification hereof and shall be subject to the provisions of the Aurora City Code governing the approval of such modifications. At Aurora's sole discretion, the Districts shall pay an administrative fee for any review required to determine whether material modifications to the Service Plan are being proposed and whether the same are acceptable under the standards set forth for the approval of such modifications in the Aurora City Code.

The Financing Plan does not anticipate actual accumulation of significant fund balances. To the extent annual district revenues exceed expenditures, the Districts will reduce mill levies or reserve the funds. Initial spending and revenue limits of the Districts, as well as mill levies, will be established by elections which satisfy TABOR requirements.

Any compounding of interest by the Districts shall count against the debt limit.

K. Risk Disclosure. The ability of the Districts to meet the projections upon which the financial plan is premised is subject to various risks and uncertainties, including but not necessarily limited to, actual development that occurs within the Districts' boundaries and the sale of lots/construction of homes as might occur within the area and actual market valuation of property within the Districts' boundaries. Development in the Districts will be impacted by many factors including governmental policies regarding land development, the availability of utilities, construction costs, interest rates, competition from other developments and other political, legal and economic conditions.

VI. ANNUAL REPORT.

The Districts shall submit an annual report to Aurora no later than March 1 of each year. The annual report shall include information as to any of the following events that occurred during the preceding calendar year:

- a. Boundary changes made or proposed.
- b. Intergovernmental Agreements with other governmental entities entered into or proposed.
- c. Changes or proposed changes in the Districts' policies.
- d. Changes or proposed changes in the Districts' operations.
- e. Any changes in the financial status of the Districts including revenue projections, or operating costs.
- f. A summary of any litigation which involves the Districts.
- g. Proposed plans for the year immediately following the year summarized in the annual report.
- h. Status of Districts' Public Improvement Construction Schedule.
- i. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by Aurora.
- j. Summary of current assessed valuation in the Districts.

In addition, the annual report shall include a one-page summary of the following information:

1. Assessed value of taxable property within the Districts.
2. Total acreage of property within the Districts.
3. The Districts' indebtedness (stated separately for each class of debt).
4. The Districts' debt service (stated separately for each class of debt).
5. The Districts' tax revenue.
6. Other revenues of the Districts.
7. Public improvement expenditures.
8. Other District expenditures.

Such information shall be presented in the following format: Projected; Year-End Actual; Variance. For purposes of this section, "projected" means as originally projected in the Districts' financial plan and exhibits, as the same may from time to time be amended. If the comparison between projected and year-end actual numbers is based upon a projection contained in an amendment to the Service Plan, the amendment should be clearly identified and the date of Aurora's approval referenced.

VII. CONSERVATION TRUST FUND

The Districts shall claim no entitlement to funds from the Conservation Trust Fund. The Districts shall remit to Aurora any and all conservation trust funds which they receive.

VIII. DISSOLUTION

In the event there is reason to believe that the purposes for which the Districts were created have been accomplished, a public hearing shall be conducted before the Aurora City Council to determine whether the Districts should be dissolved. Prior written notice of such hearing shall be provided to the Board of Directors of the Districts. Upon an independent determination of the Aurora City Council that the purposes for which the Districts were created have been accomplished, the Districts agree to file a petition in the Arapahoe District Court for dissolution. In any event, such dissolution shall not occur until the Districts have provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations and have completed construction and provision of all services and facilities contemplated herein. However, the failure of the Districts to provide for payment or discharge of all or any portion of their subordinate lien bonds or developer advances shall not serve as a bar to dissolution.

IX. CONSOLIDATION

The Districts shall not file a request with the Arapahoe County District Court to consolidate with another Title 32 district without the prior written approval of Aurora.

X. MODIFICATION OF SERVICE PLAN

The Districts shall obtain the prior approval of Aurora before making any material modifications to this Service Plan as noted herein. Material modifications shall include all modifications of a basic or essential nature, including any additions to the type of services initially provided by the Districts, any increases in the debt limit, changes in the revenue type, or increases in the maximum mill levy of the Districts, or any changes to the boundaries of the Districts not described in this Service Plan. The modifications listed in this Section are provided as examples only and are not intended in any way to comprise an exclusive list of all actions which may be deemed to be a material modification of this Service Plan. Aurora approval shall not be required for modifications of a technical or mechanical nature necessary for the execution of the Service Plan.

XI. FAILURE TO COMPLY WITH SERVICE PLAN

In accordance with the authority contained in the Aurora City Code, should the District take any action that constitutes a material modification from the Service Plan without Aurora's prior approval, Aurora shall be entitled to all remedies available under state and local law including the power to enjoin the actions of the Districts.

XII. RESOLUTION OF APPROVAL

The Districts agree to incorporate the Resolution approving the Service Plan adopted by the Aurora City Council, including any conditions imposed on such approval, into the petition presented to the Arapahoe District Court. A copy of the Resolution is attached hereto as Exhibit A.

XIII. DISCLOSURE

The petitioners and the Districts will use best efforts to assure that all landowners of the property located within the Districts provide written notice in a form acceptable to Aurora to all purchasers of property in the Districts regarding the existence of, and the additional taxes, charges, or assessments that may be imposed by, the Districts. The form of disclosure shall be submitted to Aurora for administrative approval within ninety (90) days following the organization of the Districts and prior to the issuance of any debt by the Districts. Such disclosure shall include, but not necessarily be limited to the following matters:

1. The authorized debt of the Districts, anticipated issuance schedules, and terms thereof;
2. The facilities to be operated and maintained by the Districts;
3. The maximum mill levy of the Districts and the procedure for any adjustment thereto;
4. An estimate of the annual ad valorem property tax to be paid by a representative property within the Districts; and
5. Any applicable District fees and a statement that such fees are separate from any applicable homeowners' association fees.

Upon approval of the disclosure by Aurora, the Districts shall record the disclosure in the real property records of the County of Arapahoe, State of Colorado.

XIV. INTERGOVERNMENTAL AGREEMENT

The form of intergovernmental agreement required by the Aurora City Code, relating to the limitations imposed on the Districts' activities, is attached hereto as Exhibit H.

XV. CONCLUSION

It is submitted that this Service Plan for the Districts, as required by Section 32-1-203(2), C.R.S. and Section 122-35 of the Aurora City Code, has established that:

- a. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;

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

c. The Districts are capable of providing economical and sufficient service to the area within its proposed boundaries;

d. The area to be included in the Districts does have, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;

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

f. The facility and service standards of the Districts are compatible with the facility and service standards of Aurora;

g. The proposal is in substantial compliance with the comprehensive plan adopted pursuant to Section 146-206 of the Aurora City Code;

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

i. The creation of the Districts is in the best interests of the area proposed to be served;

j. The development application required by Chapter 146 or 147 of the Aurora City Code for the area to be included in the Districts has been filed; and

k. The development proposed for the area to be included within the Districts will enhance the quality of the entire community.

Therefore, it is requested that the Aurora City Council, which has jurisdiction to approve this Service Plan by virtue of §§ 32-1-201, C.R.S., et seq., as amended, adopt a resolution that approves this Service Plan for the Districts as submitted.

Respectfully submitted,

COLLINS COCKREL & COLE, P.C.

By: 

James P. Collins
Counsel to Petitioners

EXHIBIT A

City Council Resolution of Approval

RESOLUTION NO. R2002 - _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AURORA,
COLORADO, APPROVING THE CONSOLIDATED SERVICE PLAN
FOR SOUTHSORE METROPOLITAN DISTRICTS NOS. 1 AND 2 AND
AUTHORIZING THE EXECUTION OF AN INTERGOVERNMENTAL
AGREEMENT BETWEEN THE CITY AND THE DISTRICTS**

WHEREAS, pursuant to Sections 32-1-204 and 207, C.R.S., as amended, and Section 122-30 of the Aurora City Code, the Consolidated Service Plan (the "Service Plan") for the Southshore Metropolitan Districts Nos. 1 and 2 (the "Districts") has been submitted to the City Council (the "Council") of the City of Aurora, Colorado (the "City"); and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, and Chapter 122 of the Aurora City Code, the City Council held a public hearing on the Service Plan for the Districts on _____, 2002; and

WHEREAS, notice of the hearing before the City Council was duly published in the Aurora Sentinel, a newspaper of general circulation within the City, on _____, 2002 as required by law, and forwarded to the petitioners, others entitled to postcard or letter notice, the Division of Local Government, and the governing body of each municipality and special district which has levied an ad valorem tax within the next preceding tax year and which has boundaries within a radius of three miles of the Districts; and

WHEREAS, the Service Plan references a further inclusion area subject to an option to purchase as referred to in Section III, and specifically defined in Exhibits B and D of the Service Plan (the "Future Inclusion Area"); and

WHEREAS, the Service Plan anticipates a Phase II financing which is permitted only upon exercise of the option and inclusion of the Future Inclusion Area; and

WHEREAS, the Petitioner wishes to accommodate the possibility that the option may not be exercised on the Future Inclusion Area, and that the Phase II financing may then be most appropriately accomplished through the formation of two additional districts comprised of the Future Inclusion Area; and

WHEREAS, the City Council has considered the Service Plan, and all other testimony and evidence presented at the hearing; and

WHEREAS, the City Council finds that the Service Plan should be approved with conditions as set forth herein, as permitted by Section 32-1-203(l), C.R.S., as amended, and Section 122-35(a) of the Aurora City Code; and

WHEREAS, the City Council further finds that it is in the best interests of the citizens of the City to enter into an Intergovernmental Agreement with the Districts at the time of their formation for the purpose of assigning the relative rights and responsibilities between the City and the Districts with respect to certain functions, operations, and obligations of the Districts; and

WHEREAS, Section 10-12 of the Aurora City Charter requires a resolution to authorize the execution of intergovernmental agreements.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AURORA, COLORADO:

Section 1. The City Council hereby determines that all of the requirements of Title 32, Article 1, Part 2, C.R.S., as amended, and Chapter 122 of the Aurora City Code relating to the filing of a Service Plan for the Southshore Metropolitan Districts Nos. 1 and 2 have been fulfilled and that notice of the hearing was given in the time and manner required by law.

Section 2. The City Council further determines that all pertinent facts, matters and issues were submitted at the public hearing; that all interested parties were heard or had the opportunity to be heard; and, that evidence satisfactory to the City Council of each of the following was presented:

- a. There is sufficient existing and projected need for organized service in the area to be served by the proposed Districts;
- b. The existing service in the area to be served by the proposed Districts is not adequate for present and projected needs;
- c. Adequate service is not, and will not be available to the area through the City or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;
- d. The proposed Districts are capable of providing economical and sufficient services to the area they intend upon serving;
- e. The area to be included within the proposed Districts has, or will have the financial ability to discharge the proposed indebtedness on a reasonable basis;
- f. The facility and service standards of the proposed Districts are compatible with the facility and service standards of the City;
- g. The proposal is in substantial compliance with the comprehensive master plan adopted by the City;

- h. The proposal is in compliance with any duly adopted long-range water quality management for the area;
- i. The creation of the proposed Districts will be in the best interests of the area to be served;
- j. The development application required by chapter 146 or 147 of the Aurora City Code for the area to be included in the proposed Districts has been filed with the City; and
- k. The development proposed for the area to be included within the proposed Districts will enhance the quality of the entire community.

Section 3. The City Council hereby approves the Consolidated Service Plan for the Southshore Metropolitan Districts Nos. 1 and 2 as submitted, with the following conditions:

- a. The City Council acknowledges that in order to accommodate the possibility that the option is not exercised on the Future Inclusion Area, formation of two additional districts covering the property of the Future Inclusion Area is anticipated.
- b. Consideration of the additional districts shall be subject to the same terms and conditions, rights, and privileges as set forth in the Service Plan for the Southshore Metropolitan Districts No. 1 and 2.
- c. Nothing herein shall be deemed to permit any deviation from the approved Framework Development Plan.

Section 4. The Mayor and the City Clerk are hereby authorized to execute, on behalf of the City, the Intergovernmental Agreement between the City of Aurora, Colorado, and the Southshore Metropolitan Districts Nos. 1 and 2 (the "IGA") in substantially the form presented at this meeting, with such technical additions, deletions, and variations as the City Attorney may deem necessary or appropriate and not inconsistent with this Resolution.

Section 5. The performance of the IGA by the City shall be contingent upon the formation of and the issuance of debt by the proposed Districts for the purpose of securing sufficient funds for their obligations under the IGA.

Section 6. The proposed Districts shall not be authorized to incur any indebtedness until such time as the Districts have approved and executed the IGA.

Section 7. The proposed Districts may not be allowed to issue debt or levy taxes until such time as the City approves the FDP.

Section 8. This Resolution shall be filed in the records of the City and a certified copy thereof submitted to the petitioners for the purpose of filing in the District Court of Arapahoe County.

Section 9. All prior resolutions or any parts thereof, to the extent that they are inconsistent with this Resolution, are hereby rescinded.

Section 10. Any reconsideration of this Resolution is hereby waived.

RESOLVED AND PASSED this ____ day of _____, 2002.

PAUL E. TAUER, Mayor

ATTEST:

DEBRA JOHNSON, City Clerk

APPROVED AS TO FORM: _____

EXHIBIT B
Legal Descriptions

METROPOLITAN DISTRICT NO. 1

A PARCEL OF LAND LOCATED IN SECTION 28, TOWNSHIP 5 SOUTH RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST QUARTER OF SAID SECTION 28, THENCE N38°21'29"E, A DISTANCE OF 92.27 FEET TO THE TRUE POINT OF BEGINNING; THENCE N00°12'24"E, A DISTANCE OF 209.27 FEET; THENCE S45°05'41"E, A DISTANCE OF 294.62 FEET; THENCE S89°38'50"W, A DISTANCE OF 209.43 FEET TO THE TRUE POINT OF BEGINNING. SAID PARCEL CONTAINS 0.503 ACRES, MORE OR LESS.

SOUTHSHORE METROPOLITAN DISTRICT

METROPOLITAN DISTRICT NO. 2

A PARCEL OF LAND LOCATED IN SECTIONS 20, 21, AND 28, ALL IN TOWNSHIP 5 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 28, WHENCE THE SOUTHEAST CORNER OF THE SAID SECTION BEARS N89°38'54"E ALONG THE SOUTHERLY LINE OF SAID SECTION 28, A DISTANCE OF 30.45 FEET TO A POINT ON THE EASTERLY LINE OF PARCEL "C" AS DESCRIBED IN RECEPTION NUMBERS A8033442 AND A8033439 OF THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER, SAID POINT BEING THE POINT OF BEGINNING; THENCE ALONG SAID EASTERLY LINE OF THE FOLLOWING THREE (3) COURSES: 1) THENCE N00°14'14"W, A DISTANCE OF 41.62 FEET; 2) THENCE N00°12'39"E, A DISTANCE OF 41.62 FEET; 3) THENCE N00°29'11"W, A DISTANCE OF 5.94 FEET TO THE SOUTHEAST CORNER OF PARCEL "D" AS RECORDED AT RECEPTION NO. A8033441 OF THE OFFICE OF THE ARAPAHOE COUNTY CLERK AND RECORDER; THENCE N00°29'38"W, ALONG THE EASTERLY LINE OF SAID PARCEL "D" A DISTANCE OF 2609.83 FEET TO THE SOUTHEAST CORNER OF PARCEL "B" AS RECORDED AT RECEPTION NOS. A8033439 AND A8033442 OF THE OFFICE OF THE COUNTY CLERK AND RECORDER; THENCE N00°29'30"W NON-TANGENT WITH THE FOLLOWING DESCRIBED CURVE ALONG THE EASTERLY LINE OF THE SAID PARCEL "B" A DISTANCE OF 25.48 FEET; THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 34°26'06", A RADIUS OF 2000.00 FEET, A CHORD BEARING OF N17°42'14"W, A DISTANCE OF 1184.00 FEET AND AN ARC LENGTH OF 1202.01 FEET; THENCE N58°02'37"E, NON-TANGENT WITH THE PREVIOUSLY DESCRIBED CURVE A DISTANCE OF 1955.88 FEET TO A POINT ON THE CENTER - WEST SIXTEENTH LINE OF SAID SECTION 21; THENCE S00°22'37"W ALONG SAID CENTER - WEST SIXTEENTH LINE A DISTANCE OF 841.00 FEET TO THE SOUTHWEST SIXTEENTH CORNER OF

SAID SECTION 21; THENCE S41°52'33"E, A DISTANCE OF 1208.92 FEET; THENCE S02°51'06"E, NON-TANGENT WITH THE FOLLOWING DESCRIBED CURVE A DISTANCE OF 1385.24 FEET; THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A CENTRAL ANGLE OF 179°55'03", A RADIUS OF 850.00 FEET, A CHORD BEARING OF S01°48'38"E, A DISTANCE OF 1700.00 FEET AND AN ARC LENGTH OF 2669.13 FEET; THENCE S01°51'06"E TANGENT WITH THE PREVIOUSLY DESCRIBED CURVE A DISTANCE OF 1720.00 FEET; THENCE N80°21'86"W, A DISTANCE OF 372.08 FEET; THENCE S36°08'22"W, A DISTANCE OF 1185.00 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID SECTION 28; THENCE S89°38'54"W ALONG SAID SOUTHERLY LINE A DISTANCE OF 1200.00 FEET TO THE POINT OF BEGINNING; THE ABOVE DESCRIBED PARCEL CONTAINS 350.000 ACRES, MORE OR LESS.

EXCEPT THE FOLLOWING PARCEL (METROPOLITAN DISTRICT NO. 1)

A PARCEL OF LAND LOCATED IN SECTION 28, TOWNSHIP 5 SOUTH RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST QUARTER OF SAID SECTION 28, THENCE N38°21'29"E, A DISTANCE OF 92.27 FEET TO THE TRUE POINT OF BEGINNING; THENCE N00°12'24"E, A DISTANCE OF 209.27 FEET; THENCE S45°05'41"E, A DISTANCE OF 294.62 FEET; THENCE S89°38'50"W, A DISTANCE OF 209.43 FEET TO THE TRUE POINT OF BEGINNING. SAID PARCEL CONTAINS 0.503 ACRES, MORE OR LESS.

FUTURE INCLUSION AREA

A PARCEL OF LAND LOCATED IN SECTION 21 AND 28, ALL IN TOWNSHIP 5 SOUTH RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, CITY OF AURORA, COUNTY OF ARAPAHOE, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE SAID SECTION 28; THENCE S89°38'54"W ALONG THE SOUTHERLY LINE OF SAID SECTION 28, A DISTANCE OF 4092.68 FEET WHENCE THE SOUTHWEST CORNER OF SAID SECTION BEARS S89°38'54"W, A DISTANCE OF 1230.45 FEET; THENCE N36°08'22"E, A DISTANCE OF 1185.00 FEET; THENCE S80°21'06"E, A DISTANCE OF 372.08 FEET; THENCE N01°51'06"W TANGENT WITH THE FOLLOWING DESCRIBED CURVE A DISTANCE OF 1720.00 FEET; THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A CENTRAL ANGLE OF 179°55'03", A RADIUS OF 850.00 FEET, A CHORD BEARING OF N01°48'38"W, A DISTANCE OF 1700.00 FEET AND AN ARC LENGTH OF 2669.13 FEET; THENCE N02°51'06"W NON-TANGENT WITH THE PREVIOUSLY DESCRIBED CURVE A DISTANCE OF 1385.24 FEET; THENCE N41°52'33"W, A DISTANCE OF 1208.92 FEET TO THE SOUTHWEST SIXTEENTH CORNER OF SAID SECTION 21; THENCE N89°16'24"E ALONG THE SOUTH SIXTEENTH LINE OF SAID SECTION 21 A DISTANCE OF 1316.59 FEET TO THE CENTER-SOUTH CORNER OF SAID SECTION; THENCE N89°16'12"E CONTINUING ALONG THE SOUTH SIXTEENTH LINE OF SAID SECTION 21 AND A DISTANCE OF 367.86 FEET; THENCE N61°56'34"E, A DISTANCE OF 1240.54 FEET; THENCE S38°34'56"E, A DISTANCE OF 721.48 FEET TO A POINT ON THE SAID SIXTEENTH LINE; THENCE N89°16'04"E CONTINUING ALONG THE SAID SOUTH SIXTEENTH LINE A DISTANCE OF 386.59 FEET; THENCE S00°20'03"W, A DISTANCE OF 1320.84 FEET; THENCE N89°09'06"E ALONG THE NORTHERLY LINE OF THE NORTHEAST CORNER OF SAID SECTION 28, A DISTANCE OF 328.38 FEET TO THE NORTHEAST CORNER OF SAID SECTION; THENCE S00°20'03"E ALONG THE EASTERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 28, A DISTANCE OF 2682.18 FEET TO THE EAST QUARTER CORNER OF SAID SECTION; THENCE S00°49'05"E ALONG THE

EASTERLY LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 28 A DISTANCE OF 2660.88 FEET TO THE POINT OF BEGINNING; THE ABOVE DESCRIBED PARCEL CONTAINS 463.245 ACRES, MORE OR LESS.

EXHIBIT C
Aurora Vicinity Map

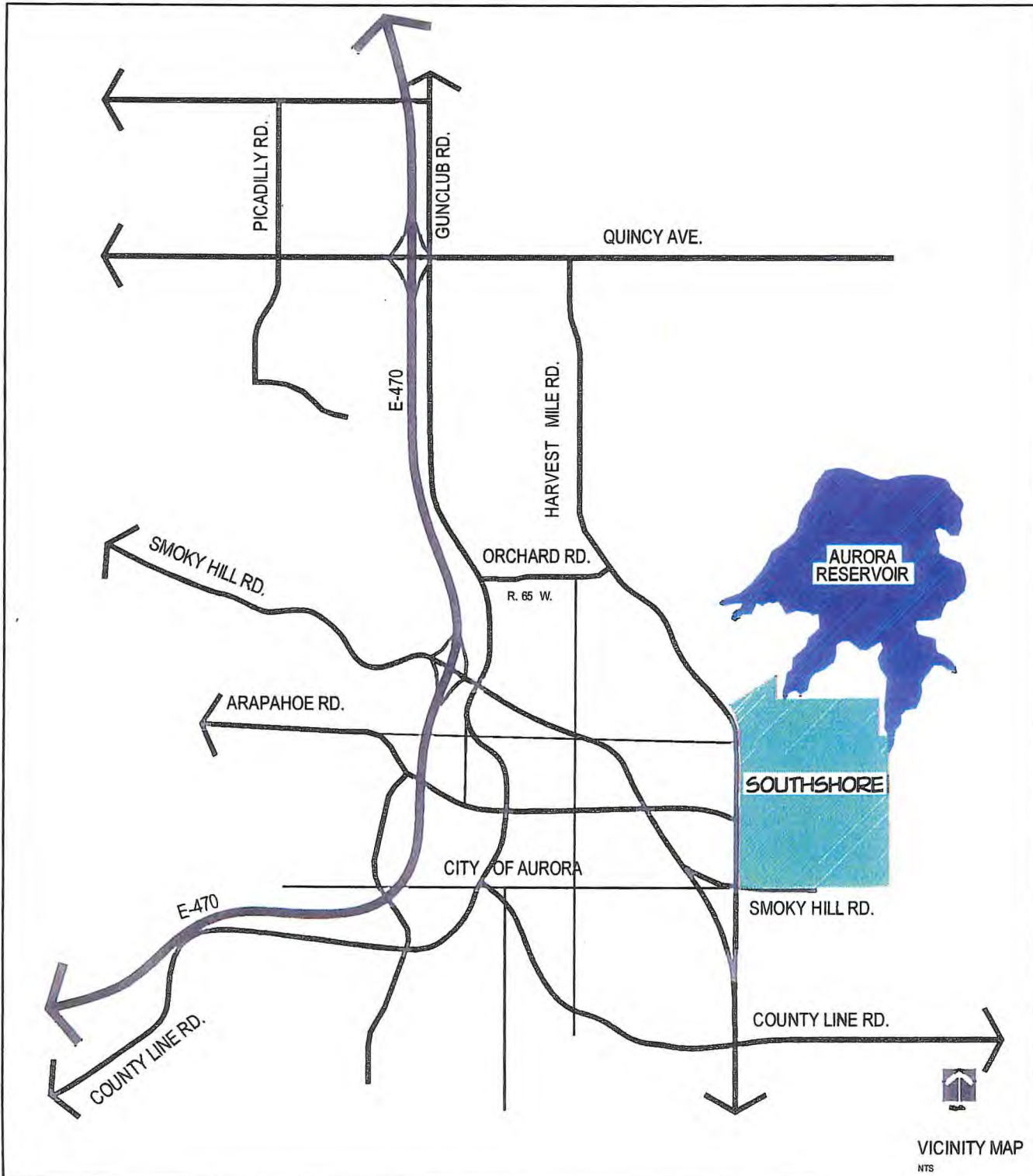


EXHIBIT D
Boundary Maps

D I S T R I C T M A P

not to scale

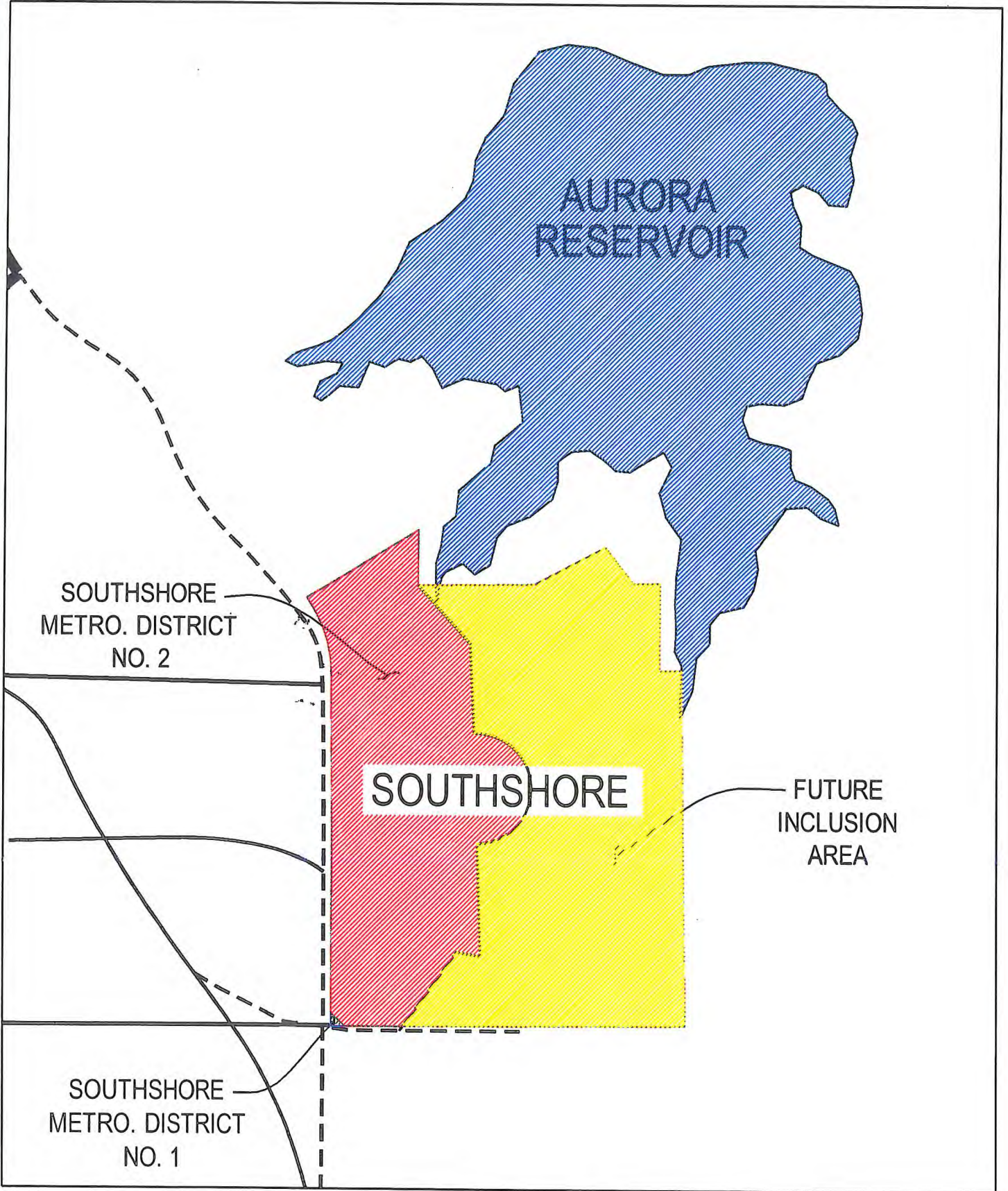


EXHIBIT E
Statutory Contents of Service Plan

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

- (f) That the facility and service standards of the District are compatible with the facility and service standards of Aurora within which the District is to be located and each municipality which is an interested party under Section 32-1-204(1), C.R.S.;
- (g) The proposal is in substantial compliance with any master plan adopted pursuant to Section 32-28-106, C.R.S.;
- (h) That the proposal is in compliance with any duly adopted city, county, regional, or state long-range water quality management plan for the area; and
- (i) That the organization of the District will be in the best interests of the area proposed to be served.

EXHIBIT F

Facilities Plan, Diagrams, Estimated Capital Costs and
Phasing Map and Phasing Costs

SOUTHSHORE METROPOLITAN DISTRICT

EXHIBIT "F"

**FACILITIES PLAN, DIAGRAMS, ESTIMATED CAPITAL COSTS AND
PHASING MAP AND PHASING COSTS**

***FACILITIES PLAN, DIAGRAMS,
ESTIMATED CAPITAL COSTS AND
PHASING MAP AND PHASING COSTS
FOR
SOUTHSHORE
FRAMEWORK DEVELOPMENT PLAN
CITY OF AURORA, COLORADO***

NOVEMBER 5, 2001

PREPARED BY:

MARTIN/MARTIN, INC.
4251 KIPLING STREET
WHEAT RIDGE, COLORADO 80033
(303) 431-6100

PREPARED FOR:

LAING VILLAGE LLC
SOUTHSHORE OFFICE
7000 EAST BELLEVIEW, SUITE 200
GREENWOOD VILLAGE, COLORADO 80111
DAVID DENTON, PROJECT DIRECTOR



SOUTHSHORE PROJECT PHASING:

The 803-acre project is anticipated to be developed in three (3) phases. The phases being determined by the geographic characteristics of the project, as well as the availability, extensions of utility services, and transportation corridors. Phase I of the project consists of approximately 370 acres located to the east of the proposed Powhatan Road and west of the north-south ridge line, which bisects the project approximately in half. This phase obtains access and water service from Powhatan Roadway and the extensions of Arapahoe Road and a north collector, which extends to the existing Smoky Hill Road. Phase II is approximately 322 acres, extends easterly from Phase I into an eastern basin defined by the existing ridgeline. Phase III of the project contains three (3) separate areas of approximately 111 acres. These parcels are located in the northwest, southeast, and the northeast corner of the project.

The District financed infrastructure has been combined into two (2) phases for this project. Phase I District Financed Facilities are all found within the first phase of the development, while Phase II District Financed Facilities are contained within the first, second and third phases of the development. The following is a summary of the major elements of construction within each District Phasing:

Phase I District Financed Facilities

- Arapahoe Road – 3,330 LF 4-lane collector.
- Community Collector Roadway – 7,325 LF 2-lane (46-ft. flowline) collector roadway.
- West Valley Open Space System
 - Pond/Wetlands – 8-acre surface acres
 - Native landscaping - 485,258 sq.ft.
 - Refine Landscape – 284,882 sq.ft.
 - Stream bed 2,600 LF.
 - Re-circulating Pump System
 - Interpretive Signage.
- Parks – 5.18 acres.

Phase II District Financed Facilities

- Powhatan Roadway – East one-half of 6,550 LF 4-lane arterial roadway (partially constructed during Phase I development).
- Smoky Hill Roadway Embankment - 5,300 LF.
- Community Collector Roadway, 6,450 LF.
- Gravity sanitary sewer system – 14,600 LF.
- 56,000 gpd lift sewage station with forcemain and generator.
- Water distribution system – 6,450 LF of water mains.
- Major drainage improvements
 - 4,200 LF minor channel.
 - 5,000 LF storm sewer.
- East Valley Open Space System.
 - Ponds/wetlands – 8 surface acres.
 - Native grasslands – 576,717 sq.ft.
 - Refined landscape - 297,097 sq.ft.
 - Stream – 4,200 LF.
 - Recirculating pumps
 - Interpretive signage.



MARTIN / MARTIN
CONSULTING ENGINEERS

**SOUTHSHORE METROPOLITAN DISTRICTS 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CONSTRUCTION COSTS BY PHASE
AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 20010**

YEAR	WATER SYSTEM	SANITARY SYSTEM	ROADWAY SYSTEM	CHANNEL/DRAINAGE	VALLEY, OPEN SPACE, PARKS	TOTAL
Phase I						
2002			482,154			482,154
2003			3,595,229			3,595,229
2004					4,947,617	4,947,617
Phase I Total						9,025,000
Phase II - 322 acres and Phase III - 110 acres of Infrastructure						
2005			4,470,822			4,470,822
2006	536,580	1,208,728	1,863,227	2,319,080		5,927,615
2007					4,776,563	4,776,563
Phase II Total						15,175,000
District Total	536,580	1,208,728	10,411,432	2,319,080	9,724,180	24,200,000

NOTES:

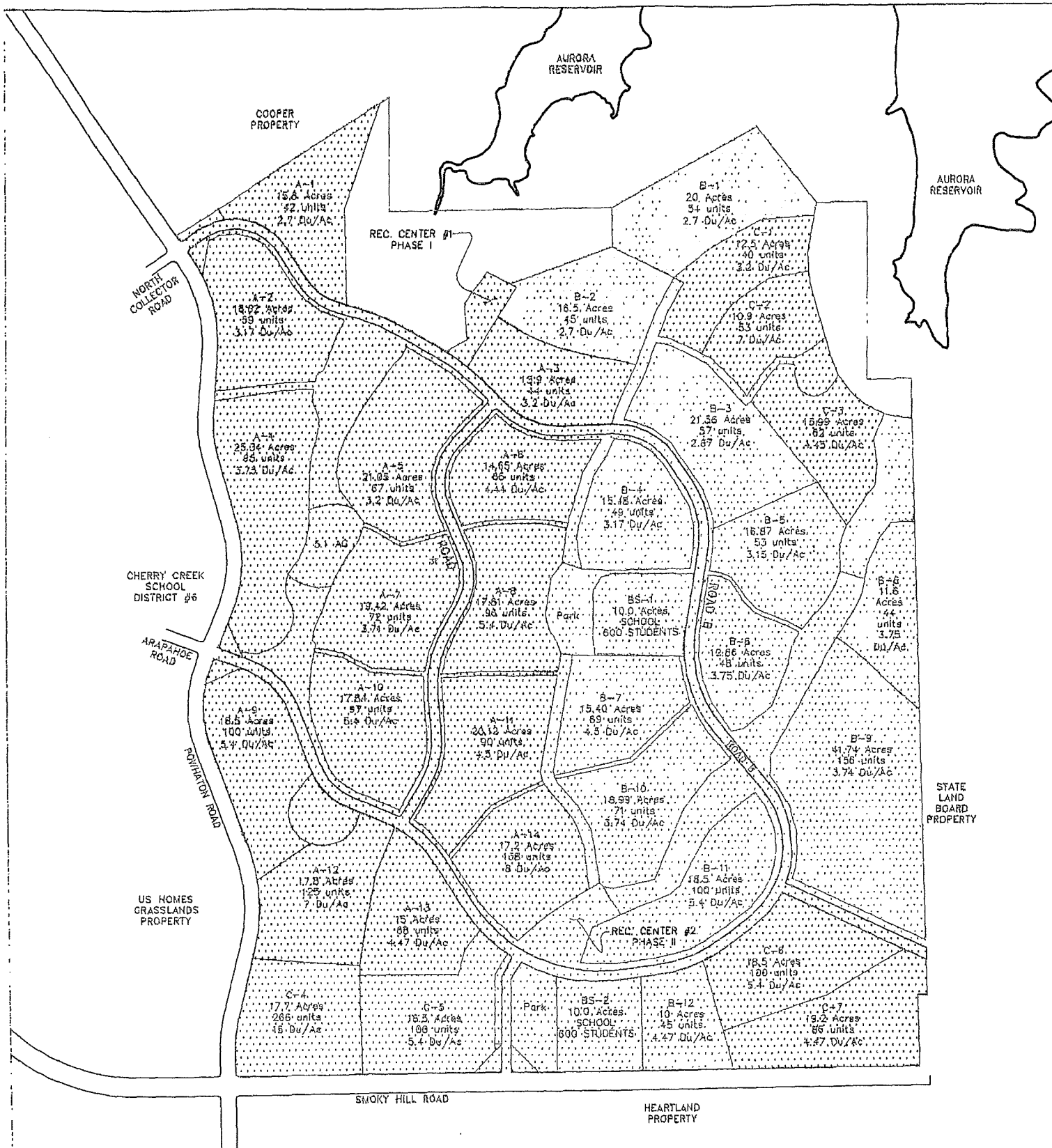
Public art required by the City of Aurora is included in these costs.
Phase I water, sewer and channel/drainage improvements are to be installed by the Developer and not reimbursed.

SEE SCHEDULES OF DETAILED CONSTRUCTION COSTS AND GRAPHIC PRESENTATIONS



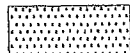


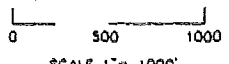
SOUTHSHORE INFRASTRUCTURE DEVELOPMENT COSTS SUMMARY

	PHASE I IMPROVEMENTS			PHASE II IMPROVEMENTS			TOTAL PROJECT IMPROVEMENTS		
	Phase Total \$	Metro District \$	Developer \$	Phase Total \$	Metro District \$	Developer \$	Project Total	District Total	Devel. Total
WATER SYSTEM	1,226,817		1,226,817	1,189,690	536,580	653,110	2,416,507	536,580	1,879,927
SANITARY SEWER (ON-SITE)	994,191		994,191	1,208,728	1,208,728		2,202,919	1,208,728	994,191
ROADWAYS & STORM SEWER SYSTEMS	7,512,712	4,077,383	3,435,329	9,002,055	6,334,049	2,668,006	16,514,767	10,411,432	6,103,335
VALLEY, OPEN SPACE & PARKS	13,800,556	4,947,617	8,852,939	16,655,294	4,776,563	11,878,731	30,455,850	9,724,180	20,731,670
MAJOR DRAINAGE IMPROVEMENTS	2,813,940		2,813,940	2,728,485	2,319,080	409,405	5,542,425	2,319,080	3,223,345
GRADING/EROSION CONTROL	4,375,350		4,375,350	4,375,350		4,375,350	8,750,700	-	8,750,700
TOTALS	30,723,566	9,025,000	21,698,566	35,159,602	15,175,000	19,984,602	65,883,168	24,200,000	41,683,168



DEVELOPMENT PHASING PLAN

- PHASE I 
- PHASE II 
- PHASE III 



UTILITY IMPROVEMENTS:

SANITARY SEWER IMPROVEMENTS

The site is located within the upper Senac Creek Sanitary Sewer Outfall System. This outfall is being currently designed in a joint effort with area developers by JR Engineering. All of the Southshore development will be conveyed to this outfall sanitary sewer either by gravity sewer systems and/or pump stations.

The upper Senac Creek sanitary sewer outfall system is being developed jointly by six separate entities in partnership with the City of Aurora. The preliminary design was prepared for Laing Village LLC by J.R. Engineering. Final design is being prepared by J.R. Engineering for the City and entities indicated above. Improvements will be financed by the City and basin developers (which Laing Village LLC is a major component). Due to the joint funding of this project it is assumed that this portion of the sanitary sewer system will be designed and constructed separately and will not be considered a part of the Southshore development project. The sanitary sewer systems within the Southshore project, that are constructed by the Metropolitan District are all collector sanitary sewers, which collect flows from multiple development areas within the project. Sanitary sewers within individual development areas that serve those areas are not part of the sanitary sewer portion of the Southshore Metropolitan District.

Phase 1 of the sanitary sewer system will connect to the upper Senac Creek sanitary sewer outfall and extended southerly through the Phase 1 project area along the open space corridor of Senac Creek to a point on Powhatan Roadway, approximately 1,000-feet north of the proposed future intersection of Smoky Hill Road and Powhatan. The extension of the outfall sanitary sewer requires the installation of approximately 6,540 lineal feet of 18-inch through 24-inch sanitary sewer main. Consistent with the City of Aurora transmission main policy, portions of this outfall sewer that are in excess of 12-inch diameter will be reimbursed by the City of Aurora. Considering the issues associated with the reimbursement process this outfall extension is not designated as a Metro District expenditure.

Connecting to this extension of the outfall sanitary sewer within collector roadways is an additional 8,000 lineal feet of 8-inch through 12-inch sanitary sewer. This sanitary sewer is not within the District expenditure budget.

Phase 2 is the extension of the sanitary sewage collection system within collector roadways as well as a outfall sewer along the northern development boundary of the District, which conveys flows from the eastern valley of the development. This phase may require extra-depth sanitary sewer and/or a sanitary lift station. The potential construction of a 56,000 gpd lift station to serve approximately 160 units in the northeast corner of the project is required if a route for an extra deep sewer outfall can not be established. Further design and cost benefit analysis is in progress to address the feasibility of eliminating the sewage lift station. This effort requires the cooperation and coordination of the City of Aurora to establish a sanitary sewer outfall route through a ridge that extends to the north of the project boundaries into the City of Aurora Reservoir properties. The exact alignment of this outfall will be established consistent with development issues and servicing the adjacent residential structures. This phase will require approximately 12,600 lineal feet of 8-inch through 12-inch sanitary sewer and is included as a District expenditure.

Phase 3 of the Southshore project involves the extension of the Phase 2 sewer improvements and delivery of flows from approximately 35 acres in the southeast corner of the project to an off-site regional sewage pump station along Smoky Hill Road. None of these facilities are anticipated to be funded by the Metropolitan District.

STORM SEWER IMPROVEMENTS:

Phase 1 storm sewer improvements include the construction of storm sewer pipe lines, detention ponds, water quality ponds, and major and minor channel within the open space corridors between development areas. The storm sewer system located within the collector roadways and their outfall to the major Senac Creek system shall be constructed with the Phase 1 roadways. The construction of the major and minor channels either within the Senac Creek main channel or the tributary minor channels will incorporate drop structures of varying heights to reduce the overall gradient of the drainageways to minimize the erosion. The major storm drainage system is designed to convey the historical flows from South Shore and off-site adjacent properties. Within the first phase approximately 4,300 lineal feet of major drainageways with associated drop structures shall be constructed along with approximately 2,000 lineal feet of minor channels and drop structures. A major storm sewer extension under/across Powhaton Road is anticipated that require approximately 1,000 feet of 72-inch storm sewer. The collector roadways within Phase 1 are anticipated to require approximately 6,650 lineal feet of collector storm sewers with associated manhole inlets and outfall structures. None of these facilities are currently anticipated to be funded by the Metropolitan District.

Phase 2 storm drainage facilities consists of major channel improvements to an unnamed tributary to the Aurora Reservoir located within the eastern portion of the Southshore project. Drainage system elements are; similar to those of Phase 1, requiring storm water detention/retention ponds and water quality facilities within the major drainageway areas. Additionally, minor drainageway improvements are necessary to convey flows into the major drainage system along with storm sewer collection systems associated with the collector roadways and their outfalls. Phase 2 development shall require approximately 3,000 lineal feet of major drainageway improvements with associated drop structures. These improvements are not currently anticipated to be part of the Phase 2 Metropolitan District expenditures. Additionally, Phase 2 will require approximately 4,200 lineal feet of minor channel improvements with associated drop structures as well as 300 feet of major storm sewer (72-inch diameter) along with 4,700 lineal foot of storm sewers with associated manholes and inlet structures. The minor channel improvements and storm sewers are included within the Metropolitan District expenditures.

WATER IMPROVEMENTS:

The project lies within both the Zone 7 and Zone 8 pressure zones established by the City of Aurora. The higher of the two, Zone 8, is anticipated to be extended from existing mains west of Smoky Hill Road to the project limits in cooperation other area developments in both Arapahoe Road and the north collector. This water source will provide the initial service for the project until future development provides adequate looping for the creation of the lower Zone 7 pressure zone. The City of Aurora Master Plan reflects that both a Zone 8 and Zone 7 transmission mains will be located within Powhaton along the perimeter of the project with a tank and pumping facilities located to the south of the Southshore project. Approximately two-thirds of the Southshore project falls within the Zone 8 area with the balance of the project falling within Zone 7. It is anticipated that the Phase 1 will be Zone 8, with temporary pressure reducing stations subsequent phases will create a loop Zone 7 within the project, fed from the higher Zone 8 system and the Zone 7 transmission main. A temporary or permanent PRV may be located at the north collector intersection with Powhaton Road until the Zone 7 transmission main is extended to this point. Thus, it is anticipated due to the source of the pressurization of the system within this area, all residential units will require individual pressure regulation valves. Phase 1 water improvements consists of approximately 4,000 lineal feet of 24-inch Zone 8 transmission main within Powhaton Roadway, and approximately 10,000 lineal feet of 12-inch ductile iron pipe and associated valves and fire hydrants within the collector roads of Phase 1. Additionally, it is anticipated that two (2) temporary PRV stations to control pressure within this area will be included within the Phase 1 development of the water

distribution system. None of the Phase 1 water distribution system improvements are currently within the Southshore Metropolitan District expenditures.

Phase 2 water improvements include the installation of approximately 6,450 lineal feet of additional 12-inch distribution main with associated valves and hydrants along with one (1) pressure reducing station. These extensions are located within the collector roadways associated with the Phase 2 development and are to be funded by the South Shore Metropolitan District.

Phase 3 of the Southshore development anticipates the construction of an additional 3,500 lineal feet of Zone 8 transmission main within Powhatan Roadway along with 5,300 lineal feet of 24-inch water main within Smoky Hill Roadway. Additionally, 900 lineal feet of 12-inch diameter water main will be installed within the entry road off of Smoky Hill Road. No expenditures by the Metropolitan District are anticipated for these items.

ROADWAY IMPROVEMENTS:

Roadway improvements anticipated include half roadway improvements of Powhatan Road and Smoky Hill Roadways on the perimeter as well as the internal two (2) lane and four (4) lane collector roadway system within the project. Roadway improvements include asphalt, sidewalk, curb and gutter, earthwork, subgrade preparation, street lights, pavement marking, and tree lawns. In addition, median treatment and construction are also included at entryways and along the arterial roadways. The development requirement for the adjacent arterial roadways of Smoky Hill Road and Powhatan Road are considered to be a half-street improvement only.

Phase 1 roadway improvements include the construction of the earthwork embankment for Powhatan Road adjacent to the project and the installation of the Senac Creek culvert through this embankment. Phase 1 also includes the construction of approximately 3,330 lineal feet of the extension of the four-lane section of Arapahoe Road from Powhatan easterly to the limits of the Phase 1 construction. Phase 1 also includes the construction of approximately 7,325 lineal feet of two-lane collector roadway that extends northerly from the Arapahoe Road extension to the north collector intersection with Powhatan Roadway. Additionally, the collector roadway extends to the limits of the Phase 1 development and includes a box culvert that traverses Senac Creek. These roadway improvements are to be funded by the South Shore Metropolitan District.

Phase 2 will require the construction of an additional 6,450 lineal feet of the two-lane collector that will complete the collector loop internal to the project. Phase 2 also incorporates the construction of the embankment for the north half of the six (6) lane Smoky Hill arterial along the southern boundaries of the Southshore project. Phase 2 includes the completion of the roadway improvements of the east half of Powhatan Road along the western boundary of the Southshore project. In addition to the roadway improvements to the 6,450 lineal feet of collector roadway, the cost associated with the anticipated signals of Powhatan at Smoky Hill Road/Arapahoe Road and the north collector are required. Participation in the signal improvements/costs is in accordance with the quadrants of intersections being developed by the Southshore development (two-fourths at Arapahoe Road, one-fourth at Smoky Hill Road, one-fourth at north collector). Phase 2 District funding includes the Phase 1 roadway embankment construction costs for Powhatan Road.

Phase 3 will involve the construction of 900 feet of a two-lane collector roadway from the Smoky Hill Road to the internal loop collector within the Southshore development. Phase 3 roadway improvements also include the construction of the north-half of Smoky Hill Road for approximately 5,300 lineal feet along the southerly boundary of the Southshore development. The costs associated with this roadway are not included within the Metropolitan District at this time.

OPEN SPACE IMPROVEMENTS:

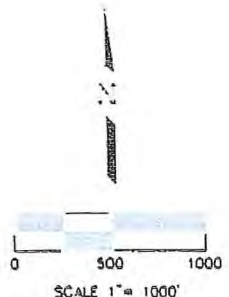
Phase 1 open space improvements are predominantly the development of the Senac Creek drainageway corridor located east and somewhat parallel to Powhatan Roadway. The improvements include approximately 8 acres of ponds/wetlands, 11 acres of native grass lands with irrigation and 6 ½ acres of refined landscaped areas with approximately 2,600 lineal feet of stream development, recirculation pumps, interpretative signage, benches, trash receptacles, and wood boardwalks. A 5 acre park is also included within Phase 1 and the Senac Creek drainageway area.

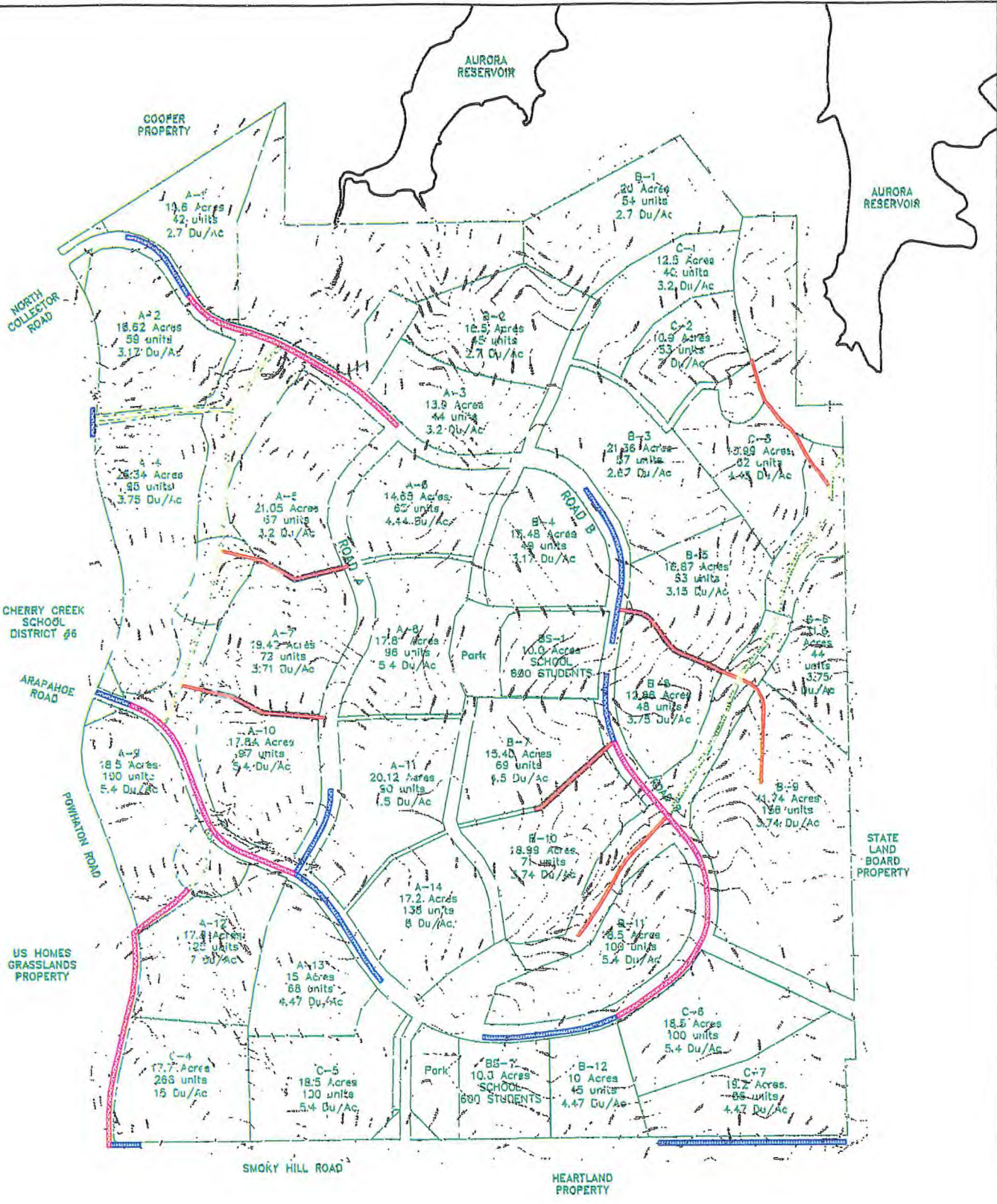
Phase 2 includes the creation of approximately 8 acres of ponds and wetlands, 13.2 acres of native grasses with irrigation, 6.8 acres of refined landscaped areas, 4,200 lineal feet of streams, recirculation pumps, interpretive signage, benches, trash receptacles, and wood boardwalks. 14.5 acres of additional parks are also included within this phase but not being financed by the Metropolitan District.



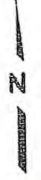
DEVELOPMENT PHASING PLAN

- PHASE I
- PHASE II
- PHASE III

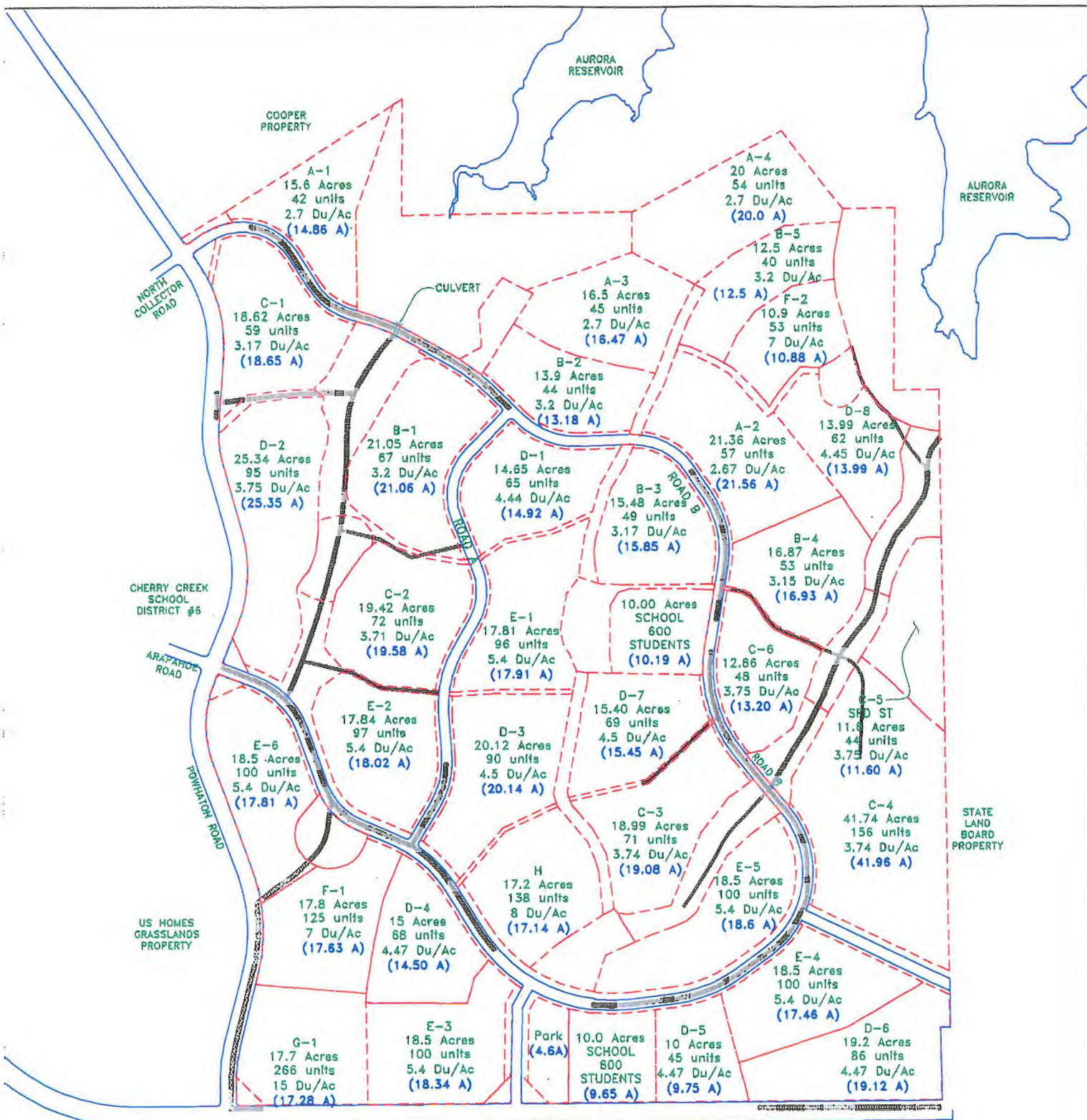




DRAINAGE IMPROVEMENTS



- MAJOR CHANNEL
- MINOR CHANNEL
- MAJOR STORM SEWER
- MINOR STORM SEWER



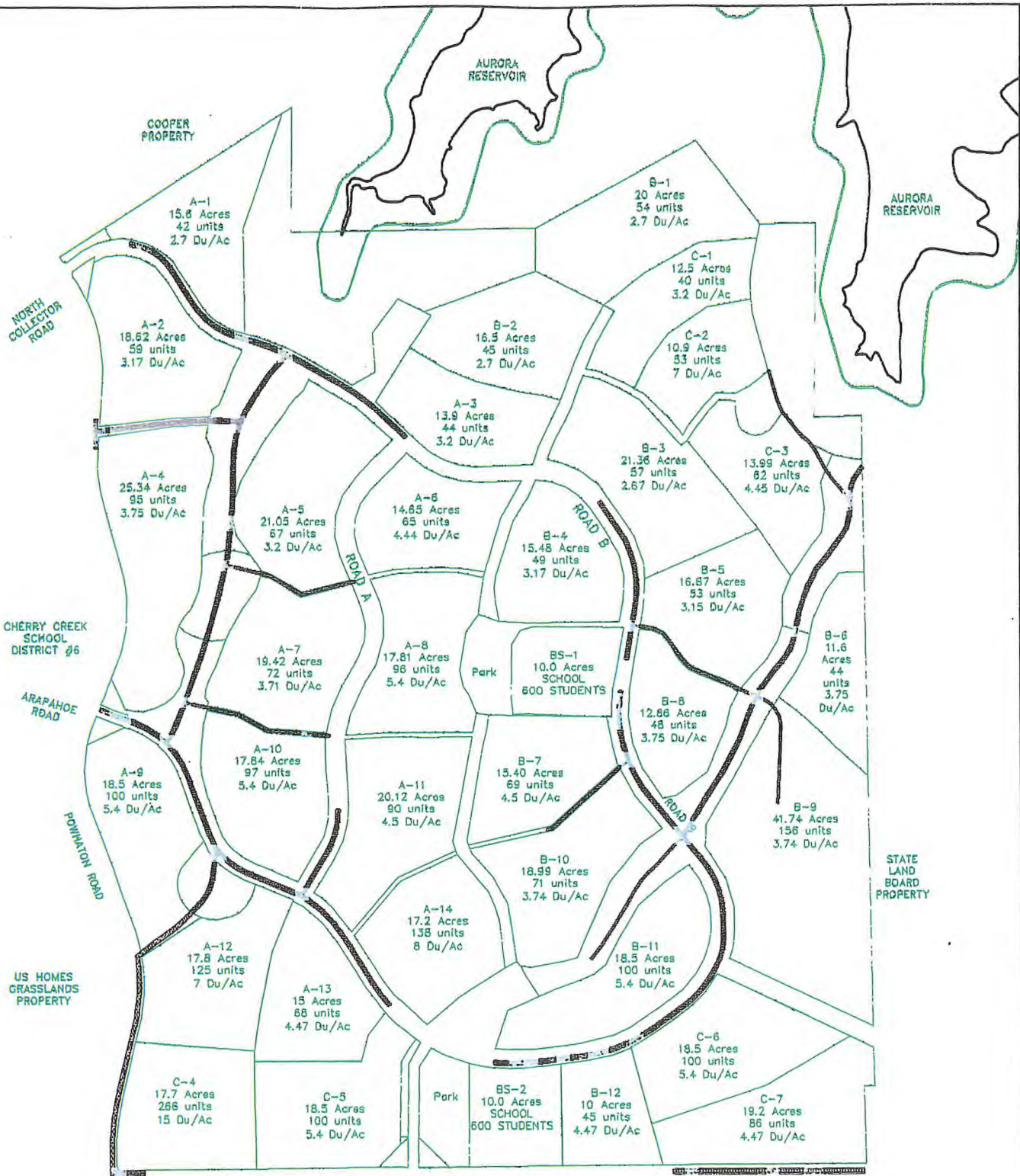
DRAINAGE IMPROVEMENTS PHASE I DISTRICT FUNDING

NO DISTRICT FUNDED
CONSTRUCTION

- MAJOR CHANNEL
- MINOR CHANNEL
- MAJOR STORM SEWER
- MINOR STORM SEWER



SCALE 1" = 1000'



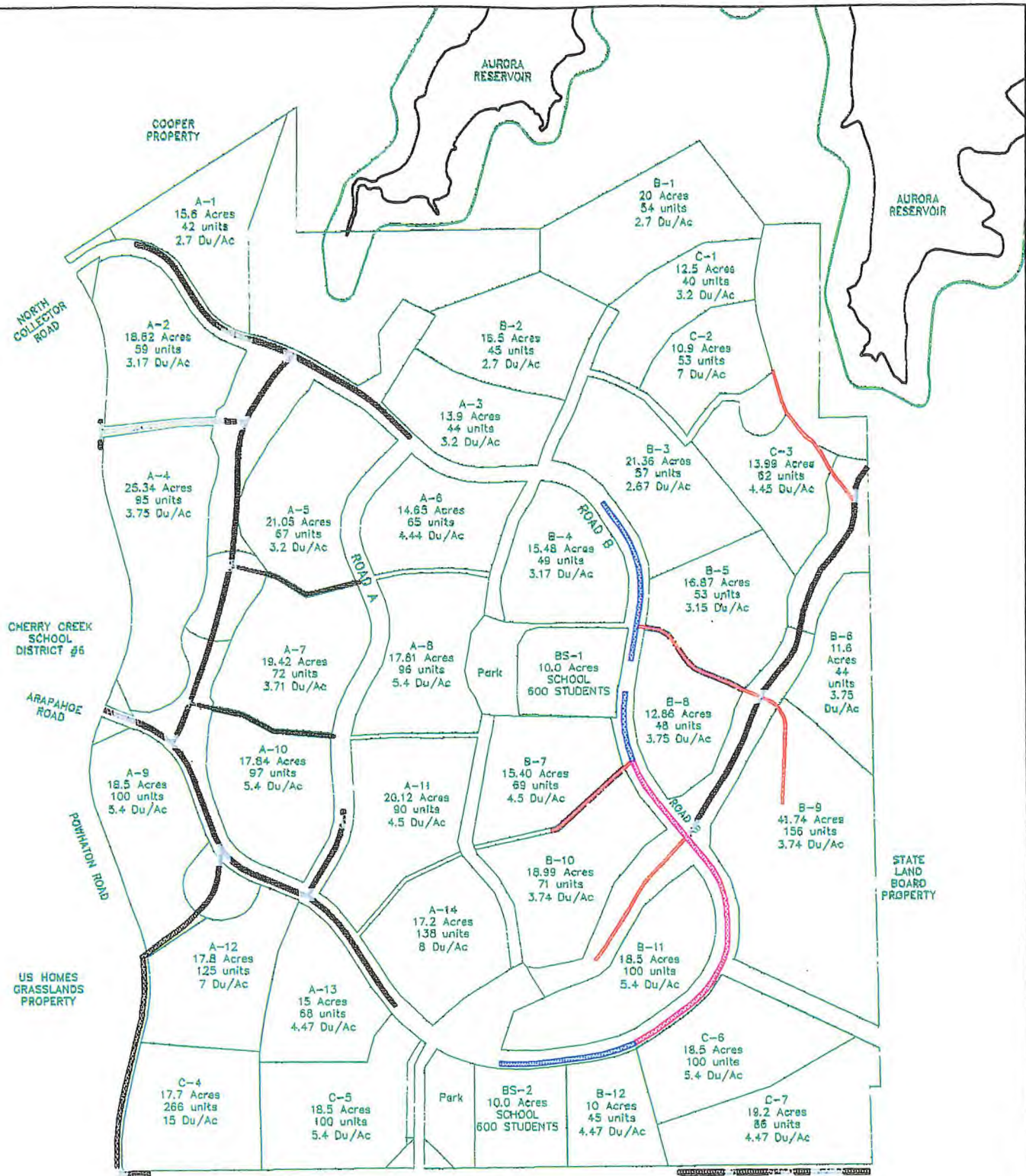
DRAINAGE IMPROVEMENTS PHASE I DISTRICT FUNDING

NO DISTRICT FUNDED
CONSTRUCTION

- MAJOR CHANNEL
- MINOR CHANNEL
- MAJOR STORM SEWER
- MINOR STORM SEWER



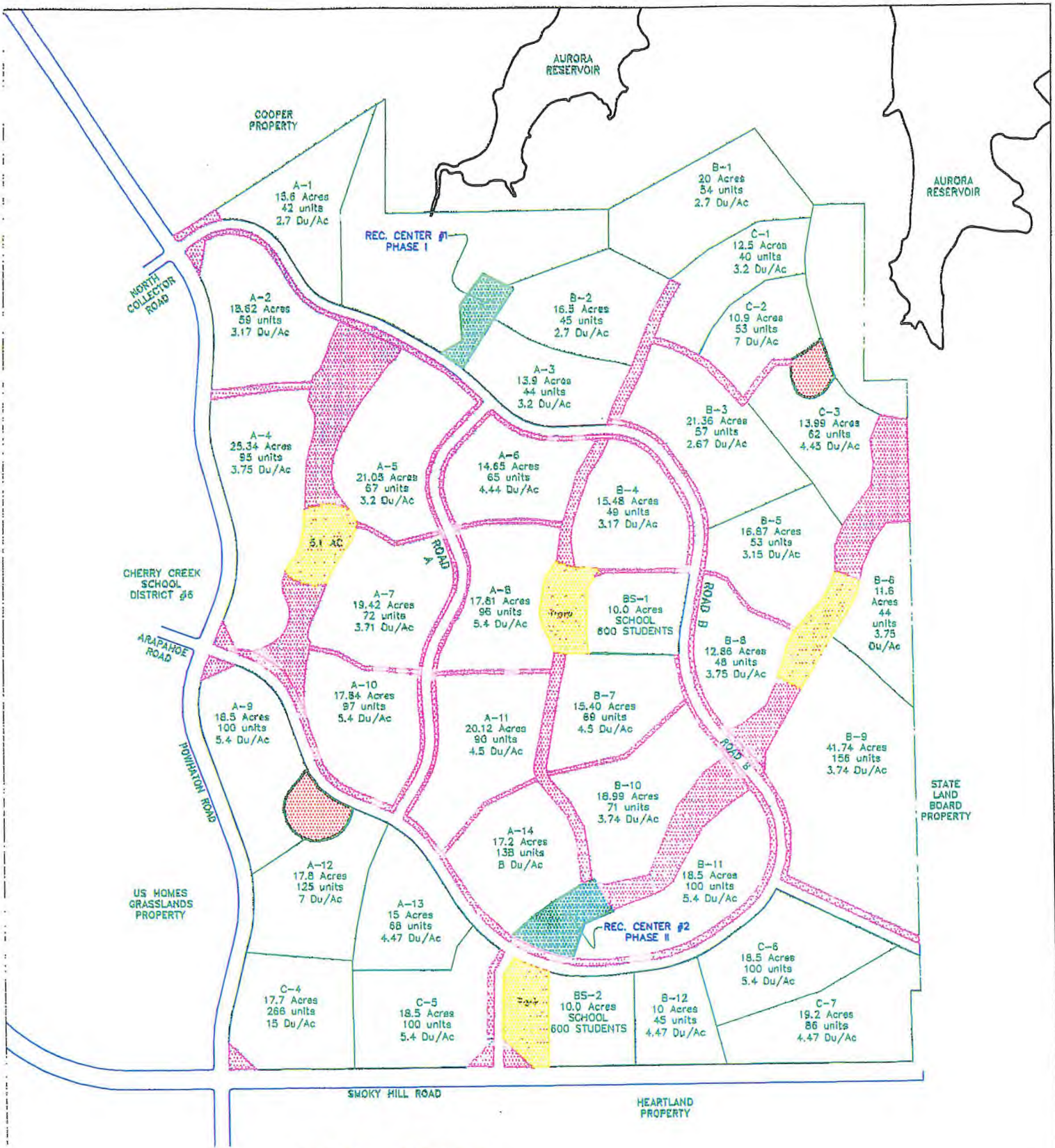
SCALE 1" = 1000'



DRAINAGE IMPROVEMENTS PHASE II DISTRICT FUNDING



- - - - - MAJOR CHANNEL
- - - - - MINOR CHANNEL
- MAJOR STORM SEWER
- MINOR STORM SEWER

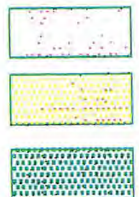


OPEN SPACE & PARKS

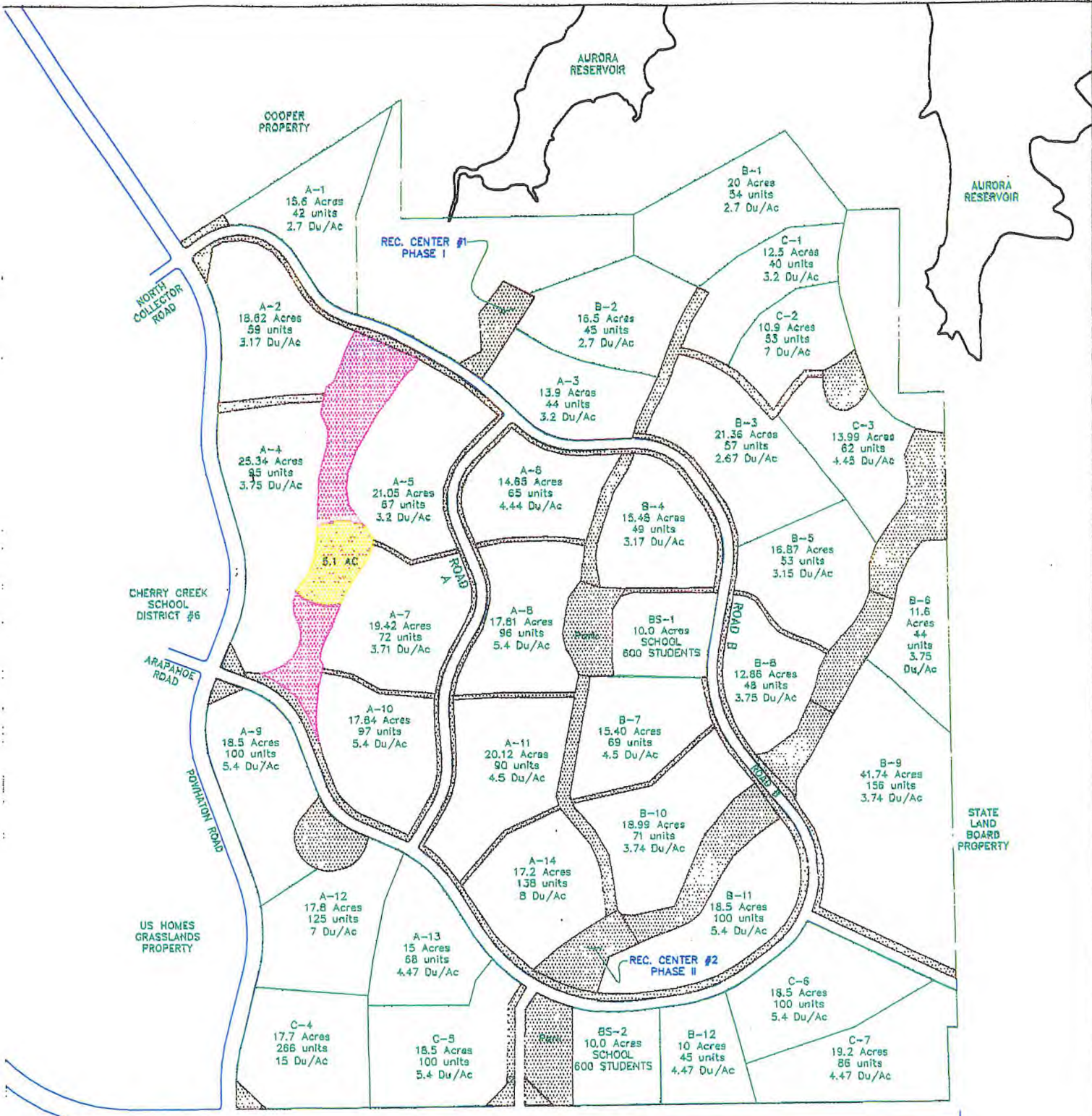
OPEN SPACE

PARKS

COMMUNITY FACILITY



SCALE 1" = 1000'



OPEN SPACE & PARKS PHASE I DISTRICT FUNDING

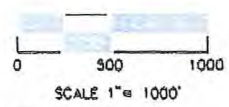
- OPEN SPACE
- PARKS
- COMMUNITY FACILITY





OPEN SPACE & PARKS PHASE II DISTRICT FUNDING

- OPEN SPACE 
- PARKS 
- COMMUNITY FACILITY 

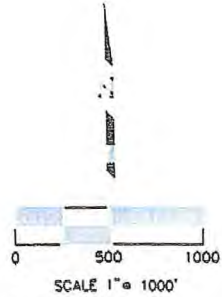


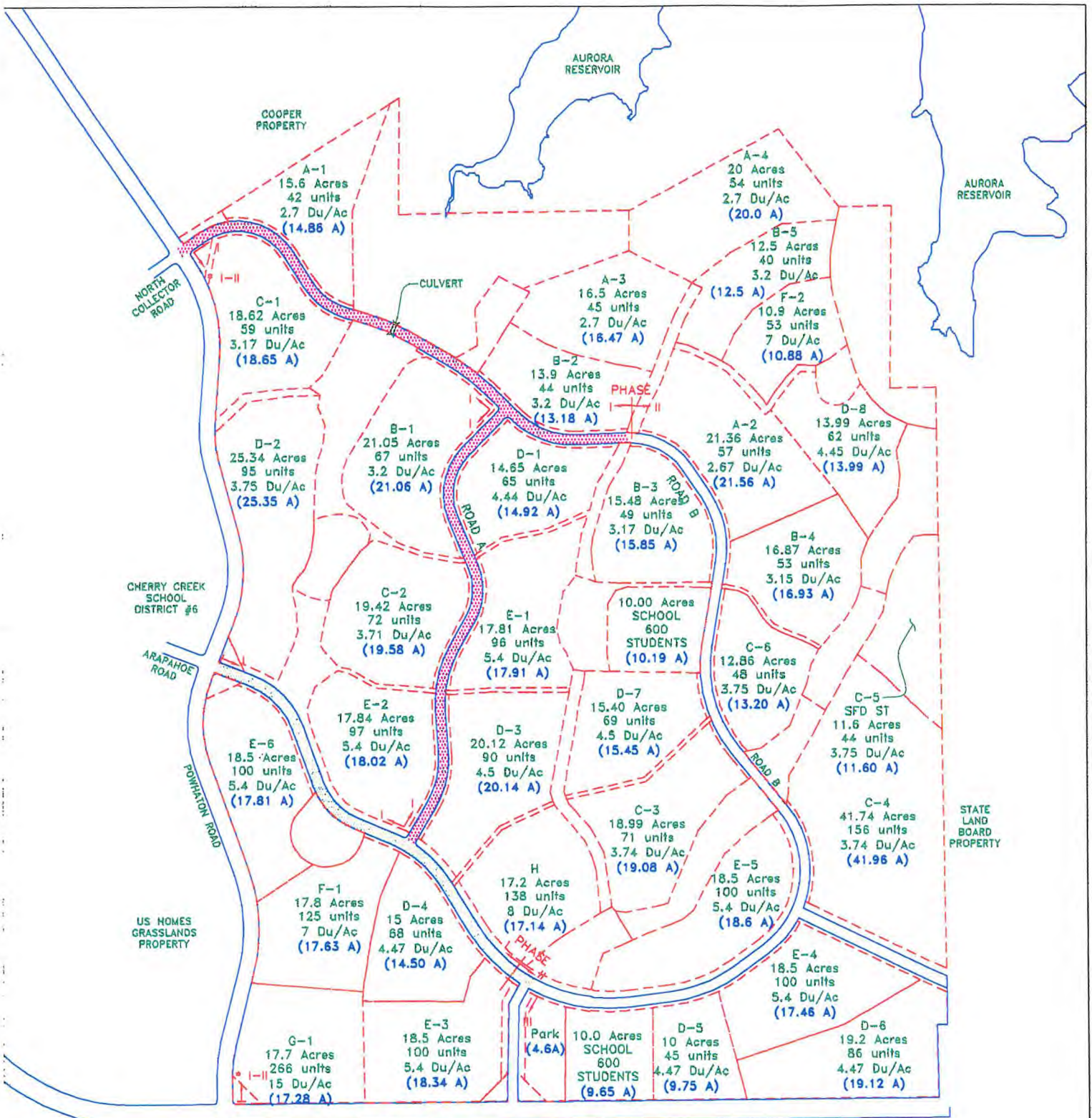


ROADWAY PLAN

LEGEND

- 2 LANE COLLECTOR
- 4 LANE COLLECTOR
- 4 LANE ARTERIAL
- 6 LANE ARTERIAL

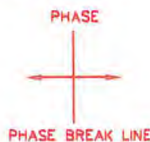




ROADWAY PLAN PHASE 1 DISTRICT FUNDING

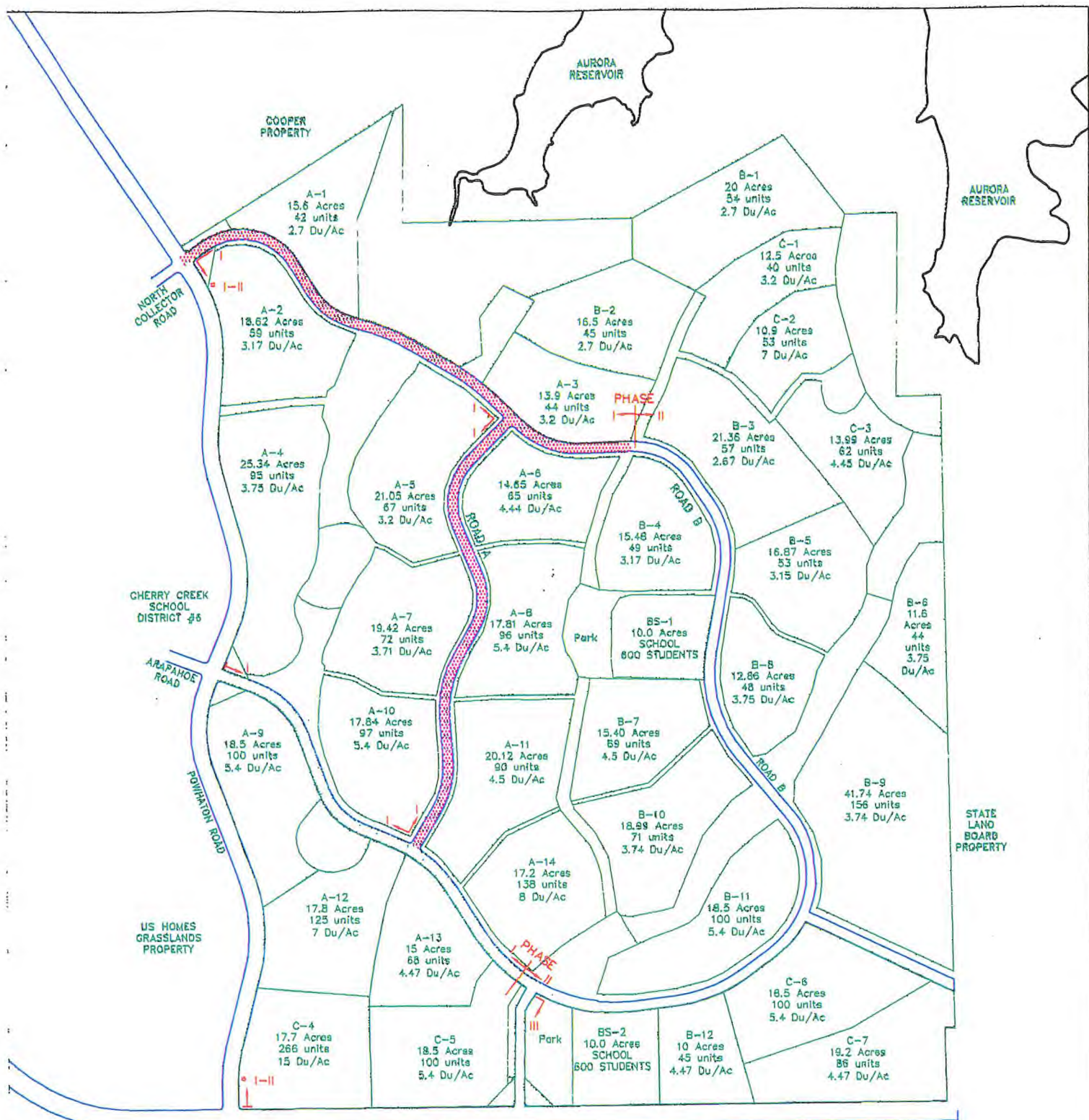
LEGEND

- 2 LANE COLLECTOR
- 4 LANE COLLECTOR
- 4 LANE ARTERIAL
- 6 LANE ARTERIAL






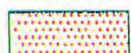
* INDICATES SPLIT PHASE CONSTRUCTION - PHASE I/GRADING, PHASE III/PAVEMENTS

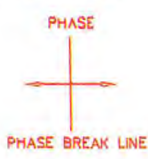




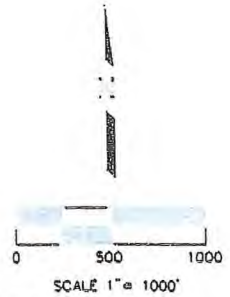
ROADWAY PLAN PHASE 1 DISTRICT FUNDING

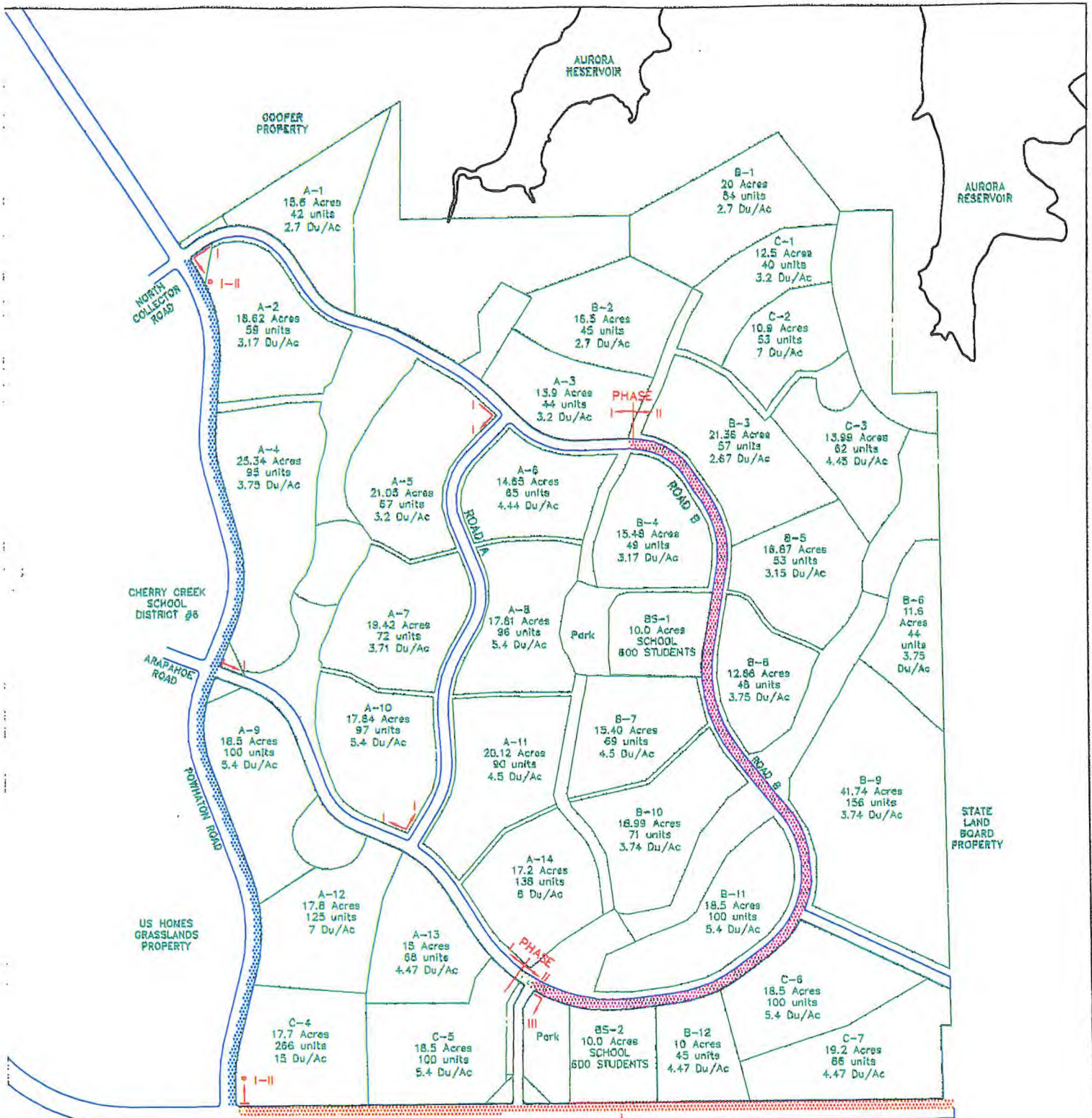
LEGEND

- 2 LANE COLLECTOR 
- 4 LANE COLLECTOR 
- 4 LANE ARTERIAL 
- 6 LANE ARTERIAL 







* INDICATES SPLIT PHASE CONSTRUCTION-
PHASE I/GRADING, PHASE III/PAVEMENTS

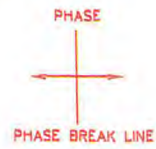




ROADWAY PLAN PHASE II DISTRICT FUNDING

LEGEND

- 2 LANE COLLECTOR 
- 4 LANE COLLECTOR 
- 4 LANE ARTERIAL 
- 6 LANE ARTERIAL 



* INDICATES SPLIT PHASE CONSTRUCTION-
PHASE I/GRADING, PHASE III/PAVEMENTS

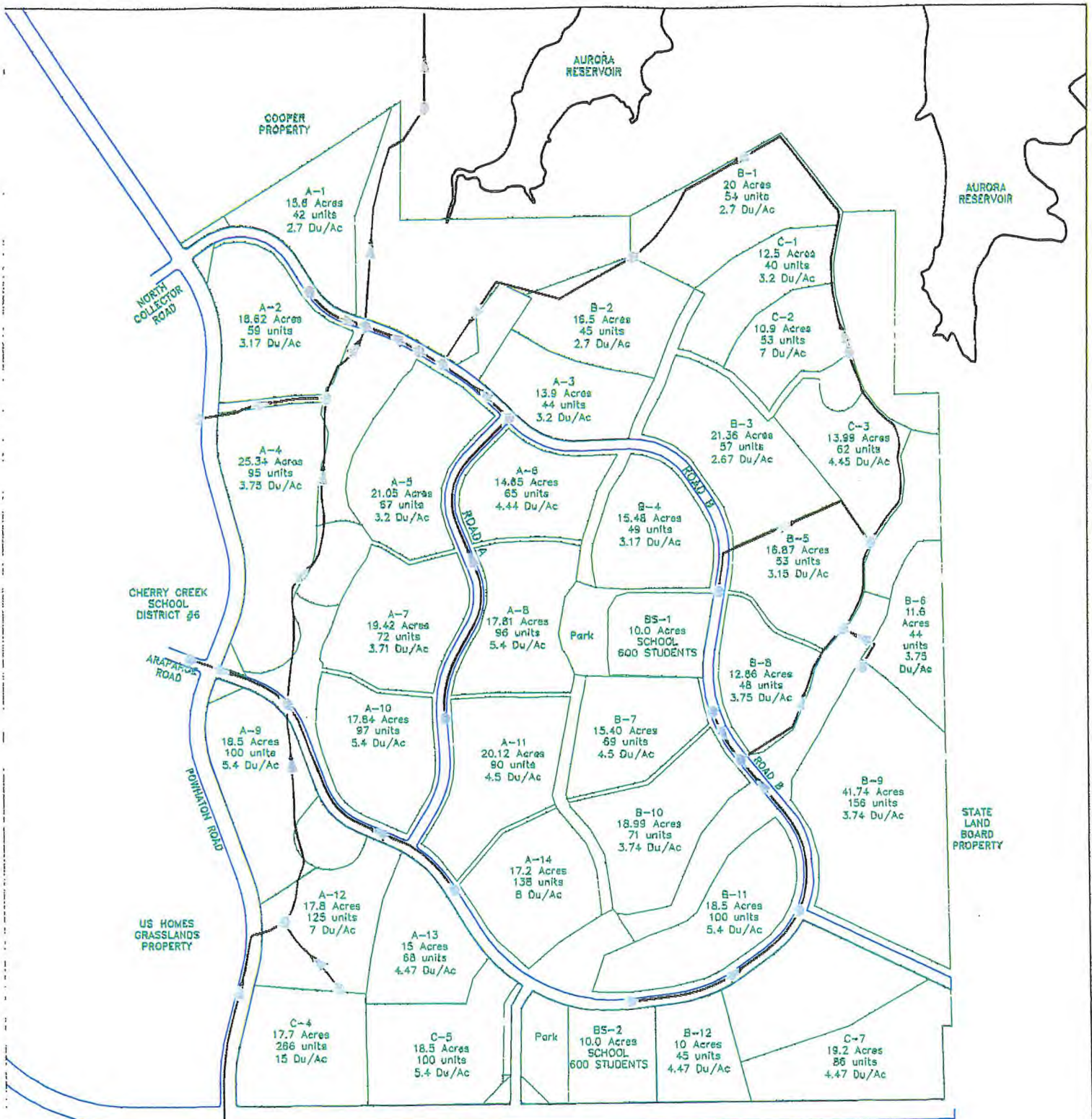


SANITARY SEWER

PIPE SIZE

8"	--- (light blue dashed)
10"	--- (red dashed)
12"	--- (blue dashed)
15"	--- (magenta dashed)
18"	--- (green dashed)
21"	--- (dark blue dashed)
24"	--- (yellow dashed)

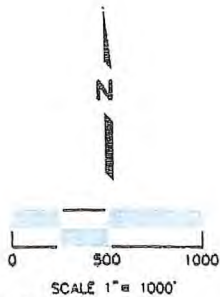




**SANITARY SEWER
PHASE 1
DISTRICT FUNDING**
NO DISTRICT FUNDED
CONSTRUCTION

PIPE SIZE

8"	--- (dashed blue)
10"	--- (dashed red)
12"	--- (dashed blue)
15"	--- (dashed pink)
18"	--- (dashed green)
21"	--- (dashed blue)
24"	--- (dashed yellow)
NON-DISTRICT FUNDED MAINS	--- (dashed black)





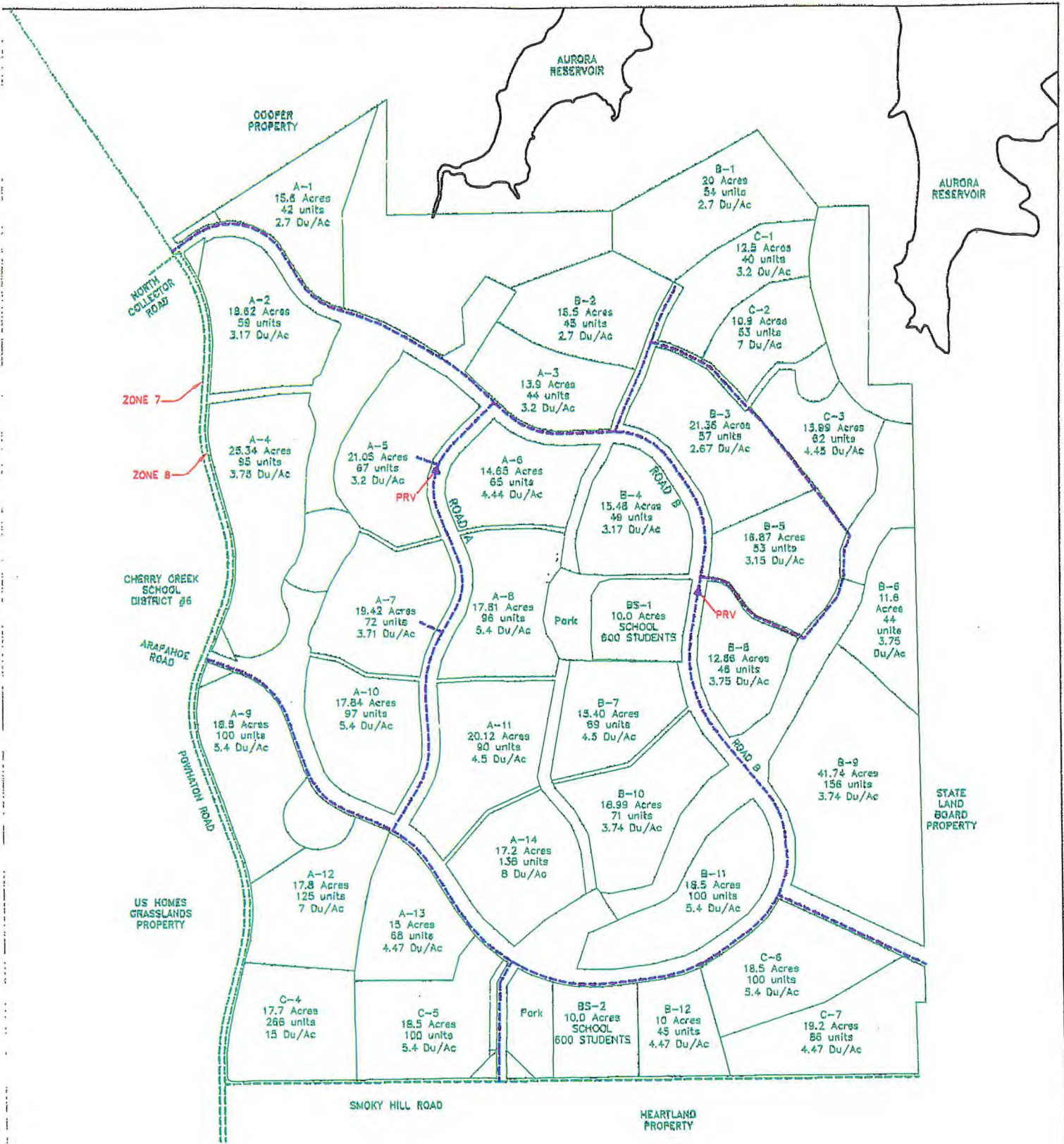
SANITARY SEWER PHASE 2 DISTRICT FUNDING

PIPE SIZE

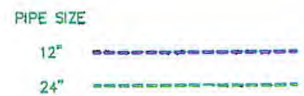
8"	--- (Blue dashed)
10"	--- (Red dashed)
12"	--- (Blue dashed)
15"	--- (Pink dashed)
18"	--- (Green dashed)
21"	--- (Blue dashed)
24"	--- (Yellow dashed)
NON-DISTRICT FUNDED MAINS	--- (Black dashed)

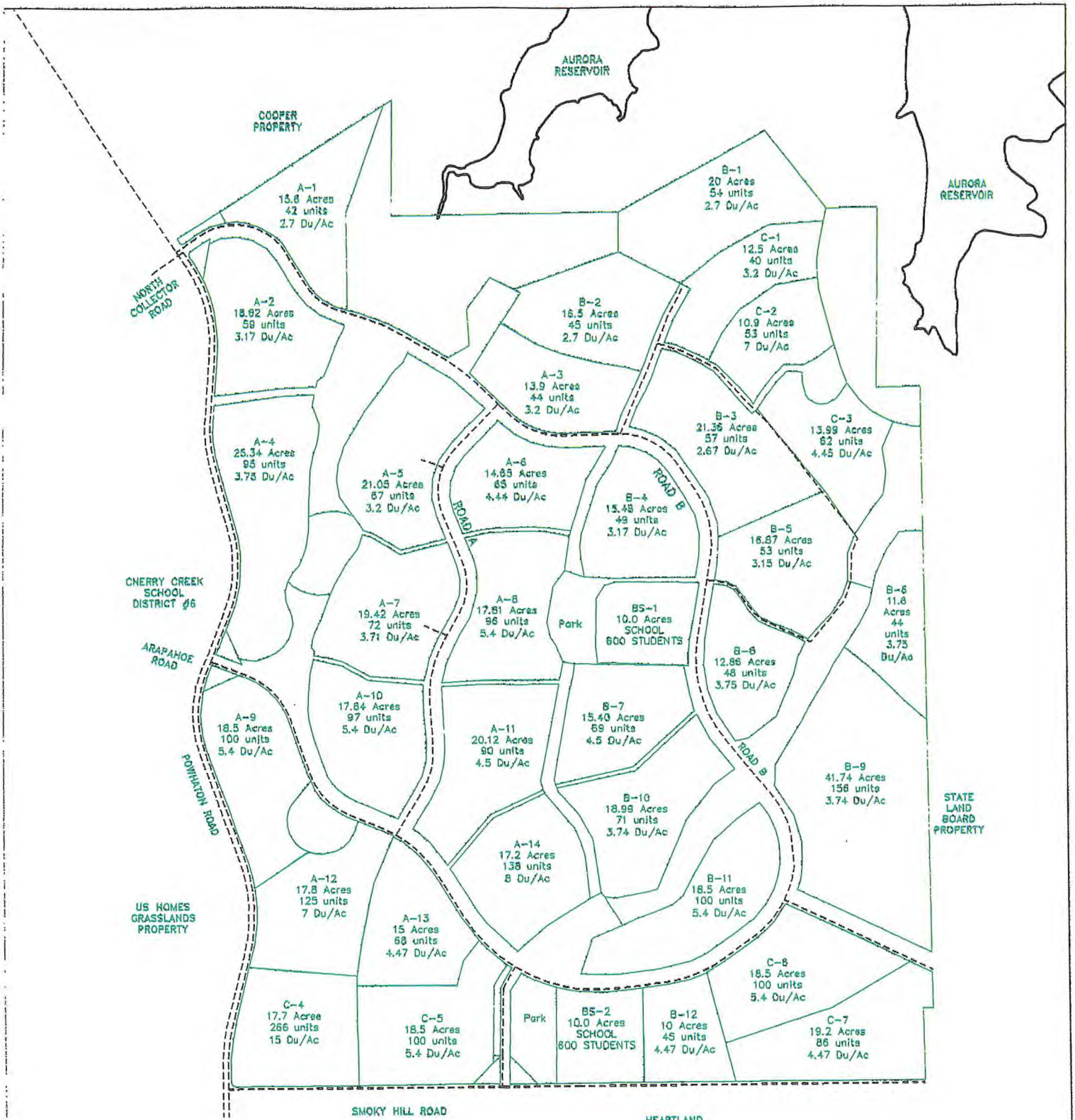


SCALE 1" = 1000'






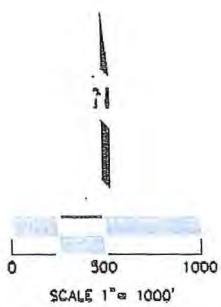
WATER PLAN

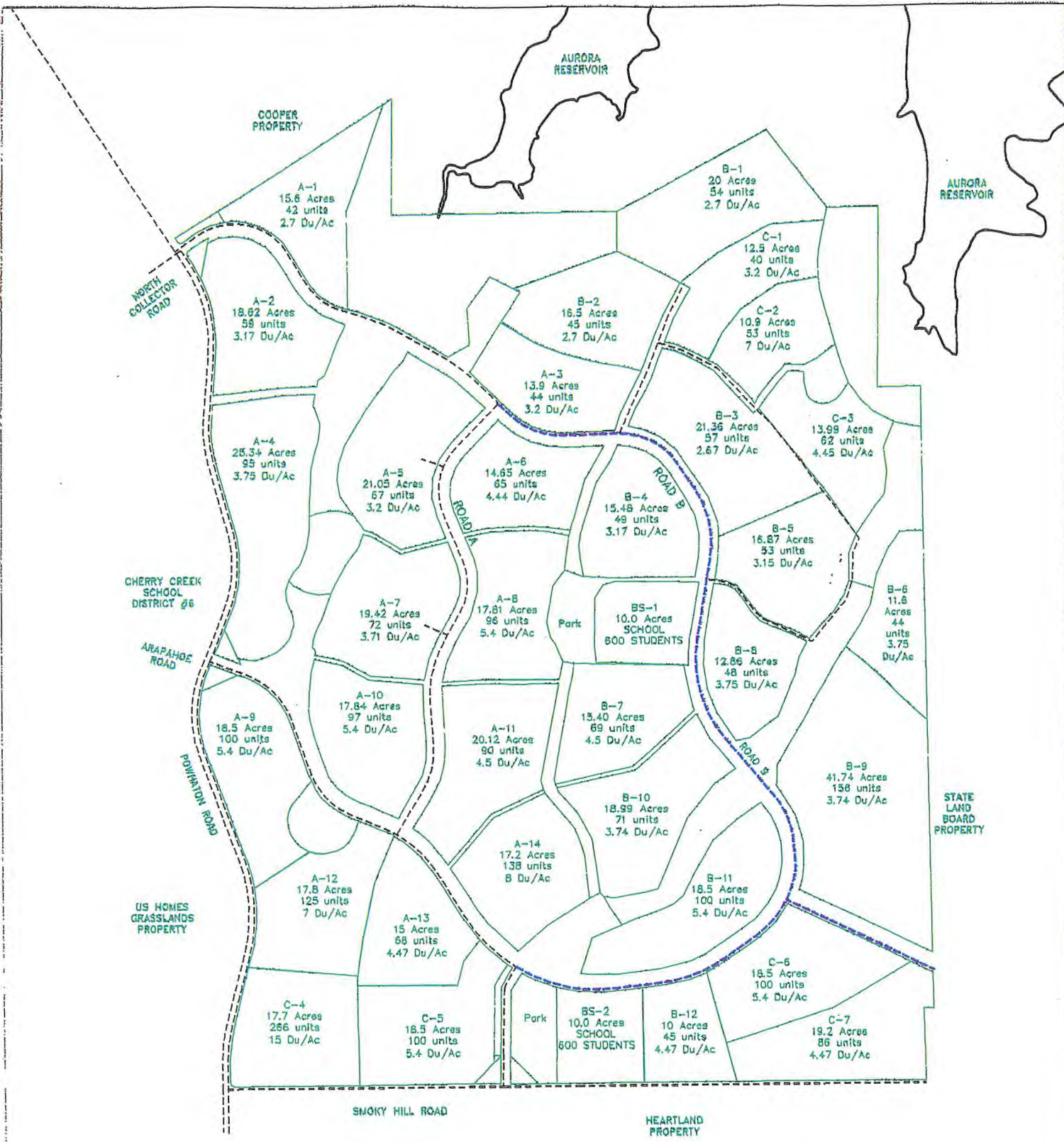




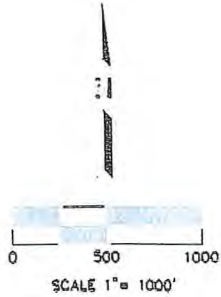
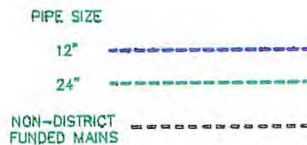
**WATER PLAN
PHASE I
DISTRICT FUNDING**
NO DISTRICT FUNDED
CONSTRUCTION

PIPE SIZE
12" 
24" 
NON-DISTRICT FUNDED MAINS 





WATER PLAN PHASE II DISTRICT FUNDING



ENGINEER'S OPINION OF PROBABLE COST



Project: South Shore
Location:
Subject: Phase I Construction
Client: South Shore Metro District

Date: 1-Nov-01
Job No.:
Prep. By: GT
Ckd. By:

Note: Any opinions of price, probable project costs or construction costs rendered by MARTIN/MARTIN represent its best judgment and are furnished for general guidance. MARTIN/MARTIN makes no warranty of guarantee, either expressed or implied as to the accuracy of such opinions as compared to bid or actual cost.

Item No.	Item Description	Units	Quantity	Unit Price	Item Cost
Valley Open Space System					
	Ponds/ Wetlands	AC	8	\$ 60,000.00	\$ 480,000.00
	Native Prep/Irrigation	SF	485258	\$ 1.25	\$ 606,572.50
	Refined Landscape	SF	284882	\$ 2.50	\$ 712,205.00
	Stream	LF	2600	\$ 300.00	\$ 780,000.00
	Recirculating Pumps	EA	2	\$ 125,000.00	\$ 250,000.00
	Interpretive Signage	EA	10	\$ 500.00	\$ 5,000.00
	Benches/Trash Receptacles	EA	11	\$ 1,500.00	\$ 16,500.00
	Wood Decking / Boardwalks	SF	2500	\$ 20.00	\$ 50,000.00
Parks					
	A	AC	5.18	\$ 145,000.00	\$ 751,100.00
				Subtotal:	\$ 3,651,377.50
				1%	Art requirement \$ 36,513.78
				15%	Engineering & Surveying \$ 547,706.63
				15.5%	Contingencies \$ 565,963.51
				4%	Construction Management \$ 146,055.10
Remarks: Does not include: tree lawn, street lighting, regulated utilities, embankment				Cost of Items:	\$ 4,947,617
				0% Contingencies:	
				Subtotal:	\$ 4,947,617
				Total Cost:	\$ 4,947,617

CITY OF AURORA, COLORADO

NP Johnson

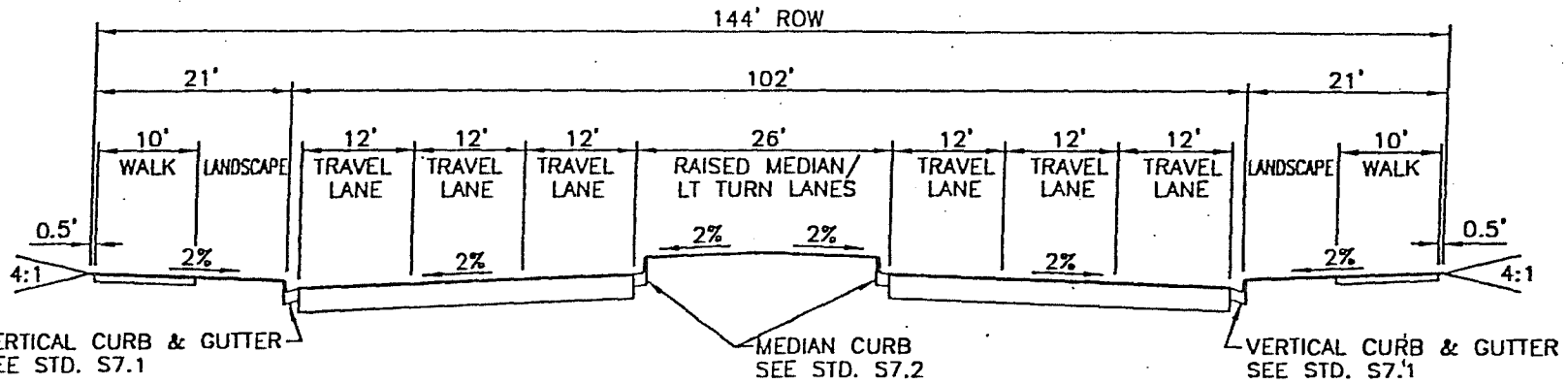
4/1/10 AND TYPICAL CROSS SECTIONS

ARTERIAL

ROADWAY CLASSIFICATIONS

S1.4

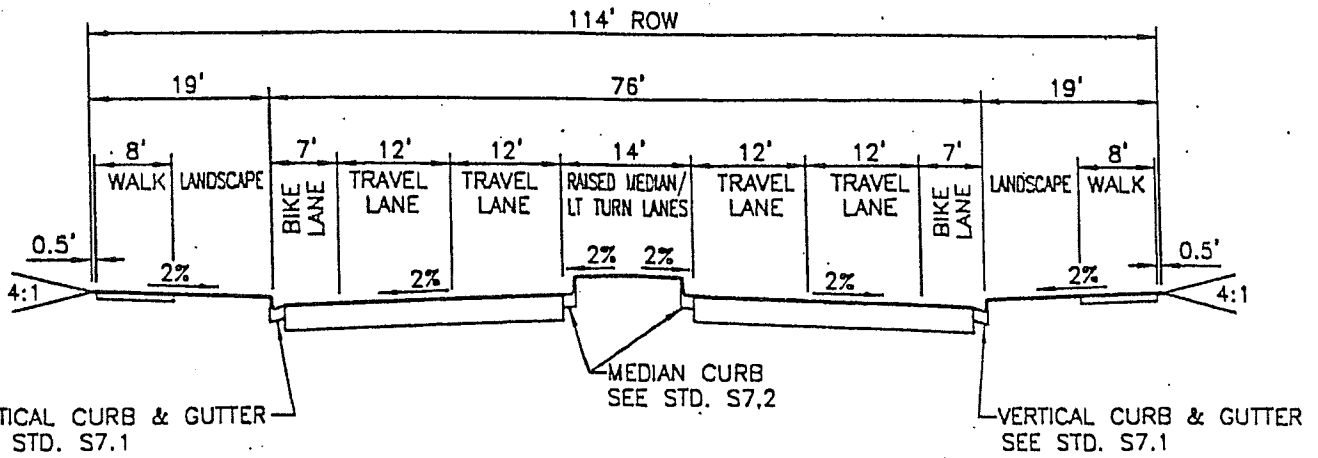
4 OF 8



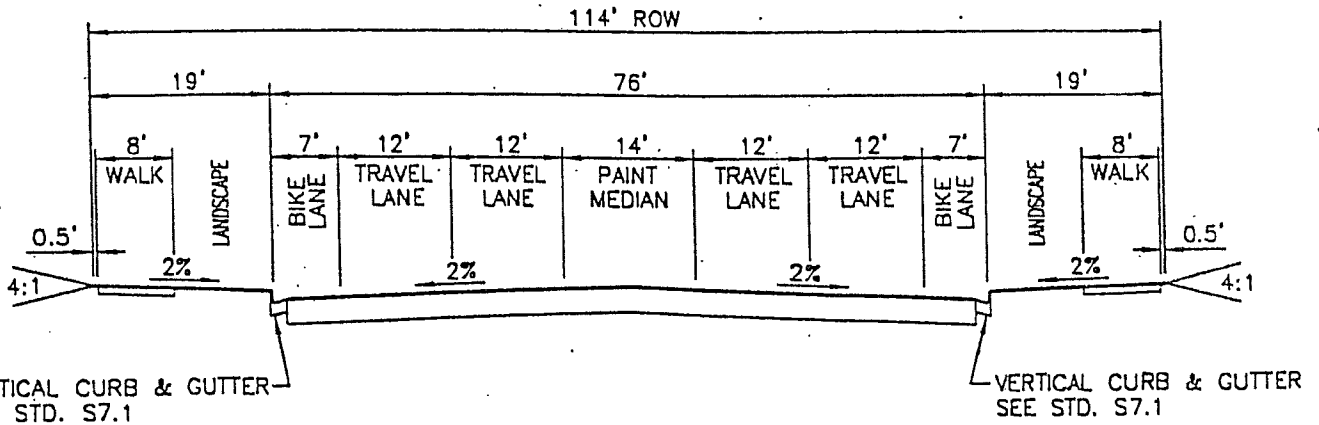
SIX LANE ARTERIAL

STANDARD

STANDARD



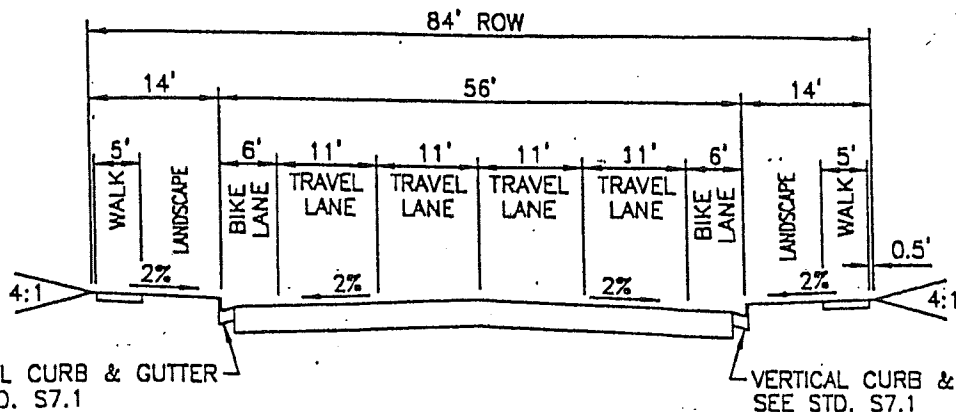
FOUR LANE ARTERIAL : RAISED MEDIAN



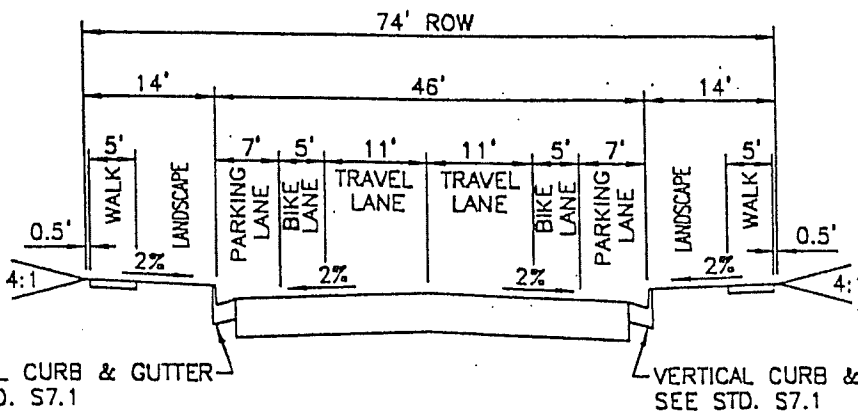
FOUR LANE ARTERIAL : PAINTED MEDIAN

JOR Hoan 4/1/99

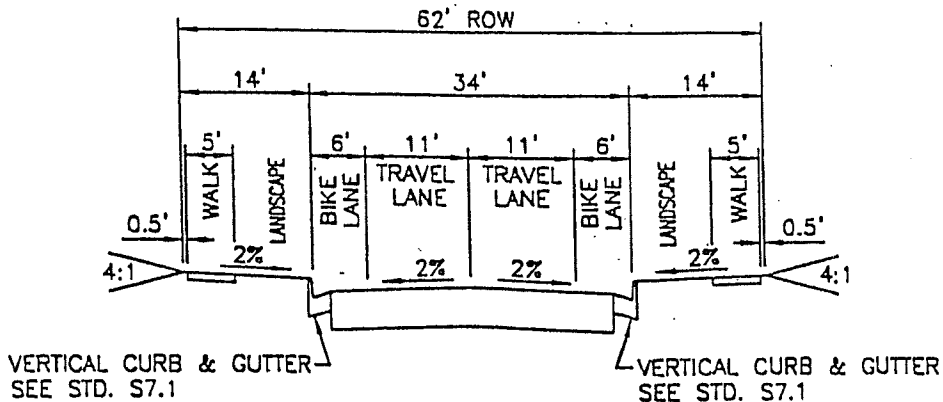
STANDARD



FOUR LANE COLLECTOR



TWO LANE COLLECTOR



ALTERNATIVE TWO LANE COLLECTOR

DR Homan

4/1/99

EXHIBIT G
Financing Plan

**The Petitioners for Formation of
Southshore Metropolitan Districts No. 1 and 2
Arapahoe County, Colorado**

**Members of City Council
City of Aurora
Arapahoe County, Colorado**

We have compiled the accompanying forecasted cash surplus balances and cash receipts and disbursements of Southshore Metropolitan Districts No. 1 and 2 (the "Districts") (in the Formation Stage of Development) as of the date of formation and for the 26 subsequent calendar years ending on December 31, in accordance with attestation standards established by the American Institute of Certified Public Accountants. The accompanying projection (See Note 13) was prepared for the Districts to show the Districts' ability to repay the debt by including only the first phase of construction and buildout, and should not be considered a presentation of expected results.

A compilation is limited to presenting in the form of a forecast information that is the representation of the Petitioners for Formation of the Districts and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. However, we did become aware of a departure from the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, which is described in the following paragraph. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

As discussed in Note 4, the forecast is presented on the cash basis of accounting, whereas the historical financial statements for the forecast period are expected to be presented in conformity with generally accepted accounting principles on the modified accrual basis. Guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants require disclosure of the differences resulting from the use of a different basis of accounting in the forecast than that expected to be used in the historical financial statements for the period. If the AICPA presentation guidelines were followed, the forecast would indicate that the presentation reflects the cash received and disbursed rather than the revenue and expenditures that would be recognized under generally accepted accounting principles based on the modified accrual basis of accounting and that each of the Districts will prepare separate financial statements.

**PRELIMINARY DRAFT
SUBJECT TO REVISION**

DATE: _____

Greenwood Village, Colorado
January 23, 2002

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SUMMARY - AT 2% ANNUAL INCREASE IN HOUSING MARKET VALUES

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Assessed Value (Page 8)	Mill Levy	CASH RECEIPTS										Total Receipts	Total Disbursements (Page 3)	Annual Cash Surplus	Cumulative Cash Surplus	Year			
		Net Property Taxes 98.00%	Specific Ownership Taxes 10.00%	System Development Fees		Developer Advances - Org./Operations	Developer Advances - Construction	Bond Proceeds Avail. for Dev. Reimb.	Bond Proceeds Applied to Reimburse Developer	Capitalized Interest	Interest Income 4.00%								
				Detached SF Residences \$2,000	Attached SF Residences \$1,500														
1			0	0	0	0	100,000					0	100,000	100,000	0	0	2001		
2	3,990	0.000	0	0	0	0	80,000	482,154				0	562,154	562,154	0	0	2002		
3	3,990	38.000	149	15	252,000	36,000		3,595,229	9,025,000	(9,025,000)	480,156	0	4,363,548	3,685,229	678,319	678,319	2003		
4	734,790	38.000	27,364	2,736	392,000	63,000		4,947,617				27,133	5,459,850	5,760,992	(301,142)	377,177	2004		
5	5,868,631	38.000	218,548	21,855	478,000	63,000		4,470,822				15,087	5,267,312	5,294,197	(26,885)	350,292	2005		
6	14,410,237	38.000	536,637	53,664	534,000	45,000	(180,000)	5,927,615	15,175,000	(15,175,000)	1,440,558	14,012	6,371,486	7,053,966	1,317,519	1,667,811	2006		
7	24,039,939	38.000	895,247	89,525	520,000	9,000		4,776,563				66,712	6,357,048	7,215,986	(858,939)	808,873	2007		
8	35,076,629	38.000	1,306,254	130,625	494,000	45,000		0				32,355	2,008,234	2,523,551	(515,317)	293,556	2008		
9	44,730,186	38.000	1,665,752	166,575	528,000	453,000						11,742	2,825,070	2,780,435	44,635	338,191	2009		
0	56,218,401	38.000	2,093,573	209,357	536,000	60,000						13,528	2,912,458	2,847,352	65,106	403,297	2010		
1	70,863,200	38.000	2,638,946	263,895	404,000	19,500						16,132	3,342,472	3,167,967	174,505	577,801	2011		
2	83,707,357	38.000	3,117,262	311,726	116,000	0						23,112	3,568,100	3,342,316	225,785	803,586	2012		
3	91,748,394	36.000	3,236,883	323,688	0	0						32,143	3,592,715	3,534,907	57,808	861,393	2013		
4	95,537,024	36.000	3,370,546	337,055	0	0						34,456	3,742,057	3,675,510	66,546	927,940	2014		
5	95,537,024	34.000	3,183,294	318,329	0	0						37,118	3,538,741	3,573,110	(34,370)	893,570	2015		
6	97,447,764	34.000	3,246,960	324,696	0	0						35,743	3,607,398	3,641,390	(33,992)	859,578	2016		
7	97,447,764	34.000	3,246,960	324,696	0	0						34,383	3,606,039	3,534,540	71,498	931,076	2017		
8	99,396,720	33.000	3,214,490	321,449	0	0						37,243	3,573,182	3,603,320	(30,138)	900,937	2018		
9	99,396,720	33.000	3,214,490	321,449	0	0						36,037	3,571,976	3,495,970	76,006	976,944	2019		
0	101,384,654	32.000	3,179,423	317,942	0	0						39,078	3,536,443	3,568,856	(32,413)	944,531	2020		
1	101,384,654	32.000	3,179,423	317,942	0	0						37,781	3,535,146	3,564,256	(29,109)	915,421	2021		
2	103,412,347	32.000	3,243,011	324,301	0	0						36,617	3,603,929	3,527,153	76,776	992,198	2022		
3	103,412,347	31.000	3,141,667	314,167	0	0						39,688	3,495,522	3,511,053	(15,531)	976,666	2023		
4	105,480,594	30.000	3,101,129	310,113								39,067	3,450,309	3,180,643	269,666	1,246,333	2024		
5	105,480,594	30.000	3,101,129	310,113								49,853	3,461,096	2,970,893	490,203	1,736,536	2025		
6	107,590,206	26.000	2,741,398	274,140								69,461	3,085,000	2,812,432	272,567	2,009,103	2026		
		56,900,534	5,690,053	4,254,000	793,500	0	24,200,000	24,200,000	(24,200,000)	1,920,714	778,481	94,537,283	92,528,180	2,009,103					
												24,200,000							
												Dev. Advance							

Net Property Taxes assumes a 1.5% County Treasurer's Collection Fee and a .5% Allowance for Uncollectible Accounts.

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SUMMARY - AT 2% ANNUAL INCREASE IN HOUSING MARKET VALUES

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Year	Total Receipts (Page 2)	CASH DISBURSEMENTS					Total Disbursements	Annual Cash Surplus	Cumulative Cash Surplus	Year
		Admin & Landscaping Maintenance 8.00 Mills (net)	Construction Costs	Available for Debt Svc	Net Debt Service					
					Series 2003 Bonds	Series 2006 Bonds				
2001	100,000	100,000		0		100,000	0	0	2001	
2002	562,154	80,000	482,154	0		562,154	0	0	2002	
2003	4,363,548	90,000	3,595,229	678,319		3,685,229	678,319	678,319	2003	
2004	5,459,850	100,000	4,947,617	412,233	713,375	5,760,992	(301,142)	377,177	2004	
2005	5,267,312	110,000	4,470,822	686,490	713,375	5,294,197	(26,885)	350,292	2005	
2006	8,371,486	112,976	5,927,615	2,330,894	1,013,375	7,053,966	1,317,519	1,667,811	2006	
2007	6,357,048	188,473	4,776,563	1,392,011	1,012,375	7,215,986	(858,939)	808,873	2007	
2008	2,008,234	275,001		1,733,233	1,009,975	2,523,551	(515,317)	293,556	2008	
2009	2,825,070	350,685		2,474,385	1,011,175	2,780,435	44,635	338,191	2009	
2010	2,912,458	440,752		2,471,706	1,010,625	2,847,352	65,106	403,297	2010	
2011	3,342,472	555,567		2,786,905	1,013,325	3,167,967	174,505	577,801	2011	
2012	3,568,100	656,266		2,911,835	1,008,925	3,342,316	225,785	803,586	2012	
2013	3,592,715	719,307		2,873,408	1,012,775	3,534,907	57,808	861,393	2013	
2014	3,742,057	749,010		2,993,046	1,009,175	3,675,510	66,546	927,940	2014	
2015	3,538,741	749,010		2,789,730	1,008,475	3,573,110	(34,370)	893,570	2015	
2016	3,607,398	763,990		2,843,408	1,010,325	3,641,390	(33,992)	859,578	2016	
2017	3,606,039	763,990		2,842,048	1,009,375	3,534,540	71,498	931,076	2017	
2018	3,573,182	779,270		2,793,912	1,010,625	3,603,320	(30,138)	900,937	2018	
2019	3,571,976	779,270		2,792,706	1,008,725	3,495,970	76,006	976,944	2019	
2020	3,536,443	794,856		2,741,587	1,013,675	3,568,856	(32,413)	944,531	2020	
2021	3,535,146	794,856		2,740,291	1,009,775	3,564,256	(29,109)	915,421	2021	
2022	3,603,929	810,753		2,793,176	1,012,375	3,527,153	76,776	992,198	2022	
2023	3,495,522	810,753		2,684,769	768,275	3,511,053	(15,531)	976,666	2023	
2024	3,450,309	826,968		2,623,341		3,180,643	269,666	1,246,333	2024	
2025	3,461,096	826,968		2,634,128		2,970,893	490,203	1,736,536	2025	
2026	3,085,000	843,507		2,241,492		2,812,432	272,567	2,009,103	2026	
	94,537,283	14,072,230	24,200,000	56,265,053	19,380,100	34,875,850	92,528,180	2,009,103		

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Single Family - Custom/Semi-Custom Residences			Single Family - Luxury Production Residences			Single Family - 2nd Move-Up Residences		
		Est. Market Value per Residence	Annual Value of C/SC SF Residences	Annual Value of LP SF Residences	Est. Market Value per Residence	Annual Value of LP SF Residences	Est. Market Value per Residence	Annual Value of 2nd MU SF Residences		
		\$624,000			\$468,000			\$390,000		
Inflation compounded annually on base price		2%			2%			2%		
1999	2001									
2000	2002									
2001	2003									
2002	2004		624,000	0	468,000	0		390,000	0	
2003	2005		636,480	0	24	477,360	11,456,640	30	397,800	11,934,000
2004	2006	24	649,210	15,581,030	30	486,907	14,607,216	40	405,756	16,230,240
2005	2007	18	662,194	11,919,488	35	496,645	17,382,587	42	413,871	17,382,587
2006	2008	28	675,438	18,912,255	42	506,578	21,276,287	44	422,149	18,574,536
2007	2009	20	688,946	13,778,928	40	516,710	20,668,393	46	430,592	19,807,210
2008	2010	29	702,725	20,379,035	40	527,044	21,081,760	48	439,203	21,081,760
2009	2011	25	716,780	17,919,496	54	537,585	29,029,584	54	447,987	24,191,320
2010	2012	30	731,115	21,933,464	30	548,337	16,450,098	54	456,947	24,675,147
2011	2013	24	745,738	17,897,706	20	559,303	11,186,066	60	466,086	27,965,166
2012	2014		760,653	0		570,489	0	32	475,408	15,213,050
2013	2015								484,916	0
2014	2016									
2015	2017									
2016	2018									
2017	2019									
2018	2020									
2019	2021									
2020	2022									
2021	2023									
2022	2024									
2023	2025									
2024	2026									
		<u>198</u>		<u>138,321,403</u>	<u>315</u>		<u>163,138,631</u>	<u>450</u>		<u>197,055,016</u>

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Single Family - 1st Move-Up Residences	Est. Market Value per Residence \$312,000	Annual Value of 1st MU SF Residences	Single Family - Specialty Residences	Est. Market Value per Residence \$286,000	Annual Value of New SF Residences	Total Annual Number of Single Family Detached Residences	Total Annual Value of Single Family Detached Residences		
Inflation compounded annually on base price			2%			2%					
1999	2001										
2000	2002							0	0		
2001	2003							0	0		
2002	2004		312,000	0		286,000	0	0	0		
2003	2005	36	318,240	11,456,640	36	291,720	10,501,920	126	45,349,200		
2004	2006	54	324,605	17,528,659	48	297,554	14,282,611	196	78,229,757		
2005	2007	54	331,097	17,879,232	90	303,505	27,315,494	239	91,879,389		
2006	2008	56	337,719	18,912,255	97	309,576	30,028,833	267	107,704,165		
2007	2009	60	344,473	20,668,393	94	315,767	29,682,108	260	104,605,032		
2008	2010	62	351,363	21,784,486	68	322,082	21,901,607	247	106,228,649		
2009	2011	61	358,390	21,861,786	70	328,524	22,996,687	264	115,998,873		
2010	2012	84	365,558	30,706,849	70	335,095	23,456,621	268	117,222,178		
2011	2013	78	372,869	29,083,773	20	341,796	6,835,929	202	92,968,641		
2012	2014	26	380,326	9,888,483		348,632	0	58	25,101,533		
2013	2015		387,933	0				0	0		
2014	2016							0	0		
2015	2017							0	0		
2016	2018							0	0		
2017	2019							0	0		
2018	2020							0	0		
2019	2021							0	0		
2020	2022							0	0		
2021	2023							0	0		
2022	2024							0	0		
2023	2025							0	0		
2024	2026							0	0		
		571			199,770,555	593			187,001,811	2,127	885,287,416

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Single Family - Attached Residences	Annual Value of Single Family Residences \$260,000 2%	Annual Value of SF Attached Residences	Single-Family Attached Residences	Annual Value of SF Attached Residences \$108,160 2%	Annual Value of SF Attached Residences	Number of Single-Family Attached Residences	Total Annual Value of SF Attached Residences
1999	2001								
2000	2002							0	0
2001	2003							0	0
2002	2004		260,000	0		108,160	0	0	0
2003	2005	24	265,200	6,364,800		110,323	0	24	6,364,800
2004	2006	42	270,504	11,361,168		112,530	0	42	11,361,168
2005	2007	42	275,914	11,588,391		114,780	0	42	11,588,391
2006	2008	30	281,432	8,442,971		117,076	0	30	8,442,971
2007	2009	6	287,061	1,722,366		119,417	0	6	1,722,366
2008	2010	30	292,802	8,784,067		121,806	0	30	8,784,067
2009	2011	36	298,658	10,751,698	266	124,242	33,048,330	302	43,800,028
2010	2012	40	304,631	12,185,258		126,727	0	40	12,185,258
2011	2013	13	310,724	4,039,413				13	4,039,413
2012	2014		316,939	0				0	0
2013	2015							0	0
2014	2016							0	0
2015	2017							0	0
2016	2018							0	0
2017	2019							0	0
2018	2020							0	0
2019	2021							0	0
2020	2022							0	0
2021	2023							0	0
2022	2024							0	0
2023	2025							0	0
2024	2026							0	0
		<u>263</u>		<u>75,240,131</u>	<u>266</u>		<u>33,048,330</u>	<u>529</u>	<u>108,288,461</u>

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Total Annual Number of SF Attached & Detached Residences	Total Annual Value of SF Attached & Detached Residences	Est. Biennial Revaluation per State Statute 2%	Cumulative Valuation of New Residences	Estimated Residential Assessment Rate	Residential Assessed Valuation
1999	2001					9.74%	0
2000	2002	0	0	0	0	9.15%	0
2001	2003	0	0		0	9.15%	0
2002	2004	0	0	0	0	9.15%	0
2003	2005	150	51,714,000		51,714,000	9.15%	4,731,831
2004	2006	238	89,590,925	1,034,280	142,339,205	9.15%	13,024,037
2005	2007	281	103,467,780		245,806,985	9.15%	22,491,339
2006	2008	297	116,147,136	4,916,140	366,870,260	9.15%	33,568,629
2007	2009	266	106,327,398		473,197,658	9.15%	43,297,586
2008	2010	277	115,012,716	9,463,953	597,674,327	9.15%	54,687,201
2009	2011	566	159,798,901		757,473,228	9.15%	69,308,800
2010	2012	308	129,407,435	15,149,465	902,030,128	9.15%	82,535,757
2011	2013	215	97,008,054		999,038,182	9.15%	91,411,994
2012	2014	58	25,101,533	19,980,764	1,044,120,478	9.15%	95,537,024
2013	2015	0	0		1,044,120,478	9.15%	95,537,024
2014	2016	0	0	20,882,410	1,065,002,888	9.15%	97,447,764
2015	2017	0	0		1,065,002,888	9.15%	97,447,764
2016	2018	0	0	21,300,058	1,086,302,946	9.15%	99,396,720
2017	2019	0	0		1,086,302,946	9.15%	99,396,720
2018	2020	0	0	21,726,059	1,108,029,005	9.15%	101,384,654
2019	2021	0	0		1,108,029,005	9.15%	101,384,654
2020	2022	0	0	22,160,580	1,130,189,585	9.15%	103,412,347
2021	2023	0	0		1,130,189,585	9.15%	103,412,347
2022	2024	0	0	22,603,792	1,152,793,376	9.15%	105,480,594
2023	2025	0	0		1,152,793,376	9.15%	105,480,594
2024	2026	0	0	23,055,868	1,175,849,244	9.15%	107,590,206
		2,656	993,575,877	182,273,367			

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Undeveloped Residential Land		Assessed Valuation 29%	Total Assessed Valuation
		Platted/ Partially Finished Lots 20,000	Lots Used		
Inflation compounded annually on base price					
1999	2001			0	0
2000	2002			13,759	3,990
2001	2003			13,759	3,990
2002	2004	2,520,000	0	2,533,759	734,790
2003	2005	3,920,000	(2,533,759)	3,920,000	1,136,800
2004	2006	4,780,000	(3,920,000)	4,780,000	1,386,200
2005	2007	5,340,000	(4,780,000)	5,340,000	1,548,600
2006	2008	5,200,000	(5,340,000)	5,200,000	1,508,000
2007	2009	4,940,000	(5,200,000)	4,940,000	1,432,600
2008	2010	5,280,000	(4,940,000)	5,280,000	1,531,200
2009	2011	9,350,000	(9,270,000)	5,360,000	1,554,400
2010	2012	4,040,000	(5,360,000)	4,040,000	1,171,600
2011	2013	1,160,000	(4,040,000)	1,160,000	336,400
2012	2014	0	(1,160,000)	0	0
2013	2015	0	0	0	0
2014	2016	0	0	0	0
2015	2017	0	0	0	0
2016	2018	0	0	0	0
2017	2019	0	0	0	0
2018	2020	0	0	0	0
2019	2021	0	0	0	0
2020	2022	0	0	0	0
2021	2023	0	0	0	0
2022	2024	0	0	0	0
2023	2025	0	0	0	0
2024	2026	0	0	0	0
		<u>46,530,000</u>	<u>(46,543,759)</u>		

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

CONSTRUCTION COSTS BY PHASE

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Year	Water System	Sanitary System	Roadway System	Channel/ Drainage	Valley, Open Space, Parks	Total
Phase I						
2002			482,154			482,154
2003			3,595,229			3,595,229
2004					4,947,617	4,947,617
Subtotal					9,025,000	9,025,000
Phase II						
2005			4,470,822			4,470,822
2006	536,580	1,208,728	1,863,227	2,319,080		5,927,615
2007					4,776,563	4,776,563
Subtotal					15,175,000	15,175,000
	536,580	1,208,728	10,411,432	2,319,080	9,724,180	24,200,000

NOTES: Public art required by the City of Aurora is included in these costs.
 Phase I water, sewer and channel/drainage improvements are to be installed by the Developer and not reimbursed.

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

South Shore Metropolitan District
General Obligation Bonds
Series 2003

Sources and Uses of Funds

Sources

Principal Amount of Bond Issue	10,975,000.00
	<hr/>
	10,975,000.00

Uses

Project Fund		9,025,000.00
Debt Service Reserve Fund		1,097,500.00
Bond Discount	\$20.00 /\$1,000	219,500.00
Capitalized Interest Fund		480,156.25
Cost of Issuance		150,000.00
Contingency		2,843.75
		<hr/>
		10,975,000.00

General Obligation Bonds
Series 2003

Debt Service Schedule

Date	Principal	Rate	Interest	P & I	Annual P & I	Capitalized Interest	DSRF @ 0.05	Net Annual P & I
06/01/04			384,125.00	384,125.00		(192,062.50)	(27,437.50)	
12/01/04	0	7.000	384,125.00	384,125.00	768,250.00	(192,062.50)	(27,437.50)	329,250.00
06/01/05			384,125.00	384,125.00		(96,031.25)	(27,437.50)	
12/01/05	0	7.000	384,125.00	384,125.00	768,250.00	0.00	(27,437.50)	617,343.75
06/01/06			384,125.00	384,125.00		0.00	(27,437.50)	
12/01/06	300,000	7.000	384,125.00	684,125.00	1,088,250.00	0.00	(27,437.50)	1,013,375.00
06/01/07			373,625.00	373,625.00			(27,437.50)	
12/01/07	320,000	7.000	373,625.00	693,625.00	1,067,250.00		(27,437.50)	1,012,375.00
06/01/08			362,425.00	362,425.00			(27,437.50)	
12/01/08	340,000	7.000	362,425.00	702,425.00	1,064,850.00		(27,437.50)	1,009,975.00
06/01/09			350,525.00	350,525.00			(27,437.50)	
12/01/09	365,000	7.000	350,525.00	715,525.00	1,066,050.00		(27,437.50)	1,011,175.00
06/01/10			337,750.00	337,750.00			(27,437.50)	
12/01/10	390,000	7.000	337,750.00	727,750.00	1,065,500.00		(27,437.50)	1,010,625.00
06/01/11			324,100.00	324,100.00			(27,437.50)	
12/01/11	420,000	7.000	324,100.00	744,100.00	1,068,200.00		(27,437.50)	1,013,325.00
06/01/12			309,400.00	309,400.00			(27,437.50)	
12/01/12	445,000	7.000	309,400.00	754,400.00	1,063,800.00		(27,437.50)	1,008,925.00
06/01/13			293,825.00	293,825.00			(27,437.50)	
12/01/13	480,000	7.000	293,825.00	773,825.00	1,067,650.00		(27,437.50)	1,012,775.00
06/01/14			277,025.00	277,025.00			(27,437.50)	
12/01/14	510,000	7.000	277,025.00	787,025.00	1,064,050.00		(27,437.50)	1,009,175.00
06/01/15			259,175.00	259,175.00			(27,437.50)	
12/01/15	545,000	7.000	259,175.00	804,175.00	1,063,350.00		(27,437.50)	1,008,475.00
06/01/16			240,100.00	240,100.00			(27,437.50)	
12/01/16	585,000	7.000	240,100.00	825,100.00	1,085,200.00		(27,437.50)	1,010,325.00
06/01/17			219,625.00	219,625.00			(27,437.50)	
12/01/17	625,000	7.000	219,625.00	844,825.00	1,064,250.00		(27,437.50)	1,009,375.00
06/01/18			197,750.00	197,750.00			(27,437.50)	
12/01/18	670,000	7.000	197,750.00	867,750.00	1,065,500.00		(27,437.50)	1,010,625.00
06/01/19			174,300.00	174,300.00			(27,437.50)	
12/01/19	715,000	7.000	174,300.00	899,300.00	1,063,600.00		(27,437.50)	1,008,725.00
06/01/20			149,275.00	149,275.00			(27,437.50)	
12/01/20	770,000	7.000	149,275.00	919,275.00	1,068,550.00		(27,437.50)	1,013,675.00
06/01/21			122,325.00	122,325.00			(27,437.50)	
12/01/21	820,000	7.000	122,325.00	942,325.00	1,064,650.00		(27,437.50)	1,009,775.00
06/01/22			93,625.00	93,625.00			(27,437.50)	
12/01/22	880,000	7.000	93,625.00	973,625.00	1,067,250.00		(27,437.50)	1,012,375.00
06/01/23			62,825.00	62,825.00			(27,437.50)	
12/01/23	1,795,000	7.000	62,825.00	1,857,825.00	1,920,650.00		(1,124,937.50)	768,275.00
10,975,000			10,600,100.00	21,575,100.00	21,575,100.00	(480,158.25)	(2,195,000.00)	18,899,943.75

Dated	12/01/03	Average Coupon	7.000000
		NIC	7.144951
Settlement	12/01/03	TIC	7.242148
		Arbitrage Yield	7.000000
		Bond Years	151,430.00
		Average Life	13.80
		Accrued Interest	0.00

19,390.00

SouthShore-3

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South Shore Metropolitan District

General Obligation Bonds Series 2006

Sources and Uses of Funds

Sources

Principal Amount of Bond Issue	19,055,000.00
--------------------------------	---------------

19,055,000.00

Uses

Project Fund		15,175,000.00
Debt Service Reserve Fund		1,905,500.00
Bond Discount	\$20.00 /\$1,000	381,100.00
Capitalized Interest Fund		1,440,553.00
Cost of Issuance		150,000.00
Contingency		2,842.00

19,055,000.00

SouthShore-3

Mod#2

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\$19,055,000
South Shore Metropolitan District

General Obligation Bonds
Series 2006

Debt Service Schedule

Date	Principal	Rate	Interest	P & I	Annual P & I	Capitalized Interest	DSRF @ 0.05000	Net Annual P & I
06/01/07			666,925.00	666,925.00		(666,925.00)	(47,637.50)	95,275
12/01/07	0	7.000	666,925.00	666,925.00	1,333,850.00	(220,085.25)	(47,637.50)	351,564.75
06/01/08			666,925.00	666,925.00		(553,547.75)	(47,637.50)	
12/01/08	0	7.000	666,925.00	666,925.00	1,333,850.00	0.00	(47,637.50)	685,027.25
06/01/09			666,925.00	666,925.00		0.00	(47,637.50)	
12/01/09	180,000	7.000	666,925.00	846,925.00	1,513,850.00	0.00	(47,637.50)	1,418,575.00
06/01/10			660,625.00	660,625.00			(47,637.50)	
12/01/10	170,000	7.000	660,625.00	830,625.00	1,491,250.00		(47,637.50)	1,395,975.00
06/01/11			654,875.00	654,875.00			(47,637.50)	
12/01/11	385,000	7.000	654,875.00	1,039,875.00	1,694,350.00		(47,637.50)	1,599,075.00
06/01/12			641,200.00	641,200.00			(47,637.50)	
12/01/12	490,000	7.000	641,200.00	1,131,200.00	1,772,400.00		(47,637.50)	1,577,125.00
06/01/13			624,050.00	624,050.00			(47,637.50)	
12/01/13	650,000	7.000	624,050.00	1,274,050.00	1,898,100.00		(47,637.50)	1,802,825.00
06/01/14			601,300.00	601,300.00			(47,637.50)	
12/01/14	810,000	7.000	601,300.00	1,411,300.00	2,012,600.00		(47,637.50)	1,917,325.00
06/01/15			572,950.00	572,950.00			(47,637.50)	
12/01/15	765,000	7.000	572,950.00	1,337,950.00	1,910,900.00		(47,637.50)	1,815,625.00
06/01/16			548,175.00	548,175.00			(47,637.50)	
12/01/16	870,000	7.000	548,175.00	1,416,175.00	1,962,350.00		(47,637.50)	1,867,075.00
06/01/17			515,725.00	515,725.00			(47,637.50)	
12/01/17	825,000	7.000	515,725.00	1,340,725.00	1,856,450.00		(47,637.50)	1,761,175.00
06/01/18			486,850.00	486,850.00			(47,637.50)	
12/01/18	935,000	7.000	486,850.00	1,421,850.00	1,908,700.00		(47,637.50)	1,813,425.00
06/01/19			454,125.00	454,125.00			(47,637.50)	
12/01/19	895,000	7.000	454,125.00	1,349,125.00	1,803,250.00		(47,637.50)	1,707,975.00
06/01/20			422,800.00	422,800.00			(47,637.50)	
12/01/20	1,010,000	7.000	422,800.00	1,432,800.00	1,855,600.00		(47,637.50)	1,760,325.00
06/01/21			387,450.00	387,450.00			(47,637.50)	
12/01/21	1,080,000	7.000	387,450.00	1,467,450.00	1,854,900.00		(47,637.50)	1,759,625.00
06/01/22			349,650.00	349,650.00			(47,637.50)	
12/01/22	1,100,000	7.000	349,650.00	1,449,650.00	1,799,300.00		(47,637.50)	1,704,025.00
06/01/23			311,150.00	311,150.00			(47,637.50)	
12/01/23	1,405,000	7.000	311,150.00	1,716,150.00	2,027,300.00		(47,637.50)	1,932,025.00
06/01/24			281,975.00	281,975.00			(47,637.50)	
12/01/24	1,925,000	7.000	281,975.00	2,186,975.00	2,448,950.00		(47,637.50)	2,353,675.00
06/01/25			194,600.00	194,600.00			(47,637.50)	
12/01/25	1,850,000	7.000	194,600.00	2,044,600.00	2,239,200.00		(47,637.50)	2,143,925.00
06/01/26			129,850.00	129,850.00			(47,637.50)	
12/01/26	3,710,000	7.000	129,850.00	3,839,850.00	3,969,700.00		(1,953,137.50)	1,968,925.00
			19,631,850.00	38,688,350.00	38,686,850.00	(1,440,558.00)	(3,811,000.00)	33,435,292.00

Dated	12/01/06	Average Coupon	7.000000
		NIC	7.135888
Settlement	12/01/08	TIC	5.446597
		Arbitrage Yield	7.000000
		3cnd Years	280,455.00
		Average Life	14.72
		Accrued Interest:	0.00

34,375,350

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES**

January 23, 2002

NOTE 1) NATURE AND LIMITATION OF FORECAST

This forecast of consolidated financial information is for the purpose of a financial analysis of the proposed plan of Southshore Metropolitan Districts No. 1 and 2 (the "Districts") (in the Formation Stage of Development). It is to display how the proposed facilities and services are to be provided and financed.

This financial forecast presents, to the best knowledge and belief of Management of the Districts, the Districts' expected cash position and results of cash receipts and disbursements for the forecasted periods. Accordingly, the forecast reflects Management's judgement, as of January 23, 2002, the date of this forecast, of the expected conditions and the Districts' expected course of action.

The assumptions disclosed herein are those that Management believes are significant to the forecast and are not all-inclusive. There still usually may be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Based upon the biennial revaluation of property required by state statute, an increase in property valuation of 2% due to reassessment has been assumed every other year. The forecasted market values per single family residence have been increased by 2% each year, compounded annually, beginning in 2003.

NOTE 2) ORGANIZATION

The Petitioners for the formation of the Districts, quasi-municipal corporations, are in the process of organization. The Districts will be governed pursuant to provisions of the Colorado Special District Act (Title 32). The Districts will operate under a consolidated service plan approved by the City of Aurora (City). The Districts' service area is located entirely in Arapahoe County in the City. The Districts are being established to provide financing for the design, acquisition, installation and construction of water, wastewater, drainage, streets and roadways, traffic and safety control, parks, open space and recreation facilities and mosquito control systems. As set forth in this plan, the Districts are forecasted to issue \$30,030,000 in two bond issues. However, the service plan may have a higher debt service amount to allow for an under estimate of valuations in this forecast.

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES**

January 23, 2002

Southshore Metropolitan District No. 1 will be known as the "Operating District" and Southshore Metropolitan District No. 2 will be known as the "Taxing District". The Taxing District will serve to provide funding and the tax base needed to support the Operating District in the construction, operation and on-going maintenance of the facilities and improvements. The Operating District will be responsible for managing the construction of all facilities and improvements and for the operation and maintenance of all improvements which are not conveyed to the City.

Formation of the Districts is intended to be timed to allow for the proper legislative, judicial and election process to be completed in order for the Districts' electors to be able to vote for the authorization of debt and TABOR questions in November 2002 and tax levies for tax collections in 2003. The Petitioners expect the favorable approval at the election since they constitute the majority of the current eligible electors within the proposed Districts' boundaries.

NOTE 3) PETITIONERS / BOARD OF DIRECTORS

The Petitioners for Formation of the Districts are principals of the company that intends to develop the property included within the boundaries of the Districts. The developer is Laing Village LLC. The developer owns 350 acres and has an option to purchase the remaining 453 acres which comprise the District. In addition, 10 acres are to be included from the City for a total of 813 acres.

NOTE 4) BASIS OF ACCOUNTING

The basis of accounting for this forecast is the cash basis which is a basis of accounting that is different from the generally accepted accounting principles under which the Districts will prepare their financial statements.

NOTE 5) PROPERTY TAXES

The primary source of revenue or cash receipts will be ad valorem property taxes. Property taxes are determined annually by the Districts' Boards of Directors and set by County Commissioners as to rate or levy based upon the assessed valuation of the property within the Districts. The Arapahoe County Assessor determines the assessed valuation. The levy is expressed in terms of mills. A mill is 1/1,000 of the assessed valuation. The forecast assumes that the Districts will be able to initially set their mill levy at 38.000 mills for collection in 2003 through 2012 for debt service, administrative and operation and maintenance purposes. The mill levy is forecasted to be reduced to 26.000 mills by the end of the term of the forecast. Of the total mill levy each year, 8.000 mills are assumed to be for administrative and landscaping maintenance costs. The forecast assumes that the initial mill levy has not been adjusted according to provisions of the State's Gallagher Amendment.

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES**

January 23, 2002

The Gallagher Amendment states that residential assessed values State-wide must be approximately 45% of total assessed values. When the market values of residential property increase faster than the values of nonresidential property, the residential assessment ratio must decline to keep the 45 percent/55 percent ratio. According to information as set forth in the Colorado Legislative Council Staff Forecasts, 2000 - 2006, "Assessed Values and Property Tax Projections" issued in December 2000, the residential assessment rate is projected to decline from its current 9.74% for 2000 to 9.19% in 2001 (for collection in 2002), 8.78% in 2003 and 8.41% in 2005. Colorado House Bill 01-1366 has set the residential assessment ratio at 9.15% for property taxes collected in 2002 and 2003. Therefore, the forecast has included the residential assessment ratio of 9.15% through the term of the forecast. Historical trends would indicate that adjustments under the State's Gallagher Amendment would continue to lower the assessment ratio and adjust the mill levy upward. If the mill levy were adjusted according to provisions of the State's Gallagher Amendment and based upon the declines in the residential assessment ratios projected in this Memorandum, the mill levy could increase to 44.009 mills by the property tax collection year of 2006. The estimates of the Legislative Council Staff are projections only, do not have force of law and may or may not occur as projected.

The assessed valuation for the Districts is dependent upon the buildout schedule of the homes within the Districts. Management of the Districts has based the estimate of buildout on their forecasted buildout schedule. The forecasted development buildout schedule and conversion to assessed valuation is presented as a Schedule. The assessed valuation rate for raw ground and developed lots is 29% until a home is constructed. The beginning assessed value is based on the property valuation provided by Management as contained in the Arapahoe County Assessor's records for 803 acres for collection in 2002.

Increases to valuation for the development of infrastructure within the Districts for platted and finished lots held for buildout are included in the forecasted assessed valuation. No assessed valuation has been assumed for State Assessed property that may be owned by public utilities within the Districts.

The property taxes resultant from the above mill levy and assessed valuation has been reduced for the Arapahoe County Treasurer's fee for collection of the taxes at 1.5% and further reduced for uncollectible taxes of one half percent (.5%).

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES**

January 23, 2002

NOTE 6) SPECIFIC OWNERSHIP TAXES

Specific ownership taxes are set by the State and collected by the County Treasurer primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the Districts' share will be equal to approximately 10% of the property taxes collected, which is a conservative estimate based on other comparable Districts in the area.

NOTE 7) SYSTEM DEVELOPMENT FEES

The forecast assumes that a system development fee of \$2,000 per single family detached residential unit and \$1,500 per single family attached residential unit will be imposed and collected upon issuance of a building permit.

NOTE 8) DEVELOPER ADVANCES

The forecast assumes that the Developer will advance funds to the District for organizational/operational costs as shown on the Summary page and may be reimbursed from bond proceeds. The forecast also assumes that the Developer will advance all funds needed for construction costs to the District. To the extent that bond proceeds are available for construction payments in any year, the developer advance would be reduced accordingly.

Developer advances may be paid back at an interest rate to be determined in the future. These developer advances are not considered to be multi-year fiscal obligations.

NOTE 9) INTEREST INCOME

The forecast has included interest on monies that are forecasted to be on deposit or invested by the Districts at the prior year end at an interest rate of 4%.

NOTE 10) ADMINISTRATIVE AND LANDSCAPING MAINTENANCE

Administrative expenditures include the services necessary to maintain the Districts' administrative viability such as legal, accounting and audit, general engineering, insurance, banking, meeting expense, and other administrative expenses. Landscaping maintenance costs include costs anticipated to be incurred for the maintenance of parks and median landscaping. Administrative and landscaping maintenance disbursements are included in the forecast at \$100,000 for 2001, \$80,000 for 2002 and is increased by \$10,000 per year through 2005. Beyond 2005, these costs are assumed to be the equivalent of 8.000 mills of net property tax collections.

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES**

January 23, 2002

NOTE 11) INFRASTRUCTURE IMPROVEMENTS

The estimated cost of the capital infrastructure improvements to be funded under this Plan is \$24,200,000. The forecast assumes that the Developer will advance or contribute funds for all infrastructure costs and be reimbursed from bond proceeds to the extent bonds can be issued. The total infrastructure cost estimate includes the City's requirement for public art.

The Petitioners expect that the Districts will allow the Developer to either advance funds to the Districts or to actually construct the improvements under the Districts' supervision for reimbursement by the Districts upon completion to the extent bondable or to contribute funds to the District. The reimbursement of any additional costs is subject to the Districts' authorized indebtedness and other revenue available to the Districts. There may be additional construction costs in the future.

NOTE 12) DEBT SERVICE

The Districts anticipate issuing general obligation bonds on December 1, 2003 and December 1, 2006 in the amounts of \$10,975,000 and \$19,055,000, respectively. The proceeds of such debt will be used for issuance costs, capitalized interest, debt service reserve funds and to reimburse the Developer for capital infrastructure improvements and organizational costs. The bonds are assumed to bear interest at a rate of 7.0% and will be paid over 20 year periods with the final payment on the Series 2003 bonds on December 1, 2023 and the final payment on the Series 2006 bonds on December 1, 2026.

Assumptions related to debt principal amounts, interest rates, issuance costs, capitalized interest, debt service reserve funds and the related interest earnings, and other related debt service costs for the proposed Series 2003 and Series 2006 Bonds have been provided to Management by George K. Baum & Company, the proposed underwriter of the proposed bond issues of the Districts.

NOTE 13) The Districts have requested the attached projection under the following hypothetical assumption:

- Assumption that only Phase I of construction and buildout are attained with no further development in the District. This projection shows the ability of the District to repay the bonded debt.

**SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)**

**PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13**

SUMMARY - PHASE I ONLY

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Year	Assessed Value (Page 25)	Mill Levy	CASH RECEIPTS											Total Receipts	Total Disbursements (Page 20)	Annual Cash Surplus	Cumulative Cash Surplus	Year	
			Net Property Taxes 98.00%	Specific Ownership Taxes 10.00%	System Development Fees Detached SF Residences \$2,000	Attached SF Residences \$1,500	Developer Advances - Org./Operations	Developer Advances - Construction	Bond Proceeds Avail. for Dev. Reimb.	Bond Proceeds Applied to Reimburse Developer	Capitalized Interest	Interest Income 4.00%							
1			0	0	0	0	100,000							0	100,000	100,000	0	0	2001
2	3,990	0.000	0	0	0	0	80,000		482,154					0	562,154	562,154	0	0	2002
3	3,990	38.000	149	15	252,000	36,000					9,025,000	(9,025,000)	480,156	0	4,363,548	3,685,229	678,319	678,319	2003
4	734,790	38.000	27,364	2,736	392,000	63,000		4,947,617						27,133	5,459,850	5,760,992	(301,142)	377,177	2004
5	5,868,631	38.000	218,548	21,855	410,000	63,000		0						15,087	728,490	823,375	(94,885)	282,292	2005
6	14,213,037	38.000	529,294	52,929	344,000	45,000		0						11,292	982,515	1,124,805	(142,291)	140,001	2006
7	21,671,217	38.000	807,036	80,704	156,000	9,000		0						5,600	1,058,340	1,182,277	(123,938)	16,064	2007
8	27,524,036	38.000	1,024,995	102,500	52,000	45,000		0						643	1,225,137	1,225,763	(626)	15,437	2008
9	29,791,259	38.000	1,109,426	110,943	0	453,000	(180,000)							617	1,493,987	1,244,738	249,248	264,685	2009
0	31,872,902	38.000	1,186,947	118,895	0	60,000								10,587	1,376,229	1,260,509	115,720	380,406	2010
1	35,880,605	38.000	1,336,194	133,619	0	19,500								15,216	1,504,529	1,294,629	209,900	590,306	2011
2	37,713,168	38.000	1,404,438	140,444	0	0								23,612	1,568,494	1,304,596	263,898	854,205	2012
3	38,082,774	36.000	1,343,560	134,356	0	0								34,168	1,512,084	1,311,344	200,741	1,054,945	2013
4	38,844,429	36.000	1,370,431	137,043	0	0								42,198	1,549,672	1,313,715	235,957	1,290,902	2014
5	38,844,429	34.000	1,294,296	129,430	0	0								51,636	1,475,362	1,313,015	162,347	1,453,249	2015
6	39,621,318	34.000	1,320,182	132,018	0	0								58,130	1,510,331	1,320,956	189,374	1,642,623	2016
7	39,621,318	34.000	1,320,182	132,018	0	0								65,705	1,517,905	1,320,006	197,899	1,840,523	2017
8	40,413,744	33.000	1,306,980	130,698	0	0								73,621	1,511,299	1,327,469	183,831	2,024,353	2018
9	40,413,744	33.000	1,306,980	130,698	0	0								80,974	1,518,653	1,325,569	193,084	2,217,437	2019
0	41,222,019	32.000	1,292,723	129,272	0	0								88,697	1,510,692	1,336,856	173,837	2,391,274	2020
1	41,222,019	32.000	1,292,723	129,272	0	0								95,651	1,517,646	1,332,956	184,690	2,575,964	2021
2	42,046,460	32.000	1,318,577	131,858	0	0								103,039	1,553,473	1,342,019	211,454	2,787,418	2022
3	42,046,460	31.000	1,277,371	127,737	0	0								111,497	1,516,605	1,097,919	418,686	3,206,104	2023
			<u>22,088,397</u>	<u>2,208,840</u>	<u>1,606,000</u>	<u>793,500</u>	<u>0</u>	<u>9,025,000</u>	<u>9,025,000</u>	<u>(9,025,000)</u>	<u>480,156</u>	<u>915,103</u>	<u>37,116,996</u>	<u>33,910,892</u>	<u>3,206,104</u>				

Dev. Advance

a: Net Property Taxes assumes a 1.5% County Treasurer's Collection Fee and a .5% Allowance for Uncollectible Accounts.

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)

PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13

SUMMARY - PHASE I ONLY

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Year	Total Receipts (Page 19)	CASH DISBURSEMENTS				Total Disbursements	Annual Cash Surplus	Cumulative Cash Surplus	Year
		Admin & Landscaping Maintenance 8.00 Mills (net)	Construction Costs	Available for Debt Svc	Net Debt Svc Series 2003 Bonds				
2001	100,000	100,000		0		100,000	0	0	2001
2002	562,154	80,000	482,154	0		562,154	0	0	2002
2003	4,363,548	90,000	3,595,229	678,319	0	3,685,229	678,319	678,319	2003
2004	5,459,850	100,000	4,947,617	412,233	713,375	5,760,992	(301,142)	377,177	2004
2005	728,490	110,000		618,490	713,375	823,375	(94,885)	282,292	2005
2006	982,515	111,430		871,084	1,013,375	1,124,805	(142,291)	140,001	2006
2007	1,058,340	169,902		888,437	1,012,375	1,182,277	(123,938)	16,064	2007
2008	1,225,137	215,788		1,009,349	1,009,975	1,225,763	(626)	15,437	2008
2009	1,493,987	233,563		1,260,423	1,011,175	1,244,738	249,248	264,685	2009
2010	1,376,229	249,884		1,126,345	1,010,625	1,260,509	115,720	380,406	2010
2011	1,504,529	281,304		1,223,225	1,013,325	1,294,629	209,900	590,306	2011
2012	1,568,494	295,671		1,272,823	1,008,925	1,304,596	263,898	854,205	2012
2013	1,512,084	298,569		1,213,516	1,012,775	1,311,344	200,741	1,054,945	2013
2014	1,549,672	304,540		1,245,132	1,009,175	1,313,715	235,957	1,290,902	2014
2015	1,475,362	304,540		1,170,822	1,008,475	1,313,015	162,347	1,453,249	2015
2016	1,510,331	310,631		1,199,699	1,010,325	1,320,956	189,374	1,642,623	2016
2017	1,517,905	310,631		1,207,274	1,009,375	1,320,006	197,899	1,840,523	2017
2018	1,511,299	316,844		1,194,456	1,010,625	1,327,469	183,831	2,024,353	2018
2019	1,518,653	316,844		1,201,809	1,008,725	1,325,569	193,084	2,217,437	2019
2020	1,510,692	323,181		1,187,512	1,013,675	1,336,856	173,837	2,391,274	2020
2021	1,517,646	323,181		1,194,465	1,009,775	1,332,956	184,690	2,575,964	2021
2022	1,553,473	329,644		1,223,829	1,012,375	1,342,019	211,454	2,787,418	2022
2023	1,516,605	329,644		1,186,961	768,275	1,097,919	418,686	3,206,104	2023
	37,116,996	5,505,792	9,025,000	22,586,204	19,380,100	33,910,892	3,206,104		

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)

PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13

SCHEDULE OF ESTIMATED ASSESSED VALUATION - PHASE I

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Single Family - Custom/ Semi-Custom Residences			Single Family - Luxury Production Residences			Single Family - 2nd Move-Up Residences		
		Est. Market Value per Residence	Annual Value of C/SC SF Residences		Est. Market Value per Residence	Annual Value of LP SF Residences		Est. Market Value per Residence	Annual Value of 2nd MU SF Residences	
		\$624,000			\$468,000			\$390,000		
Inflation compounded annually on base price		2%			2%			2%		
1999	2001									
2000	2002									
2001	2003									
2002	2004	624,000	0		468,000	0		390,000	0	
2003	2005	636,480	0	24	477,360	11,456,640	30	397,800	11,934,000	
2004	2006	24 649,210	15,581,030	30	486,907	14,607,216	40	405,756	16,230,240	
2005	2007	662,194	0	19	496,645	9,436,262	42	413,871	17,382,587	
2006	2008	675,438	0		506,578	0	19	422,149	8,020,822	
2007	2009	688,946	0		516,710	0		430,592	0	
2008	2010	702,725	0		527,044	0		439,203	0	
2009	2011	716,780	0		537,585	0		447,987	0	
2010	2012	731,115	0		548,337	0		456,947	0	
2011	2013	745,738	0		559,303	0		466,086	0	
2012	2014	760,653	0		570,489	0		475,408	0	
2013	2015							484,916	0	
2014	2016									
2015	2017									
2016	2018									
2017	2019									
2018	2020									
2019	2021									
2020	2022									
2021	2023									
2022	2024									
2023	2025									
2024	2026									
		<u>24</u>	<u>15,581,030</u>	<u>73</u>	<u>35,500,118</u>	<u>131</u>	<u>53,567,649</u>			

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)

PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13

SCHEDULE OF ESTIMATED ASSESSED VALUATION - PHASE I

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Single Family - 1st Move-Up Residences	Est. Market Value per Residence \$312,000	Annual Value of 1st MU SF Residences	Single Family - Specialty Residences	Est. Market Value per Residence \$286,000	Annual Value of New SF Residences	Total Annual Number of Single Family Detached Residences	Total Annual Value of Single Family Detached Residences
Inflation compounded annually on base price			2%			2%			
1999	2001								
2000	2002							0	0
2001	2003							0	0
2002	2004		312,000	0		286,000	0	0	0
2003	2005	36	318,240	11,456,640	36	291,720	10,501,920	126	45,349,200
2004	2006	54	324,605	17,528,659	48	297,554	14,282,611	196	78,229,757
2005	2007	54	331,097	17,879,232	90	303,505	27,315,494	205	72,013,575
2006	2008	56	337,719	18,912,255	97	309,576	30,028,833	172	56,961,910
2007	2009	60	344,473	20,668,393	18	315,767	5,683,808	78	26,352,201
2008	2010	26	351,363	9,135,430		322,082	0	26	9,135,430
2009	2011		358,390	0		328,524	0	0	0
2010	2012		365,558	0		335,095	0	0	0
2011	2013		372,869	0		341,796	0	0	0
2012	2014		380,326	0		348,632	0	0	0
2013	2015		387,933	0				0	0
2014	2016							0	0
2015	2017							0	0
2016	2018							0	0
2017	2019							0	0
2018	2020							0	0
2019	2021							0	0
2020	2022							0	0
2021	2023							0	0
2022	2024							0	0
2023	2025							0	0
2024	2026							0	0
		<u>286</u>		<u>95,580,608</u>	<u>289</u>		<u>87,812,666</u>	<u>803</u>	<u>288,042,072</u>

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)

PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13

SCHEDULE OF ESTIMATED ASSESSED VALUATION - PHASE I

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Single Family - Attached Residences	Annual Value of Single Family Residences	Annual Value of SF Attached Residences	Single-Family Attached Residences	Annual Value of SF Attached Residences	Annual Value of SF Attached Residences	Number of Single-Family Attached Residences	Total Annual Value of SF Attached Residences
			\$260,000			\$108,160			
			2%			2%			
1999	2001								
2000	2002							0	0
2001	2003							0	0
2002	2004		260,000	0		108,160	0	0	0
2003	2005	24	265,200	6,364,800		110,323	0	24	6,364,800
2004	2006	42	270,504	11,361,168		112,530	0	42	11,361,168
2005	2007	42	275,914	11,588,391		114,780	0	42	11,588,391
2006	2008	30	281,432	8,442,971		117,076	0	30	8,442,971
2007	2009	6	287,061	1,722,366		119,417	0	6	1,722,366
2008	2010	30	292,802	8,784,067		121,806	0	30	8,784,067
2009	2011	36	298,658	10,751,698	266	124,242	33,048,330	302	43,800,028
2010	2012	40	304,631	12,185,258		126,727	0	40	12,185,258
2011	2013	13	310,724	4,039,413				13	4,039,413
2012	2014		316,939	0				0	0
2013	2015							0	0
2014	2016							0	0
2015	2017							0	0
2016	2018							0	0
2017	2019								0
2018	2020								0
2019	2021								0
2020	2022								0
2021	2023								0
2022	2024								0
2023	2025								0
2024	2026								0
			<u>263</u>	<u>75,240,131</u>	<u>266</u>	<u>33,048,330</u>		<u>529</u>	<u>108,288,461</u>

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)

PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13

SCHEDULE OF ESTIMATED ASSESSED VALUATION - PHASE I

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Total Annual Number of SF Attached & Detached Residences	Total Annual Value of SF Attached & Detached Residences	Est. Biennial Revaluation per State Statute 2%	Cumulative Valuation of New Residences	Estimated Residential Assessment Rate	Residential Assessed Valuation
1999	2001					9.74%	0
2000	2002	0	0	0	0	9.15%	0
2001	2003	0	0		0	9.15%	0
2002	2004	0	0	0	0	9.15%	0
2003	2005	150	51,714,000		51,714,000	9.15%	4,731,831
2004	2006	238	89,590,925	1,034,280	142,339,205	9.15%	13,024,037
2005	2007	247	83,601,966		225,941,171	9.15%	20,673,617
2006	2008	202	65,404,881	4,518,823	295,864,875	9.15%	27,071,636
2007	2009	84	28,074,567		323,939,442	9.15%	29,640,459
2008	2010	56	17,919,496	6,478,789	348,337,727	9.15%	31,872,902
2009	2011	302	43,800,028		392,137,755	9.15%	35,880,605
2010	2012	40	12,185,258	7,842,755	412,165,768	9.15%	37,713,168
2011	2013	13	4,039,413		416,205,181	9.15%	38,082,774
2012	2014	0	0	8,324,104	424,529,284	9.15%	38,844,429
2013	2015	0	0		424,529,284	9.15%	38,844,429
2014	2016	0	0	8,490,586	433,019,870	9.15%	39,621,318
2015	2017	0	0		433,019,870	9.15%	39,621,318
2016	2018	0	0	8,660,397	441,680,267	9.15%	40,413,744
2017	2019	0	0		441,680,267	9.15%	40,413,744
2018	2020	0	0	8,833,605	450,513,873	9.15%	41,222,019
2019	2021	0	0		450,513,873	9.15%	41,222,019
2020	2022	0	0	9,010,277	459,524,150	9.15%	42,046,460
2021	2023	0	0		459,524,150	9.15%	42,046,460
2022	2024	0	0	9,190,483	468,714,633	9.15%	42,887,389
2023	2025	0	0		468,714,633	9.15%	42,887,389
2024	2026	0	0	9,374,293	478,088,926	9.15%	43,745,137
		1,332	396,330,533	81,758,393			

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)

**PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13**

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SCHEDULE OF ESTIMATED ASSESSED VALUATION - PHASE I

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Undeveloped Residential Land		Cumulative Actual Value	Assessed Valuation 29%	Total Assessed Valuation
		Platted/ Partially Finished Lots 20,000	Lots Used			
Inflation compounded annually on base price						
1999	2001				0	0
2000	2002			13,759	3,990	3,990
2001	2003			13,759	3,990	3,990
2002	2004	2,520,000	0	2,533,759	734,790	734,790
2003	2005	3,920,000	(2,533,759)	3,920,000	1,136,800	5,868,631
2004	2006	4,100,000	(3,920,000)	4,100,000	1,189,000	14,213,037
2005	2007	3,440,000	(4,100,000)	3,440,000	997,600	21,671,217
2006	2008	1,560,000	(3,440,000)	1,560,000	452,400	27,524,036
2007	2009	520,000	(1,560,000)	520,000	150,800	29,791,259
2008	2010	0	(520,000)	0	0	31,872,902
2009	2011	3,990,000	(3,990,000)	0	0	35,880,605
2010	2012	0	0	0	0	37,713,168
2011	2013	0	0	0	0	38,082,774
2012	2014	0	0	0	0	38,844,429
2013	2015	0	0	0	0	38,844,429
2014	2016	0	0	0	0	39,621,318
2015	2017	0	0	0	0	39,621,318
2016	2018	0	0	0	0	40,413,744
2017	2019	0	0	0	0	40,413,744
2018	2020	0	0	0	0	41,222,019
2019	2021	0	0	0	0	41,222,019
2020	2022	0	0	0	0	42,046,460
2021	2023	0	0	0	0	42,046,460
2022	2024	0	0	0	0	42,887,389
2023	2025	0	0	0	0	42,887,389
2024	2026	0	0	0	0	43,745,137
		<u>20,050,000</u>	<u>(20,063,759)</u>			

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)

**PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13**

CONSTRUCTION COSTS BY PHASE - PHASE I

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Year	Water System	Sanitary System	Roadway System	Channel/ Drainage	Valley, Open Space, Parks	Total
Phase I						
2002			482,154			482,154
2003			3,595,229			3,595,229
2004					4,947,617	4,947,617
	<u>0</u>	<u>0</u>	<u>4,077,383</u>	<u>0</u>	<u>4,947,617</u>	<u>9,025,000</u>

NOTES: Public art required by the City of Aurora is included in these costs.
Phase I water, sewer and channel/drainage improvements are to be installed by the Developer and not reimbursed.

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

EXHIBIT H
Aurora Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT
BETWEEN
THE CITY OF AURORA, COLORADO
AND
SOUTHSHORE METROPOLITAN DISTRICT NOS. 1 and 2

THIS AGREEMENT is made and entered into as of this _____ day of _____, 2002, by and between the **CITY OF AURORA**, a home-rule municipal corporation of the State of Colorado ("City"), and **SOUTHSHORE METROPOLITAN DISTRICTS NOS. 1 and 2**, quasi-municipal corporations and political subdivisions of the State of Colorado (the "Districts"). The City and the District are collectively referred to as the Parties.

RECITALS

WHEREAS, the Districts were organized to provide these services and to exercise powers as are more specifically set forth in the Districts' Consolidated Service Plan dated February __, 2002, and approved by the City on _____, 2002 ("Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the City and the Districts, as required by the Aurora City Code; and

WHEREAS, the City and the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement ("Agreement").

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. Application of Local Laws. Each District hereby acknowledges that the property within its boundaries shall be subject to the ordinances, rules and regulations of the City relating to zoning, subdividing, building, and land use. Should additional districts be formed in the Future Inclusion Area, as defined in the Service Plan, such additional districts shall be similarly subject to the ordinances, rules and regulations referenced herein.

2. Change in Boundaries. Each District agrees that, other than as set forth in the Service Plan, inclusion of properties within, or any exclusion of properties from, its boundaries shall be subject to the prior approval of the City Council of the City as evidenced by a resolution after a public hearing thereon; provided, however, that inclusion or exclusion of property shall not constitute a material modification of the Service Plan.

3. Refunding of Bonds. Each District agrees that any refunding of outstanding bonds of the Districts which could extend the maturity of such bonds, or increase the total debt service thereon, shall be subject to the prior approval of the City Council of the City as evidenced by a resolution after a public hearing thereon. Notwithstanding the foregoing, such

prior approval need not be obtained where the refunding or restructuring of outstanding debt of the Districts is being undertaken for the purpose of preventing or averting a default or terminating a condition of default on the bonds.

4. Ownership and Operation of Facilities. The Parties agree that the Districts shall be permitted to undertake ownership and operation of those public facilities and services as set forth in Section IV.H. of the Service Plan.

5. Consolidation. Each District agrees that the consolidation of the Districts with any other special districts within the State of Colorado shall be subject to the prior approval of the City Council of the City as evidenced by resolution after a public hearing thereon.

6. Dissolution. Each District agrees that it shall take all action necessary to dissolve pursuant to Title 32, Article I, part 7, C.R.S., as amended from time to time, as provided for under Colorado law and Chapter 122-31(10) of the City Code if and in the event it does not need to remain in existence to operate and maintain facilities contemplated in the Service Plan to be operated and maintained indefinitely by the Districts.

7. Notice of Meetings. Each District agrees that it shall submit a copy of the written notice of every regular or special meeting of the District's Board of Directors to the Office of the City Clerk, by mail, email, facsimile, or by hand, to be received at least three (3) days prior to such meeting.

8. Annual Report. The Districts shall be responsible for submitting a joint annual report to the City pursuant to the City Code containing the information set forth in Section VI of the Service Plan.

9. Entire Agreement of the Parties. This written Agreement constitutes the entire agreement between 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.

10. 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.

11. Enforcement. The Parties agree that this Agreement may be enforced in law or in equity for specific performance, injunctive, or other appropriate relief, including damages, as may be available according to the laws and statutes of the State of Colorado. It is specifically understood that by executing this Agreement each Party commits itself to perform pursuant to these terms contained herein, and that any breach hereof which results in any recoverable damages shall not cause the termination of any obligations created by this Agreement unless such termination is declared by the Party not in breach hereof.

12. Venue. Venue for the trial of any action arising out of any dispute hereunder shall be in the appropriate district court of the State of Colorado pursuant to the appropriate rules of civil procedures.

13. Intent of Agreement. Except as otherwise stated herein, this Agreement is intended to describe the rights and responsibilities of and between the named Parties and is not intended to, and shall not be deemed to confer any rights upon any persons or entities not named as parties, nor to limit in any ways the powers and responsibilities of the City, the Districts, or any other entity not a party hereto.

14. Effect of Invalidity. If any portion of this Agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction as to either Party or as to both Parties, such portion shall be deemed severable and its invalidity or its unenforceability shall not cause the entire Agreement to be terminated.

15. Assignability. Other than as specifically provided for in this Agreement, neither the City nor the District shall assign their rights or delegate their duties hereunder without the prior written consent of the other Party.

16. Successors and Assigns. This Agreement and the rights and obligations created hereby shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

17. Public Art. The Districts shall provide and install such exterior works of art as may be approved by Aurora, which works of art shall comply with the applicable City standards. The aggregate cost of such works of art shall be not less than one percent (1%) of the total principal amount of all bonds issued by the Districts to finance the construction of aboveground facilities and improvements.

18. Regional Improvements. In lieu of a regional improvement financial contribution, the proposed Districts agree to participate in sharing the costs of constructing, installing, acquiring and dedicating to Aurora the public regional infrastructure improvements that benefit the taxpayers and residents of the proposed Districts. Regional improvements creating benefit to taxpayers and residents of the proposed Districts include trails, storm drainage, open space, water, wastewater, and roadway improvements. Upon organization of the Districts, the Developer anticipate executing an assumption agreement whereby the Districts will assume certain Developer obligations in exchange for receiving assignment of reimbursements due under the Agreements.

SOUTHSHORE METROPOLITAN
DISTRICT NOS. 1 and 2

By: _____

ATTEST:

BY: _____

SOUTHSHORE METROPOLITAN
DISTRICT NOS. 1 and 2

By: _____

ATTEST:

BY: _____

CITY OF AURORA

By: _____

Its: _____

ATTEST:

BY: _____

Approved as to Form

By: _____

EXHIBIT I
Letter in Support of Market Projections



THE GENESIS GROUP



Market Assessment For:

Southshore

Prepared For:

Laing – Village L.L.C.

December 2001

The information contained in this report is for the exclusive use of Laing-Village LLC. Any reproduction of this document is prohibited without the express written consent of The Genesis Group.

The Genesis Group was commissioned to provide an independent analysis of the Southshore master plan. All information contained in this report is believed to be accurate, reliable and timely. The Genesis Group has no reason to doubt the accuracy of the data compiled in this analysis; however, The Genesis Group is unable to guarantee its contents.

MARKET STUDIES
APPRAISALS
PRODUCT DEVELOPMENT

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THE GENESIS GROUP



December 1, 2001

Mr. John Osborn
Mr. Larry Webb
Laing - Village LLC
7000 East Belleview, Suite 200
Englewood, Colorado 80111

Re: Market Assessment - Southshore Pricing and Absorption Forecast

Dear Gentlemen:

Pursuant to your request, The Genesis Group has completed an assessment of the Southshore master plan, which is located approximately 2.5 mile east of E-470 and Smoky Hill Road in Aurora, Colorado. The purpose of this report is to provide an overview of the competitive market conditions in the southeast metro Denver market area and to present recommendations that include pricing and an absorption forecast for the Southshore master plan as well as an assessment of the community's positioning strategy as it relates to the competitive market.

The scope of the work required for the completion of this analysis included the following:

- A general review of neighborhood characteristics that will support housing demand in the Southshore Competitive Market Area (CMA) including schools, shopping, employment and recreation in the market area.
- An analysis of the economic conditions within the Six County Denver metro region and a forecast of future housing demand within the region.
- An analysis of the competitive environment (focusing on master planned community development within the CMA) that will potentially provide competition to Southshore. From this analysis, base pricing trends, market positioning and absorption levels were analyzed.
- An investigation of proposed residential communities within Southshore community as well as within the immediate market area. From this, potential impacts on the future lot supply and resulting implications to the Southshore master plan were identified.
- Presentation of The Genesis Group's conclusions regarding pricing, positioning and absorption potential for the Laing-Village LLC partnership at Southshore.

It has been a pleasure working with you on this assignment. If you have questions about this report, please feel free to contact us.

Respectfully submitted,

THE GENESIS GROUP

Cheri Meyn
Cheri Meyn

MARKET STUDIES
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General Assumptions and Limiting Conditions of the Analysis

Several general assumptions are made and limiting conditions imposed on this report. While The Genesis Group in completing this study has exercised reasonable due diligence, the reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in it. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations. These general assumptions and limiting conditions are described below:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be marketable unless otherwise stated.
2. The property is analyzed free and clear of all liens or encumbrances and it is assumed that all expenses, including taxes, have been paid unless otherwise stated.
3. Responsible ownership and competent management are assumed.
4. The information furnished by others is researched diligently and believed to be reliable. However, no warranty is given for its accuracy. It is assumed that the subject property and market data supplied by the owner, buyers, sellers, brokers, consultants and public officials is accurate. The Genesis Group assumes no responsibility for independently verifying this information and reserves the right to alter the analyses and conclusions based on correction of such information.

5. All engineering, drafting, etc. by others is assumed to be correct. Any plans and illustrative material provided in this report are included only to assist the reader in visualizing the property.
6. Unless otherwise stated, it is assumed that there are no hidden or unapparent conditions that adversely affect the property. This study should not be considered a report on the physical items that are a part of the property. Although the report may contain information about the physical items being analyzed, it should be clearly understood that this information is only to be used as a general guide for understanding the property and not as a complete or detailed physical report. The analysts are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature. The Genesis Group assumes no responsibility for these items.
7. The existence of hazardous materials/conditions, which may or may not be present on the property, was not observed by the Analysts unless stated in the report. Also, unless so stated, the analysts have no knowledge of the existence of such materials on or in the property. The Genesis Group is not qualified to detect such substances.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the report. A comprehensive examination of such laws and regulations affecting the subject property was not performed for this appraisal.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined and considered in this report. A comprehensive examination of zoning and use laws and regulations affecting the subject property was not performed.





-
10. No survey of the property has been made by The Genesis Group and no responsibility is assumed in connection with such matters. The reliability of the information contained on any map or drawing is assumed and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments, or other survey matters.
 11. Possession of this report, or a copy of it, does not carry with it the right of publication. It may not be used for any purpose by any party other than the party to whom it is addressed without the written consent of The Genesis Group, and in any event only with proper qualification and only in its entirety.
 12. The staff of The Genesis Group, by reason of this study, is not required to give further consultation, testimony or be in attendance in court with reference to the property in question unless arrangements have been previously made.
 13. Neither all nor any part of the contents of this report (especially any conclusions or recommendations, the identity of the analysts or the firm with which the analysts are connected) shall be disseminated to the public through advertising, solicitation materials, public relations, news, sales or other media without the prior written consent of The Genesis Group. Further, neither the analysts nor The Genesis Group assume any obligation, liability or accountability to any third party. If this report is placed in the hands of anyone but the client, client shall make such party aware of all the assumptions and limiting conditions of the assignment.
 14. If any of the conclusions or recommendations of this study are subject to satisfactory completion, repairs or alterations, the conclusions or recommendations are contingent upon completion or the improvements in conformance with the description in this report, all applicable codes, ordinances and statutes, and in a workmanlike manner.
 15. The projections and forecasts in this report are based on analysis of data gathered and analyzed prior to the date of the report. The conclusions and recommendations are subject to alteration resulting from subsequent unforeseen changes in market or other conditions.
 16. This analysis has been conducted without regard for the race, color, national origin or gender of the any persons related to the property or who live or work in its vicinity, except insofar as such attributes of those persons have been discovered to actually influence the market for the subject property, as stated in this report.



Certification

Consulting Assignment: Southshore

I, the undersigned, certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or even resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person signing this report.

**Cheri Meyn, President
The Genesis Group
December 1, 2001**



III. HOUSING MARKET REVIEW AND ANALYSIS

An understanding of resale housing conditions and trends is important to the analysis of Southshore property. Knowledge of resale housing prices and trends in the surrounding competitive resale sub market areas is important for two reasons. First, an understanding of values of homes that potential buyers of homes at the subject property will be selling is important in considering pricing recommendations. In addition, the recommended home pricing for the subject master plan can be considered in the context of resale housing prices and trends in the area.

Resale Housing Trends

Market Highlights

- Overall sales of existing homes remained relatively stable in the six county metro Denver area during the past 12 months through Third Quarter 2001 as compared to the same time period the previous year. There were 46,317 existing home sales during the past twelve months as compared to 45,578 home sales the previous year, an increase of 2 percent. Over the past 12 months, sales of existing detached homes increased 2 percent, while sales of existing attached homes increased less than one percent.
- Due to continued strong price appreciation, the gross dollar volume of existing (attached and detached) home sales increased 13 percent. The gross dollar volume of existing detached home sales was up 12 percent to \$1,865,014,388 and the gross dollar volume of existing attached sales increased nearly 16 percent to \$409,719,688.
- The number of existing detached home sales during Third Quarter 2001 almost mirrored the sales volume during the Third quarter of last year. There were 7,462 sales during Third Quarter 2001 as compared to 7,352 sales during Third Quarter 2000.
- As compared to Third Quarter 2000, sales of existing detached homes increased 2 percent in Arapahoe County. The greatest number of detached home sales in Arapahoe County occurred in the \$150,000 to \$200,000 price range, as the volume of existing detached homes priced below \$250,000 accounted for 73 percent of the total detached sales in the county.
- The overall number of existing homes in inventory increased 59 percent as compared to the same time last year. At the end of Third Quarter 2001, there were 12,545 existing homes listed for sale in the six county Denver area as compared to 7,889 available homes at end of Third Quarter 2000.
- The number of existing detached homes in inventory increased by 52 percent as compared to Third Quarter 2000, while the number of attached homes in inventory increased by nearly 90 percent.
- The supply of existing homes (attached and detached) increased 56 percent in the six county Denver area as compared to the end of Third quarter last year. There was a 5.71 month's supply of available existing homes in the six county Denver area based on the average monthly rate of sales during the last 12 months, as compared to a 3.38 months supply at the end of Third Quarter 2000.
- At the end of Third Quarter 2001, the supply of available existing detached homes increased 25 percent in the six county Denver area from a 3.60 month's supply of inventory at the end of Third Quarter 2000 to a 4.89 months supply at the end of Third Quarter 2001.
- As compared to the end of Third Quarter 2000, the overall supply of inventory (both attached and detached homes) increased by 77 percent in Arapahoe County. For detached housing, Arapahoe County recorded the second largest increase in inventory of the six metro counties, up 63 percent.



Average Home Price Comparisons

In the metro Denver area, the average price of an existing detached home increased by 14 percent in 2000 as compared to 1999, and during the Third quarter of 2001 the average price increased by 10.4 percent as compared to the Third quarter of last year. The average pricing for detached homes in Arapahoe County increased by 14.1 percent at year-end 2000 and by 5.8 percent in Third Quarter 2001.

Exhibit 3
Detached Housing - Average Home Price Comparisons by County

County	Average Price 1999	Average Price 2000	% Change	Average Price 3rd Qtr 2000	Average Price 3rd Qtr 2001	% Change
Adams	\$155,631	\$181,967	16.9%	\$173,201	\$194,778	12.5%
Arapahoe	\$210,056	\$239,613	14.1%	\$224,019	\$237,027	5.8%
Boulder	\$274,080	\$318,977	16.4%	\$305,258	\$348,570	14.2%
Denver	\$189,304	\$219,924	16.2%	\$205,742	\$231,444	12.5%
Douglas	\$240,547	\$269,119	11.9%	\$252,806	\$283,913	12.3%
Jefferson	\$218,993	\$244,838	11.8%	\$229,838	\$253,922	10.5%
Six-County Metro	\$211,143	\$241,357	14.3%	\$226,303	\$249,935	10.4%

SOURCES: The Genesis Group, Metrolist, IRES LLC

Activity by Metrolist Area

The map on the following page illustrates the Metrolist areas that are located within Southshore CMA. Southshore is located on the far western edge of the East Southeast Suburban (ESS) Metrolist area, but is heavily influenced by the SSE and AUS Metrolist area, which covers largely the southeast Arapahoe County area, east of Parker Road between Alameda Avenue and Orchard Road. The proceeding table displays sales volume and price indications for detached housing for the Metrolist areas located in Southshore CMA.



Exhibit 4
Resale Housing Indications for Detached Housing
Southshore Competitive Market Area
1999 vs. 2000

	2000 Sales Volume		2000 Median Price		2000 Average Price		2000 Average Price/SqFt
	# Sales	% Change from 1999	\$ Price	% Change from 1999	\$ Price	% Change from 1999	
AUS Metrolist Area	3,748	+3.8%	\$175,000	+15.9%	\$190,868	+15.1%	\$113
DEP Metrolist Area	1,413	+14.0%	\$223,000	+12.6%	\$256,456	+12.1%	\$124
DHL Metrolist Area	2,227	+21.6%	\$236,400	+15.3%	\$261,553	+15.5%	\$124
DEC Metrolist Area	1,085	-7.4%	\$227,000	+5.6%	\$299,370	+9.1%	\$135
SSE Metrolist Area	918	+4.4%	\$320,000	+6.0%	\$474,410	+12.7%	\$176
SSC Metrolist Area	1,635	-4.3%	\$204,500	+15.2%	\$259,933	+16.8%	\$145
Five-County Metro Denver	32,010	+1.9%	\$191,773	+14.0%	\$231,085	+14.2%	\$135

SOURCES: The Genesis Group, Metrolist, Inc.

As mentioned previously, Southshore community is located in ESS Metrolist area. However, the subject property is located on the far western boundary of the ESS Metrolist area and is heavily influenced by the surrounding housing stock located in the adjacent Aurora South (AUS) and South Suburban East (SSE) Metrolist areas. The SSE area recorded a 4 percent increase in sales volume during 2000 and continued to realize extremely high average price figures. At the end of 2000, the average price of a detached home in the SSE Metrolist area was \$474,410, a 13 percent increase over 1999.

The AUS Metrolist area, recorded the highest sales volume for detached housing of all the Metrolist areas within the CMA. During 2000, sales of detached homes represented 75 percent of the total existing home sales in the five-county Denver area. The AUS area accounted for 12 percent of the detached home sales in the five-county area. As compared to 1999, sales of detached homes increased by 4 percent in the AUS area.

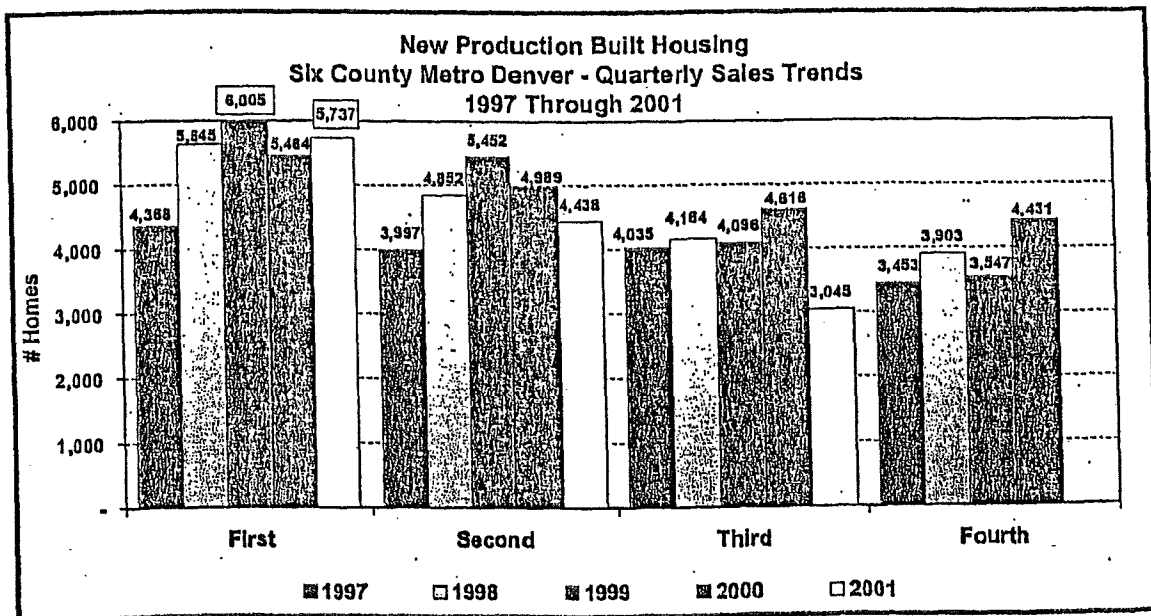
New Housing Trends

Market Highlights in the Six County Denver Region

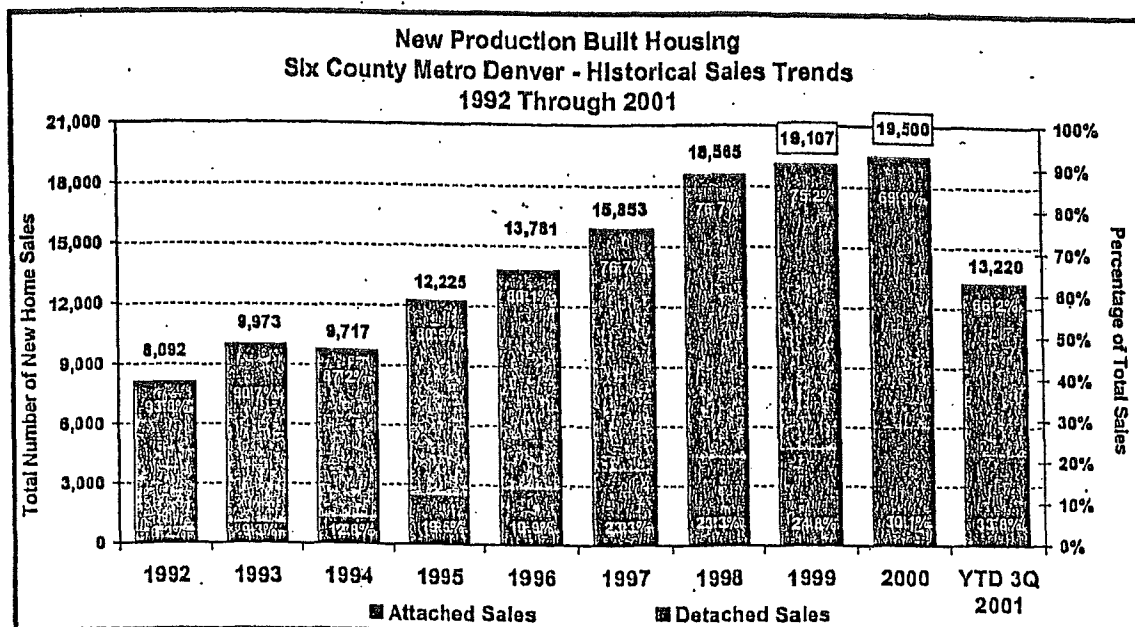
- Total new production housing sales for the year through Third Quarter 2001 fell 12.3 percent as compared to the first nine months of 2000. Economic concerns brought on by the events of September 2001 did not have much influence on these sales numbers as it has affected only the final 20 days of the last nine months. However, the drop in sales for Third Quarter 2001 alone — 34 percent fewer sales than in Third Quarter 2000 — indicates that other economic worries are contributing to declines in the housing market, though the full effect of this is not expected to emerge until the last quarter of 2001 and the first half of 2002.
- To date, each quarter in 2001 has seen a decline in new production housing sales from the previous quarter, with the very strong showing in First Quarter 2001 offsetting the slight losses of Second Quarter 2001, and the large percent decline of Third Quarter 2001 more than falling past the net gain of the first two quarters of 2001. Thus, these three quarters, when combined, appear to be down a relatively moderate 12.3 percent when in fact the rate of decline is sharper (34 percent) when viewed on a quarterly, rather than a year-to-date, basis. We foresee a further decline in sales through the balance of 2001 and into the first half of 2002. However, as probable as this declining pattern is, it always bears repeating that it takes more than just a quarter or two to create a trend of consequence.



- The attached housing market continued to buttress the overall new home sales volume, and attached housing sales through Third Quarter 2001 were down by less than 1 percent compared to the first three quarters of 2000. The detached housing market continued to slow, however, declining by 18 percent for the same year-to-date time interval. The recent increases in sales and inventory of attached housing — bolstered by a number of fresh apartment conversion projects in Denver County in addition to new construction in all areas except Boulder County — were the major contributing factors in keeping attached housing sales volumes at stable levels.
- Overall inventory numbers were up 43 percent by the close of Third Quarter 2001. This was primarily due to a large number of new attached housing projects adding supply in Denver County and to an increasing number of sales cancellations reported by builders in all counties. Boulder County saw the only decline in the available inventory, with a drop of 58 percent that is almost entirely due to the near-absence of available attached housing as compared to this time last year. In spite of several years of strong market demand for new housing and rampant price speculation, many builders remain reluctant to build significant levels of inventory, choosing instead to build homes upon the writing of a contract. Inventory levels began to increase from their undersupplied levels earlier in 2001, and were beginning to herald a reduced rate of price increases in the ensuing terms. With Third Quarter 2001 average prices beginning to taper, and in some cases declining altogether, it is evident that the market is tending toward conservatism.
- Further evidence of this recent caution in the market is reflected in base new home prices at the close of Third Quarter 2001, which continued upward only slightly in the detached housing market (albeit with drops in Boulder and Douglas counties) and decreased in attached housing market. The detached housing market saw an increase of 4 percent as compared to Third Quarter 2000, rising from an average price of \$241,600 to \$251,039 while the average price of a new attached home fell 13 percent from Third Quarter 2000 to Third Quarter 2001, decreasing from \$204,504 to \$178,571. The average price of all new housing types fell 2 percent from \$229,461 to \$225,503.



SOURCE: The Meyers Group



SOURCE: The Genesis Group. Data Collected by The Meyers Group

Housing Activity in Arapahoe County and the Southshore CMA

- Through Third Quarter 2001 and for the first time in recent history, Arapahoe County surpassed Douglas County as the market share leader in the six county metro Denver area. Arapahoe County captured 25 percent of total new production home sales. Douglas and Adams counties followed closely with 22 percent shares.
- The 24 percent decline in Arapahoe County's detached housing sales through Third Quarter 2001 was nearly offset by the 41 percent increase in attached housing sales. These percentages translate to almost identical differences in sales volume between the first nine months of 2001 and the same time period last year, and consequently the total number of new housing sales fell by only 3 percent. The year 2001 has been noteworthy in that it has proven Arapahoe County to have a reliable and popular new supply of affordable attached housing, though its traditional strength has always been the availability of a wide variety of affordable and luxury single-family housing types.
- Arapahoe County experienced the largest jump in attached home sales volume, recording a 41 percent increase over last year because of its recent addition of supply in affordable price ranges, especially of new and conversion condominium projects.
- Arapahoe County experienced the highest increase in the average base price of a detached home of the six counties in the metro Denver area through Third Quarter 2001. The average price of a detached home in Arapahoe County was \$263,469, up 23 percent.



Southshore CMA

Sales Trends

Up until Third Quarter 2001, Southshore CMA recorded increased sales volume of product built homes over the last ten years. The CMA posted its highest sales volume during 2000 with 6,442 sales, and represented 33 percent of the total product home sales in the metro Denver area.

The detached housing market has dominated the new home sales activity in Southshore CMA, representing over 90 percent of the total CMA sales in the early 1990s to between 76 and 80 percent of the CMA's sales over the last four years. Following suit with the metro Denver market, sales of attached homes have increased considerably over the last four years. Sales of attached homes accounted for 24 percent of the total sales in the CMA during 2000. This market share of attached homes sales for Southshore CMA was just below the 30 percent capture in the metro Denver area.

Exhibit 5
New Production Built Home Sales Trends
1992 to First Quarter 2000

Year	Southshore CMA							Six County Metro Denver			
	Attached		Detached		All Production Housing			Number of Sales			
	# of Sales	% of CMA	# of Sales	% of CMA	Total Sales	Percent Change	% of Metro Denver	Attached	Detached	Total Sales	Percent Change
1992	142	6.4%	2,089	93.6%	2,231		27.6%	502	7,590	8,092	
1993	109	4.1%	2,578	95.9%	2,687	+20%	26.9%	925	9,048	9,973	+23%
1994	172	6.1%	2,635	93.9%	2,807	+4%	28.9%	1,243	8,474	9,717	-3%
1995	376	11.3%	2,939	88.7%	3,315	+18%	27.1%	2,379	9,846	12,225	+26%
1996	432	11.7%	3,253	88.3%	3,685	+11%	26.7%	2,743	11,038	13,781	+13%
1997	794	19.2%	3,351	80.8%	4,145	+12%	26.1%	3,691	12,162	15,853	+15%
1998	1,028	19.1%	4,345	80.1%	5,373	+30%	28.9%	4,334	14,231	18,565	+17%
1999	1,235	20.0%	4,955	80.0%	6,190	+15%	32.4%	4,741	14,366	19,107	+3%
2000	1,549	24.0%	4,893	76.0%	6,442	+4%	33.0%	5,865	13,635	19,500	+2%

SOURCES: The Genesis Group; data compiled by The Meyers Group

Detached housing has been the backbone of new housing growth in Southshore CMA during the 1990s. Up until 2000, the CMA recorded increased sales volume of detached homes. During 2000, both the six county metro Denver area and the CMA experienced a slight decline in sales volume; down 5 and 1 percent, respectively. Moreover, sales of detached homes were down 20 percent in the CMA and down 8 percent in the metro Denver area.

Sales by Price Range

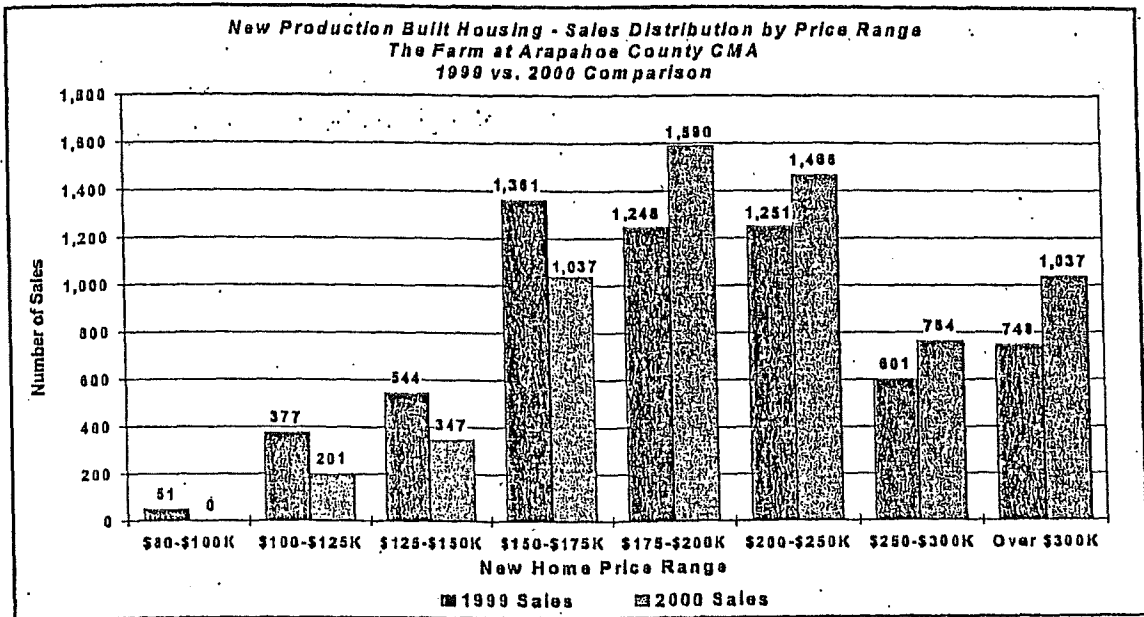
The following chart shows the number of production built new home sales in Southshore CMA by base home price range for 1999 and 2000, while the subsequent chart displays just the detached home sales by price range for the CMA. Homes base priced from \$175,000 to \$250,000 accounted for over half of the detached home sales in the CMA. Detached homes priced from \$200,000 to \$250,000 represented the largest share of



sales, capturing 27 percent market share. The \$175,000 to \$200,000 price range also recorded strong sales numbers in 2000, accounting for 26.5 percent of the total detached home sales. Detached homes priced above \$300,000 posted the next highest sales volume, with 20 percent market share.

Over the last two years, the highest sales volume for all new production-built housing was in the \$150,000 to \$175,000 base price range, with 62 percent market share in 1999 and 63.5 percent market share in 2000. However, a price shift occurred, as all the categories of homes priced below \$175,000 experienced a decline in sales volume from 1999 to 2000, while the price ranges above \$175,000 all realized increased sales volumes.

Exhibit 6

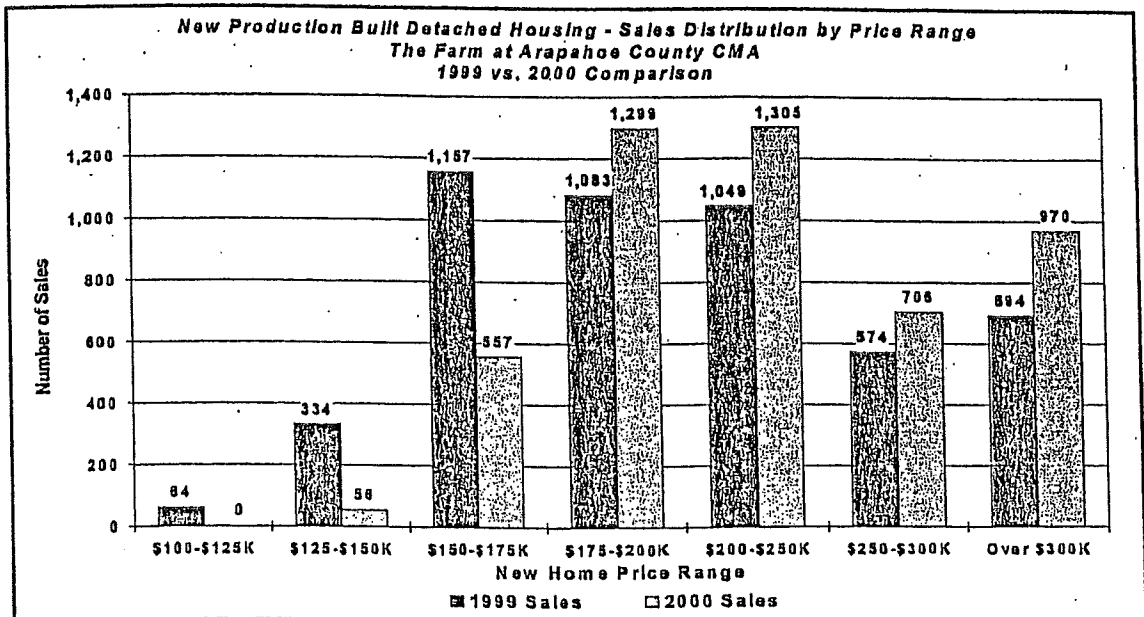


SOURCES: The Genesis Group; data compiled by The Meyers Group



For detached housing, sales of homes base priced above \$300,000 recorded the highest increase in sales activity from 1999 to 2000, up 40 percent. Sales of detached homes priced below \$175,000 declined by 61 percent. For attached housing, all of the price points of homes above \$125,000 realized increased sales activity. The \$150,000 to \$175,000 price range recorded the strongest sales increase, as sales volume more than doubled since 1999.

Exhibit 7



SOURCES: The Genesis Group; data compiled by The Meyers Group

Current and Future Competitive Environment

The following tables provide a comprehensive review of the current and future competitive environment facing Southshore. This analysis also provided the supply side of the demand model utilized for developing an anticipated absorption schedule for Southshore.

As can be seen, while little current activity will provide significant competition to Southshore, the abundant future activity will place unique challenges on the site that are currently not visible.

The most competitive communities with Southshore will be Tallyns Reach, Wheatlands, Murphy Creek and Kings Point.

SOUTHSHORE

Current and Future Competition

Legend

Active Communities

1. Tallyn's Reach
2. Farm at Arapahoe County
3. Greenfield
4. Stonegate
5. Canterbury Crossing
6. Heritage at Eagle Bend
7. Saddle Rock Ridge
8. Saddle Rock North
9. Saddle Rock South
10. Willow Trace
11. East Quincy Highlands
12. Sterling Hills

Planned Communities

1. Wheatlands South
2. Wheatlands North
3. Senac Cove North
4. Vistas at Senac
5. The Conservatory at Plains Conservation Center
6. Shoemaker Property
7. North Quincy Highlands
8. South Quincy Highlands
9. Heartland Property
10. Murphy Creek
11. Saddle Rock-East
12. Eagle Bend
13. Rockinghorse
14. Eagleview Ranch
15. Kings Point North
16. Kings Point South (Moore)
17. Kings Point South (Prusse)

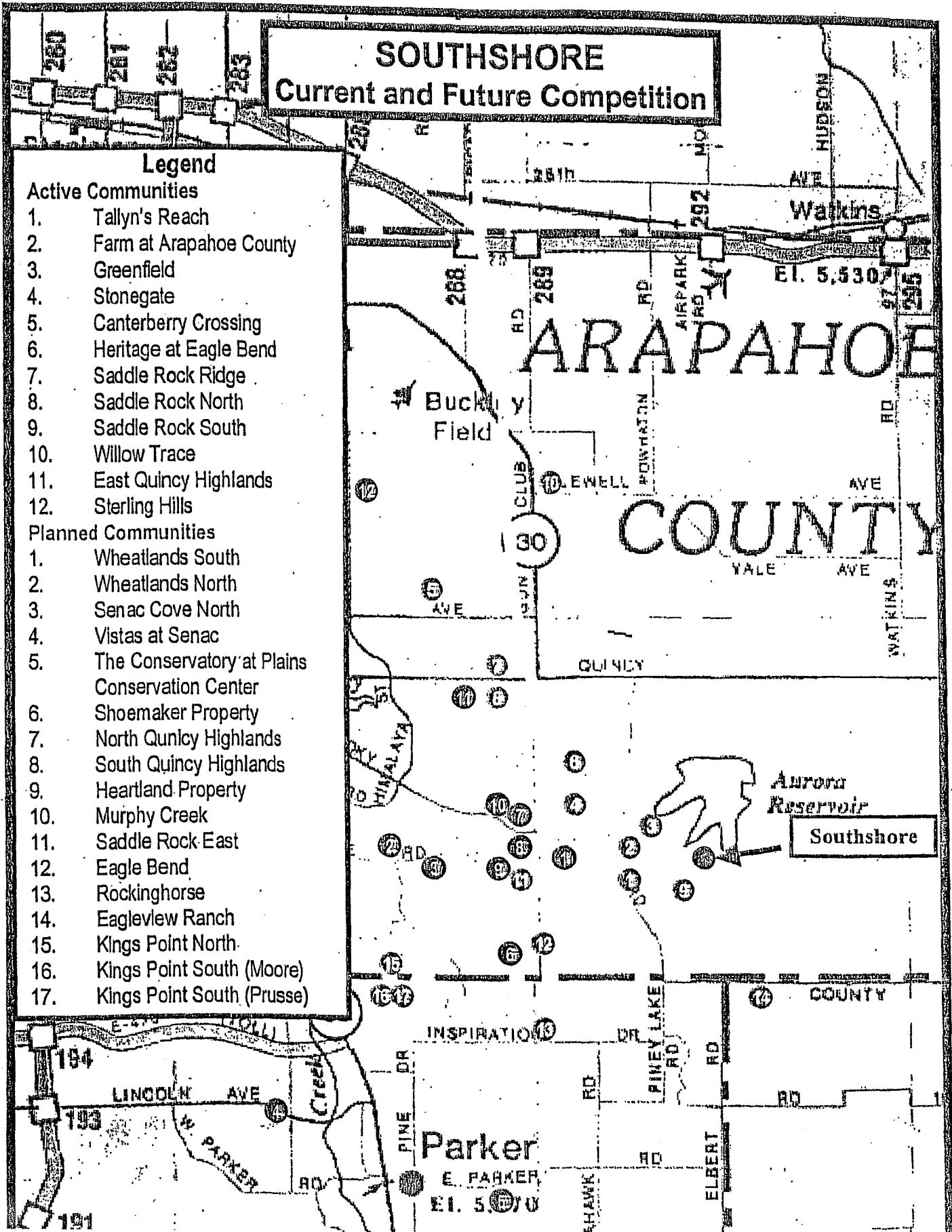


Exhibit 8
ACTIVE COMMUNITIES
PRIMARY COMPETITORS TO SOUTHSHORE

Project Name / Developer	Location / Planning Jurisdiction	Size / # of Units	Product Offerings	Year-End 2000 Sales Activity	Location Access and proximity to services	Land Character Topography, vegetation and views	Housing Product mix, builders, design, etc.	Amenities Trail system, on-site recreation, schools, etc.	Comments
Tallyn's Reach / Carma Colorado	East of Highway E-470 between Smoky Hill Road and Arapahoe Road / City of Aurora	571 acres / 2,380 units	# Projects: 4 Price Range: \$341,400 – over \$1 million Builders: Greentree, Writer, Ashcroft and various custom homebuilders.	29 total sales / 4.25 sales/month Opened for sales during mid and late 2000. Both Greentree and Writer sold 13 homes during 2000. To-date, two of the "Parade" homes have been sold.	Close to E-470 / Smoky Hill Road interchange. Good visibility from E-470.	Views of mountains, Pikes Peak and downtown Denver. Rolling terrain with pockets of pine trees. Power lines and E-470 visible from some west portions of property.	All homes feature Craftsman elevation styles. McKenzie Homes to open soon. – priced from high \$200,000s. The next phase of custom home sites currently open for sales.	6,700 Sq. Ft. recreation center, outdoor competitive-sized swimming pool, 11 acres of park areas with baseball and soccer fields, trails system and an on-site elementary school planned.	Hosted the 2000 "Parade of Homes". Well-planned community with extensive landscaping. Sales activity has been slow, especially of high-end homes. Tallyn's Reach will be a benchmark community for future development in the City of Aurora.
The Farm at Arapahoe County / The Farm Development Group (Aristokrat Realty)	North of Arapahoe Road at Tower Road / Arapahoe County	600 acres / 1,615 units zoned; 1,135 units will likely be built.	# Projects: 11 Price Range: \$171,995 - \$492,500 Builders: Richmond American, Colorado Land Co., Golden Design Group, Falcon, Ashcroft, Berkeley and Sanford	208 total sales / 17.33 sales/month Best selling projects were the Infinity Srs. By Richmond American priced from \$262,000 to \$314,000 (4.17 sales/mo.) and Berkeley Homes priced from \$172,000 to \$240,000 (3.67 sales/mo.).	Good access to E-470 and Parker Road. Close to schools and shopping.	Flat terrain with little vegetation and limited views of mountains.	Only single-family detached homes have been built at The Farm. Almost all the moderate priced products are sold out. Most of the remaining homes are priced above \$300,000.	Trail system and park/open space areas. Tennis courts, ball fields and elem. school planned. Sanford Homes constructed swimming pool and cabana for resident use.	Limited master plan marketing efforts. The community features lots that are sized typically larger than average. Some lots are as large as one acre in size. Esprit Homes to open soon.

					Location	Land Character	Housing	Amenities	
Project Name / Developer	Location / Planning Jurisdiction	Size / # of Units	Product Offerings	Year-End 2000 Sales Activity	Access and proximity to services	Topography, vegetation and views	Product mix, builders, design, etc.	Trail system, on-site recreation, schools, etc.	Comments
Greenfield / Village Homes	SWC of Smoky Hill Road and Liverpool Street / Arapahoe County	300 acres / 720 units	# Projects: 4 Price Range: \$225,500 - \$402,000 Builders: Village Homes	100 total sales / 8.33 sales/month Village Homes is currently offering three series of single-family detached homes. The Landmark Collection, priced from \$270 - \$290K, is the best seller.	Located west of E-470, close to schools and shopping.	Gently rolling terrain; limited mountain views, trees near southern boundary.	Village Homes building all of the homes. Plan to offer patio homes and townhomes during 2001.	On-site elementary school, swimming pool, clubhouse, trail system and parks.	Village Homes nearing build-out. Just 100 single-family detached homes and 111 patio homes and townhomes left to be built at the community.
Stonegate / Terrabrook	West of Jordan Road at Lincoln Avenue / Douglas County	1,603 acres / 3,500 units (2,500 units approved in original PUD plus an additional 1,000 unit rezoned in the north area.)	# Projects: 4 Price Range: \$194,900 - \$343,990 Builders: Ryland, David Weekley and Cascade Homes	117 total sales / 9.75 sales/month Homebuilders committed to build in the north area include Ryland, Richmond, Infinity and DPC Homes.	Five minutes from I-25, close to schools and shopping in Parker, 10-30 minutes from employment centers.	Primarily flat terrain with limited mountain views.	Featured segmented price points and product sizes during height of sales activity.	On-site elementary and high schools. Swimming pool, playgrounds, tennis courts, ball fields, basketball courts and trail system.	Existing Stonegate community near build-out. The new area, which is located at the north portion of the community, just south of E-470, is scheduled to open for sales during mid to late 2001. The single-family detached homes will be priced from the high \$100,000s and the attached homes will be priced from the low \$100,000s.
Canterbury Crossing / Canterbury Development Company LLC (Forest City)	Two miles east of Parker Road and south of Main Street (E. Parker Rd.) / Town of Parker	837 acres / 3,237 units	# Projects: 10 Price Range: \$150,450 - \$434,900 Builders: Engle, Melody, Pulte, Richmond American, D.R. Horton, and Joyce Homes	264 total sales / 22.0 sales/month Pulte Homes' was the best selling builder in Canterbury Crossing during 2000 with homes priced from \$167 to \$206K.	Located five minutes from services in the Town of Parker, less than 10 minutes from E-470 & Parker Rd. interchange.	Gently rolling terrain and mountain views. Power lines impact views on some home sites.	Feature only single-family detached homes with several volume builders, such as Melody, Richmond American and Pulte Homes.	18-hole public golf course and on-site elementary school. Construction of a picnic area and outdoor swimming pool is scheduled to start soon.	The community is moving toward higher priced SFD and lifestyle housing products. There are approximately 300 home sites remaining to be developed.

Project Name / Developer	Location / Planning Jurisdiction	Size / # of Units	Product Offerings	Year-End 2000 Sales Activity	Location Access and proximity to services	Land Character Topography, vegetation and views	Housing Product mix, builders, design, etc.	Amenities Trail system, on-site recreation, schools, etc.	Comments
Heritage at Eagle Bend / US Home Age-Restricted	South of Highway E-470 at Gartrell Road / City of Aurora	550 acres / 1,470 units	# Projects: 4 Price Range: \$173,950 - \$288,950 Builders: US Home	143 total sales / 11.92 sales/month The Legacy patio homes priced from \$210,950 to \$239,950 were the best selling product at Eagle Bend during 2000.	Located east of E-470, accessed via the Gartrell Rd. interchange.	View of the mountains and golf course frontage.	US Home only builder – offer patio homes, townhomes and duplexes. Have improved architectural character, but still very “vanilla”.	Includes an 18-hole golf course (that will initially be open to the public), 35,000 Sq. Ft. club house with pool, sauna, fitness center, library, craft, billiards, computer and woodworking rooms.	Patterned after Heritage communities through the US. Currently Denver's only new home master planned community that is age-restricted. Sales have been brisk since opening in March 1999. Vertical home construction started in January 2000.
Saddle Rock Ridge / Centre Development	Northwest corner of Smoky Hill Road and Gun Club Road / Arapahoe County	540 acres / 2,200 units	# Projects: 14 Price Range: \$146,200 - \$295,950 Builders: KB Home, D.R. Horton, US Home, Melody, Meadow, Engle, Richmond American, Pulte	1,021 total sales / 85.08 sales/month Richmond American was the dominant builder in Saddle Rock Ridge with 27 percent market share, followed by Melody Homes with 17 percent of the total sales.	Located west of E-470, close to schools and shopping.	Flat terrain with limited mountain views. Site was graded to take out topography and eliminate walkout sites.	One of the only communities in south Denver that features a variety of single-family home products priced below \$200,000 and is host to many of Denver's top-performing volume homebuilders.	Limited trails, few pocket parks.	Saddle Rock Ridge has been successful due to offering homes in the volume price points of \$150,000 to \$225,000. As of year-end 2000, US Home had approximately 350 home sites left to sell, while KB Home had 300 and Engle had 125. The other builders were sold-out.
Saddle Rock North / US Home	Southwest corner of Smoky Hill Road & Highway E-470 / City of Aurora	375 acres / 940 units	# Projects: 5 Price Range: \$285,950 - \$509,950 Builders: US, Baryth and Infinity Homes	102 total sales / 8.50 sales/month Infinity Homes opened for sales in July 2000.	Good access to E-470. Close to schools and shopping. On-site elementary school planned.	Views of mountains. Many sites back to golf course or open space.	Community features predominately single-family detached housing. US Homes' has achieved good sales success of homes priced from \$300 to \$500K.	Golf course, cabana, swimming pool, tennis courts and trail system.	Falcon Homes purchased attached housing site. They will construct ranch style triplexes priced from the high \$200,000s that back to the golf course.

Project Name / Developer	Location / Planning Jurisdiction	Size / # of Units	Product Offerings	Year-End 2000 Sales Activity	Location Access and proximity to services	Land Character Topography, vegetation and views	Housing Product mix, builders, design, etc.	Amenities Trail system, on-site recreation, schools, etc.	Comments
Saddle Rock South / Alpert Companies (Harvey Alpert)	Southwest corner of Arapahoe Road and Highway E-470 / City of Aurora	430 acres / 1,460 units	# Projects: 8 Price Range: \$271,400 - \$950,000 Builders: D.R. Horton, Alpert, Richmond American, Colorado Pacific, Larsen and various custom homebuilders.	62 total sales / 5.17 sales/month (production housing only)	Good access to E-470. Located just west of E-470, close to schools and shopping.	Views of mountains. Many sites back to golf course or open space areas.	Product mix has improved over the last year with the addition of more builders and new products. The community now features standard SFD homes, patio homes, townhomes, duplexes and apartments.	Golf course and trail system. Additional amenities, including swimming pool, tennis courts, park improvements and completion of the trail system, are scheduled to be completed by the end of 2002.	The sales of lifestyle housing at Saddle Rock has been slow due to competition from the nearby Heritage at Eagle Bend community that is age-restricted: Due to the product types offered and the lack of active amenities, Saddle Rock tends to attract primarily mature families and empty nesters.
Willow Trace (Legal name is Quincy River) / Barry Talley	Chenango Avenue & Himalaya Street / Arapahoe County	Approx. 700 SFD lots	# Projects: 4 Price Range: \$161,990 - \$284,990 Builders: Continental and Richmond American	564 total sales / 52.67 sales/month Sales have been tremendous - all product lines are averaging over 15 home sales per month.	Close to schools and shopping. Located in the Cherry Creek School District.	Generally flat terrain with few view corridors.	Continental Homes opened for sales in July 2000 and offer three product lines priced from \$165,000 to \$255,000. Richmond American opened for sales in November 2000 and offers the American Tradition & Heritage Srs. priced from \$200,000 to \$284,000.	No on-site amenities. Near schools.	Community has attracted entry-level and move-up buyers, especially young families. Willow Trace has achieved great sales success due to the availability of affordable homes at a solid and established location.

Project Name / Developer	Location / Planning Jurisdiction	Size / # of Units	Product Offerings	Year-End 2000 Sales Activity	Location Access and proximity to services	Land Character Topography, vegetation and views	Housing Product mix, builders, design, etc.	Amenities Trail system, on-site recreation, schools, etc.	Comments
East Quincy Highlands / Ryland Homes and US Home	Southwest corner of Quincy Avenue and Gun Club Road/ City of Aurora	Approx. 525 lots	# Projects: 3 Price Range: \$135,950 - \$229,990 Builders: Ryland and US Home	231 total sales / 19.25 sales/month Ryland sold 141 homes priced from \$200,000 to \$225,000 during 2000.	Near Highway E-470. Located in Cherry Creek School District.	Gently rolling to flat terrain, no vegetation and limited mountain views.	All SFD homes – most lots are 6,000 square feet.	No on-site amenities.	The availability of affordable housing has been the driving force behind the sales success at Quincy Highlands.
Sterling Hills / Gateway American Properties	Iliff Avenue & Tower Road / City of Aurora	12,50+ SFD lots New phase includes approx. 400 lots. Most lots sized from 5,000 to 6,000 Sq. Ft.	# Projects: 7 Price Range: \$135,950 - \$221,900 Builders: Capital Pacific, US Home, Odyssey, Strauss, Sundown, Richmond American, KB Home, Lennar and Centex.	214 total sales / 17.83 sales/month Will be primary competitor to The Wheatlands – due to proximity, Aurora Schools and similar price points.	Serviced by Aurora public schools. Close to schools and shopping.	Flat terrain, some view corridors.	Variety of homebuilders offering affordable to moderate priced SFD homes.	None currently – proposed soccer field.	Lots under development at new phase of Sterling Hills. Sales activity just getting underway. KB Home, Lennar, Richmond and Strauss will all offer homes priced from \$200,000 to \$275,000. Centex Homes will be priced lower, from upper \$100's to low \$200's.

Exhibit 9
PLANNED COMMUNITIES
SOUTHSHORE COMPETITIVE MARKET AREA

Map Label	Project Name /Developer	Location / Planning Jurisdiction	Size / # of Units	Probability of Development / Timing	Location	Land Character	Housing	Amenities	Comments
					Access and proximity to services	Topography, vegetation and views	Product mix, builders, design, etc.	Trail system, on-site recreation, schools, etc.	
subject	Southshore (Senac Cove) / Venture between John Laing Homes and Village Homes	Two miles east of E-470 and north of Smoky Hill Road, just south of Aurora Reservoir / City of Aurora	803 acres, with approx. 650 developable acres / 3,200 max. units	Imminent – Site analysis plan under review by City of Aurora. Land ownership / swap issues being negotiated with city.	Close to E-470 and schools, 5 minutes from shopping & services. Alignment and location of roadways to property still being determined.	Reservoir views from north portion of property, some mountain views, gulch/drainage area along western and eastern areas.	The combination of John Laing and Village Homes provides a variety of product types and home styles.	Will feature over 100 acres of open space, on-site elem. school planned, proposed trail connection to Aurora Reservoir.	Proximity to Aurora Reservoir is unique to Denver marketplace. Marketing name is Southshore. The assembled team has the ability to create a diverse community with unique and memorable theming, architecture and visual ID.
1	Wheatlands South/ Colorado Land Source / US Home (50/50 joint venture, managed by CLS)	Northwest corner of Smoky Hill Road and Powhatan Road / City of Aurora	228 acres	Probable – Starting site analysis review. The land plan will likely feature 20-30 acres commercial use (at SEC of Arapahoe Rd, & Smoky Hill) with remaining land residential use.	Close to E-470. Five minutes from shopping and services. New Cherry Creek middle and high schools close by.	Approximately 20% of the home sites will have views of the Aurora Reservoir.	Property is under contract. Name of purchaser is not public.	Planning very preliminary.	Approximately 200 acres of property planned for residential use.
2	Wheatlands North (The Grasslands) / Shea Homes	Northeast corner of Smoky Hill Road and Gun Club Road / City of Aurora	450 acres	Probable – At pre-submittal stage. The bubble plan is under review. Road alignments and access not determined yet.	Close to E-470. Five minutes from shopping and services. New Cherry Creek middle and high schools close by.	Impacted by Power lines that are located near western boundary.	Could likely sell up to 50 percent of land to other builders.	The property will likely be highly amenitized based on past experience.	This community will be marketed as The Grasslands. Shea Homes is the developer of Highlands Ranch and the proposed Buffalo Hills community. They are an experienced master planned community developer.
3	Senac Cove North/ Cooper Investment	North of Smoky Hill Road at Powhatan Road / City of Aurora	373 acres	Probable – No plans submitted yet. E-470 zoning for property is reservoir density, which is an average of 3 du/acre.	Located just southeast of Aurora Reservoir. Access and alignment of major roadways to property have not been finalized yet.	Eastern portion of property features views of reservoir.	No lot sizes, product mix or builder program has been determined yet.	No plans determined yet.	Developer has not started any formal land planning for the community yet. Sewer lines need to run through Senac Cove North to access adjacent properties.

Map label	Project Name /Developer	Location / Planning Jurisdiction	Size / # of Units	Probability of Development / Timing	Location	Land Character	Housing	Amenities	Comments
					Access and proximity to services	Topography, vegetation and views	Product mix, builders, design, etc.	Trail system, on- site recreation, schools, etc.	
4	Vistas at Senac / BCorp	Northeast corner of Orchard Road and Gun Club Road	202 acres / 741 sites (441 SFD and 300 MF)	Likely - Framework development was recently withdrawn. The property is under contract to James Company and a new FDP will be submitted once they close on the property.	Property accessed via Gun Club Road.	Impacted by traffic noise on Gun Club Road. Close to E-470.	Will include a mixture of single-family detached and attached housing.	Parks, activity center and on- site elem. school planned.	BCorp has the property under contract to James Company out of Boulder. The closing date is scheduled for May 2001.
5	The Conservatory at Plains Conservation Center / 7353 Investments LLC (Chris Elliot)	Northeast corner of Himalaya Street and Hampden Avenue / City of Aurora	470 acres / 1,450 units	Likely - Final plat approvals delayed due to issues with Buckley Air Force Base. Open date has been pushed back until the land plan is revised.	Five minutes from shopping and services along Hampden Avenue.	Rolling terrain, with mountain views. Located close to Buckley Air Force Base.	Community will feature all SFD homes. Most lots sized 60' and 70' wide with 10-foot side set backs. Will likely include three builders - Continental, Richmond American and Centex Homes.	2,000 acres open space with extensive trail system, parks and on-site elem. school.	Homes will likely be priced from \$175,000 to \$300,000. Still unknown how strong in design, theming and marketing this community will be, as the developer does not have extensive experience.
6	Shoemaker Property / ADM, BLT-Quincy LLC (Representative, Steve Nichols)	Southeast corner of Belleview Avenue and Gun Club Road / City of Aurora	391 acres / 1,545 units	Imminent - Framework development plan will likely be approved by mid April 2001. Next step is contextual site plan (CSP). Anticipate to open for sales during summer 2002.	Property not very visible. Located east of existing Dove Hill neighborhood. Will access via Belleview Avenue extended or Quincy Avenue.	Impacted by power lines and sub- station.	Land plan includes primarily single- family detached housing with some townhomes. Approximately 2/3 of property, including 50', 60' and 70' lots, is under contract to Continental Homes.	School, parks, clubhouse, swimming, open space along Murphy Creek drainage and connection to regional trail system. Includes open space fingers like Willow Creek neighborhood.	The community is focused around open space and parks theme. Property not visible from E-470 or Gun Club Road.
7	North Quincy Highlands / Good Holding Partnership (Cooper Investments)	Northwest corner of Quincy Avenue and Highway E-470 / Arapahoe County	303.5 acres / 1,090 units	Imminent - Preliminary plat is being finalized. Estimated open date May or June 2002.	Located west of E-470, close to shopping and schools.	Gently rolling terrain, little vegetation with mountain and city views to the northwest.	Land plan includes 50', 60 and 65' lots. Talks with Golden Key and Richmond.	Park and open space.	Developer will likely sell platted pods at the property.

Map Label	Project Name /Developer	Location / Planning Jurisdiction	Size / # of Units	Probability of Development / Timing	Location Access and proximity to services	Land Character Topography, vegetation and views	Housing Product mix, builders, design, etc.	Amenities Trail system, on-site recreation, schools, etc.	Comments
8	South Quincy Highlands / Cooper Investments	Southwest corner of Quincy Avenue and Highway E-470 / Arapahoe County	850 acres / approx. 3,000 units	Probable – preliminary land planning efforts underway. May annex into the City of Aurora.	Located west of E-470, close to shopping and schools.	Impacted by power lines, gently rolling terrain, little vegetation and limited views.	Will feature a regional activity center with mixed-use development. Lot sizes for single-family parcels have not been determined yet.	Not determined yet.	Preliminary land planning efforts underway with Norris Dullea Company.
9	Heartland Property / US Home	Southwest corner of Smoky Hill Road and Monaghan Road / City of Aurora	637 acres / 1,500 units	Probable – No plans submitted to City of Aurora yet.	Located east of E-470. Good access to Smoky Hill Road.	Distant views of reservoir to north.	Not determined yet. US Home / Lennar Homes will likely build most of the homes.	Reviewing development plans with and without a golf course.	Recent talks of developing a conventional master planned community, rather than an age-restricted development, like Heritage at Eagle Bend.
10	Murphy Creek / Murphy Creek LLC (Alpert Companies)	East of Highway E-470 at Jewell Avenue / City of Aurora	1,229 acres / 5,246 max. units	Imminent – PUD approved. Several filings awaiting final plat approvals. To open for sales during late 2001.	Located east of E-470. Short commute to DIA, 10 minutes from shopping & services. Serviced by Aurora public schools.	Views of Rocky Mountains from northeast portion of property. Located near sanitary landfill and impacted by noise at Buckley AFB.	Will feature a mixture of SFD, patio homes, townhomes, condos and apartments. Builders under contract to purchase home sites include: Richmond American, Ryland, Alpert, and DR Horton. Developer also negotiating with US Home, KB Home and Cunningham Investment Co.	Features an 18-hole public golf course that opened for play in summer 2000. Trail system, parks and recreation center with swimming pool, tennis courts, locker rooms, gathering room, meeting room and kitchen. Construction of rec. center to start soon with May 2002 completion date.	Will feature a large share of homes priced below \$250,000. Murphy Creek builders include many of Denver's top performing homebuilders who have experienced good success in the southeast Denver area.

Map Label	Project Name /Developer	Location / Planning Jurisdiction	Size / # of Units	Probability of Development / Timing	Location	Land Character	Housing	Amenities	Comments
					Access and proximity to services	Topography, vegetation and views	Product mix, builders, design, etc.	Trail system, on-site recreation, schools, etc.	
11	Saddle Rock East / Alpert Companies	Southwest corner of Smoky Hill Road and Highway E-470 / City of Aurora	296 acres / 1,149 units	Imminent – PUD approved, final plats for several filings approved or under review. First areas to open for sales in mid 2001.	Located west of E-470, close to shopping & services.	Limited views of mountains, some parcels impacted by E-470.	Area to feature apartments and std. SFD, patio homes, clusters, and townhomes priced from \$225,000 to \$600,000.	Planned amenities include: recreation center, park, open space and trail system. Located near golf course.	New home sales slated to start during mid 2001. Builders who have purchased lots include: DR Horton, Alpert, Metropolitan and Cunningham Investment Company.
12	Ridgeview and Creekside Eagle Bend / US Home	Highway E-470 and Gartrell Road / City of Aurora	450 acres / 700 units	Imminent – Site plan for 365 townhomes and 147 SFD acreage lots submitted. Sales of townhomes to begin spring 2001.	Close to E-470 and Gartrell Road interchange.	Some mountain views, no trees, relatively flat terrain. Townhome sites impacted by E-470, SFD sites back to existing homes on acreage sites	US Home and Lennar Homes will construct 300 townhomes and 400 SFD Homes. The townhomes will be built by Lennar Homes and are slated to open for sales soon.	Parks, open space and trail system.	This community is <u>not</u> age-restricted. The townhomes will be marketed as Ridgeview Eagle Bend and the large lot SFD sites will be marketed as Creekside Eagle Bend.
13	Rockinghorse (Gartrell Property) / New Cities Development Group (Gartrell Investment Co.)	East of Highway E-470 at Gartrell Rd. and Inspiration Rd. / Located in Douglas County, annexed into the City of Aurora.	1,010 acres / 1,384 units	Probable – annexation approved by City of Aurora and framework development being reviewed, with approvals close. There is a lawsuit pending on the property by Douglas County concerning the annexation. Estimated opening date is spring or summer 2002.	Good access to E-470 at Gartrell Road interchange, but buried.	Flat to rolling terrain, mountain views, gulch runs north-south through central portion of property. New Cities plans to do extensive grading to property, and will eliminate many walkout lots.	Will feature large share of custom home sites. Estimate that 80% of the homes will be priced above \$1 million. New Cities plans to build some of the homes. Unsure if the land plan will include attached housing.	Plans for an 18-hole private PGA golf course.	New Cities Development Group based out of Monterey, CA. This property is their first venture in the Denver marketplace. They closed on the property in July 1999. New Cities is proceeding with land planning efforts. However, although there is no injunction on the property, legal issues may delay development.
14	Eagleview Ranch / Sunshine Land Development	Southeast corner of Smoky Hill Road and Delbert Road / Elbert County	575 acres / 191 max. units	Likely – preliminary land plan approved by Elbert County Planning Dept.	Located east of E-470 in Elbert County, five minutes from E-470 access and ten minutes from shopping & services.	Features rolling terrain with pockets of mature trees and views of front range to west.	Sunshine Master Builders will build most of the homes.	Land plan includes an 18-hole public golf course.	Located in Elbert County, but just five minutes from the E-470 and Smoky Hill Road interchange. Children attend Douglas County Schools.

Map Label	Project Name /Developer	Location / Planning Jurisdiction	Size / # of Units	Probability of Development / Timing	Location	Land Character	Housing	Amenities	Comments
					Access and proximity to services	Topography, vegetation and views	Product mix, builders, design, etc.	Trail system, on- site recreation, schools, etc.	
15	Kings Point North (Sendero) / Castle Rock Development Company	East of Parker Road at Highway E-470 / City of Aurora	Approx. 1,000 acres / 2,118 units	Likely – Re- submitted framework development plan.	Close in and visible, but site has inherent challenges. Access E-470 at Parker Road. Near shopping & services in Parker.	Rolling terrain with views of Rocky Mountains.	Will likely feature a mixture of product types and price points with a large share of single- family detached housing. Acreage custom home sites will be located near the existing neighborhoods.	Plans to feature Pete Dye golf course that will be owned and operated by University of Denver. Will also include trail system, parks, open space and middle school.	Marketing name for property is Sendero. Water and sewer issues need to be resolved. Currently in two planning districts. CDC is developing a good reputation for strong marketing, land planning and design guidelines based on Meadows community.
16	Kings Point South / Bill Moore	Southeast corner of Highway E- 470 and Parker Road / City of Aurora with small portion in Douglas County	246 acres	Probable – Submitted E-470 rezone plan to City of Aurora with combination of low (2 du/acre) and medium density (5 du/acre avg.) uses. Opening date approx. two years out.	E-470 bisects the property. Access E-470 at Parker Road. Near shopping & services in Parker.	Rolling terrain with views of Rocky Mountains and Pikes Peak.	Will likely feature custom home sites at eastern and western portion of property, with higher density near E-470.	No plans determined yet.	Water and sewer issues need to be resolved. County Line Road must be extended to access property. A new road called the Aurora Parkway will function as the County Line Road extension.
17	Kings Point South / Roger Prusse	Southeast corner of Highway E- 470 and Parker Road / City of Aurora	220 acres / 400 units	Probable – Submitted E-470 rezone plan to City of Aurora with combination of medium and low- density uses. Opening date approx. two years out.	Access E-470 at Parker Road. Near shopping & services in Parker.	Rolling terrain with treed area and views of Rocky Mountains and Pikes Peak.	Current plans include mixture of SFD sites sized from 60', 70' and 80' wide, ¼ to ½- acre custom home sites and multi-family use.	No plans determined yet.	County Line Road must be extended to access property. A new road called the Aurora Parkway will function as the County Line Road extension.



III. CONCLUSIONS

Property Strengths and Challenges

Southshore Property Strengths

- **Southshore community enjoys good access to the Southeast Business Corridor, recreation and schools, with improving access to shopping and convenience services.** The Southeast Business Corridor hosts several prominent business parks including Denver Tech Center, Greenwood Plaza, Inverness and Meridian and can be accessed in 15 to 30 minutes via Highway E-470 or Parker Road.
- **Southshore is located in the Cherry Creek School District that enjoys an excellent reputation, making the property attractive to homebuyers with children.** An on-site elementary school, once constructed, and the nearby high school (currently under construction) will be strong benefits to Southshore.
- **The rapidly increasing average price trends for both new and resale housing bode well for the development of move-up and high-end new housing at Southshore.** In Third Quarter, the average price of a new detached home in Arapahoe County increased by 23 percent, reaching \$263,469. In addition, the average price of a resale home in the SSE and AUS Metrolist area, which influence the property, increased by 13 and 15 percent, respectively.
- **The Southshore LLC is guided by Village Homes and Laing Homes, two community builders with strong ties and reputations to the Denver housing market.** Village Homes, in particular, has build two very successful planned communities within the Southshore CMA, both achieving strong sales and market success.
- **The Southshore master plan will feature well-conceived amenities as compared to nearby competition.** The generous open space plan, combined with the active amenity programs on-site and the proximity to the Aurora reservoir will differentiate Southshore from nearby competitive master planned communities.

Southshore Property Challenges

- **Southshore is currently isolated from current residential housing activity.** The location of Southshore is on the eastern border of current housing activity within the CMA. This causes the partnership to place significant emphasis on driving consumer traffic to the site during the early stages of development.
- **Arapahoe Road, while providing a strong visual window to the site (with panoramic views of the Aurora Reservoir and Rocky Mountains) is located within a competitive master plan.** Traffic that visits the Southshore site will travel through the Wheatlands community by Shea Homes.
- **The southeast Arapahoe County market area is saturated with new housing developments that will open near the Southshore opening.** Currently, the surrounding market area is well supplied with various new housing alternatives. Most of the competing communities feature on-site amenities, diverse product programs and comprehensive marketing campaigns.

Absorption Forecast

The following two tables provide our conclusions and recommendations as it relates to pricing, phasing and absorption of the Southshore master plan.

th Shore Land Use Analysis and Absorption Forecast
ber 25, 2001

of Type	Lot Type	Product Type	City Land Use	Price Range**	Typical Lot Size	Density	Acreage	Est. # of Units	% Mix	Annual Absorption*	Annual Supply	Absorption Assumptions
ntional SFD	A	Custom/Semi-Custom	SFD Large	\$500 +	100' x 120'	2.7	73.66	198	7.5%	25	7.9	Merchant Builder Custom Program
	B	Luxury Production	SFD Large	\$400 - \$500	87' x 115'	3.2	79.8	253	9.5%	37	6.8	Lain/Village Split Opportunity
	C	2 nd Move-up	SFD Standard	\$350 - \$400	75' x 110'	3.75	123.23	450	16.9%	49	9.2	Lain/Village both in category
	D	1 st Move-up	SFD Standard	\$280 - \$320	60' x 110'	4.5	119.77	518	19.5%	59	8.8	Lain/Village both in category
	E	Starter / Specialty	SFD Small	\$250 - \$275	52' x 110'	5.4	90.32	493	18.6%	62	8.0	One Builder Program
								1,912		232		
ntional SFA	G	Apartments/Condominium	MF Medium			15 - 16	17.7	266	10.0%			Considered for-lease
								266				
ality	D8	Luxury Patio	SFD Standard	\$400 - \$450		4.5	13.99	62	2.3%	21	3.0	One Builder Program
	E8	Active Adult Patio	SFD Small	\$250 - \$275	52' x 110'	5.4	18.5	100	3.8%	33	3.0	One Builder Program
	F1	Active Adult Duplex	SFD Duplex	\$200 - \$250		6 - 8	17.8	125	4.7%	30	4.2	One Builder Program
	F2	Luxury Duplex	SFD Standard	\$300 - \$350	60' x 110'	4.9	10.9	53	2.0%	18	2.9	One Builder Program
	H	Family Duplex	SFD Duplex	\$225 - \$250		8	17.2	138	5.2%	35	3.9	One Builder Program
								478		137		
Totals								2,656		369		

Absorption Assumptions

- 1) Annual absorption is average annual absorption projection through the life of the project.
- 2) Assumes annual absorption with no gaps in lot availability.
- 3) Sales to begin Spring 2003.
- 4) Does not assume all programs are open at all times.

****Pricing Assumptions:**

- 1) Prices are based upon Oct 2001 market price per Product Category.
- 2) Prices are base prices only, non-inclusive of lot premiums.



I. AREA AND PROPERTY DESCRIPTION

Competitive Market Area Definition

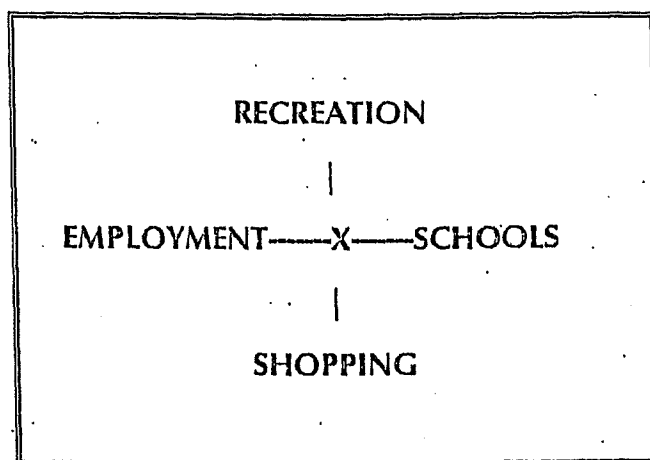
The Southshore Competitive Market Area (CMA) was defined as the southeastern metropolitan Denver area. The boundaries include Colfax Avenue to the north; Delbert Road (Douglas/Elbert County line) to the east; Stroh Road to the south; and Quebec Street to the west. The CMA includes the cities of Aurora, Parker, Foxfield and Lone Tree as well as portions of Denver, Greenwood Village, Centennial and unincorporated Arapahoe County. The following map describes these boundaries as they relate to the Southshore community.

Primary Market Area Definition

The Primary Market Area (PMA) was defined as generally a five-mile radius surrounding the Southshore property with specific emphasis on master planned communities with homes priced above \$250,000 that will provide the strongest competition to Southshore.

Neighborhood Characteristics

The strongest characteristic a new home community needs to offer is a good location. More specifically, the community's location in relation to four primary neighborhood services are considered by consumers in reaching the decision to purchase a new home. These essential neighborhood services include schools, shopping, employment and recreation. The relative importance (rank) of each of these characteristics changes depending on the life stage of the consumer.



CONSUMER GROUP		Single	Young Married	Growing Family	Mature Family	Adult Family
Neighborhood Service						
Employment	R	1	1	2	2	3
Schools	A	4	3	1	1	4
Shopping	N	3	2	3	3	2
Recreation	K	2	4	4	4	1

NOTE: 1 - Most Important, 4 - Least Important

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SUMMARY - AT 2% ANNUAL INCREASE IN HOUSING MARKET VALUES

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Assessed Value (Page 8)	Mill Levy	CASH RECEIPTS										Total Receipts	Total Disbursements (Page 3)	Annual Cash Surplus	Cumulative Cash Surplus	Year
		Net Property Taxes 98.00%	Specific Ownership Taxes 10.00%	System Development Fees		Developer Advances - Org./Operations	Developer Advances - Construction	Bond Proceeds Avail. for Dev. Reimb.	Bond Proceeds Applied to Reimburse Developer	Capitalized Interest	Interest Income 4.00%					
				Detached SF Residences \$2,000	Attached SF Residences \$1,500											
- 3,990	0.000	0	0	0	0	100,000					0	100,000	100,000	0	0	2001
3,990	38.000	0	0	0	0	80,000	482,154				0	562,154	562,154	0	0	2002
734,790	38.000	149	15	252,000	36,000		3,595,229	9,025,000	(9,025,000)	480,156	0	4,363,548	3,685,229	678,319	678,319	2003
5,868,631	38.000	27,364	2,736	392,000	63,000		4,947,617				27,133	5,459,850	5,760,992	(301,142)	377,177	2004
14,410,237	38.000	218,548	21,855	478,000	63,000		4,470,822				15,087	5,267,312	5,294,187	(26,885)	350,292	2005
24,039,939	38.000	536,637	53,664	534,000	45,000	(180,000)	5,927,615	15,175,000	(15,175,000)	1,440,558	14,012	8,371,486	7,053,966	1,317,519	1,667,811	2006
35,076,629	38.000	895,247	89,525	520,000	9,000		4,776,563				66,712	6,357,048	7,215,986	(858,939)	808,873	2007
44,730,186	38.000	1,306,254	130,625	494,000	45,000		0				32,355	2,008,234	2,523,551	(515,317)	293,556	2008
56,218,401	38.000	1,665,752	166,575	528,000	453,000						11,742	2,825,070	2,780,435	44,635	338,191	2009
70,863,200	38.000	2,093,573	209,357	536,000	60,000						13,528	2,912,458	2,847,352	65,106	403,297	2010
83,707,357	38.000	2,638,948	263,895	404,000	19,500						16,132	3,342,472	3,167,967	174,505	577,801	2011
91,748,394	36.000	3,117,262	311,726	116,000	0						23,112	3,568,100	3,342,316	225,785	803,586	2012
95,537,024	36.000	3,236,883	323,688	0	0						32,143	3,592,715	3,534,907	57,808	861,393	2013
97,447,764	34.000	3,370,546	337,055	0	0						34,456	3,742,057	3,675,510	66,546	927,940	2014
99,396,720	34.000	3,183,294	318,329	0	0						37,118	3,538,741	3,573,110	(34,370)	893,570	2015
99,396,720	33.000	3,246,960	324,696	0	0						35,743	3,607,398	3,641,390	(33,992)	859,578	2016
101,384,654	34.000	3,246,960	324,696	0	0						34,383	3,606,039	3,534,540	71,498	931,076	2017
101,384,654	33.000	3,214,490	321,449	0	0						37,243	3,573,182	3,603,320	(30,138)	900,937	2018
101,384,654	32.000	3,214,490	321,449	0	0						36,037	3,571,976	3,495,970	76,006	976,944	2019
103,412,347	32.000	3,179,423	317,942	0	0						38,078	3,536,443	3,568,856	(32,413)	944,531	2020
103,412,347	31.000	3,179,423	317,942	0	0						37,781	3,535,146	3,564,256	(29,109)	915,421	2021
105,480,594	32.000	3,243,011	324,301	0	0						36,617	3,603,929	3,527,153	76,776	992,198	2022
105,480,594	31.000	3,141,667	314,167	0	0						39,888	3,495,522	3,511,053	(15,531)	976,666	2023
107,590,206	30.000	3,101,129	310,113								39,067	3,450,309	3,180,643	269,666	1,246,333	2024
		3,101,129	310,113								49,853	3,461,096	2,970,893	490,203	1,736,536	2025
		2,741,398	274,140								69,461	3,085,000	2,812,432	272,567	2,009,103	2026
		56,900,534	5,690,053	4,254,000	793,500	0	24,200,000	24,200,000	(24,200,000)	1,920,714	778,481	94,537,283	82,528,180	2,009,103		
		24,200,000 Dev. Advance														

Net Property Taxes assumes a 1.5% County Treasurer's Collection Fee and a .5% Allowance for Uncollectible Accounts.

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SUMMARY - AT 2% ANNUAL INCREASE IN HOUSING MARKET VALUES

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Year	Total Receipts (Page 2)	CASH DISBURSEMENTS					Total Disbursements	Annual Cash Surplus	Cumulative Cash Surplus	Year
		Admin & Landscaping Maintenance 8.00 Mills (net)	Construction Costs	Available for Debt Svc	Net Debt Service					
					Series 2003 Bonds	Series 2006 Bonds				
2001	100,000	100,000		0		100,000	0	0	2001	
2002	562,154	80,000	482,154	0		562,154	0	0	2002	
2003	4,363,548	90,000	3,595,229	678,319		3,685,229	678,319	678,319	2003	
2004	5,459,850	100,000	4,947,617	412,233	713,375	5,760,992	(301,142)	377,177	2004	
2005	5,267,312	110,000	4,470,822	686,490	713,375	5,294,197	(26,885)	350,292	2005	
2006	8,371,486	112,976	5,927,615	2,330,894	1,013,375	7,053,966	1,317,519	1,667,811	2006	
2007	6,357,048	188,473	4,776,563	1,392,011	1,012,375	7,215,986	(858,939)	808,873	2007	
2008	2,008,234	275,001		1,733,233	1,009,975	2,523,551	(515,317)	293,556	2008	
2009	2,825,070	350,685		2,474,385	1,011,175	2,780,435	44,635	338,191	2009	
2010	2,912,458	440,752		2,471,706	1,010,625	2,847,352	65,106	403,297	2010	
2011	3,342,472	555,567		2,786,905	1,013,325	3,167,967	174,505	577,801	2011	
2012	3,568,100	656,266		2,911,835	1,008,925	3,342,316	225,785	803,586	2012	
2013	3,592,715	719,307		2,873,408	1,012,775	3,534,907	57,808	861,393	2013	
2014	3,742,057	749,010		2,993,046	1,009,175	3,675,510	66,546	927,940	2014	
2015	3,538,741	749,010		2,789,730	1,008,475	3,573,110	(34,370)	893,570	2015	
2016	3,607,398	763,990		2,843,408	1,010,325	3,641,390	(33,992)	859,578	2016	
2017	3,606,039	763,990		2,842,048	1,009,375	3,534,540	71,498	931,076	2017	
2018	3,573,182	779,270		2,793,912	1,010,625	3,603,320	(30,138)	900,937	2018	
2019	3,571,976	779,270		2,792,706	1,008,725	3,495,970	76,006	976,944	2019	
2020	3,536,443	794,856		2,741,587	1,013,675	3,568,856	(32,413)	944,531	2020	
2021	3,535,146	794,856		2,740,291	1,009,775	3,564,256	(29,109)	915,421	2021	
2022	3,603,929	810,753		2,793,176	1,012,375	3,527,153	76,776	992,198	2022	
2023	3,495,522	810,753		2,684,769	768,275	3,511,053	(15,531)	976,666	2023	
2024	3,450,309	826,968		2,623,341		3,180,643	269,666	1,246,333	2024	
2025	3,461,096	826,968		2,634,128		2,970,893	490,203	1,736,536	2025	
2026	3,085,000	843,507		2,241,492		2,812,432	272,567	2,009,103	2026	
	94,537,283	14,072,230	24,200,000	56,265,053	19,380,100	34,875,850	92,528,180	2,009,103		

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Single Family - Custom/ Semi-Custom Residences			Single Family - Luxury Production Residences			Single Family - 2nd Move-Up Residences		
		Est. Market Value per Residence	Annual Value of C/SC SF Residences		Est. Market Value per Residence	Annual Value of LP SF Residences		Est. Market Value per Residence	Annual Value of 2nd MU SF Residences	
		\$624,000			\$468,000			\$390,000		
Inflation compounded annually on base price		2%			2%			2%		
1999	2001									
2000	2002									
2001	2003									
2002	2004	624,000	0		468,000	0		390,000	0	
2003	2005	636,480	0	24	477,360	11,456,640	30	397,800	11,934,000	
2004	2006	24 649,210	15,581,030	30	486,907	14,607,216	40	405,756	16,230,240	
2005	2007	18 662,194	11,919,488	35	496,645	17,382,587	42	413,871	17,382,587	
2006	2008	28 675,438	18,912,255	42	506,578	21,276,287	44	422,149	18,574,536	
2007	2009	20 688,946	13,778,928	40	516,710	20,668,393	46	430,592	19,807,210	
2008	2010	29 702,725	20,379,035	40	527,044	21,081,760	48	439,203	21,081,760	
2009	2011	25 716,780	17,919,496	54	537,585	29,029,584	54	447,987	24,191,320	
2010	2012	30 731,115	21,933,464	30	548,337	16,450,098	54	456,947	24,675,147	
2011	2013	24 745,738	17,897,706	20	559,303	11,186,066	60	466,086	27,965,166	
2012	2014	760,653	0		570,489	0	32	475,408	15,213,050	
2013	2015							484,916	0	
2014	2016									
2015	2017									
2016	2018									
2017	2019									
2018	2020									
2019	2021									
2020	2022									
2021	2023									
2022	2024									
2023	2025									
2024	2026									
		<u>198</u>	<u>138,321,403</u>	<u>315</u>	<u>163,138,631</u>	<u>450</u>			<u>197,055,016</u>	

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Single Family - 1st Move-Up Residences	Est. Market Value per Residence \$312,000	Annual Value of 1st MU SF Residences	Single Family - Specialty Residences	Est. Market Value per Residence \$286,000	Annual Value of New SF Residences	Total Annual Number of Single Family Detached Residences	Total Annual Value of Single Family Detached Residences
Inflation compounded annually on base price			2%			2%			
1999	2001								
2000	2002							0	0
2001	2003							0	0
2002	2004		312,000	0		286,000	0	0	0
2003	2005	36	318,240	11,456,640	36	291,720	10,501,920	126	45,349,200
2004	2006	54	324,605	17,528,659	48	297,554	14,282,611	196	78,229,757
2005	2007	54	331,097	17,879,232	90	303,505	27,315,494	239	91,879,389
2006	2008	56	337,719	18,912,255	97	309,576	30,028,833	267	107,704,165
2007	2009	60	344,473	20,668,393	94	315,767	29,682,108	260	104,605,032
2008	2010	62	351,363	21,784,486	68	322,082	21,901,607	247	106,228,649
2009	2011	61	358,390	21,861,786	70	328,524	22,996,687	264	115,998,873
2010	2012	84	365,558	30,706,849	70	335,095	23,456,621	268	117,222,178
2011	2013	78	372,869	29,083,773	20	341,796	6,835,929	202	92,968,641
2012	2014	26	380,326	9,888,483		348,632	0	58	25,101,533
2013	2015		387,933	0				0	0
2014	2016							0	0
2015	2017							0	0
2016	2018							0	0
2017	2019							0	0
2018	2020							0	0
2019	2021							0	0
2020	2022							0	0
2021	2023							0	0
2022	2024							0	0
2023	2025							0	0
2024	2026							0	0
		571	199,770,555		593	187,001,811		2,127	885,287,416

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

PRELIMINARY DRAFT SUBJECT TO REVISION

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Single Family - Attached Residences	Annual Value of Single Family Residences \$260,000 2%	Annual Value of SF Attached Residences	Single-Family Attached Residences	Annual Value of SF Attached Residences \$108,160 2%	Annual Value of SF Attached Residences	Number of Single-Family Attached Residences	Total Annual Value of SF Attached Residences
1999	2001								
2000	2002							0	0
2001	2003							0	0
2002	2004		260,000	0		108,160	0	0	0
2003	2005	24	265,200	6,364,800		110,323	0	24	6,364,800
2004	2006	42	270,504	11,361,168		112,530	0	42	11,361,168
2005	2007	42	275,914	11,588,391		114,780	0	42	11,588,391
2006	2008	30	281,432	8,442,971		117,076	0	30	8,442,971
2007	2009	6	287,061	1,722,366		119,417	0	6	1,722,366
2008	2010	30	292,802	8,784,067		121,806	0	30	8,784,067
2009	2011	36	298,658	10,751,698	266	124,242	33,048,330	302	43,800,028
2010	2012	40	304,631	12,185,258		126,727	0	40	12,185,258
2011	2013	13	310,724	4,039,413				13	4,039,413
2012	2014		316,939	0				0	0
2013	2015							0	0
2014	2016							0	0
2015	2017							0	0
2016	2018							0	0
2017	2019							0	0
2018	2020							0	0
2019	2021							0	0
2020	2022							0	0
2021	2023							0	0
2022	2024							0	0
2023	2025							0	0
2024	2026							0	0
		<u>263</u>		<u>75,240,131</u>	<u>266</u>		<u>33,048,330</u>	<u>529</u>	<u>108,288,461</u>

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Total Annual Number of SF Attached & Detached Residences	Total Annual Value of SF Attached & Detached Residences	Est. Biennial Revaluation per State Statute 2%	Cumulative Valuation of New Residences	Estimated Residential Assessment Rate	Residential Assessed Valuation
1999	2001					9.74%	0
2000	2002	0	0	0	0	9.15%	0
2001	2003	0	0		0	9.15%	0
2002	2004	0	0	0	0	9.15%	0
2003	2005	150	51,714,000		51,714,000	9.15%	4,731,831
2004	2006	238	89,590,925	1,034,280	142,339,205	9.15%	13,024,037
2005	2007	281	103,467,780		245,806,985	9.15%	22,491,339
2006	2008	297	116,147,136	4,916,140	366,870,260	9.15%	33,568,629
2007	2009	266	106,327,398		473,197,658	9.15%	43,297,586
2008	2010	277	115,012,716	9,463,953	597,674,327	9.15%	54,687,201
2009	2011	566	159,798,901		757,473,228	9.15%	69,308,800
2010	2012	308	129,407,435	15,149,465	902,030,128	9.15%	82,535,757
2011	2013	215	97,008,054		999,038,182	9.15%	91,411,994
2012	2014	58	25,101,533	19,980,764	1,044,120,478	9.15%	95,537,024
2013	2015	0	0		1,044,120,478	9.15%	95,537,024
2014	2016	0	0	20,882,410	1,065,002,888	9.15%	97,447,764
2015	2017	0	0		1,065,002,888	9.15%	97,447,764
2016	2018	0	0	21,300,058	1,086,302,946	9.15%	99,396,720
2017	2019	0	0		1,086,302,946	9.15%	99,396,720
2018	2020	0	0	21,726,059	1,108,029,005	9.15%	101,384,654
2019	2021	0	0		1,108,029,005	9.15%	101,384,654
2020	2022	0	0	22,160,580	1,130,189,585	9.15%	103,412,347
2021	2023	0	0		1,130,189,585	9.15%	103,412,347
2022	2024	0	0	22,603,792	1,152,793,376	9.15%	105,480,594
2023	2025	0	0		1,152,793,376	9.15%	105,480,594
2024	2026	0	0	23,055,868	1,175,849,244	9.15%	107,590,206
		2,656	993,575,877	182,273,367			

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

SCHEDULE OF ESTIMATED ASSESSED VALUATION

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Undeveloped Residential Land		Cumulative Actual Value	Assessed Valuation 29%	Total Assessed Valuation
		Platted/ Partially Finished Lots 20,000	Lots Used			
Inflation compounded annually on base price						
1999	2001				0	0
2000	2002			13,759	3,990	3,990
2001	2003			13,759	3,990	3,990
2002	2004	2,520,000	0	2,533,759	734,790	734,790
2003	2005	3,920,000	(2,533,759)	3,920,000	1,136,800	5,868,631
2004	2006	4,780,000	(3,920,000)	4,780,000	1,386,200	14,410,237
2005	2007	5,340,000	(4,780,000)	5,340,000	1,548,600	24,039,939
2006	2008	5,200,000	(5,340,000)	5,200,000	1,508,000	35,076,629
2007	2009	4,940,000	(5,200,000)	4,940,000	1,432,600	44,730,186
2008	2010	5,280,000	(4,940,000)	5,280,000	1,531,200	56,218,401
2009	2011	9,350,000	(9,270,000)	5,360,000	1,554,400	70,863,200
2010	2012	4,040,000	(5,360,000)	4,040,000	1,171,600	83,707,357
2011	2013	1,160,000	(4,040,000)	1,160,000	336,400	91,748,394
2012	2014	0	(1,160,000)	0	0	95,537,024
2013	2015	0	0	0	0	95,537,024
2014	2016	0	0	0	0	97,447,764
2015	2017	0	0	0	0	97,447,764
2016	2018	0	0	0	0	99,396,720
2017	2019	0	0	0	0	99,396,720
2018	2020	0	0	0	0	101,384,654
2019	2021	0	0	0	0	101,384,654
2020	2022	0	0	0	0	103,412,347
2021	2023	0	0	0	0	103,412,347
2022	2024	0	0	0	0	105,480,594
2023	2025	0	0	0	0	105,480,594
2024	2026	0	0	0	0	107,590,206
		<u>46,530,000</u>	<u>(46,543,759)</u>			

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
 (IN THE FORMATION STAGE OF DEVELOPMENT)
FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS

CONSTRUCTION COSTS BY PHASE

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Year	Water System	Sanitary System	Roadway System	Channel/ Drainage	Valley, Open Space, Parks	Total
Phase I						
2002			482,154			482,154
2003			3,595,229			3,595,229
2004					4,947,617	4,947,617
Subtotal						9,025,000
Phase II						
2005			4,470,822			4,470,822
2006	536,580	1,208,728	1,863,227	2,319,080		5,927,615
2007					4,776,563	4,776,563
Subtotal						15,175,000
	536,580	1,208,728	10,411,432	2,319,080	9,724,180	24,200,000

NOTES: Public art required by the City of Aurora is included in these costs.
 Phase I water, sewer and channel/drainage improvements are to be installed by the Developer and not reimbursed.

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

South Shore Metropolitan District
General Obligation Bonds
Series 2003

Sources and Uses of Funds

Sources

Principal Amount of Bond Issue	10,975,000.00
	<hr/>
	10,975,000.00

Uses

Project Fund		9,025,000.00
Debt Service Reserve Fund		1,097,500.00
Bond Discount	\$20.00 /\$1,000	219,500.00
Capitalized Interest Fund		480,156.25
Cost of Issuance		150,000.00
Contingency		2,843.75
		<hr/>
		10,975,000.00

General Obligation Bonds
Series 2003

Debt Service Schedule

Date	Principal	Rate	Interest	P & I	Annual P & I	Capitalized Interest	DSRF @ 0.05	Net Annual P & I
06/01/04			384,125.00	384,125.00		(192,062.50)	(27,437.50)	
12/01/04	0	7.000	384,125.00	384,125.00	768,250.00	(192,062.50)	(27,437.50)	329,250.00
06/01/05			384,125.00	384,125.00		(96,031.25)	(27,437.50)	
12/01/05	0	7.000	384,125.00	384,125.00	768,250.00	0.00	(27,437.50)	617,343.75
06/01/06			384,125.00	384,125.00		0.00	(27,437.50)	
12/01/06	300,000	7.000	384,125.00	684,125.00	1,088,250.00	0.00	(27,437.50)	1,013,375.00
06/01/07			373,625.00	373,625.00			(27,437.50)	
12/01/07	320,000	7.000	373,625.00	693,625.00	1,067,250.00		(27,437.50)	1,012,375.00
06/01/08			362,425.00	362,425.00			(27,437.50)	
12/01/08	340,000	7.000	362,425.00	702,425.00	1,064,850.00		(27,437.50)	1,009,975.00
06/01/09			350,525.00	350,525.00			(27,437.50)	
12/01/09	365,000	7.000	350,525.00	715,525.00	1,066,050.00		(27,437.50)	1,011,175.00
06/01/10			337,750.00	337,750.00			(27,437.50)	
12/01/10	390,000	7.000	337,750.00	727,750.00	1,065,500.00		(27,437.50)	1,010,625.00
06/01/11			324,100.00	324,100.00			(27,437.50)	
12/01/11	420,000	7.000	324,100.00	744,100.00	1,068,200.00		(27,437.50)	1,013,325.00
06/01/12			309,400.00	309,400.00			(27,437.50)	
12/01/12	445,000	7.000	309,400.00	754,400.00	1,063,800.00		(27,437.50)	1,008,925.00
06/01/13			293,825.00	293,825.00			(27,437.50)	
12/01/13	480,000	7.000	293,825.00	773,825.00	1,067,650.00		(27,437.50)	1,012,775.00
06/01/14			277,025.00	277,025.00			(27,437.50)	
12/01/14	510,000	7.000	277,025.00	787,025.00	1,064,050.00		(27,437.50)	1,009,175.00
06/01/15			259,175.00	259,175.00			(27,437.50)	
12/01/15	545,000	7.000	259,175.00	804,175.00	1,063,350.00		(27,437.50)	1,008,475.00
06/01/16			240,100.00	240,100.00			(27,437.50)	
12/01/16	585,000	7.000	240,100.00	825,100.00	1,065,200.00		(27,437.50)	1,010,325.00
06/01/17			219,625.00	219,625.00			(27,437.50)	
12/01/17	625,000	7.000	219,625.00	844,825.00	1,064,250.00		(27,437.50)	1,009,375.00
06/01/18			197,750.00	197,750.00			(27,437.50)	
12/01/18	670,000	7.000	197,750.00	867,750.00	1,065,500.00		(27,437.50)	1,010,625.00
06/01/19			174,300.00	174,300.00			(27,437.50)	
12/01/19	715,000	7.000	174,300.00	899,300.00	1,063,600.00		(27,437.50)	1,008,725.00
06/01/20			149,275.00	149,275.00			(27,437.50)	
12/01/20	770,000	7.000	149,275.00	919,275.00	1,068,550.00		(27,437.50)	1,013,675.00
06/01/21			122,325.00	122,325.00			(27,437.50)	
12/01/21	820,000	7.000	122,325.00	942,325.00	1,064,650.00		(27,437.50)	1,009,775.00
06/01/22			93,625.00	93,625.00			(27,437.50)	
12/01/22	880,000	7.000	93,625.00	973,625.00	1,067,250.00		(27,437.50)	1,012,375.00
06/01/23			62,825.00	62,825.00			(27,437.50)	
12/01/23	1,795,000	7.000	62,825.00	1,857,825.00	1,920,650.00		(1,124,937.50)	768,275.00
10,975,000			10,600,100.00	21,575,100.00	21,575,100.00	(480,156.25)	(2,195,000.00)	18,899,943.75

Dated	12/01/03	Average Coupon	7.000000
		NIC	7.144951
Settlement	12/01/03	TIC	7.242148
		Arbitrage Yield	7.000000
		Bond Years	151.430.00
		Average Life	13.80
		Accrued Interest	0.00

17,390.00

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South Shore Metropolitan District

General Obligation Bonds Series 2006

Sources and Uses of Funds

Sources

Principal Amount of Bond Issue	19,055,000.00
	<hr/>
	19,055,000.00

Uses

Project Fund		15,175,000.00
Debt Service Reserve Fund		1,905,500.00
Bond Discount	\$20.00 /\$1,000	381,100.00
Capitalized Interest Fund		1,440,558.00
Cost of Issuance		150,000.00
Contingency		2,842.00
		<hr/>
		19,055,000.00

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES**

January 23, 2002

NOTE 1) NATURE AND LIMITATION OF FORECAST

This forecast of consolidated financial information is for the purpose of a financial analysis of the proposed plan of Southshore Metropolitan Districts No. 1 and 2 (the "Districts") (in the Formation Stage of Development). It is to display how the proposed facilities and services are to be provided and financed.

This financial forecast presents, to the best knowledge and belief of Management of the Districts, the Districts' expected cash position and results of cash receipts and disbursements for the forecasted periods. Accordingly, the forecast reflects Management's judgement, as of January 23, 2002, the date of this forecast, of the expected conditions and the Districts' expected course of action.

The assumptions disclosed herein are those that Management believes are significant to the forecast and are not all-inclusive. There still usually may be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Based upon the biennial revaluation of property required by state statute, an increase in property valuation of 2% due to reassessment has been assumed every other year. The forecasted market values per single family residence have been increased by 2% each year, compounded annually, beginning in 2003.

NOTE 2) ORGANIZATION

The Petitioners for the formation of the Districts, quasi-municipal corporations, are in the process of organization. The Districts will be governed pursuant to provisions of the Colorado Special District Act (Title 32). The Districts will operate under a consolidated service plan approved by the City of Aurora (City). The Districts' service area is located entirely in Arapahoe County in the City. The Districts are being established to provide financing for the design, acquisition, installation and construction of water, wastewater, drainage, streets and roadways, traffic and safety control, parks, open space and recreation facilities and mosquito control systems. As set forth in this plan, the Districts are forecasted to issue \$30,030,000 in two bond issues. However, the service plan may have a higher debt service amount to allow for an under estimate of valuations in this forecast.

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES**

January 23, 2002

Southshore Metropolitan District No. 1 will be known as the "Operating District" and Southshore Metropolitan District No. 2 will be known as the "Taxing District". The Taxing District will serve to provide funding and the tax base needed to support the Operating District in the construction, operation and on-going maintenance of the facilities and improvements. The Operating District will be responsible for managing the construction of all facilities and improvements and for the operation and maintenance of all improvements which are not conveyed to the City.

Formation of the Districts is intended to be timed to allow for the proper legislative, judicial and election process to be completed in order for the Districts' electors to be able to vote for the authorization of debt and TABOR questions in November 2002 and tax levies for tax collections in 2003. The Petitioners expect the favorable approval at the election since they constitute the majority of the current eligible electors within the proposed Districts' boundaries.

NOTE 3) PETITIONERS / BOARD OF DIRECTORS

The Petitioners for Formation of the Districts are principals of the company that intends to develop the property included within the boundaries of the Districts. The developer is Laing Village LLC. The developer owns 350 acres and has an option to purchase the remaining 453 acres which comprise the District. In addition, 10 acres are to be included from the City for a total of 813 acres.

NOTE 4) BASIS OF ACCOUNTING

The basis of accounting for this forecast is the cash basis which is a basis of accounting that is different from the generally accepted accounting principles under which the Districts will prepare their financial statements.

NOTE 5) PROPERTY TAXES

The primary source of revenue or cash receipts will be ad valorem property taxes. Property taxes are determined annually by the Districts' Boards of Directors and set by County Commissioners as to rate or levy based upon the assessed valuation of the property within the Districts. The Arapahoe County Assessor determines the assessed valuation. The levy is expressed in terms of mills. A mill is 1/1,000 of the assessed valuation. The forecast assumes that the Districts will be able to initially set their mill levy at 38.000 mills for collection in 2003 through 2012 for debt service, administrative and operation and maintenance purposes. The mill levy is forecasted to be reduced to 26.000 mills by the end of the term of the forecast. Of the total mill levy each year, 8.000 mills are assumed to be for administrative and landscaping maintenance costs. The forecast assumes that the initial mill levy has not been adjusted according to provisions of the State's Gallagher Amendment.

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES**

January 23, 2002

The Gallagher Amendment states that residential assessed values State-wide must be approximately 45% of total assessed values. When the market values of residential property increase faster than the values of nonresidential property, the residential assessment ratio must decline to keep the 45 percent/55 percent ratio. According to information as set forth in the Colorado Legislative Council Staff Forecasts, 2000 - 2006, "Assessed Values and Property Tax Projections" issued in December 2000, the residential assessment rate is projected to decline from its current 9.74% for 2000 to 9.19% in 2001 (for collection in 2002), 8.78% in 2003 and 8.41% in 2005. Colorado House Bill 01-1366 has set the residential assessment ratio at 9.15% for property taxes collected in 2002 and 2003. Therefore, the forecast has included the residential assessment ratio of 9.15% through the term of the forecast. Historical trends would indicate that adjustments under the State's Gallagher Amendment would continue to lower the assessment ratio and adjust the mill levy upward. If the mill levy were adjusted according to provisions of the State's Gallagher Amendment and based upon the declines in the residential assessment ratios projected in this Memorandum, the mill levy could increase to 44.009 mills by the property tax collection year of 2006. The estimates of the Legislative Council Staff are projections only, do not have force of law and may or may not occur as projected.

The assessed valuation for the Districts is dependent upon the buildout schedule of the homes within the Districts. Management of the Districts has based the estimate of buildout on their forecasted buildout schedule. The forecasted development buildout schedule and conversion to assessed valuation is presented as a Schedule. The assessed valuation rate for raw ground and developed lots is 29% until a home is constructed. The beginning assessed value is based on the property valuation provided by Management as contained in the Arapahoe County Assessor's records for 803 acres for collection in 2002.

Increases to valuation for the development of infrastructure within the Districts for platted and finished lots held for buildout are included in the forecasted assessed valuation. No assessed valuation has been assumed for State Assessed property that may be owned by public utilities within the Districts.

The property taxes resultant from the above mill levy and assessed valuation has been reduced for the Arapahoe County Treasurer's fee for collection of the taxes at 1.5% and further reduced for uncollectible taxes of one half percent (.5%).

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES**

January 23, 2002

NOTE 6) SPECIFIC OWNERSHIP TAXES

Specific ownership taxes are set by the State and collected by the County Treasurer primarily on vehicle licensing within the County as a whole. The specific ownership taxes are allocated by the County Treasurer to all taxing entities within the County. The forecast assumes that the Districts' share will be equal to approximately 10% of the property taxes collected, which is a conservative estimate based on other comparable Districts in the area.

NOTE 7) SYSTEM DEVELOPMENT FEES

The forecast assumes that a system development fee of \$2,000 per single family detached residential unit and \$1,500 per single family attached residential unit will be imposed and collected upon issuance of a building permit.

NOTE 8) DEVELOPER ADVANCES

The forecast assumes that the Developer will advance funds to the District for organizational/operational costs as shown on the Summary page and may be reimbursed from bond proceeds. The forecast also assumes that the Developer will advance all funds needed for construction costs to the District. To the extent that bond proceeds are available for construction payments in any year, the developer advance would be reduced accordingly.

Developer advances may be paid back at an interest rate to be determined in the future. These developer advances are not considered to be multi-year fiscal obligations.

NOTE 9) INTEREST INCOME

The forecast has included interest on monies that are forecasted to be on deposit or invested by the Districts at the prior year end at an interest rate of 4%.

NOTE 10) ADMINISTRATIVE AND LANDSCAPING MAINTENANCE

Administrative expenditures include the services necessary to maintain the Districts' administrative viability such as legal, accounting and audit, general engineering, insurance, banking, meeting expense, and other administrative expenses. Landscaping maintenance costs include costs anticipated to be incurred for the maintenance of parks and median landscaping. Administrative and landscaping maintenance disbursements are included in the forecast at \$100,000 for 2001, \$80,000 for 2002 and is increased by \$10,000 per year through 2005. Beyond 2005, these costs are assumed to be the equivalent of 8.000 mills of net property tax collections.

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(In the Formation Stage of Development)

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
AND ACCOUNTING POLICIES**

January 23, 2002

NOTE 11) INFRASTRUCTURE IMPROVEMENTS

The estimated cost of the capital infrastructure improvements to be funded under this Plan is \$24,200,000. The forecast assumes that the Developer will advance or contribute funds for all infrastructure costs and be reimbursed from bond proceeds to the extent bonds can be issued. The total infrastructure cost estimate includes the City's requirement for public art.

The Petitioners expect that the Districts will allow the Developer to either advance funds to the Districts or to actually construct the improvements under the Districts' supervision for reimbursement by the Districts upon completion to the extent bondable or to contribute funds to the District. The reimbursement of any additional costs is subject to the Districts' authorized indebtedness and other revenue available to the Districts. There may be additional construction costs in the future.

NOTE 12) DEBT SERVICE

The Districts anticipate issuing general obligation bonds on December 1, 2003 and December 1, 2006 in the amounts of \$10,975,000 and \$19,055,000, respectively. The proceeds of such debt will be used for issuance costs, capitalized interest, debt service reserve funds and to reimburse the Developer for capital infrastructure improvements and organizational costs. The bonds are assumed to bear interest at a rate of 7.0% and will be paid over 20 year periods with the final payment on the Series 2003 bonds on December 1, 2023 and the final payment on the Series 2006 bonds on December 1, 2026.

Assumptions related to debt principal amounts, interest rates, issuance costs, capitalized interest, debt service reserve funds and the related interest earnings, and other related debt service costs for the proposed Series 2003 and Series 2006 Bonds have been provided to Management by George K. Baum & Company, the proposed underwriter of the proposed bond issues of the Districts.

NOTE 13) The Districts have requested the attached projection under the following hypothetical assumption:

- Assumption that only Phase I of construction and buildout are attained with no further development in the District. This projection shows the ability of the District to repay the bonded debt.

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)

PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13

SUMMARY - PHASE I ONLY

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Year	Assessed Value (Page 25)	Mill Levy	CASH RECEIPTS													Total Receipts	Total Disbursements (Page 20)	Annual Cash Surplus	Cumulative Cash Surplus	Year
			Net Property Taxes 98.00%	Specific Ownership Taxes 10.00%	System Development Fees		Developer Advances - Drg./Operations	Developer Advances - Construction	Bond Proceeds Avail. for Dev. Reimb.	Bond Proceeds Applied to Reimburse Developer	Capitalized Interest	Interest Income 4.00%								
					Detached SF Residences \$2,000	Attached SF Residences \$1,500														
001			0	0	0	0	100,000							0	100,000	100,000	0	0	2001	
002	3,990	0.000	0	0	0	0	80,000		482,154					0	582,154	582,154	0	0	2002	
003	3,990	38.000	149	15	252,000	36,000								0	4,363,548	3,685,229	678,319	678,319	2003	
004	734,790	38.000	27,364	2,736	392,000	63,000			3,585,229	9,025,000	(9,025,000)	480,156		27,133	5,459,850	5,760,992	(301,142)	377,177	2004	
005	5,868,631	38.000	218,548	21,855	410,000	63,000			0					15,087	728,490	823,375	(94,885)	282,292	2005	
006	14,213,037	38.000	529,294	52,929	344,000	45,000			0					11,292	982,515	1,124,805	(142,291)	140,001	2006	
007	21,671,217	38.000	807,036	80,704	156,000	9,000			0					5,600	1,058,340	1,182,277	(123,938)	16,064	2007	
008	27,524,038	38.000	1,024,995	102,500	52,000	45,000			0					643	1,225,137	1,225,763	(626)	15,437	2008	
009	29,791,259	38.000	1,109,426	110,943	0	453,000	(180,000)							617	1,493,987	1,244,738	249,248	264,685	2009	
010	31,872,902	38.000	1,186,947	118,895	0	60,000								10,587	1,376,229	1,260,509	115,720	380,406	2010	
011	35,860,605	38.000	1,336,194	133,619	0	19,500								15,216	1,504,529	1,294,629	209,900	590,306	2011	
012	37,713,168	38.000	1,404,438	140,444	0	0								23,612	1,568,494	1,304,596	263,898	854,205	2012	
013	38,082,774	36.000	1,343,560	134,356	0	0								34,168	1,512,084	1,311,344	200,741	1,054,945	2013	
014	38,844,429	36.000	1,370,431	137,043	0	0								42,198	1,549,672	1,313,715	235,957	1,290,902	2014	
015	38,844,429	34.000	1,294,296	129,430	0	0								51,636	1,475,362	1,313,015	162,347	1,453,249	2015	
016	39,621,318	34.000	1,320,182	132,018	0	0								58,130	1,510,331	1,320,956	189,374	1,642,623	2016	
017	39,621,318	34.000	1,320,182	132,018	0	0								65,705	1,517,905	1,320,006	197,899	1,840,523	2017	
018	40,413,744	33.000	1,306,980	130,698	0	0								73,621	1,511,299	1,327,469	183,831	2,024,353	2018	
019	40,413,744	33.000	1,306,980	130,698	0	0								80,974	1,518,653	1,325,569	193,084	2,217,437	2019	
020	41,222,019	32.000	1,292,723	129,272	0	0								88,697	1,510,692	1,336,856	173,837	2,391,274	2020	
021	41,222,019	32.000	1,292,723	129,272	0	0								85,651	1,517,646	1,332,956	184,690	2,575,964	2021	
022	42,046,460	32.000	1,318,577	131,858	0	0								103,039	1,553,473	1,342,019	211,454	2,787,418	2022	
023	42,046,460	31.000	1,277,371	127,737	0	0								111,497	1,516,605	1,097,919	418,686	3,206,104	2023	
			22,088,397	2,208,840	1,606,000	793,500	0	9,025,000	9,025,000	(9,025,000)	480,156	915,103	37,116,996	33,910,892	3,206,104					
							9,025,000													
							Dev. Advance													

ote: Net Property Taxes assumes a 1.5% County Treasurer's Collection Fee and a .5% Allowance for Uncollectible Accounts.

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)

PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13

SUMMARY - PHASE I ONLY

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Year	Total Receipts (Page 19)	CASH DISBURSEMENTS				Total Disbursements	Annual Cash Surplus	Cumulative Cash Surplus	Year
		Admin & Landscaping Maintenance 8.00 Mills (net)	Construction Costs	Available for Debt Svc	Net Debt Svc Series 2003 Bonds				
2001	100,000	100,000		0		100,000	0	0	2001
2002	562,154	80,000	482,154	0		562,154	0	0	2002
2003	4,363,548	90,000	3,595,229	678,319	0	3,685,229	678,319	678,319	2003
2004	5,459,850	100,000	4,947,617	412,233	713,375	5,760,992	(301,142)	377,177	2004
2005	728,490	110,000		618,490	713,375	823,375	(94,885)	282,292	2005
2006	982,515	111,430		871,084	1,013,375	1,124,805	(142,291)	140,001	2006
2007	1,058,340	169,902		888,437	1,012,375	1,182,277	(123,938)	16,064	2007
2008	1,225,137	215,788		1,009,349	1,009,975	1,225,763	(626)	15,437	2008
2009	1,493,987	233,563		1,260,423	1,011,175	1,244,738	249,248	264,685	2009
2010	1,376,229	249,884		1,126,345	1,010,625	1,260,509	115,720	380,406	2010
2011	1,504,529	281,304		1,223,225	1,013,325	1,294,629	209,900	590,306	2011
2012	1,568,494	295,671		1,272,823	1,008,925	1,304,596	263,898	854,205	2012
2013	1,512,084	298,569		1,213,516	1,012,775	1,311,344	200,741	1,054,945	2013
2014	1,549,672	304,540		1,245,132	1,009,175	1,313,715	235,957	1,290,902	2014
2015	1,475,362	304,540		1,170,822	1,008,475	1,313,015	162,347	1,453,249	2015
2016	1,510,331	310,631		1,199,699	1,010,325	1,320,956	189,374	1,642,623	2016
2017	1,517,905	310,631		1,207,274	1,009,375	1,320,006	197,899	1,840,523	2017
2018	1,511,299	316,844		1,194,456	1,010,625	1,327,469	183,831	2,024,353	2018
2019	1,518,653	316,844		1,201,809	1,008,725	1,325,569	193,084	2,217,437	2019
2020	1,510,692	323,181		1,187,512	1,013,675	1,336,856	173,837	2,391,274	2020
2021	1,517,646	323,181		1,194,465	1,009,775	1,332,956	184,690	2,575,964	2021
2022	1,553,473	329,644		1,223,829	1,012,375	1,342,019	211,454	2,787,418	2022
2023	1,516,605	329,644		1,186,961	768,275	1,097,919	418,686	3,206,104	2023
	37,116,996	5,505,792	9,025,000	22,586,204	19,380,100	33,910,892	3,206,104		

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)

PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13

SCHEDULE OF ESTIMATED ASSESSED VALUATION - PHASE I

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Single Family - Custom/ Semi-Custom Residences			Single Family - Luxury Production Residences			Single Family - 2nd Move-Up Residences		
		Est. Market Value per Residence	Annual Value of C/SC SF Residences	Residences	Est. Market Value per Residence	Annual Value of LP SF Residences	Residences	Est. Market Value per Residence	Annual Value of 2nd MU SF Residences	Residences
Inflation compounded annually on base price		2%			2%			2%		
1999	2001									
2000	2002									
2001	2003									
2002	2004		624,000	0		468,000	0		390,000	0
2003	2005		636,480	0	24	477,360	11,456,640	30	397,800	11,934,000
2004	2006	24	649,210	15,581,030	30	486,907	14,607,216	40	405,756	16,230,240
2005	2007		662,194	0	19	496,645	9,436,262	42	413,871	17,382,587
2006	2008		675,438	0		506,578	0	19	422,149	8,020,822
2007	2009		688,946	0		516,710	0		430,592	0
2008	2010		702,725	0		527,044	0		439,203	0
2009	2011		716,780	0		537,585	0		447,987	0
2010	2012		731,115	0		548,337	0		456,947	0
2011	2013		745,738	0		559,303	0		466,086	0
2012	2014		760,653	0		570,489	0		475,408	0
2013	2015								484,916	0
2014	2016									
2015	2017									
2016	2018									
2017	2019									
2018	2020									
2019	2021									
2020	2022									
2021	2023									
2022	2024									
2023	2025									
2024	2026									
		<u>24</u>		<u>15,581,030</u>	<u>73</u>		<u>35,500,118</u>	<u>131</u>		<u>53,567,649</u>

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

**SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)**

**PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13**

SCHEDULE OF ESTIMATED ASSESSED VALUATION - PHASE I

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Single Family - 1st Move-Up Residences	Est. Market Value per Residence \$312,000	Annual Value of 1st MU SF Residences	Single Family - Specialty Residences	Est. Market Value per Residence \$286,000	Annual Value of New SF Residences	Total Annual Number of Single Family Detached Residences	Total Annual Value of Single Family Detached Residences
Inflation compounded annually on base price									
1999	2001		2%			2%			
2000	2002							0	0
2001	2003							0	0
2002	2004		312,000	0		286,000	0	0	0
2003	2005	36	318,240	11,456,640	36	291,720	10,501,920	126	45,349,200
2004	2006	54	324,605	17,528,659	48	297,554	14,282,611	196	78,229,757
2005	2007	54	331,097	17,879,232	90	303,505	27,315,494	205	72,013,575
2006	2008	56	337,719	18,912,255	97	309,576	30,028,833	172	56,961,910
2007	2009	60	344,473	20,668,393	18	315,767	5,683,808	78	26,352,201
2008	2010	26	351,363	9,135,430		322,082	0	26	9,135,430
2009	2011		358,390	0		328,524	0	0	0
2010	2012		365,558	0		335,095	0	0	0
2011	2013		372,869	0		341,796	0	0	0
2012	2014		380,326	0		348,632	0	0	0
2013	2015		387,933	0				0	0
2014	2016							0	0
2015	2017							0	0
2016	2018							0	0
2017	2019							0	0
2018	2020							0	0
2019	2021							0	0
2020	2022							0	0
2021	2023							0	0
2022	2024							0	0
2023	2025							0	0
2024	2026							0	0
		<u>286</u>		<u>95,580,608</u>	<u>289</u>		<u>87,812,666</u>	<u>803</u>	<u>288,042,072</u>

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

**SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)**

**PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13**

SCHEDULE OF ESTIMATED ASSESSED VALUATION - PHASE I

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Single Family - Attached Residences	Annual Value of Single Family Residences \$260,000 2%	Annual Value of SF Attached Residences	Single-Family Attached Residences	Annual Value of SF Attached Residences \$108,160 2%	Annual Value of SF Attached Residences	Number of Single-Family Attached Residences	Total Annual Value of SF Attached Residences
1999	2001								
2000	2002							0	0
2001	2003							0	0
2002	2004		260,000	0		108,160	0	0	0
2003	2005	24	265,200	6,364,800		110,323	0	24	6,364,800
2004	2006	42	270,504	11,361,168		112,530	0	42	11,361,168
2005	2007	42	275,914	11,588,391		114,780	0	42	11,588,391
2006	2008	30	281,432	8,442,971		117,076	0	30	8,442,971
2007	2009	6	287,061	1,722,366		119,417	0	6	1,722,366
2008	2010	30	292,802	8,784,067		121,806	0	30	8,784,067
2009	2011	36	298,658	10,751,698	266	124,242	33,048,330	302	43,800,028
2010	2012	40	304,631	12,185,258		126,727	0	40	12,185,258
2011	2013	13	310,724	4,039,413				13	4,039,413
2012	2014		316,939	0				0	0
2013	2015							0	0
2014	2016							0	0
2015	2017							0	0
2016	2018							0	0
2017	2019							0	0
2018	2020							0	0
2019	2021							0	0
2020	2022							0	0
2021	2023							0	0
2022	2024							0	0
2023	2025							0	0
2024	2026							0	0
		<u>263</u>		<u>75,240,131</u>	<u>266</u>		<u>33,048,330</u>	<u>529</u>	<u>108,288,461</u>

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

**SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)**

**PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13**

SCHEDULE OF ESTIMATED ASSESSED VALUATION - PHASE I

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Total Annual Number of SF Attached & Detached Residences	Total Annual Value of SF Attached & Detached Residences	Est. Biennial Revaluation per State Statute 2%	Cumulative Valuation of New Residences	Estimated Residential Assessment Rate	Residential Assessed Valuation
1999	2001					9.74%	0
2000	2002	0	0	0	0	9.15%	0
2001	2003	0	0		0	9.15%	0
2002	2004	0	0	0	0	9.15%	0
2003	2005	150	51,714,000		51,714,000	9.15%	4,731,831
2004	2006	238	89,590,925	1,034,280	142,339,205	9.15%	13,024,037
2005	2007	247	83,601,966		225,941,171	9.15%	20,673,617
2006	2008	202	65,404,881	4,518,823	295,864,875	9.15%	27,071,636
2007	2009	84	28,074,567		323,939,442	9.15%	29,640,459
2008	2010	56	17,919,496	6,478,789	348,337,727	9.15%	31,872,902
2009	2011	302	43,800,028		392,137,755	9.15%	35,880,605
2010	2012	40	12,185,258	7,842,755	412,165,768	9.15%	37,713,168
2011	2013	13	4,039,413		416,205,181	9.15%	38,082,774
2012	2014	0	0	8,324,104	424,529,284	9.15%	38,844,429
2013	2015	0	0		424,529,284	9.15%	38,844,429
2014	2016	0	0	8,490,586	433,019,870	9.15%	39,621,318
2015	2017	0	0		433,019,870	9.15%	39,621,318
2016	2018	0	0	8,660,397	441,680,267	9.15%	40,413,744
2017	2019	0	0		441,680,267	9.15%	40,413,744
2018	2020	0	0	8,833,605	450,513,873	9.15%	41,222,019
2019	2021	0	0		450,513,873	9.15%	41,222,019
2020	2022	0	0	9,010,277	459,524,150	9.15%	42,046,460
2021	2023	0	0		459,524,150	9.15%	42,046,460
2022	2024	0	0	9,190,483	468,714,633	9.15%	42,887,389
2023	2025	0	0		468,714,633	9.15%	42,887,389
2024	2026	0	0	9,374,293	478,088,926	9.15%	43,745,137
		1,332	396,330,533	81,758,393			

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2
(IN THE FORMATION STAGE OF DEVELOPMENT)

**PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13**

SCHEDULE OF ESTIMATED ASSESSED VALUATION - PHASE I

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Construction Year	Collection Year	Undeveloped Residential Land			Assessed Valuation 29%	Total Assessed Valuation
		Platted/ Partially Finished Lots 20,000	Lots Used	Cumulative Actual Value		
Inflation compounded annually on base price						
1999	2001				0	0
2000	2002			13,759	3,990	3,990
2001	2003			13,759	3,990	3,990
2002	2004	2,520,000	0	2,533,759	734,790	734,790
2003	2005	3,920,000	(2,533,759)	3,920,000	1,136,800	5,868,631
2004	2006	4,100,000	(3,920,000)	4,100,000	1,189,000	14,213,037
2005	2007	3,440,000	(4,100,000)	3,440,000	997,600	21,671,217
2006	2008	1,560,000	(3,440,000)	1,560,000	452,400	27,524,036
2007	2009	520,000	(1,560,000)	520,000	150,800	29,791,259
2008	2010	0	(520,000)	0	0	31,872,902
2009	2011	3,990,000	(3,990,000)	0	0	35,880,605
2010	2012	0	0	0	0	37,713,168
2011	2013	0	0	0	0	38,082,774
2012	2014	0	0	0	0	38,844,429
2013	2015	0	0	0	0	38,844,429
2014	2016	0	0	0	0	39,621,318
2015	2017	0	0	0	0	39,621,318
2016	2018	0	0	0	0	40,413,744
2017	2019	0	0	0	0	40,413,744
2018	2020	0	0	0	0	41,222,019
2019	2021	0	0	0	0	41,222,019
2020	2022	0	0	0	0	42,046,460
2021	2023	0	0	0	0	42,046,460
2022	2024	0	0	0	0	42,887,389
2023	2025	0	0	0	0	42,887,389
2024	2026	0	0	0	0	43,745,137
		<u>20,050,000</u>	<u>(20,063,759)</u>			

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

SOUTHSHORE METROPOLITAN DISTRICTS NO. 1 AND 2

(IN THE FORMATION STAGE OF DEVELOPMENT)

**PROJECTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS
UNDER THE HYPOTHETICAL ASSUMPTIONS IN NOTE 13**

CONSTRUCTION COSTS BY PHASE - PHASE I

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2026

Year	Water System	Sanitary System	Roadway System	Channel/ Drainage	Valley, Open Space, Parks	Total
Phase I						
2002			482,154			482,154
2003			3,595,229			3,595,229
2004					4,947,617	4,947,617
	<u>0</u>	<u>0</u>	<u>4,077,383</u>	<u>0</u>	<u>4,947,617</u>	<u>9,025,000</u>

NOTES: Public art required by the City of Aurora is included in these costs.
Phase I water, sewer and channel/drainage improvements are to be installed by the Developer and not reimbursed.

SEE SUMMARY OF SIGNIFICANT FORECASTED ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANT'S REPORT

EXHIBIT H
Aurora Intergovernmental Agreement

INTERGOVERNMENTAL AGREEMENT
BETWEEN
THE CITY OF AURORA, COLORADO
AND
SOUTHSHORE METROPOLITAN DISTRICT NOS. 1 and 2

THIS AGREEMENT is made and entered into as of this _____ day of _____, 2002, by and between the **CITY OF AURORA**, a home-rule municipal corporation of the State of Colorado ("City"), and **SOUTHSHORE METROPOLITAN DISTRICTS NOS. 1 and 2**, quasi-municipal corporations and political subdivisions of the State of Colorado (the "Districts"). The City and the District are collectively referred to as the Parties.

RECITALS

WHEREAS, the Districts were organized to provide these services and to exercise powers as are more specifically set forth in the Districts' Consolidated Service Plan dated February __, 2002, and approved by the City on _____, 2002 ("Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the City and the Districts, as required by the Aurora City Code; and

WHEREAS, the City and the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement ("Agreement").

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. Application of Local Laws. Each District hereby acknowledges that the property within its boundaries shall be subject to the ordinances, rules and regulations of the City relating to zoning, subdividing, building, and land use. Should additional districts be formed in the Future Inclusion Area, as defined in the Service Plan, such additional districts shall be similarly subject to the ordinances, rules and regulations referenced herein.

2. Change in Boundaries. Each District agrees that, other than as set forth in the Service Plan, inclusion of properties within, or any exclusion of properties from, its boundaries shall be subject to the prior approval of the City Council of the City as evidenced by a resolution after a public hearing thereon; provided, however, that inclusion or exclusion of property shall not constitute a material modification of the Service Plan.

3. Refunding of Bonds. Each District agrees that any refunding of outstanding bonds of the Districts which could extend the maturity of such bonds, or increase the total debt service thereon, shall be subject to the prior approval of the City Council of the City as evidenced by a resolution after a public hearing thereon. Notwithstanding the foregoing, such

prior approval need not be obtained where the refunding or restructuring of outstanding debt of the Districts is being undertaken for the purpose of preventing or averting a default or terminating a condition of default on the bonds.

4. Ownership and Operation of Facilities. The Parties agree that the Districts shall be permitted to undertake ownership and operation of those public facilities and services as set forth in Section IV.H. of the Service Plan.

5. Consolidation. Each District agrees that the consolidation of the Districts with any other special districts within the State of Colorado shall be subject to the prior approval of the City Council of the City as evidenced by resolution after a public hearing thereon.

6. Dissolution. Each District agrees that it shall take all action necessary to dissolve pursuant to Title 32, Article I, part 7, C.R.S., as amended from time to time, as provided for under Colorado law and Chapter 122-31(10) of the City Code if and in the event it does not need to remain in existence to operate and maintain facilities contemplated in the Service Plan to be operated and maintained indefinitely by the Districts.

7. Notice of Meetings. Each District agrees that it shall submit a copy of the written notice of every regular or special meeting of the District's Board of Directors to the Office of the City Clerk, by mail, email, facsimile, or by hand, to be received at least three (3) days prior to such meeting.

8. Annual Report. The Districts shall be responsible for submitting a joint annual report to the City pursuant to the City Code containing the information set forth in Section VI of the Service Plan.

9. Entire Agreement of the Parties. This written Agreement constitutes the entire agreement between 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.

10. 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.

11. Enforcement. The Parties agree that this Agreement may be enforced in law or in equity for specific performance, injunctive, or other appropriate relief, including damages, as may be available according to the laws and statutes of the State of Colorado. It is specifically understood that by executing this Agreement each Party commits itself to perform pursuant to these terms contained herein, and that any breach hereof which results in any recoverable damages shall not cause the termination of any obligations created by this Agreement unless such termination is declared by the Party not in breach hereof.

12. Venue. Venue for the trial of any action arising out of any dispute hereunder shall be in the appropriate district court of the State of Colorado pursuant to the appropriate rules of civil procedures.

13. Intent of Agreement. Except as otherwise stated herein, this Agreement is intended to describe the rights and responsibilities of and between the named Parties and is not intended to, and shall not be deemed to confer any rights upon any persons or entities not named as parties, nor to limit in any ways the powers and responsibilities of the City, the Districts, or any other entity not a party hereto.

14. Effect of Invalidity. If any portion of this Agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction as to either Party or as to both Parties, such portion shall be deemed severable and its invalidity or its unenforceability shall not cause the entire Agreement to be terminated.

15. Assignability. Other than as specifically provided for in this Agreement, neither the City nor the District shall assign their rights or delegate their duties hereunder without the prior written consent of the other Party.

16. Successors and Assigns. This Agreement and the rights and obligations created hereby shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

17. Public Art. The Districts shall provide and install such exterior works of art as may be approved by Aurora, which works of art shall comply with the applicable City standards. The aggregate cost of such works of art shall be not less than one percent (1%) of the total principal amount of all bonds issued by the Districts to finance the construction of aboveground facilities and improvements.

18. Regional Improvements. In lieu of a regional improvement financial contribution, the proposed Districts agree to participate in sharing the costs of constructing, installing, acquiring and dedicating to Aurora the public regional infrastructure improvements that benefit the taxpayers and residents of the proposed Districts. Regional improvements creating benefit to taxpayers and residents of the proposed Districts include trails, storm drainage, open space, water, wastewater, and roadway improvements. Upon organization of the Districts, the Developer anticipate executing an assumption agreement whereby the Districts will assume certain Developer obligations in exchange for receiving assignment of reimbursements due under the Agreements.

SOUTHSHORE METROPOLITAN
DISTRICT NOS. 1 and 2

By: _____

ATTEST:

BY: _____

SOUTHSHORE METROPOLITAN
DISTRICT NOS. 1 and 2

ATTEST:

BY: _____

By: _____

CITY OF AURORA

ATTEST:

BY: _____

By: _____
Its: _____

Approved as to Form

By: _____

EXHIBIT I
Letter in Support of Market Projections



THE GENESIS GROUP



Market Assessment For:

Southshore

Prepared For:

Laing – Village L.L.C.

December 2001

The information contained in this report is for the exclusive use of Laing-Village LLC. Any reproduction of this document is prohibited without the express written consent of The Genesis Group.

The Genesis Group was commissioned to provide an independent analysis of the Southshore master plan. All information contained in this report is believed to be accurate, reliable and timely. The Genesis Group has no reason to doubt the accuracy of the data compiled in this analysis; however, The Genesis Group is unable to guarantee its contents.

MARKET STUDIES
APPRAISALS
PROJECT DEVELOPMENT

91101

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Aven

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Color

8011



THE GENESIS GROUP



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MARKET STUDIES
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THE GENESIS GROUP



December 1, 2001

Mr. John Osborn
Mr. Larry Webb
Laing - Village LLC
7000 East Belleview, Suite 200
Englewood, Colorado 80111

Re: Market Assessment - Southshore Pricing and Absorption Forecast

Dear Gentlemen:

Pursuant to your request, The Genesis Group has completed an assessment of the Southshore master plan, which is located approximately 2.5 mile east of E-470 and Smoky Hill Road in Aurora, Colorado. The purpose of this report is to provide an overview of the competitive market conditions in the southeast metro Denver market area and to present recommendations that include pricing and an absorption forecast for the Southshore master plan as well as an assessment of the community's positioning strategy as it relates to the competitive market.

The scope of the work required for the completion of this analysis included the following:

- A general review of neighborhood characteristics that will support housing demand in the Southshore Competitive Market Area (CMA) including schools, shopping, employment and recreation in the market area.
- An analysis of the economic conditions within the Six County Denver metro region and a forecast of future housing demand within the region.
- An analysis of the competitive environment (focusing on master planned community development within the CMA) that will potentially provide competition to Southshore. From this analysis, base pricing trends, market positioning and absorption levels were analyzed.
- An investigation of proposed residential communities within Southshore community as well as within the immediate market area. From this, potential impacts on the future lot supply and resulting implications to the Southshore master plan were identified.
- Presentation of The Genesis Group's conclusions regarding pricing, positioning and absorption potential for the Laing-Village LLC partnership at Southshore.

It has been a pleasure working with you on this assignment. If you have questions about this report, please feel free to contact us.

Respectfully submitted,

THE GENESIS GROUP

Cheri Meyn
Cheri Meyn

MARKET STUDIES
APPRAISALS
COMMUNITY DEVELOPMENT

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General Assumptions and Limiting Conditions of the Analysis

Several general assumptions are made and limiting conditions imposed on this report. While The Genesis Group in completing this study has exercised reasonable due diligence, the reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in it. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations. These general assumptions and limiting conditions are described below:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be marketable unless otherwise stated.
2. The property is analyzed free and clear of all liens or encumbrances and it is assumed that all expenses, including taxes, have been paid unless otherwise stated.
3. Responsible ownership and competent management are assumed.
4. The information furnished by others is researched diligently and believed to be reliable. However, no warranty is given for its accuracy. It is assumed that the subject property and market data supplied by the owner, buyers, sellers, brokers, consultants and public officials is accurate. The Genesis Group assumes no responsibility for independently verifying this information and reserves the right to alter the analyses and conclusions based on correction of such information.

5. All engineering, drafting, etc. by others is assumed to be correct. Any plans and illustrative material provided in this report are included only to assist the reader in visualizing the property.
6. Unless otherwise stated, it is assumed that there are no hidden or unapparent conditions that adversely affect the property. This study should not be considered a report on the physical items that are a part of the property. Although the report may contain information about the physical items being analyzed, it should be clearly understood that this information is only to be used as a general guide for understanding the property and not as a complete or detailed physical report. The analysts are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature. The Genesis Group assumes no responsibility for these items.
7. The existence of hazardous materials/conditions, which may or may not be present on the property, was not observed by the Analysts unless stated in the report. Also, unless so stated, the analysts have no knowledge of the existence of such materials on or in the property. The Genesis Group is not qualified to detect such substances.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the report. A comprehensive examination of such laws and regulations affecting the subject property was not performed for this appraisal.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined and considered in this report. A comprehensive examination of zoning and use laws and regulations affecting the subject property was not performed.



10. No survey of the property has been made by The Genesis Group and no responsibility is assumed in connection with such matters. The reliability of the information contained on any map or drawing is assumed and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments, or other survey matters.

11. Possession of this report, or a copy of it, does not carry with it the right of publication. It may not be used for any purpose by any party other than the party to whom it is addressed without the written consent of The Genesis Group, and in any event only with proper qualification and only in its entirety.

12. The staff of The Genesis Group, by reason of this study, is not required to give further consultation, testimony or be in attendance in court with reference to the property in question unless arrangements have been previously made.

13. Neither all nor any part of the contents of this report (especially any conclusions or recommendations, the identity of the analysts or the firm with which the analysts are connected) shall be disseminated to the public through advertising, solicitation materials, public relations, news, sales or other media without the prior written consent of The Genesis Group. Further, neither the analysts nor The Genesis Group assume any obligation, liability or accountability to any third party. If this report is placed in the hands of anyone but the client, client shall make such party aware of all the assumptions and limiting conditions of the assignment.

14. If any of the conclusions or recommendations of this study are subject to satisfactory completion, repairs or alterations, the conclusions or recommendations are contingent upon completion or the improvements in conformance with the description in this report, all applicable codes, ordinances and statutes, and in a workmanlike manner.

15. The projections and forecasts in this report are based on analysis of data gathered and analyzed prior to the date of the report. The conclusions and recommendations are subject to alteration resulting from subsequent unforeseen changes in market or other conditions.

16. This analysis has been conducted without regard for the race, color, national origin or gender of the any persons related to the property or who live or work in its vicinity, except insofar as such attributes of those persons have been discovered to actually influence the market for the subject property, as stated in this report.





Certification

Consulting Assignment: Southshore

I, the undersigned, certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or even resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person signing this report.

Cheri Meyn, President
The Genesis Group
December 1, 2001



III. HOUSING MARKET REVIEW AND ANALYSIS

An understanding of resale housing conditions and trends is important to the analysis of Southshore property. Knowledge of resale housing prices and trends in the surrounding competitive resale sub market areas is important for two reasons. First, an understanding of values of homes that potential buyers of homes at the subject property will be selling is important in considering pricing recommendations. In addition, the recommended home pricing for the subject master plan can be considered in the context of resale housing prices and trends in the area.

Resale Housing Trends

Market Highlights

- Overall sales of existing homes remained relatively stable in the six county metro Denver area during the past 12 months through Third Quarter 2001 as compared to the same time period the previous year. There were 46,317 existing home sales during the past twelve months as compared to 45,578 home sales the previous year, an increase of 2 percent. Over the past 12 months, sales of existing detached homes increased 2 percent, while sales of existing attached homes increased less than one percent.
- Due to continued strong price appreciation, the gross dollar volume of existing (attached and detached) home sales increased 13 percent. The gross dollar volume of existing detached home sales was up 12 percent to \$1,865,014,388 and the gross dollar volume of existing attached sales increased nearly 16 percent to \$409,719,688.
- The number of existing detached home sales during Third Quarter 2001 almost mirrored the sales volume during the Third quarter of last year. There were 7,462 sales during Third Quarter 2001 as compared to 7,352 sales during Third Quarter 2000.
- As compared to Third Quarter 2000, sales of existing detached homes increased 2 percent in Arapahoe County. The greatest number of detached home sales in Arapahoe County occurred in the \$150,000 to \$200,000 price range, as the volume of existing detached homes priced below \$250,000 accounted for 73 percent of the total detached sales in the county.
- The overall number of existing homes in inventory increased 59 percent as compared to the same time last year. At the end of Third Quarter 2001, there were 12,545 existing homes listed for sale in the six county Denver area as compared to 7,889 available homes at end of Third Quarter 2000.
- The number of existing detached homes in inventory increased by 52 percent as compared to Third Quarter 2000, while the number of attached homes in inventory increased by nearly 90 percent.
- The supply of existing homes (attached and detached) increased 56 percent in the six county Denver area as compared to the end of Third quarter last year. There was a 5.71 month's supply of available existing homes in the six county Denver area based on the average monthly rate of sales during the last 12 months, as compared to a 3.38 months supply at the end of Third Quarter 2000.
- At the end of Third Quarter 2001, the supply of available existing detached homes increased 25 percent in the six county Denver area from a 3.60 month's supply of inventory at the end of Third Quarter 2000 to a 4.89 months supply at the end of Third Quarter 2001.
- As compared to the end of Third Quarter 2000, the overall supply of inventory (both attached and detached homes) increased by 77 percent in Arapahoe County. For detached housing, Arapahoe County recorded the second largest increase in inventory of the six metro counties, up 63 percent.



Average Home Price Comparisons

In the metro Denver area, the average price of an existing detached home increased by 14 percent in 2000 as compared to 1999, and during the Third quarter of 2001 the average price increased by 10.4 percent as compared to the Third quarter of last year. The average pricing for detached homes in Arapahoe County increased by 14.1 percent at year-end 2000 and by 5.8 percent in Third Quarter 2001.

Exhibit 3
Detached Housing - Average Home Price Comparisons by County

County	Average Price 1999	Average Price 2000	% Change	Average Price 3rd Qtr 2000	Average Price 3rd Qtr 2001	% Change
Adams	\$155,631	\$181,967	16.9%	\$173,201	\$194,778	12.5%
Arapahoe	\$210,056	\$239,613	14.1%	\$224,019	\$237,027	5.8%
Boulder	\$274,080	\$318,977	16.4%	\$305,258	\$348,570	14.2%
Denver	\$189,304	\$219,924	16.2%	\$205,742	\$231,444	12.5%
Douglas	\$240,547	\$269,119	11.9%	\$252,806	\$283,913	12.3%
Jefferson	\$218,993	\$244,838	11.8%	\$229,838	\$253,922	10.5%
Six-County Metro	\$211,143	\$241,357	14.3%	\$226,303	\$249,935	10.4%

SOURCES: The Genesis Group, Metrolist, IRES LLC

Activity by Metrolist Area

The map on the following page illustrates the Metrolist areas that are located within Southshore CMA. Southshore is located on the far western edge of the East Southeast Suburban (ESS) Metrolist area, but is heavily influenced by the SSE and AUS Metrolist area, which covers largely the southeast Arapahoe County area, east of Parker Road between Alameda Avenue and Orchard Road. The preceding table displays sales volume and price indications for detached housing for the Metrolist areas located in Southshore CMA.



Exhibit 4
Resale Housing Indications for Detached Housing
Southshore Competitive Market Area
1999 vs. 2000

	2000 Sales Volume		2000 Median Price		2000 Average Price		2000 Average Price/SqFt
	# Sales	% Change from 1999	\$ Price	% Change from 1999	\$ Price	% Change from 1999	
AUS Metrolist Area	3,748	+3.8%	\$175,000	+15.9%	\$190,868	+15.1%	\$113
DEP Metrolist Area	1,413	+14.0%	\$223,000	+12.6%	\$256,456	+12.1%	\$124
DHL Metrolist Area	2,227	+21.6%	\$236,400	+15.3%	\$261,553	+15.5%	\$124
DEC Metrolist Area	1,085	-7.4%	\$227,000	+5.6%	\$299,370	+9.1%	\$135
SSE Metrolist Area	918	+4.4%	\$320,000	+6.0%	\$474,410	+12.7%	\$176
SSC Metrolist Area	1,635	-4.3%	\$204,500	+15.2%	\$259,933	+16.8%	\$145
Five-County Metro Denver	32,010	+1.9%	\$191,773	+14.0%	\$231,085	+14.2%	\$135

SOURCES: The Genesis Group, Metrolist, Inc.

As mentioned previously, Southshore community is located in ESS Metrolist area. However, the subject property is located on the far western boundary of the ESS Metrolist area and is heavily influenced by the surrounding housing stock located in the adjacent Aurora South (AUS) and South Suburban East (SSE) Metrolist areas. The SSE area recorded a 4 percent increase in sales volume during 2000 and continued to realize extremely high average price figures. At the end of 2000, the average price of a detached home in the SSE Metrolist area was \$474,410, a 13 percent increase over 1999.

The AUS Metrolist area, recorded the highest sales volume for detached housing of all the Metrolist areas within the CMA. During 2000, sales of detached homes represented 75 percent of the total existing home sales in the five-county Denver area. The AUS area accounted for 12 percent of the detached home sales in the five-county area. As compared to 1999, sales of detached homes increased by 4 percent in the AUS area.

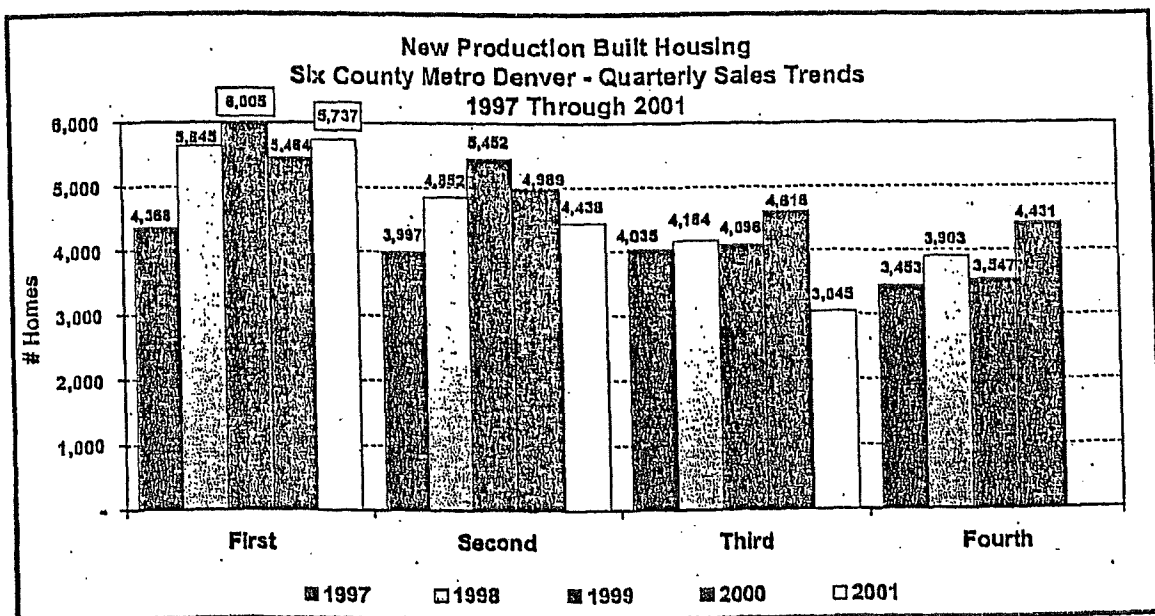
New Housing Trends

Market Highlights in the Six County Denver Region

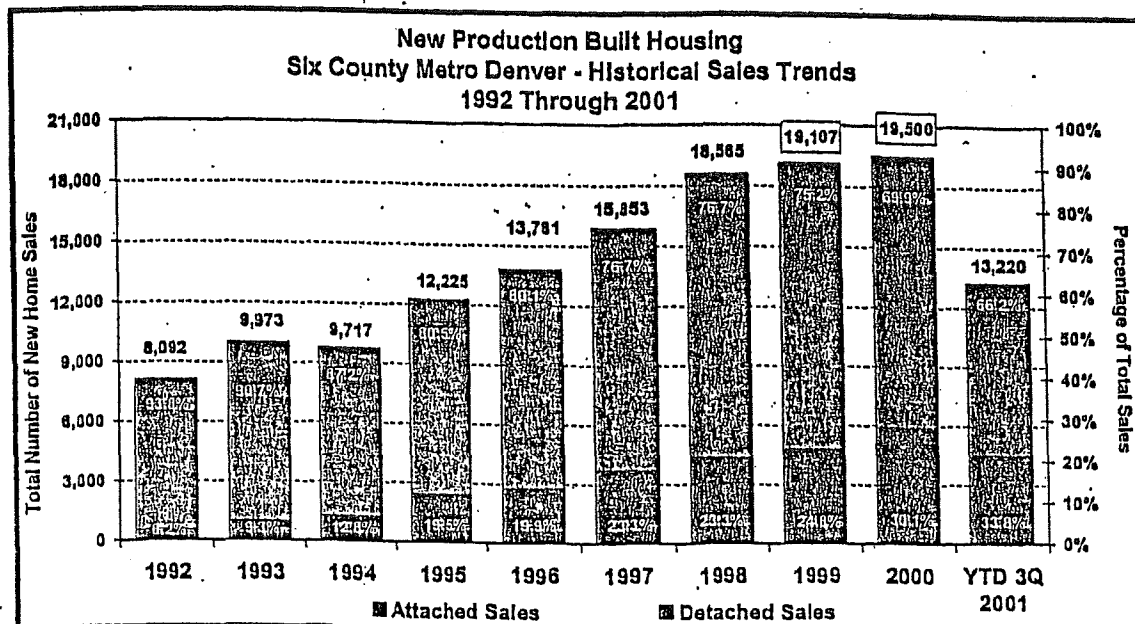
- Total new production housing sales for the year through Third Quarter 2001 fell 12.3 percent as compared to the first nine months of 2000. Economic concerns brought on by the events of September 2001 did not have much influence on these sales numbers as it has affected only the final 20 days of the last nine months. However, the drop in sales for Third Quarter 2001 alone — 34 percent fewer sales than in Third Quarter 2000 — indicates that other economic worries are contributing to declines in the housing market, though the full effect of this is not expected to emerge until the last quarter of 2001 and the first half of 2002.
- To date, each quarter in 2001 has seen a decline in new production housing sales from the previous quarter, with the very strong showing in First Quarter 2001 offsetting the slight losses of Second Quarter 2001, and the large percent decline of Third Quarter 2001 more than falling past the net gain of the first two quarters of 2001. Thus, these three quarters, when combined, appear to be down a relatively moderate 12.3 percent when in fact the rate of decline is sharper (34 percent) when viewed on a quarterly, rather than a year-to-date, basis. We foresee a further decline in sales through the balance of 2001 and into the first half of 2002. However, as probable as this declining pattern is, it always bears repeating that it takes more than just a quarter or two to create a trend of consequence.



- The attached housing market continued to buttress the overall new home sales volume, and attached housing sales through Third Quarter 2001 were down by less than 1 percent compared to the first three quarters of 2000. The detached housing market continued to slow, however, declining by 18 percent for the same year-to-date time interval. The recent increases in sales and inventory of attached housing — bolstered by a number of fresh apartment conversion projects in Denver County in addition to new construction in all areas except Boulder County — were the major contributing factors in keeping attached housing sales volumes at stable levels.
- Overall inventory numbers were up 43 percent by the close of Third Quarter 2001. This was primarily due to a large number of new attached housing projects adding supply in Denver County and to an increasing number of sales cancellations reported by builders in all counties. Boulder County saw the only decline in the available inventory, with a drop of 58 percent that is almost entirely due to the near-absence of available attached housing as compared to this time last year. In spite of several years of strong market demand for new housing and rampant price speculation, many builders remain reluctant to build significant levels of inventory, choosing instead to build homes upon the writing of a contract. Inventory levels began to increase from their undersupplied levels earlier in 2001, and were beginning to herald a reduced rate of price increases in the ensuing terms. With Third Quarter 2001 average prices beginning to taper, and in some cases declining altogether, it is evident that the market is tending toward conservatism.
- Further evidence of this recent caution in the market is reflected in base new home prices at the close of Third Quarter 2001, which continued upward only slightly in the detached housing market (albeit with drops in Boulder and Douglas counties) and decreased in attached housing market. The detached housing market saw an increase of 4 percent as compared to Third Quarter 2000, rising from an average price of \$241,600 to \$251,039 while the average price of a new attached home fell 13 percent from Third Quarter 2000 to Third Quarter 2001, decreasing from \$204,504 to \$178,571. The average price of all new housing types fell 2 percent from \$229,461 to \$225,503.



SOURCE: The Meyers Group



SOURCE: The Genesis Group. Data Collected by The Meyers Group

Housing Activity in Arapahoe County and the Southshore CMA

- Through Third Quarter 2001 and for the first time in recent history, Arapahoe County surpassed Douglas County as the market share leader in the six county metro Denver area. Arapahoe County captured 25 percent of total new production home sales. Douglas and Adams counties followed closely with 22 percent shares.
- The 24 percent decline in Arapahoe County's detached housing sales through Third Quarter 2001 was nearly offset by the 41 percent increase in attached housing sales. These percentages translate to almost identical differences in sales volume between the first nine months of 2001 and the same time period last year, and consequently the total number of new housing sales fell by only 3 percent. The year 2001 has been noteworthy in that it has proven Arapahoe County to have a reliable and popular new supply of affordable attached housing, though its traditional strength has always been the availability of a wide variety of affordable and luxury single-family housing types.
- Arapahoe County experienced the largest jump in attached home sales volume, recording a 41 percent increase over last year because of its recent addition of supply in affordable price ranges, especially of new and conversion condominium projects.
- Arapahoe County experienced the highest increase in the average base price of a detached home of the six counties in the metro Denver area through Third Quarter 2001. The average price of a detached home in Arapahoe County was \$263,469, up 23 percent.



Southshore CMA

Sales Trends

Up until Third Quarter 2001, Southshore CMA recorded increased sales volume of product built homes over the last ten years. The CMA posted its highest sales volume during 2000 with 6,442 sales, and represented 33 percent of the total product home sales in the metro Denver area.

The detached housing market has dominated the new home sales activity in Southshore CMA, representing over 90 percent of the total CMA sales in the early 1990s to between 76 and 80 percent of the CMA's sales over the last four years. Following suit with the metro Denver market, sales of attached homes have increased considerably over the last four years. Sales of attached homes accounted for 24 percent of the total sales in the CMA during 2000. This market share of attached homes sales for Southshore CMA was just below the 30 percent capture in the metro Denver area.

Exhibit 5
New Production Built Home Sales Trends
1992 to First Quarter 2000

Year	Southshore CMA							Six County Metro Denver			
	Attached		Detached		All Production Housing			Number of Sales			
	# of Sales	% of CMA	# of Sales	% of CMA	Total Sales	Percent Change	% of Metro Denver	Attached	Detached	Total Sales	Percent Change
1992	142	6.4%	2,089	93.6%	2,231		27.6%	502	7,590	8,092	
1993	109	4.1%	2,578	95.9%	2,687	+20%	26.9%	925	9,048	9,973	+23%
1994	172	6.1%	2,635	93.9%	2,807	+4%	28.9%	1,243	8,474	9,717	-3%
1995	376	11.3%	2,939	88.7%	3,315	+18%	27.1%	2,379	9,846	12,225	+26%
1996	432	11.7%	3,253	88.3%	3,685	+11%	26.7%	2,743	11,038	13,781	+13%
1997	794	19.2%	3,351	80.8%	4,145	+12%	26.1%	3,691	12,162	15,853	+15%
1998	1,028	19.1%	4,345	80.1%	5,373	+30%	28.9%	4,334	14,231	18,565	+17%
1999	1,235	20.0%	4,955	80.0%	6,190	+15%	32.4%	4,741	14,366	19,107	+3%
2000	1,549	24.0%	4,893	76.0%	6,442	+4%	33.0%	5,865	13,635	19,500	+2%

SOURCES: The Genesis Group; data compiled by The Meyers Group

Detached housing has been the backbone of new housing growth in Southshore CMA during the 1990s. Up until 2000, the CMA recorded increased sales volume of detached homes. During 2000, both the six county metro Denver area and the CMA experienced a slight decline in sales volume, down 5 and 1 percent, respectively. Moreover, sales of detached homes were down 20 percent in the CMA and down 8 percent in the metro Denver area.

Sales by Price Range

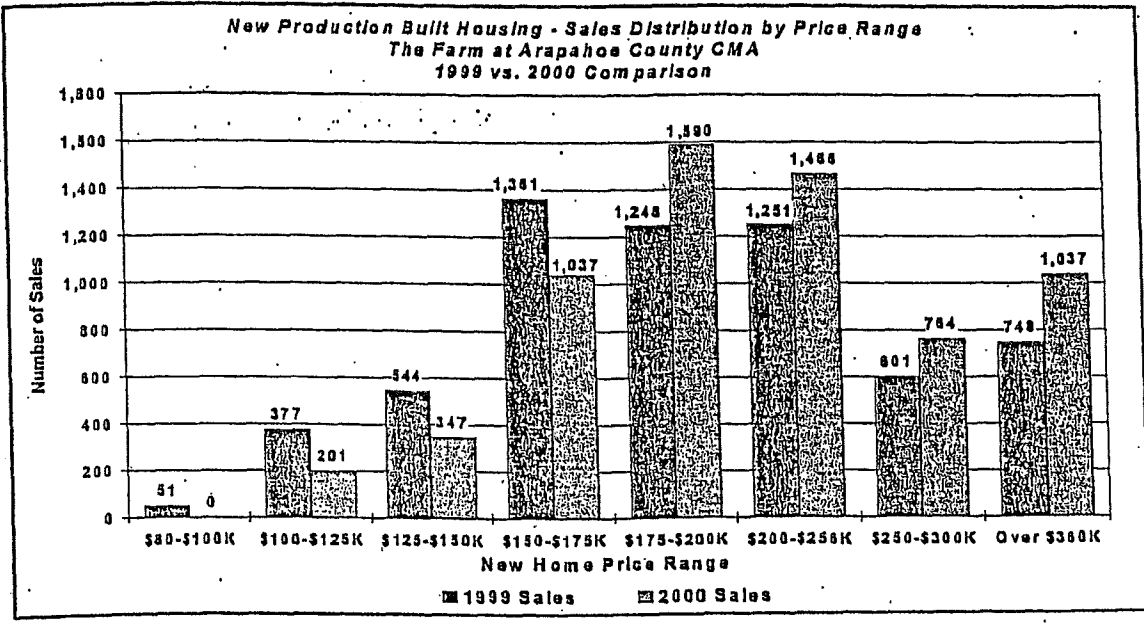
The following chart shows the number of production built new home sales in Southshore CMA by base home price range for 1999 and 2000, while the subsequent chart displays just the detached home sales by price range for the CMA. Homes base priced from \$175,000 to \$250,000 accounted for over half of the detached home sales in the CMA. Detached homes priced from \$200,000 to \$250,000 represented the largest share of



sales, capturing 27 percent market share. The \$175,000 to \$200,000 price range also recorded strong sales numbers in 2000, accounting for 26.5 percent of the total detached home sales. - Detached homes priced above \$300,000 posted the next highest sales volume, with 20 percent market share.

Over the last two years, the highest sales volume for all new production-built housing was in the \$150,000 to \$175,000 base price range, with 62 percent market share in 1999 and 63.5 percent market share in 2000. However, a price shift occurred, as all the categories of homes priced below \$175,000 experienced a decline in sales volume from 1999 to 2000, while the price ranges above \$175,000 all realized increased sales volumes.

Exhibit 6

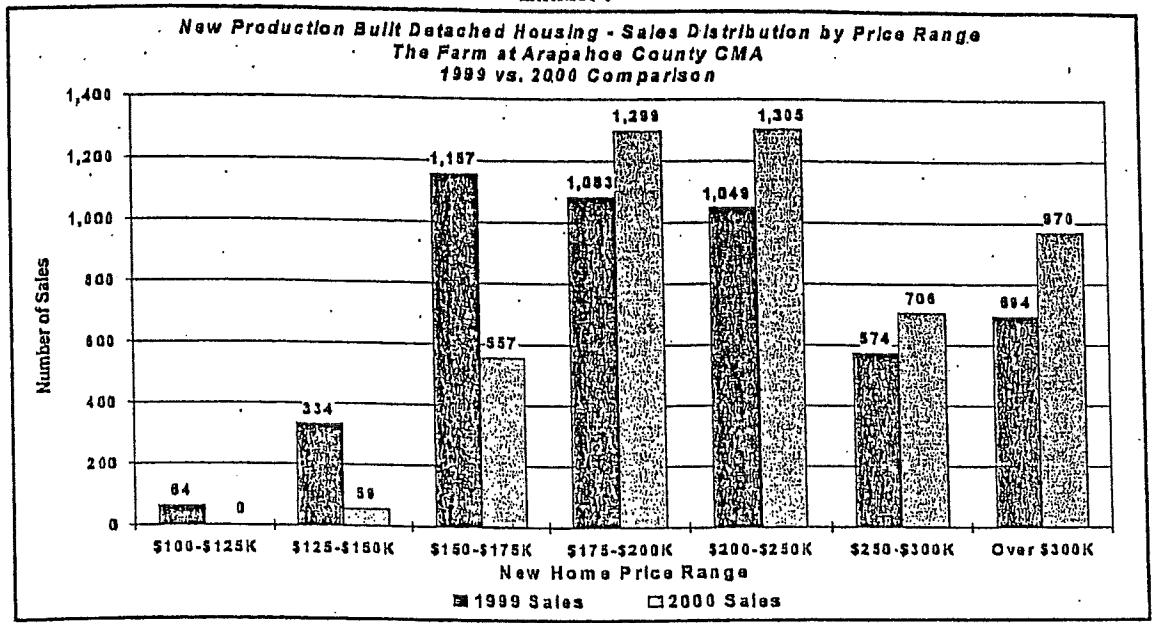


SOURCES: The Genesis Group; data compiled by The Meyers Group



For detached housing, sales of homes base priced above \$300,000 recorded the highest increase in sales activity from 1999 to 2000, up 40 percent. Sales of detached homes priced below \$175,000 declined by 61 percent. For attached housing, all of the price points of homes above \$125,000 realized increased sales activity. The \$150,000 to \$175,000 price range recorded the strongest sales increase, as sales volume more than doubled since 1999.

Exhibit 7



SOURCES: The Genesis Group; data compiled by The Meyers Group

Current and Future Competitive Environment

The following tables provide a comprehensive review of the current and future competitive environment facing Southshore. This analysis also provided the supply side of the demand model utilized for developing an anticipated absorption schedule for Southshore.

As can be seen, while little current activity will provide significant competition to Southshore, the abundant future activity will place unique challenges on the site that are currently not visible.

The most competitive communities with Southshore will be Tallyns Reach, Wheatlands, Murphy Creek and Kings Point.

SOUTHSHORE

Current and Future Competition

Legend

Active Communities

1. Tallyn's Reach
2. Farm at Arapahoe County
3. Greenfield
4. Stonegate
5. Canterbury Crossing
6. Heritage at Eagle Bend
7. Saddle Rock Ridge
8. Saddle Rock North
9. Saddle Rock South
10. Willow Trace
11. East Quincy Highlands
12. Sterling Hills

Planned Communities

1. Wheatlands South
2. Wheatlands North
3. Senac Cove North
4. Vistas at Senac
5. The Conservatory at Plains Conservation Center
6. Shoemaker Property
7. North Quincy Highlands
8. South Quincy Highlands
9. Heartland Property
10. Murphy Creek
11. Saddle Rock East
12. Eagle Bend
13. Rockinghorse
14. Eagleview Ranch
15. Kings Point North
16. Kings Point South (Moore)
17. Kings Point South (Prusse)

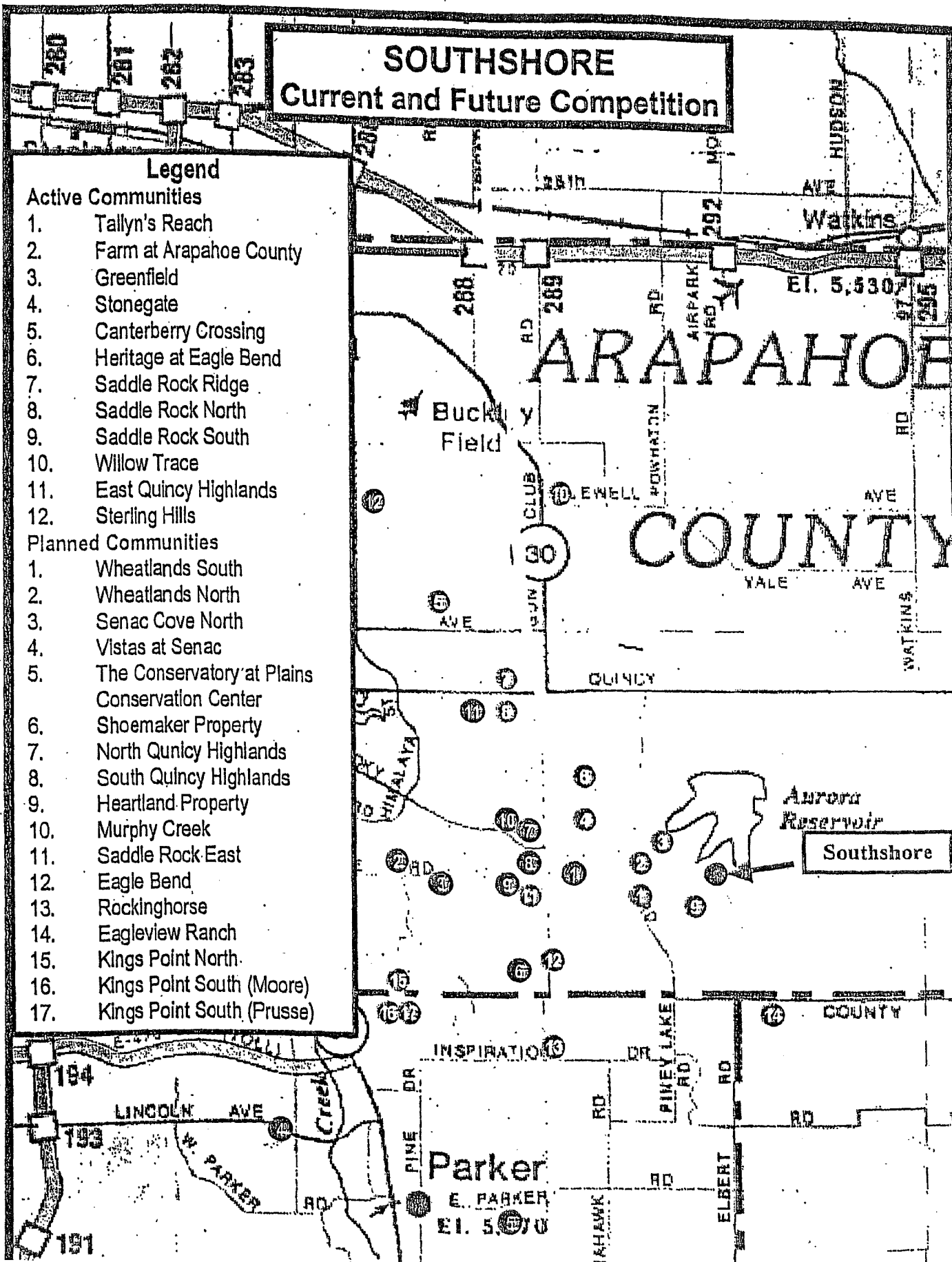


Exhibit 8
ACTIVE COMMUNITIES
PRIMARY COMPETITORS TO SOUTHSHORE

Project Name / Developer	Location / Planning Jurisdiction	Size / # of Units	Product Offerings	Year-End 2000 Sales Activity	Location Access and proximity to services	Land Character Topography, vegetation and views	Housing Product mix, builders, design, etc.	Amenities Trail system, on-site recreation, schools, etc.	Comments
Tallyn's Reach / Carma Colorado	East of Highway E-470 between Smoky Hill Road and Arapahoe Road / City of Aurora	571 acres / 2,380 units	# Projects: 4 Price Range: \$341,400 - over \$1 million Builders: Greentree, Writer, Ashcroft and various custom homebuilders.	29 total sales / 4.25 sales/month Opened for sales during mid and late 2000. Both Greentree and Writer sold 13 homes during 2000. To-date, two of the "Parade" homes have been sold.	Close to E-470 / Smoky Hill Road interchange. Good visibility from E-470.	Views of mountains, Pikes Peak and downtown Denver. Rolling terrain with pockets of pine trees. Power lines and E-470 visible from some west portions of property.	All homes feature Craftsman elevation styles. McKenzie Homes to open soon. - priced from high \$200,000s. The next phase of custom home sites currently open for sales.	6,700 Sq. Ft. recreation center, outdoor competitive-sized swimming pool, 11 acres of park areas with baseball and soccer fields, trails system and an on-site elementary school planned.	Hosted the 2000 "Parade of Homes". Well-planned community with extensive landscaping. Sales activity has been slow, especially of high-end homes. Tallyn's Reach will be a benchmark community for future development in the City of Aurora.
The Farm at Arapahoe County / The Farm Development Group (Aristokrat Realty)	North of Arapahoe Road at Tower Road / Arapahoe County	600 acres / 1,615 units zoned; 1,135 units will likely be built.	# Projects: 11 Price Range: \$171,995 - \$492,500 Builders: Richmond American, Colorado Land Co., Golden Design Group, Falcon, Ashcroft, Berkeley and Sanford	208 total sales / 17.33 sales/month Best selling projects were the Infinity Srs. By Richmond American priced from \$262,000 to \$314,000 (4.17 sales/mo.) and Berkeley Homes priced from \$172,000 to \$240,000 (3.67 sales/mo.).	Good access to E-470 and Parker Road. Close to schools and shopping.	Flat terrain with little vegetation and limited views of mountains.	Only single-family detached homes have been built at The Farm. Almost all the moderate priced products are sold out. Most of the remaining homes are priced above \$300,000.	Trail system and park/open space areas. Tennis courts, ball fields and elem. school planned. Sanford Homes constructed swimming pool and cabana for resident use.	Limited master plan marketing efforts. The community features lots that are sized typically larger than average. Some lots are as large as one acre in size. Esprit Homes to open soon.

Project Name / Developer	Location / Planning Jurisdiction	Size / # of Units	Product Offerings	Year-End 2000 Sales Activity	Location Access and proximity to services	Land Character Topography, vegetation and views	Housing Product mix, builders, design, etc.	Amenities Trail system, on-site recreation, schools, etc.	Comments
Greenfield / Village Homes	SWC of Smoky Hill Road and Liverpool Street / Arapahoe County	300 acres / 720 units	# Projects: 4 Price Ranges: \$225,500 - \$402,000 Builders: Village Homes	100 total sales / 8.33 sales/month Village Homes is currently offering three series of single-family detached homes. The Landmark Collection, priced from \$270 - \$290K, is the best seller.	Located west of E-470, close to schools and shopping.	Gently rolling terrain, limited mountain views, trees near southern boundary.	Village Homes building all of the homes. Plan to offer patio homes and townhomes during 2001.	On-site elementary school, swimming pool, clubhouse, trail system and parks.	Village Homes nearing build-out. Just 100 single-family detached homes and 111 patio homes and townhomes left to be built at the community.
Stonegate / Terrabrook	West of Jordan Road at Lincoln Avenue / Douglas County	1,603 acres / 3,500 units (2,500 units approved in original PUD plus an additional 1,000 unit rezoned in the north area.)	# Projects: 4 Price Range: \$194,900 - \$343,990 Builders: Ryland, David Weekley and Cascade Homes	117 total sales / 9.75 sales/month Homebuilders committed to build in the north area include Ryland, Richmond, Infinity and DPC Homes.	Five minutes from I-25, close to schools and shopping in Parker, 10-30 minutes from employment centers.	Primarily flat terrain with limited mountain views.	Featured segmented price points and product sizes during height of sales activity.	On-site elementary and high schools. Swimming pool, playgrounds, tennis courts, ball fields, basketball courts and trail system.	Existing Stonegate community near build-out. The new area, which is located at the north portion of the community, just south of E-470, is scheduled to open for sales during mid to late 2001. The single-family detached homes will be priced from the high \$100,000s and the attached homes will be priced from the low \$100,000s.
Canterberry Crossing / Canterbury Development Company LLC (Forest City)	Two miles east of Parker Road and south of Main Street (E. Parker Rd.) / Town of Parker	837 acres / 3,237 units	# Projects: 10 Price Range: \$150,450 - \$434,900 Builders: Engle, Melody, Pulte, Richmond American, D.R. Horton, and Joyce Homes	264 total sales / 22.0 sales/month Pulte Homes' was the best selling builder in Canterbury Crossing during 2000 with homes priced from \$167 to \$206K.	Located five minutes from services in the Town of Parker, less than 10 minutes from E-470 & Parker Rd. interchange.	Gently rolling terrain and mountain views. Power lines impact views on some home sites.	Feature only single-family detached homes with several volume builders, such as Melody, Richmond American and Pulte Homes.	18-hole public golf course and on-site elementary school. Construction of a picnic area and outdoor swimming pool is scheduled to start soon.	The community is moving toward higher priced SFD and lifestyle housing products. There are approximately 300 home sites remaining to be developed.

Project Name / Developer	Location / Planning Jurisdiction	Size / # of Units	Product Offerings	Year-End 2000 Sales Activity	Location Access and proximity to services	Land Character Topography, vegetation and views	Housing Product mix, builders, design, etc.	Amenities Trail system, on-site recreation, schools, etc.	Comments
Heritage at Eagle Bend / US Home Age-Restricted	South of Highway E-470 at Gartrell Road / City of Aurora	550 acres / 1,470 units	# Projects: 4 Price Range: \$173,950 - \$288,950 Builders: US Home	143 total sales / 11.92 sales/month The Legacy patio homes priced from \$210,950 to \$239,950 were the best selling product at Eagle Bend during 2000.	Located east of E-470, accessed via the Gartrell Rd. interchange.	View of the mountains and golf course frontage.	US Home only builder – offer patio homes, townhomes and duplexes. Have improved architectural character, but still very “vanilla”.	Includes an 18-hole golf course (that will initially be open to the public), 35,000 Sq. Ft. club house with pool, sauna, fitness center, library, craft, billiards, computer and woodworking rooms.	Patterned after Heritage communities through the US. Currently Denver's only new home master planned community that is age-restricted. Sales have been brisk since opening in March 1999. Vertical home construction started in January 2000.
Saddle Rock Ridge / Centre Development	Northwest corner of Smoky Hill Road and Gun Club Road / Arapahoe County	540 acres / 2,200 units	# Projects: 14 Price Range: \$146,200 - \$295,950 Builders: KB Home, D.R. Horton, US Home, Melody, Meadow, Engle, Richmond American, Pulte	1,021 total sales / 85.08 sales/month Richmond American was the dominant builder in Saddle Rock Ridge with 27 percent market share, followed by Melody Homes with 17 percent of the total sales.	Located west of E-470, close to schools and shopping.	Flat terrain with limited mountain views. Site was graded to take out topography and eliminate walkout sites.	One of the only communities in south Denver that features a variety of single-family home products priced below \$200,000 and is host to many of Denver's top-performing volume homebuilders.	Limited trails, few pocket parks.	Saddle Rock Ridge has been successful due to offering homes in the volume price points of \$150,000 to \$225,000. As of year-end 2000, US Home had approximately 350 home sites left to sell, while KB Home had 300 and Engle had 125. The other builders were sold-out.
Saddle Rock North / US Home	Southwest corner of Smoky Hill Road & Highway E-470 / City of Aurora	375 acres / 940 units	# Projects: 5 Price Range: \$285,950 - \$509,950 Builders: US, Baryth and Infinity Homes	102 total sales / 8.50 sales/month Infinity Homes opened for sales in July 2000.	Good access to E-470. Close to schools and shopping. On-site elementary school planned.	Views of mountains. Many sites back to golf course or open space.	Community features predominately single-family detached housing. US Homes' has achieved good sales success of homes priced from \$300 to \$500K.	Golf course, cabana, swimming pool, tennis courts and trail system.	Falcon Homes purchased attached housing site. They will construct ranch style triplexes priced from the high \$200,000s that back to the golf course.

Project Name / Developer	Location / Planning Jurisdiction	Size / # of Units	Product Offerings	Year-End 2000 Sales Activity	Location Access and proximity to services	Land Character Topography, vegetation and views	Housing Product mix, builders, design, etc.	Amenities Trail system, on-site recreation, schools, etc.	Comments
Saddle Rock South / Alpert Companies (Harvey Alpert)	Southwest corner of Arapahoe Road and Highway E-470 / City of Aurora	430 acres / 1,460 units	# Projects: 8 Price Range: \$271,400 - \$950,000 Builders: D.R. Horton, Alpert, Richmond American, Colorado Pacific, Larsen and various custom homebuilders.	62 total sales / 5.17 sales/month (production housing only)	Good access to E-470. Located just west of E-470, close to schools and shopping.	Views of mountains. Many sites back to golf course or open space areas.	Product mix has improved over the last year with the addition of more builders and new products. The community now features standard SFD homes, patio homes, townhomes, duplexes and apartments.	Golf course and trail system. Additional amenities, including swimming pool, tennis courts, park improvements and completion of the trail system, are scheduled to be completed by the end of 2002.	The sales of lifestyle housing at Saddle Rock has been slow due to competition from the nearby Heritage at Eagle Bend community that is age-restricted. Due to the product types offered and the lack of active amenities, Saddle Rock tends to attract primarily mature families and empty nesters.
Willow Trace (Legal name is Quincy River) / Barry Talley	Chenango Avenue & Himalaya Street / Arapahoe County	Approx. 700 SFD lots	# Projects: 4 Price Range: \$161,990 - \$284,990 Builders: Continental and Richmond American	564 total sales / 52.67 sales/month Sales have been tremendous - all product lines are averaging over 15 home sales per month.	Close to schools and shopping. Located in the Cherry Creek School District.	Generally flat terrain with few view corridors.	Continental Homes opened for sales in July 2000 and offer three product lines priced from \$165,000 to \$255,000. Richmond American opened for sales in November 2000 and offers the American Tradition & Heritage Srs. priced from \$200,000 to \$284,000.	No on-site amenities. Near schools.	Community has attracted entry-level and move-up buyers, especially young families. Willow Trace has achieved great sales success due to the availability of affordable homes at a solid and established location.

					Location	Land Character	Housing	Amenities	
Project Name / Developer	Location / Planning Jurisdiction	Size / # of Units	Product Offerings	Year-End 2000 Sales Activity	Access and proximity to services	Topography, vegetation and views	Product mix, builders, design, etc.	Trail system, on-site recreation, schools, etc.	Comments
East Quincy Highlands / Ryland Homes and US Home	Southwest corner of Quincy Avenue and Gun Club Road / City of Aurora	Approx. 525 lots	# Projects: 3 Price Range: \$135,950 - \$229,990 Builders: Ryland and US Home	231 total sales / 19.25 sales/month Ryland sold 141 homes priced from \$200,000 to \$225,000 during 2000.	Near Highway E-470. Located in Cherry Creek School District.	Gently rolling to flat terrain, no vegetation and limited mountain views.	All SFD homes – most lots are 6,000 square feet.	No on-site amenities.	The availability of affordable housing has been the driving force behind the sales success at Quincy Highlands.
Sterling Hills / Gateway American Properties	Hliff Avenue & Tower Road / City of Aurora	12,50+ SFD lots New phase includes approx. 400 lots. Most lots sized from 5,000 to 6,000 Sq. Ft.	# Projects: 7 Price Range: \$135,950 - \$221,900 Builders: Capital Pacific, US Home, Odyssey, Strauss, Sundown, Richmond American, KB Home, Lennar and Centex	214 total sales / 17.83 sales/month Will be primary competitor to The Wheatlands – due to proximity, Aurora Schools and similar price points.	Serviced by Aurora public schools. Close to schools and shopping.	Flat terrain, some view corridors.	Variety of homebuilders offering affordable to moderate priced SFD homes.	None currently – proposed soccer field.	Lots under development at new phase of Sterling Hills. Sales activity just getting underway. KB Home, Lennar, Richmond and Strauss will all offer homes priced from \$200,000 to \$275,000. Centex Homes will be priced lower, from upper \$100's to low \$200's.

Exhibit 9
PLANNED COMMUNITIES
SOUTHSHORE COMPETITIVE MARKET AREA

Map Label	Project Name /Developer	Location / Planning Jurisdiction	Size / # of Units	Probability of Development / Timing	Location Access and proximity to services	Land Character Topography, vegetation and views	Housing Product mix, builders, design, etc.	Amenities Trail system, on-site recreation, schools, etc.	Comments
Subject	Southshore (Senac Cove) / Venture between John Laing Homes and Village Homes	Two miles east of E-470 and north of Smoky Hill Road, just south of Aurora Reservoir / City of Aurora	803 acres, with approx. 650 developable acres / 3,200 max. units	Imminent – Site analysis plan under review by City of Aurora. Land ownership / swap issues being negotiated with city.	Close to E-470 and schools, 5 minutes from shopping & services. Alignment and location of roadways to property still being determined.	Reservoir views from north portion of property, some mountain views, gulch/drainage area along western and eastern areas.	The combination of John Laing and Village Homes provides a variety of product types and home styles.	Will feature over 100 acres of open space, on-site elem. school planned, proposed trail connection to Aurora Reservoir.	Proximity to Aurora Reservoir is unique to Denver marketplace. Marketing name is Southshore. The assembled team has the ability to create a diverse community with unique and memorable theming, architecture and visual ID.
1	Wheatlands South/ Colorado Land Source / US Home (50/50 joint venture, managed by CLS)	Northwest corner of Smoky Hill Road and Powhatan Road / City of Aurora	228 acres	Probable – Starting site analysis review. The land plan will likely feature 20-30 acres commercial use (at SEC of Arapahoe Rd, & Smoky Hill) with remaining land residential use.	Close to E-470. Five minutes from shopping and services. New Cherry Creek middle and high schools close by.	Approximately 20% of the home sites will have views of the Aurora Reservoir.	Property is under contract. Name of purchaser is not public.	Planning very preliminary.	Approximately 200 acres of property planned for residential use.
2	Wheatlands North (The Grasslands) / Shea Homes	Northeast corner of Smoky Hill Road and Gun Club Road / City of Aurora	450 acres	Probable – At pre-submittal stage. The bubble plan is under review. Road alignments and access not determined yet.	Close to E-470. Five minutes from shopping and services. New Cherry Creek middle and high schools close by.	Impacted by Power lines that are located near western boundary.	Could likely sell up to 50 percent of land to other builders.	The property will likely be highly amenitized based on past experience.	This community will be marketed as The Grasslands. Shea Homes is the developer of Highlands Ranch and the proposed Buffalo Hills community. They are an experienced master planned community developer.
3	Senac Cove North/ Cooper Investment	North of Smoky Hill Road at Powhatan Road / City of Aurora	373 acres	Probable – No plans submitted yet. E-470 zoning for property is reservoir density, which is an average of 3 du/acre.	Located just southeast of Aurora Reservoir. Access and alignment of major roadways to property have not been finalized yet.	Eastern portion of property features views of reservoir.	No lot sizes, product mix or builder program has been determined yet.	No plans determined yet.	Developer has not started any formal land planning for the community yet. Sewer lines need to run through Senac Cove North to access adjacent properties.

Map Label	Project Name / Developer	Location / Planning Jurisdiction	Size / # of Units	Probability of Development / Timing	Location	Land Character	Housing	Amenities	Comments
					Access and proximity to services	Topography, vegetation and views	Product mix, builders, design, etc.	Trail system, on-site recreation, schools, etc.	
4	Vistas at Senac / BCorp	Northeast corner of Orchard Road and Gun Club Road	202 acres / 741 sites (441 SFD and 300 MF)	Likely - Framework development was recently withdrawn. The property is under contract to James Company and a new FDP will be submitted once they close on the property.	Property accessed via Gun Club Road.	Impacted by traffic noise on Gun Club Road. Close to E-470.	Will include a mixture of single-family detached and attached housing.	Parks, activity center and on-site elem. school planned.	BCorp has the property under contract to James Company out of Boulder. The closing date is scheduled for May 2001.
5	The Conservatory at Plains Conservation Center / 7353 Investments LLC (Chris Elliot)	Northeast corner of Himalaya Street and Hampden Avenue / City of Aurora	470 acres / 1,450 units	Likely - Final plat approvals delayed due to issues with Buckley Air Force Base. Open date has been pushed back until the land plan is revised.	Five minutes from shopping and services along Hampden Avenue.	Rolling terrain, with mountain views. Located close to Buckley Air Force Base.	Community will feature all SFD homes. Most lots sized 60' and 70' wide with 10-foot side set backs. Will likely include three builders - Continental, Richmond American and Centex Homes.	2,000 acres open space with extensive trail system, parks and on-site elem. school.	Homes will likely be priced from \$175,000 to \$300,000. Still unknown how strong in design, theming and marketing this community will be, as the developer does not have extensive experience.
6	Shoemaker Property / ADM, BLT-Quincy LLC (Representative, Steve Nichols)	Southeast corner of Belleview Avenue and Gun Club Road / City of Aurora	391 acres / 1,545 units	Imminent - Framework development plan will likely be approved by mid April 2001. Next step is contextual site plan (CSP). Anticipate to open for sales during summer 2002.	Property not very visible. Located east of existing Dove Hill neighborhood. Will access via Belleview Avenue extended or Quincy Avenue.	Impacted by power lines and sub-station.	Land plan includes primarily single-family detached housing with some townhomes. Approximately 2/3 of property, including 50', 60' and 70' lots, is under contract to Continental Homes.	School, parks, clubhouse, swimming, open space along Murphy Creek drainage and connection to regional trail system. Includes open space fingers like Willow Creek neighborhood.	The community is focused around open space and parks theme. Property not visible from E-470 or Gun Club Road.
7	North Quincy Highlands / Good Holding Partnership (Cooper Investments)	Northwest corner of Quincy Avenue and Highway E-470 / Arapahoe County	303.5 acres / 1,090 units	Imminent - Preliminary plat is being finalized. Estimated open date May or June 2002.	Located west of E-470, close to shopping and schools.	Gently rolling terrain, little vegetation with mountain and city views to the northwest.	Land plan includes 50', 60 and 65' lots. Talks with Golden Key and Richmond.	Park and open space.	Developer will likely sell platted pods at the property.

Map Label	Project Name /Developer	Location / Planning Jurisdiction	Size / # of Units	Probability of Development / Timing	Location	Land Character	Housing	Amenities	Comments
					Access and proximity to services	Topography, vegetation and views	Product mix, builders, design, etc.	Trail system, on-site recreation, schools, etc.	
8	South Quincy Highlands / Cooper Investments	Southwest corner of Quincy Avenue and Highway E-470 / Arapahoe County	850 acres / approx. 3,000 units	Probable – preliminary land planning efforts underway. May annex into the City of Aurora.	Located west of E-470, close to shopping and schools.	Impacted by power lines, gently rolling terrain, little vegetation and limited views.	Will feature a regional activity center with mixed-use development. Lot sizes for single-family parcels have not been determined yet.	Not determined yet.	Preliminary land planning efforts underway with Norris Dullea Company.
9	Heartland Property / US Home	Southwest corner of Smoky Hill Road and Monaghan Road / City of Aurora	637 acres / 1,500 units	Probable – No plans submitted to City of Aurora yet.	Located east of E-470. Good access to Smoky Hill Road.	Distant views of reservoir to north.	Not determined yet. US Home / Lennar Homes will likely build most of the homes.	Reviewing development plans with and without a golf course.	Recent talks of developing a conventional master planned community, rather than an age-restricted development, like Heritage at Eagle Bend.
10	Murphy Creek / Murphy Creek LLC (Alpert Companies)	East of Highway E-470 at Jewell Avenue / City of Aurora	1,229 acres / 5,246 max. units	Imminent – PUD approved. Several filings awaiting final plat approvals. To open for sales during late 2001.	Located east of E-470. Short commute to DIA, 10 minutes from shopping & services. Serviced by Aurora public schools.	Views of Rocky Mountains from northeast portion of property. Located near sanitary landfill and impacted by noise at Buckley AFB.	Will feature a mixture of SFD, patio homes, townhomes, condos and apartments. Builders under contract to purchase home sites include: Richmond American, Ryland, Alpert, and DR Horton. Developer also negotiating with US Home, KB Home and Cunningham Investment Co.	Features an 18-hole public golf course that opened for play in summer 2000. Trail system, parks and recreation center with swimming pool, tennis courts, locker rooms, gathering room, meeting room and kitchen. Construction of rec. center to start soon with May 2002 completion date.	Will feature a large share of homes priced below \$250,000. Murphy Creek builders include many of Denver's top performing homebuilders who have experienced good success in the southeast Denver area.

Map Label	Project Name / Developer	Location / Planning Jurisdiction	Size / # of Units	Probability of Development / Timing	Location Access and proximity to services	Land Character Topography, vegetation and views	Housing Product mix, builders, design, etc.	Amenities Trail system, on-site recreation, schools, etc.	Comments
11	Saddle Rock East / Alpert Companies	Southwest corner of Smoky Hill Road and Highway E-470 / City of Aurora	296 acres / 1,149 units	Imminent - PUD approved, final plats for several fillings approved or under review. First areas to open for sales in mid 2001.	Located west of E-470, close to shopping & services.	Limited views of mountains, some parcels impacted by E-470.	Area to feature apartments and std. SFD, patio homes, clusters, and townhomes priced from \$225,000 to \$600,000.	Planned amenities include: recreation center, park, open space and trail system. Located near golf course.	New home sales slated to start during mid 2001. Builders who have purchased lots include: DR Horton, Alpert, Metropolitan and Cunningham Investment Company.
12	Ridgeview and Creekside Eagle Bend / US Home	Highway E-470 and Gartrell Road / City of Aurora	450 acres / 700 units	Imminent - Site plan for 365 townhomes and 147 SFD acreage lots submitted. Sales of townhomes to begin spring 2001.	Close to E-470 and Gartrell Road interchange.	Some mountain views, no trees, relatively flat terrain. Townhome-sites impacted by E-470, SFD sites back to existing homes on acreage sites	US Home and Lennar Homes will construct 300 townhomes and 400 SFD Homes. The townhomes will be built by Lennar Homes and are slated to open for sales soon.	Parks, open space and trail system.	This community is <u>not</u> age-restricted. The townhomes will be marketed as Ridgeview Eagle Bend and the large lot SFD sites will be marketed as Creekside Eagle Bend.
13	Rockinghorse (Gartrell Property) / New Cities Development Group (Gartrell Investment Co.)	East of Highway E-470 at Gartrell Rd. and Inspiration Rd. / Located in Douglas County, annexed into the City of Aurora.	1,010 acres / 1,384 units	Probable - annexation approved by City of Aurora and framework development being reviewed, with approvals close. There is a lawsuit pending on the property by Douglas County concerning the annexation. Estimated opening date is spring or summer 2002.	Good access to E-470 at Gartrell Road interchange, but buried.	Flat to rolling terrain, mountain views, gulch runs north-south through central portion of property. New Cities plans to do extensive grading to property, and will eliminate many walkout lots.	Will feature large share of custom home sites. Estimate that 80% of the homes will be priced above \$1 million. New Cities plans to build some of the homes. Unsure if the land plan will include attached housing.	Plans for an 18-hole private PGA golf course.	New Cities Development Group based out of Monterey, CA. This property is their first venture in the Denver marketplace. They closed on the property in July 1999. New Cities is proceeding with land planning efforts. However, although there is no injunction on the property, legal issues may delay development.
14	Eagleview Ranch / Sunshine Land Development	Southeast corner of Smoky Hill Road and Delbert Road / Elbert County	575 acres / 191 max. units	Likely - preliminary land plan approved by Elbert County Planning Dept.	Located east of E-470 in Elbert County, five minutes from E-470 access and ten minutes from shopping & services.	Features rolling terrain with pockets of mature trees and views of front range to west.	Sunshine Master Builders will build most of the homes.	Land plan includes an 18-hole public golf course.	Located in Elbert County, but just five minutes from the E-470 and Smoky Hill Road interchange. Children attend Douglas County Schools.

Map Label	Project Name /Developer	Location / Planning Jurisdiction	Size / # of Units	Probability of Development / Timing	Location	Land Character	Housing	Amenities	Comments
					Access and proximity to services	Topography, vegetation and views	Product mix, builders, design, etc.	Trail system, on-site recreation, schools, etc.	
15	Kings Point North (Sendero) / Castle Rock Development Company	East of Parker Road at Highway E-470 / City of Aurora	Approx. 1,000 acres / 2,118 units	Likely – Re-submitted framework development plan.	Close in and visible, but site has inherent challenges. Access E-470 at Parker Road. Near shopping & services in Parker.	Rolling terrain with views of Rocky Mountains.	Will likely feature a mixture of product types and price points with a large share of single-family detached housing. Acreage custom home sites will be located near the existing neighborhoods.	Plans to feature Pete Dye golf course that will be owned and operated by University of Denver. Will also include trail system, parks, open space and middle school.	Marketing name for property is Sendero. Water and sewer issues need to be resolved. Currently in two planning districts. CDC is developing a good reputation for strong marketing, land planning and design guidelines based on Meadows community.
16	Kings Point South / Bill Moore	Southeast corner of Highway E-470 and Parker Road / City of Aurora with small portion in Douglas County	246 acres	Probable – Submitted E-470 rezone plan to City of Aurora with combination of low (2 du/acre) and medium density (5 du/acre avg.) uses. Opening date approx. two years out.	E-470 bisects the property. Access E-470 at Parker Road. Near shopping & services in Parker.	Rolling terrain with views of Rocky Mountains and Pikes Peak.	Will likely feature custom home sites at eastern and western portion of property, with higher density near E-470.	No plans determined yet.	Water and sewer issues need to be resolved. County Line Road must be extended to access property. A new road called the Aurora Parkway will function as the County Line Road extension.
17	Kings Point South / Roger Prusse	Southeast corner of Highway E-470 and Parker Road / City of Aurora	220 acres / 400 units	Probable – Submitted E-470 rezone plan to City of Aurora with combination of medium and low-density uses. Opening date approx. two years out.	Access E-470 at Parker Road. Near shopping & services in Parker.	Rolling terrain with treed area and views of Rocky Mountains and Pikes Peak.	Current plans include mixture of SFD sites sized from 60', 70' and 80' wide, ¼ to ½-acre custom home sites and multi-family use.	No plans determined yet.	County Line Road must be extended to access property. A new road called the Aurora Parkway will function as the County Line Road extension.



III. CONCLUSIONS

Property Strengths and Challenges

Southshore Property Strengths

- Southshore community enjoys good access to the Southeast Business Corridor, recreation and schools, with improving access to shopping and convenience services. The Southeast Business Corridor hosts several prominent business parks including Denver Tech Center, Greenwood Plaza, Inverness and Meridian and can be accessed in 15 to 30 minutes via Highway E-470 or Parker Road.
- Southshore is located in the Cherry Creek School District that enjoys an excellent reputation, making the property attractive to homebuyers with children. An on-site elementary school, once constructed, and the nearby high school (currently under construction) will be strong benefits to Southshore.
- The rapidly increasing average price trends for both new and resale housing bode well for the development of move-up and high-end new housing at Southshore. In Third Quarter, the average price of a new detached home in Arapahoe County increased by 23 percent, reaching \$263,469. In addition, the average price of a resale home in the SSE and AUS Metrolist area, which influence the property, increased by 13 and 15 percent, respectively.
- The Southshore LLC is guided by Village Homes and Laing Homes, two community builders with strong ties and reputations to the Denver housing market. Village Homes, in particular, has build two very successful planned communities within the Southshore CMA, both achieving strong sales and market success.
- The Southshore master plan will feature well-conceived amenities as compared to nearby competition. The generous open space plan, combined with the active amenity programs on-site and the proximity to the Aurora reservoir will differentiate Southshore from nearby competitive master planned communities.

Southshore Property Challenges

- Southshore is currently isolated from current residential housing activity. The location of Southshore is on the eastern border of current housing activity within the CMA. This causes the partnership to place significant emphasis on driving consumer traffic to the site during the early stages of development.
- Arapahoe Road, while providing a strong visual window to the site (with panoramic views of the Aurora Reservoir and Rocky Mountains) is located within a competitive master plan. Traffic that visits the Southshore site will travel through the Wheatlands community by Shea Homes.
- The southeast Arapahoe County market area is saturated with new housing developments that will open near the Southshore opening. Currently, the surrounding market area is well supplied with various new housing alternatives. Most of the competing communities feature on-site amenities, diverse product programs and comprehensive marketing campaigns.

Absorption Forecast

The following two tables provide our conclusions and recommendations as it relates to pricing, phasing and absorption of the Southshore master plan.

South Shore Land Use Analysis and Absorption Forecast
October 25, 2001

Product Type	Lot Type	Product Type	City Land Use	Price Range**	Typical Lot Size	Density	Acreage	Est. # of Units	% Mix	Annual Absorption*	Annual Supply	Absorption Assumptions
Conventional SFD	A	Custom/Semi-Custom	SFD Large	\$500 +	100' x 120'	2.7	73.66	198	7.5%	25	7.9	Merchant Builder Custom Program
	B	Luxury Production	SFD Large	\$400 - \$500	87' x 115'	3.2	79.8	253	9.5%	37	6.8	Lain/Village Split Opportunity
	C	2 nd Move-up	SFD Standard	\$350 - \$400	75' x 110'	3.75	123.23	450	16.9%	49	9.2	Lain/Village both in category
	D	1 st Move-up	SFD Standard	\$280 - \$320	60' x 110'	4.5	119.77	518	19.5%	59	8.8	Lain/Village both in category
	E	Starter / Specialty	SFD Small	\$250 - \$275	52' x 110'	5.4	90.32	493	18.6%	62	8.0	One Builder Program
								1,912		232		
Conventional SFA	G	Apartments/Condominium	MF Medium			15-16	17.7	266	10.0%			Considered for-lease
								266				
Specialty	D8	Luxury Patio	SFD Standard	\$400 - \$450		4.5	13.99	62	2.3%	21	3.0	One Builder Program
	E8	Active Adult Patio	SFD Small	\$250 - \$275	52' x 110'	5.4	18.5	100	3.8%	33	3.0	One Builder Program
	F1	Active Adult Duplex	SFD Duplex	\$200 - \$250		6-8	17.8	125	4.7%	30	4.2	One Builder Program
	F2	Luxury Duplex	SFD Standard	\$300 - \$350	60' x 110'	4.9	10.9	53	2.0%	18	2.9	One Builder Program
	H	Family Duplex	SFD Duplex	\$225 - \$250		8	17.2	138	5.2%	35	3.9	One Builder Program
								478		137		
Totals								2,656		369		

Absorption Assumptions

- 1) Annual absorption is average annual absorption projection through the life of the project.
- 2) Assumes annual absorption with no gaps in lot availability.
- 3) Sales to begin Spring 2003.
- 4) Does not assume all programs are open at all times.

****Pricing Assumptions:**

- 1) Prices are based upon Oct 2001 market price per Product Category.
- 2) Prices are base prices only, non-inclusive of lot premiums.

South Shore Land Use Analysis and Absorption Forecast
Detailed Per Parcel
 October 2001

Product Type	Lot Type	Product Type	City Land Use	Parcel	Price Range*	Typical Lot Size	Density	Acreage	Est. # of Units	% Mix	Open Date	Annual Absorption												Avg Annual Absorption*	Annual Supply	Absorption Assumptions
												2002*	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total				
CONVENTIONAL SFD	A	Custom/Semi-Custom	SFD Large	A-1	\$500,000+	100' x 120'	2.7	15.6	42		Jul-04		24	18							42					
				A-2	\$500,000+	100' x 120'	2.67	21.36	57		Jan-06				28	20	9					57				
				A-3	\$500,000+	100' x 120'	2.7	16.5	45		Jan-08						20	25				45				
				A-4	\$500,000+	100' x 120'	2.7	20	54		Jan-10								30	24		54				
	Total A	Custom/Semi-Custom	SFD Large		\$500+	100' x 120'	2.7	73.65	198	1.1%		0	24	18	28	20	29	25	30	24	198	25	8.0	Merchant Builder Custom Program		
	B	Luxury Production	SFD Large	B-1	\$400-\$500	87' x 115'	3.2	21.05	67		Jul-03	24	30	13							67					
				B-2	\$400-\$500	87' x 115'	3.2	13.8	44		Jan-05			22	22						44					
				B-3	\$400-\$500	87' x 115'	3.17	15.48	49		Jan-05				20	28					49					
				B-4	\$400-\$500	87' x 115'	3.15	16.87	53		Sep-07					11	40	2			53					
				B-5	\$400-\$500	87' x 115'	3.2	12.5	40		Jan-09							32	8		40					
Total B	Luxury Production	SFD Large		\$400-\$500	87' x 115'	3.2	79.8	253	1.3%		24	30	25	42	40	40	34	8	253	37	6.8	Large/Village Spr Opportunity				
C	2 nd Move-up	SFD Standard	C-1	\$350-\$400	75' x 110'	3.17	18.62	59		Jul-03	30	28								59						
			C-2	\$350-\$400	75' x 110'	3.71	18.42	72		Sep-04		11	42	19						72						
			C-3	\$350-\$400	75' x 110'	3.74	18.99	71		Jul-06				25	46					71						
			C-4	\$350-\$400	75' x 110'	3.64	42.8	156		Jan-08						48	54	54		156						
			C-5	\$350-\$400	75' x 110'	3.75	11.6	44		Jan-10								44		44						
			C-6	\$350-\$400	75' x 110'	3.75	12.85	48		Sep-10								18	32	48						
Total C	2nd Move-up	SFD Standard		\$350-\$400	75' x 110'	3.75	(21.2)	450	5.2%		30	40	42	44	46	48	54	54	60	32	450	49	8.3	Large/Village both in category		
D	1 st Move-up	SFD Standard	D-1	\$280-\$320	60' x 110'	4.44	14.65	65		Jul-03	36	28								65						
			D-2	\$280-\$320	60' x 110'	3.75	25.34	95		Jul-04		25	54	16						95						
			D-3	\$280-\$320	60' x 110'	4.5	20.12	80		Jan-06				40	50					80						
			D-4	\$280-\$320	60' x 110'	4.47	15	68		Oct-07					10	58				68						
			D-5	\$280-\$320	60' x 110'	4.47	10	45		Nov-08						4	41			45						
			D-6	\$280-\$320	60' x 110'	4.5	18.1	85		Jul-09								20	68	85						
			D-7	\$280-\$320	60' x 110'	4.5	15.4	69		Jan-11									60	9	69					
Total D	1st Move-up	SFD Standard		\$280-\$320	60' x 110'	4.5	119.77	518	5.0%		36	54	54	55	60	62	61	65	60	9	518	59	8.8	Large/Village both in category		
E	Starter / Specialty	SFD Small	E-1	\$250-\$275	52' x 110'	5.58	17.2	86		Jul-03	36	48	12							86						
			E-2	\$250-\$275	52' x 110'	5.4	17.84	87		Jan-05				48	49					87						
			E-3	\$250-\$275	52' x 110'	5.4	18.5	100		Sep-06					12	60	28			100						
			E-4	\$250-\$275	52' x 110'	5.4	18.5	100		Mar-08							40	60		100						
			E-5	\$250-\$275	52' x 110'	5.4	18.5	100		Nov-09							10	78	20	100						
Total E	Starter / Specialty	SFD Small		\$250-\$275	52' x 110'	5.4	80.32	403	1.8%		36	48	60	61	60	66	70	70	20	403	62	7.9	One Builder Program			
									1,812																	
CONVENTIONAL GFA	G	Apartments/Condo	MF Medium				18.5	17.2	266	11.1%																Considered for lease
									266																	
SPECIALTY	D8	Luxury Patio	SFD Standard		\$400-\$450	60' x 110'	4.45	13.99	62	0.6%	Jan-09					20	22	20		62	21	3.0	One Builder Program			
	E8	Active Adult Patio	SFD Small		\$250-\$275	52' x 110'	5.4	18.5	100	0.8%	Jan-05			30	36	34				100	33	3.0	One Builder Program			
	F1	Active Adult Duplex	SFD Duplex		\$200-\$250		7	17.8	125	0.7%	Sep-07					6	30	36	40	13	125	30	4.2	One Builder Program		
	F2	Luxury Duplex	SFD Standard		\$300-\$350		7	10.9	53	0.5%	Jan-10							16	18	17	53	18	3.0	One Builder Program		
	H	Family Duplex	SFD Duplex		\$225-\$250		7.24	17.81	138	0.7%	Jul-03	24	42	42	30						138	35	4.0	One Builder Program		
Specialty Products									478																	
For-Sale Housing Totals									2,390	150	238	281	297	266	277	310	308	245	58	2,180						
TOTALS									2,658																	

*Absorption Assumptions
 **Pricing Assumptions
 (1) Prices are based upon Oct 2001 market prices per Product Category.

10:10:10

10:10:10



I. AREA AND PROPERTY DESCRIPTION

Competitive Market Area Definition

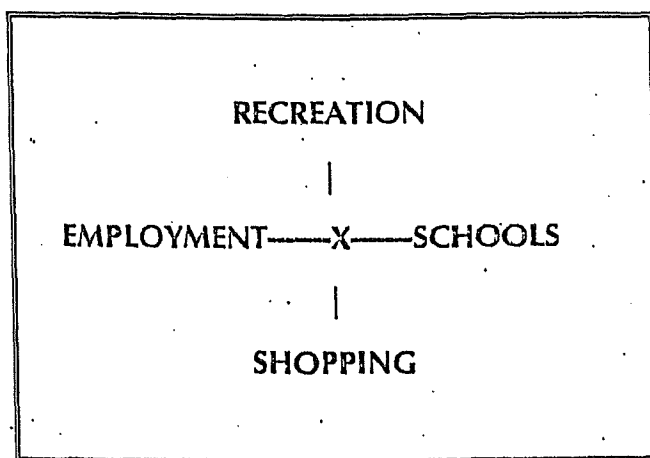
The Southshore Competitive Market Area (CMA) was defined as the southeastern metropolitan Denver area. The boundaries include Colfax Avenue to the north; Delbert Road (Douglas/Elbert County line) to the east; Stroh Road to the south; and Quebec Street to the west. The CMA includes the cities of Aurora, Parker, Foxfield and Lone Tree as well as portions of Denver, Greenwood Village, Centennial and unincorporated Arapahoe County. The following map describes these boundaries as they relate to the Southshore community.

Primary Market Area Definition

The Primary Market Area (PMA) was defined as generally a five-mile radius surrounding the Southshore property with specific emphasis on master planned communities with homes priced above \$250,000 that will provide the strongest competition to Southshore.

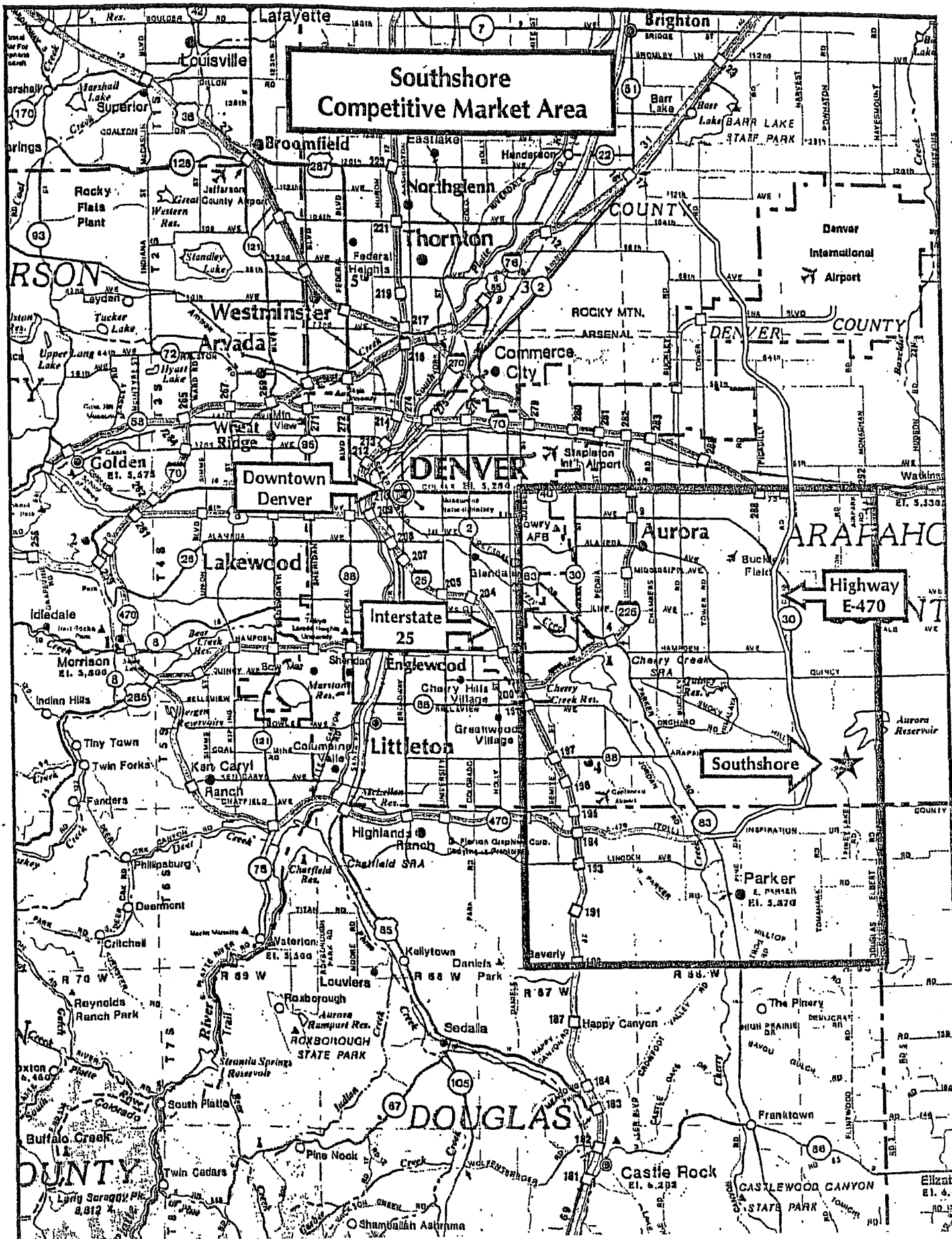
Neighborhood Characteristics

The strongest characteristic a new home community needs to offer is a good location. More specifically, the community's location in relation to four primary neighborhood services are considered by consumers in reaching the decision to purchase a new home. These essential neighborhood services include schools, shopping, employment and recreation. The relative importance (rank) of each of these characteristics changes depending on the life stage of the consumer.



CONSUMER GROUP		Single	Young Married	Growing Family	Mature Family	Adult Family
Neighborhood Service						
Employment	R	1	1	2	2	3
Schools	A	4	3	1	1	4
Shopping	N	3	2	3	3	2
Recreation	K	2	4	4	4	1

NOTE: 1 = Most Important, 4 = Least Important



**Southshore
Competitive Market Area**

**Highway
E-470**

Southshore

DOUGLAS

ARVADA

DENVER

ARAPAHO

WYOMING

ELIZABETH



The Southshore community is located in an emerging area as it relates to the necessary neighborhood services required to attract consumers to the area. Neighborhood and ancillary shopping continues to improve, however during the early stages of development at Southshore, services will be located almost exclusively west of E-470 with the construction of several new shopping centers in the market area. The nearest gas station is located at Saddle Rock, which is approximately two and one-half miles west of Southshore at the intersection of Smoky Hill Road, west of E-470. The nearest grocery and convenience shopping is located approximately four miles to the west at Smoky Hill Road and Himalaya Street. Smoky Hill Village provides a variety of convenience related businesses including King Soopers grocery store and Walgreen's as well as several fast food and sit-down restaurants. Additional shopping and services are available along Smoky Hill Road from Parker Road to Highway E-470. Regional shopping is available at the Park Meadows Mall and Aurora Mall and the surrounding area where a wide variety of shopping, entertainment and restaurants can be found.

Exhibit 1
Major Grocery and Convenience Shopping Centers

NAME	LOCATION	DISTANCE	MAJOR TENANTS
Albertson's Plaza	Smoky Hill Road & Buckley Road (Southwest Corner)	5 miles west	Albertson's, First Federal Bank, Burger King
Smoky Hill	Smoky Hill Road & Tower (Northeast Corner)	4 miles west	US Post Office, gas station, Sonic Drive-in
Smoky Hill Village	Smoky Hill Road & Himalaya Street (Northwest and Northeast Corners)	3.5 miles west	King Soopers, Blockbuster Video, 1 st Bank, Walgreen's, McDonalds
The Bridges	Smoky Hill Road & Picadilly Road (Northeast Corner)	3 miles northeast	Rite Aid Pharmacy, Amoco gas station
Saddle Rock	Highway E-470 & Smoky Hill Road (Southwest Corner)	2.5 miles west	Texaco with express lube and car wash, retail center under construction

SOURCE: The Genesis Group

The Southeast Business Corridor, which stretches from Interstate 225 along Interstate 25 to Lincoln Avenue, is the primary employment center to the residents at Southshore. This growing white-collar employment corridor maintains the highest concentration of office space of any metropolitan Denver employment corridor and is home to several prominent business parks including Denver Tech Center, Greenwood Plaza, Inverness and Meridian. With good access to Parker Road and the improved access from Highway E-470, the commute to the Southeast Business Corridor from Southshore is 20 to 30 minutes. In addition, due to improved access created by the opening of Highway E-470, future residents of Southshore also commute north to Denver International Airport, the I-70 Corridor and Downtown Denver for employment.



Children who will live at Southshore are serviced by the Cherry Creek School District, which enjoys an excellent reputation. Compared to other surrounding school districts, the Cherry Creek School District continues to rank at the top of the spectrum on graduation rates, while maintaining the lowest drop-out-rate of any district in the region. The school district is the third largest in the metropolitan Denver area with 42,000 students. The following table provides a comparison of educational performance for the school districts located in the metro Denver area.

Exhibit 2
2000 Metro Denver Public School Statistics

District	1999 Enrollment	2000 Enrollment	% Change	Graduation Rate	Dropout Rate
Adams County District 14	6,073	6,450	+6.2%	45.1%	7.7%
Aurora (Adams-Arapahoe) District 28J	29,639	30,453	+2.7%	78.6%	2.6%
Boulder Valley RE2	26,974	27,508	+2.0%	82.6%	1.5%
Brighton District 27J	5,308	5,796	+9.2%	78.5%	5.2%
Cherry Creek District 5	41,052	42,320	+3.1%	90.6%	0.7%
Denver County District 1	69,693	70,847	+1.7%	62.9%	5.3%
Douglas County District RE1	32,446	34,918	+7.6%	90.0%	0.5%
Englewood District 1	4,378	4,413	+0.8%	87.1%	0.5%
Jefferson County District R1	88,579	87,703	-1.0%	85.0%	2.8%
Littleton District 6	16,373	16,516	+0.9%	93.8%	0.5%
Mapleton District 1	5,208	5,360	+2.9%	69.9%	3.8%
Northglenn-Thornton District 1	28,947	30,079	+3.9%	89.2%	1.7%
Sheridan District 2	1,969	2,087	+6.0%	86.4%	2.4%
Westminster District 50	11,439	11,231	-1.8%	80.5%	4.0%

SOURCE: Colorado Department of Education

An elementary school is currently proposed within Southshore community, however it is not anticipated to be constructed during the early stages of development at the site. In the meantime, elementary school children will be bussed to school. In addition, a new High School is under construction less than one mile west of Southshore and secondary school aged children at Southshore will attend this new school. With the exception of high school students, all children at Southshore will be bussed to school during the early stages of development activity at the site.

The Southshore market area offers a good mix of family-oriented and active adult recreational opportunities. A strong attribute of the area is the close proximity to several public and private golf courses. The Saddle Rock, Murphy Creek and Heritage Eagle Bend golf courses are located less than ten minutes from Southshore. Other popular recreational activities include water sports at the nearby Cherry Creek reservoir as well as walking, jogging, horseback riding or cycling on the numerous pedestrian paths that meander throughout the southeast metropolitan Denver area. The most significant amenity for Southshore is its proximity and access to the Aurora reservoir, located on the sites northern border. Numerous water activities, hiking and biking activities are adjacent to the Southshore property.



Property Description

Southshore is located in southeast Arapahoe County, 2.5 miles east of E-470. Southshore occupies 803 acres with approximately 2,700 residential units allowed via the existing zoning at the property.

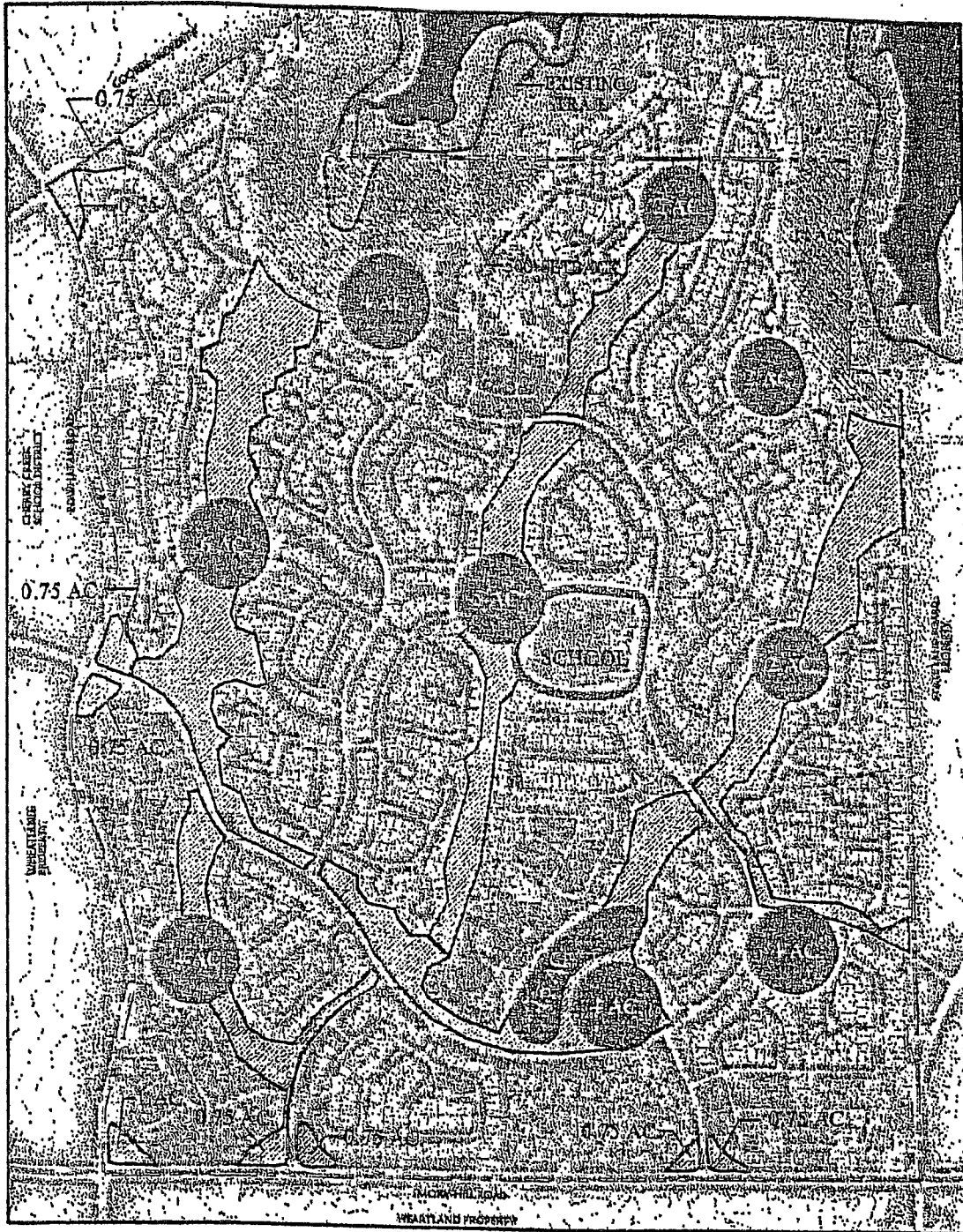
Early during the development phasing, the Southshore site will be accessed generally along Arapahoe Road, through the future Wheatlands community by Shea Homes. During later phases, the site's primary entrance will be along the newly aligned Smoky Hill Road. The site is gently rolling with the northern portion of the site bordering the Aurora reservoir. Views of the Aurora reservoir and Rocky Mountains are prominent throughout approximately 30 percent of the site.

The following preliminary plan provides a general layout of Southshore. The master plan will feature significant open space running throughout the site. In addition, at least six amenity areas are currently being planned within the preliminary PUD. These amenity areas currently are planned for at least two clubhouse facilities with adjacent outdoor pool areas; a water park for children, numerous playgrounds, garden areas, ball fields and an on-site elementary school.

A significant visual identity program is also planned for the site. Preliminary graphics for the site are included in Appendix One of this package.

Laing Homes and Village Homes will be the primary builders within the master plan. The possibility of additional merchant builders exists, however, it is anticipated to be on a very limited basis.

The following two maps outline the preliminary plan for the open space and amenity areas at Southshore. In addition, the overall layout and boundary areas are depicted for informational purposes.

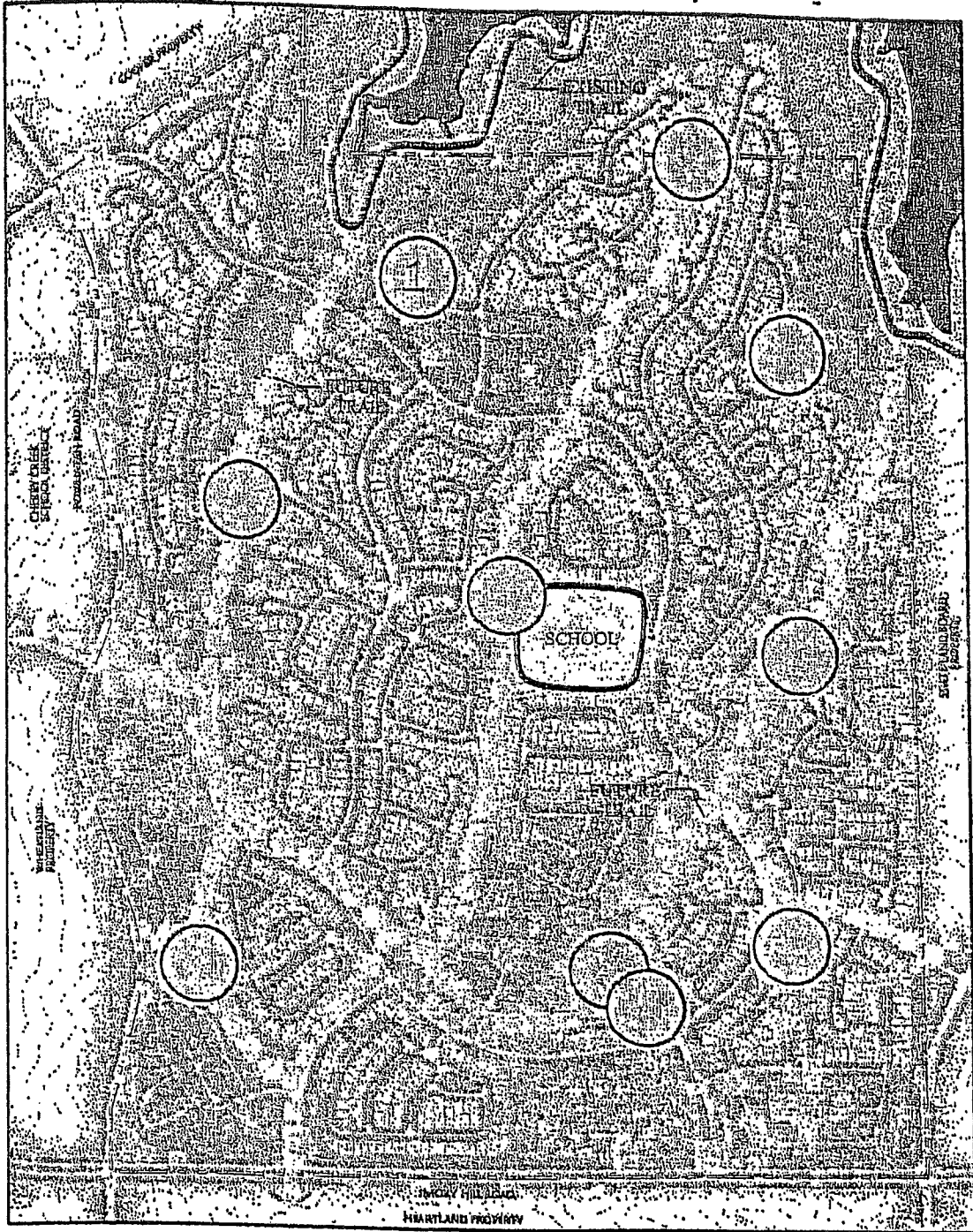


SCALE 1" = 50'





Open Space Plan
 LAING / VILLAGE, LLC.
 DEC. 18, 2000





LEGEND:

-  PUBLIC ACCESS FACILITY
-  PRIVATE FACILITY



Recreational Amenity Plan
LAING / VILLAGE, L.L.C.
 DEC. 18, 2000





II. ECONOMIC OUTLOOK AND FORECAST

Current Metro Denver Housing Issues

- The metro Denver housing market, like many local and national economic sectors, has suffered as a result of the terrorist attacks on our country on September 11. However Denver's housing activity was slowing prior to September, and careful analysis of underlying trends gives some reason for hope that the dramatic decline in home sales thus far in 2001 will not worsen and may improve in 2002.
- First, the sales decline in Third Quarter 2001 must be kept in perspective. While there is no question that the market slowed sharply, the 34 percent decline is the result of a comparison with Third Quarter 2000, when home sales increased sharply in response to falling mortgage interest rates. New home sales during the second half of 2000 accounted for 48 percent of the year's activity, as compared to 40 percent in the second half of 1999.
- Second, much of the decline in new home sales is believed to be a function of prices that had escalated beyond the level of affordability. With Adams County the "last bastion" of readily available affordably priced homes, sales increased 42 percent for the first nine months of the year and 20 percent in Third Quarter in Adams County, while all other metro area counties experienced declining sales. Today, many builders are rethinking their pricing strategies; lowering prices in some cases and introducing lower priced new home series in existing neighborhoods.
- Third, the reported home sales declines are net sales (after contract cancellations are subtracted), while gross sales (new contracts written) remained fairly strong. With job layoffs and with move-up new home buyers experiencing difficulty selling their existing homes, the rate of cancellations doubled from 8.5 percent for the first 9 months of 2000 to 15.5 percent through Third Quarter 2001. The number of gross sales (total new contracts written) was only down 1.5 percent through Third Quarter 2001. In today's economic climate, both builders and buyers seem to be acting more responsibly; builders are less willing to accept small down payments and contracts with contingencies, and buyers are less inclined to be overly optimistic about their future income and employment prospects. Therefore, cancellations can reasonably be expected to return to a more normal rate.
- Finally, the recent declines in mortgage interest rates to levels not seen in 30 years are stimulating buying. Some builders with large inventory positions have experienced good sales success by offering financing incentives (buying down interest rates for one to three years), and the lower market interest rates is encouraging even more buying activity.
- Elsewhere in this report, underlying economic factors are analyzed for their potential impact on new home sales, and market fundamentals critical to the housing industry such as slower job growth cannot be ignored. However, many have commented that since September 11, Americans have taken stock of their lives to be sure they are focusing on what's really important. And because most people would say that a good home for their family is one of the most important things in life, we believe the housing industry has good underlying potential and we are cautiously optimistic about the new housing market in the metro Denver area.
- Responding to public dissatisfaction about traffic, many municipalities in the metro Denver area have adopted growth limitations (numerical limits on the number of new building permits), moratoria on processing new development applications, land use regulations, stricter design guidelines and imposed high cost permits and fees in an attempt to "force residential development to pay its own way." In many jurisdictions these actions slowed the pace of buildable land coming to the market from 1998 through 2000, but many new housing developments are coming to the market in 2001 after completing lengthy approval processes.



- Buildable land was in increasingly short supply in the most desirable market areas in 2000, limiting the number of homes available for sale. Most builders are reluctant to pre-sell homes that can't be delivered directly, because buyers who wait tend to be less satisfied and cost increases will cut into the profit on a pre-sold home that can't be finished in a timely manner. Many builders have implemented "just in time" inventory control practices commonly used in manufacturing industries - homes are not started until sale contracts are written. Without new home inventory from which to choose, the relocating buyer who needs immediate housing will often decide to rent. As a result, home purchase decisions are delayed until the potential buyer has carefully considered all options.
- After two years of strong demand and rapidly rising prices, existing home inventories have increased and price increases are beginning to moderate, particularly for detached housing. The following table shows year-to-year percentage increases in resale home prices for each of the past three six-month periods.

Percent Change in Average Resale Home Price

	12 Months Ago 3rd Qtr 1999 to 3rd Qtr 2000	6 Months Ago 1st Qtr 2000 to 1st Qtr 2001	Current Quarter 3rd Qtr 2000 to 3rd Qtr 2001
Attached	11.9%	11.9%	10.5%
Detached	11.3%	10.4%	6.1%

SOURCES: The Genesis Group; Metrolist, Inc.; IRES

This slowing in the rate of price increases has been accompanied by, and is largely the result of a significant increase in existing home inventory levels, as shown below.

Change in Resale Home Listings

	Attached		Detached	
	# Homes	Month's Supply	# Homes	Month's Supply
3rd Qtr 2000	2,285	2.24	8,290	2.64
3rd Qtr 2001	4,401	4.18	14,069	4.59

SOURCES: The Genesis Group; Metrolist, Inc.; IRES

- An analysis of employment and building permits along the northern Front Range indicates that there were over 4,500 units of excess housing demand in the metro Denver market in 2000. El Paso County to the south and Weld and Larimer Counties to the north appear to be absorbing this excess housing demand resulting from the job growth in metro Denver. The Genesis Group estimates that approximately 45 percent of this excess demand went south and 55 percent went to the north.
- With slower employment growth acting as a brake on new home demand and with greater levels of housing supply available, price increases are moderating. Attached housing is becoming increasingly acceptable to many market segments as new duplexes, townhomes and condominiums provide opportunities for home ownership at more affordable price levels than standard detached housing. As a result of these factors, total new and existing home sales volumes in the first half of 2001 remained nearly equal to the same period in 2000. A declining local economy beginning in July combined with the terrorist attacks in September to result in sharply lower new home sales during Third Quarter 2001. With supply and demand closer to balance in the metro Denver area than any time in the past three years, we anticipate fewer households will be forced to El Paso, Larimer and Weld Counties in search of more affordable housing.



Growth Concerns

- The counterpoints to the advantages of a strong economy are the attendant growth-related stresses being experienced by residents of the metropolitan Denver area. Foremost among these concerns are dramatic increases in traffic congestion and shortages of affordable housing.
- Because Colorado's tax structures provide local governments with relatively high income from retail sales taxes and non-residential property tax and little income from residential property taxes, counties and municipalities often encourage retail, office and industrial development while discouraging new housing. As a result, many parts of the metropolitan Denver area have high and rapidly increasing housing costs in areas where new jobs are being created. When new employees cannot afford homes near their jobs, they must drive longer distances to find less expensive housing, adding to traffic congestion.
- The problem is further compounded by public pressure on local governments to address growth and traffic congestion. As a result, many municipalities have adopted policies that limit affordable housing development precisely in those areas where it is needed. Among these policies affecting the homebuilding industry are growth limitations (numerical limits on the number of new building permits), land use regulations, stricter design guidelines and the imposition of high cost permits and fees in an attempt to "force residential development to pay its own way." Governor Owens, the Home Builders Association, and associations of local governments all proposed legislation to deal with growth issues last year, but no significant actions were taken by the state legislature in its 2000 session.
- Colorado Public Interest Group (COPIRG), the Sierra Club, a coalition of environmentalists and others forced a vote in November 2000 on Amendment 24, a heavy-handed change to the state constitution that would have required the adoption of comprehensive plans (i.e. "growth area maps") with legally binding growth boundaries for each jurisdiction that would have mandated voter approval on all new developments. Although defeated by a wide margin (after opponents raised and spent a record \$6 million fighting the amendment) the issue was a top priority for the state legislature in 2001. Legislators were able to agree on legally enforceable comprehensive planning (in jurisdictions with any significant growth), on limiting "flagpole" annexations and on a method of resolving development disputes between jurisdictions. However Democrats, controlling the state senate for the first time in decades, refused to pass legislation that did not include regional development authority over "urban service areas" (particularly metro Denver). The disagreement is over how development should be regulated both inside and outside these areas. A special legislative session called by Governor Owens in mid-May ended in acrimony and recriminations with the Senate refusing to vote on any of the house-passed bills dealing with growth issues. Realizing the political damage from this inaction, Democrat leaders joined with Republicans to pass the least contentious of these bills in a special session that ended in early October.



Household Wealth

- **Strong stock markets helped drive economic growth in 1999 and early 2000.** As many have noted, most people today participate in the stock market either as direct investors or via some form of retirement account.
- **Increases in home prices.** Most people own their homes, and with double-digit home value and stock value increases, people are able to remodel or trade up to more expensive homes. Others convert their equity to cash for new cars, travel, college tuition or starting a business.
- **Stock market uncertainty and declines since early 2000 have dampened discretionary spending.** The NASDAQ composite index declined by 72 percent from a high of 5,049 in March 2000 to a low of 1,423 shortly after the September 11 terrorist attacks. The Dow Jones Industrial Average fell 28 percent in value from May to its low shortly after the terrorist attacks in September, but has since recovered. Both markets have languished or declined for over 18 months.

Our View: We believe the relatively poor performance of the stock markets in 2000 and 2001 has dampened discretionary spending including purchases of high priced homes. This is likely to continue until the markets post sustained increases.

Housing Affordability

- Home prices throughout the metro Denver area escalated at double-digit rates in 1999 and 2000. In older central Denver neighborhoods where gentrification is occurring at a rapid rate, the elderly, the poor and even those with moderate incomes are increasingly squeezed out of affordable housing by rent increases and conversion of apartments to condominiums. The City of Denver has established a 12-member task force to study affordable housing and make recommendations for action to the City Council.
- In order to analyze the impacts of home prices, mortgage interest rates and income levels in the metropolitan Denver area, The Genesis Group has developed the Housing Affordability Index. The index measures affordability factors for all homebuyers making a 20 percent down payment. When the index measures 1.0, a family earning the median income has the exact amount needed to purchase a median-priced home assuming the mortgage payment is equal to 30 percent of a household's income.
- The Affordability Index demonstrates that rising household incomes and low interest rates from 1996 through 1998 offset home price appreciation during those years, resulting in increased housing affordability. In 1999 and 2000, however, rising interest rates, slower household income growth and higher home prices caused the Affordability Index for the 5-county Denver MSA to decline sharply to 1.11 (the lowest in the past 5 years) indicating that a median income family had 111 percent of the income required to purchase the median priced home.
- The Affordability Index for Denver and Boulder Counties shows that median income families had insufficient income to afford a median priced home in 1999 and 2000.

Our View: Lower interest rates in 2001 are providing partial relief to the problem of housing affordability. However, rapidly escalating home prices continue to cause housing problems for that 50 percent of the population with income levels below the median for the metro Denver area.

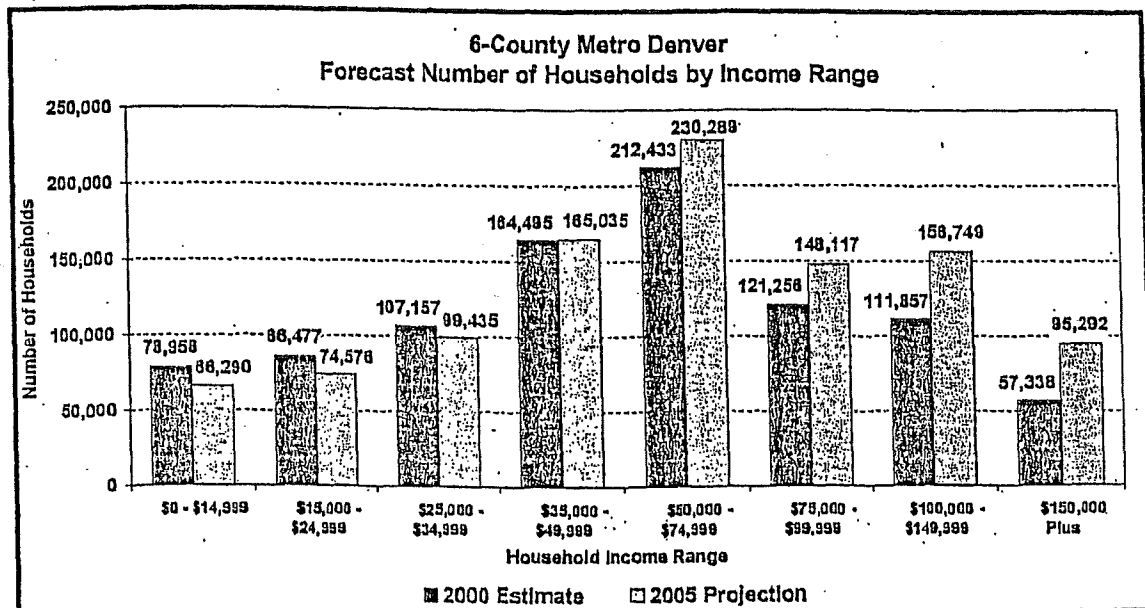


Forecasts for 2001 and Beyond

Demographic Forecast

Based on the data from the 2000 U.S. Census and demographic estimates and forecasts provided by CACI Marketing Systems, population growth is forecast to continue for the six county metro Denver area.

- The population of the six county Denver area increased by more than 550,000 people from 1990 to 2000. This represents more than a 30 percent increase from 1,848,319 to 2,400,570 persons.
- The Denver area population is further forecast to increase by 237,000 persons by 2005, an overall increase of 9.5 percent and an annual average increase of 1.9 percent.
- Median household income is forecast to increase by \$7,812 from 2000 to 2005, reaching \$60,829. Median household income has risen from \$33,126 in 1990 to \$53,017 in 2000.



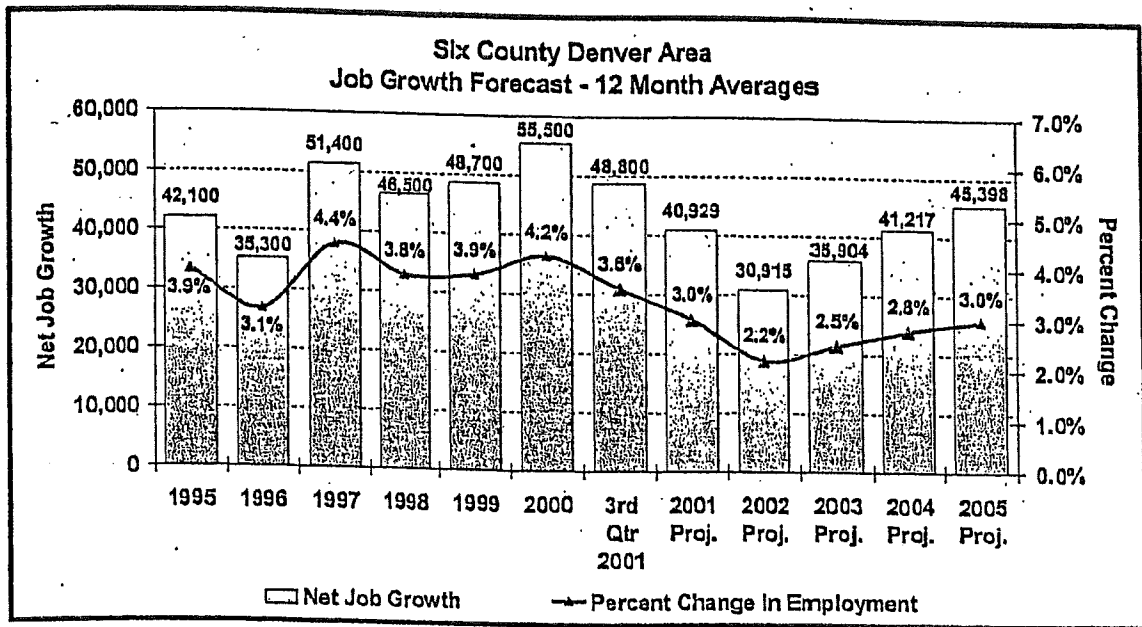
SOURCES: The Genesis Group; CACI, Inc.

- From 2000 to 2005, the number of households at all income levels over \$50,000 is forecast to increase, while the number of households under \$35,000 is forecast to decline significantly.
- The greatest net increase in households is expected at income levels over \$100,000. The number of households with income levels from \$100,000 to \$149,999 will see the greatest net increase, rising by 40 percent to account for 15.1 percent of all households in 2005.



Employment Forecast

- With evidence of weakening economic conditions for the metro Denver area, The Genesis Group forecasts employment growth to continue over the next four years, although at a slower rate of increase declining from a 4.2 percent growth rate in 2000 to 3.0 percent for 2001 and 2.2 percent in 2002.

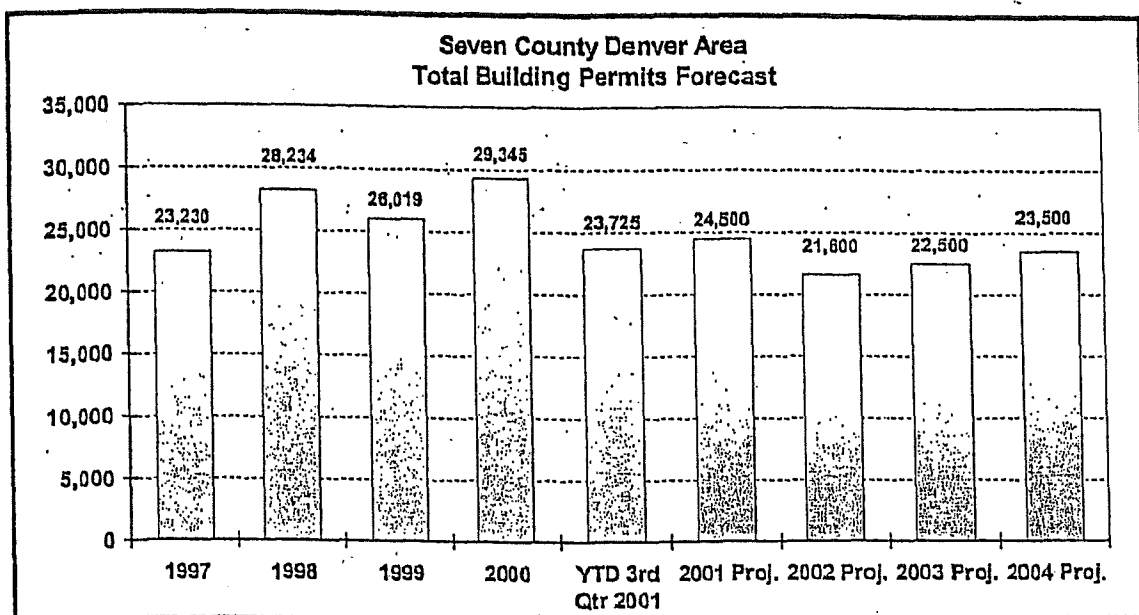


SOURCES: The Genesis Group; Colorado Department of Labor & Employment



Building Permit Forecasts

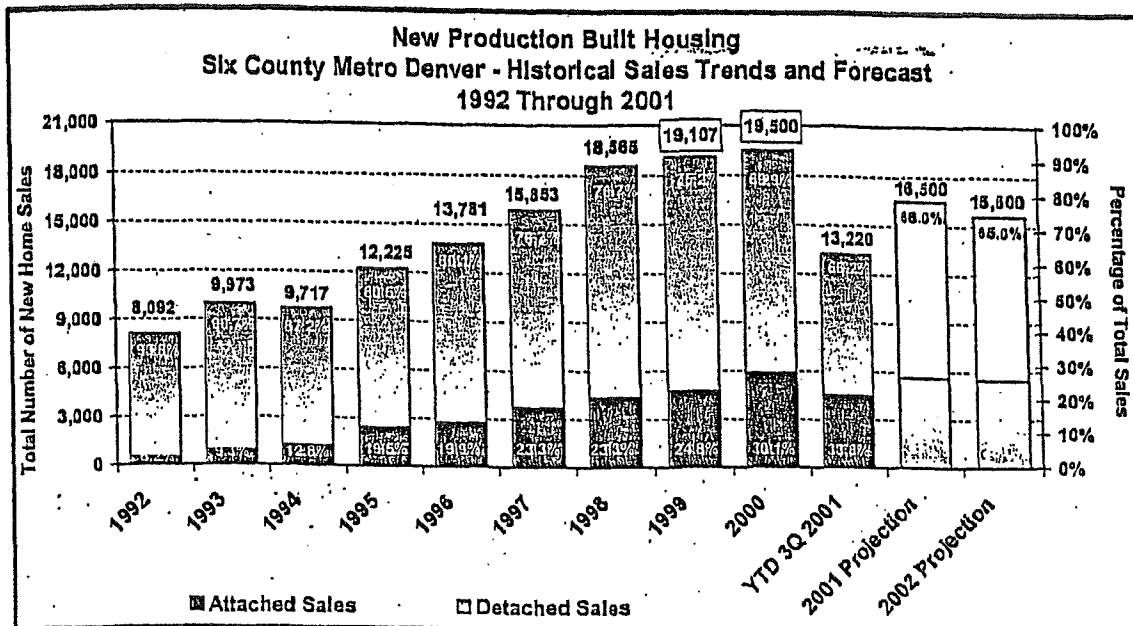
- A decline in residential building permits is forecast for 2001 and 2002. With sharp declines in new home sales and overbuilding in some apartment markets, considerably lower permit activity is expected. Permits for multi-family rental properties and attached for-sale housing will continue to comprise an increasing percentage of total residential permits. We forecast for-sale permits to decline from 19,501 in 2000 to around 16,500 in 2001. Similarly, permits for apartment construction are expected to decline from 9,844 units in 2000 to around 8,000 units in 2001. We further forecast for-sale permits to fall to 15,600 and rental permits to fall to 6,000 in 2002.



SOURCES: The Genesis Group; Homebuilders Association of Metro Denver

New Home Sales Forecast

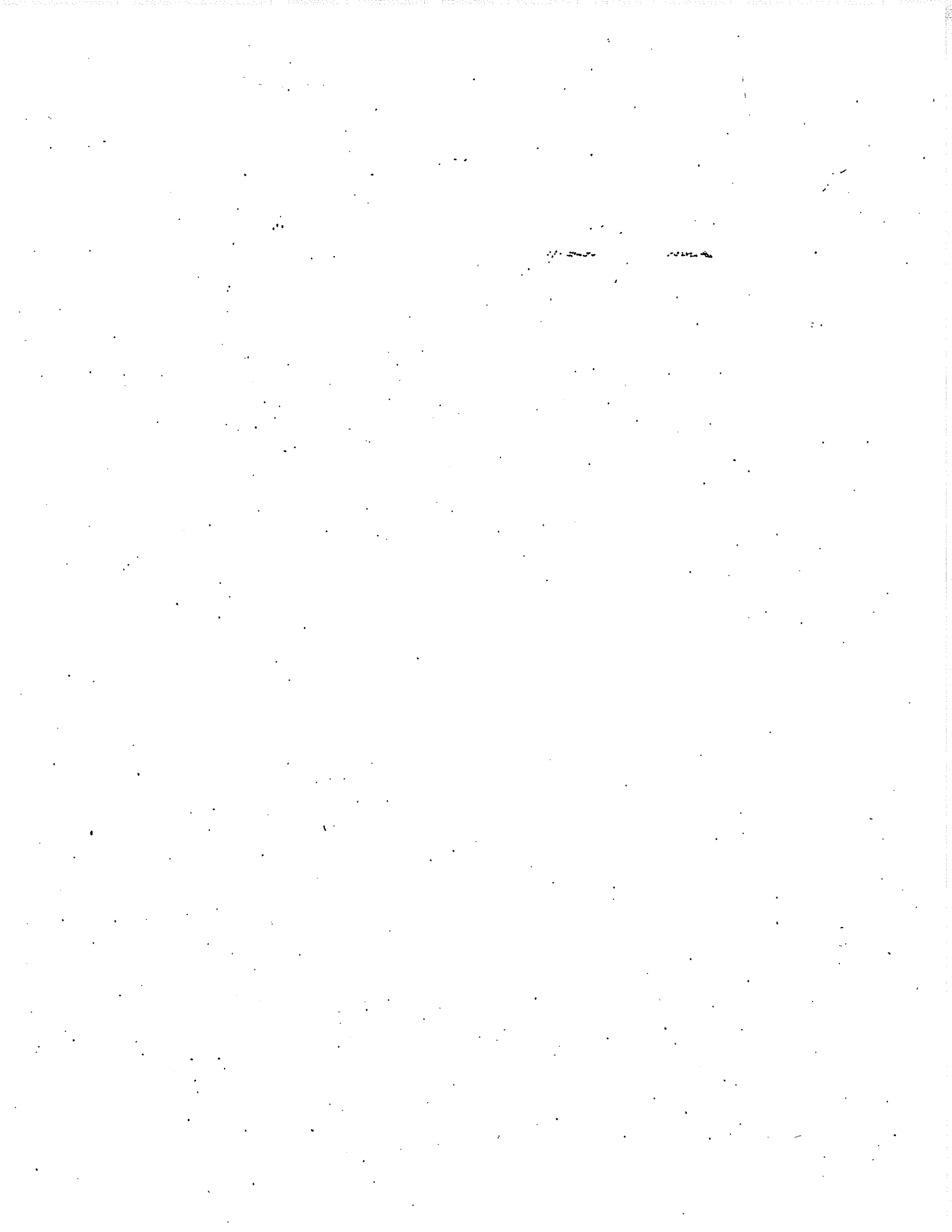
- With slower employment growth due to a slower economy, we forecast sales of new production built homes will decline to a total of 16,500 for the year 2001, a decline of approximately 15 percent from 2000. A further 5 percent decline is forecast for 2002, or home sales of 15,600.

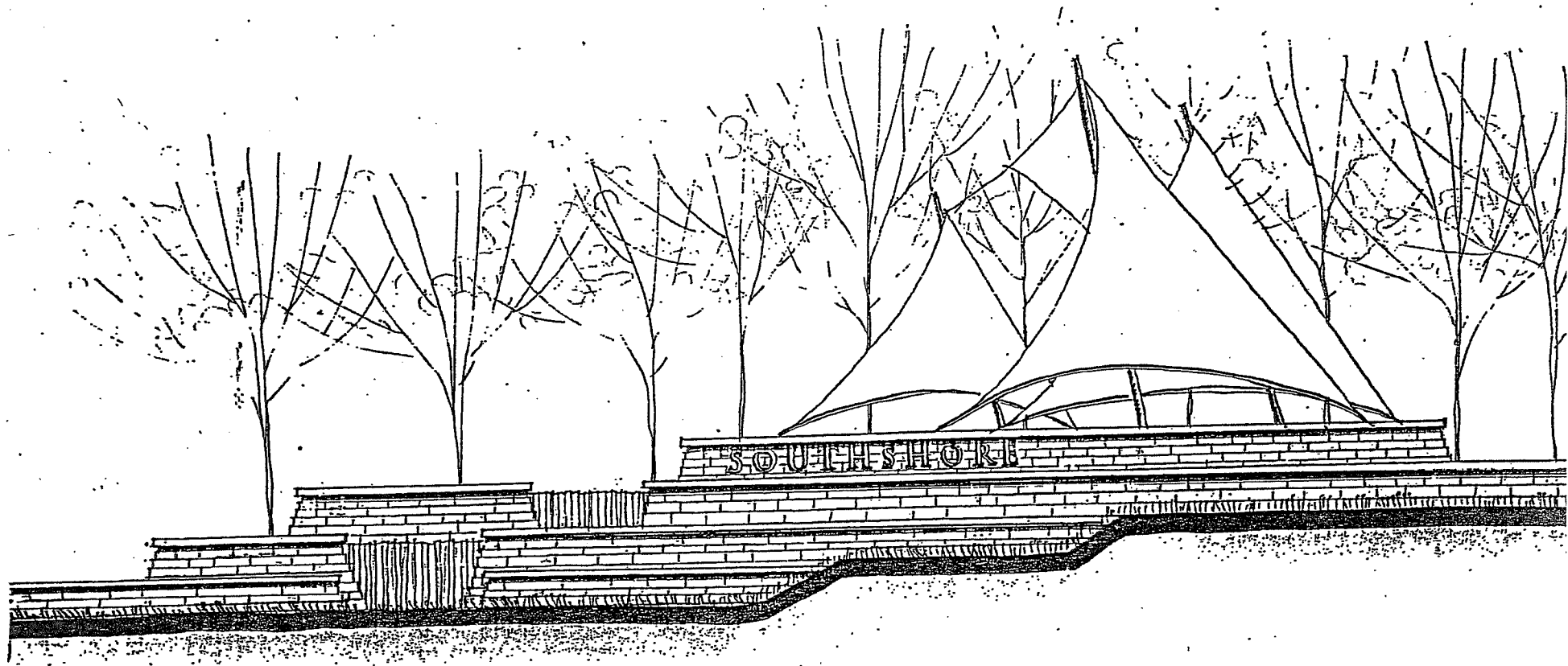


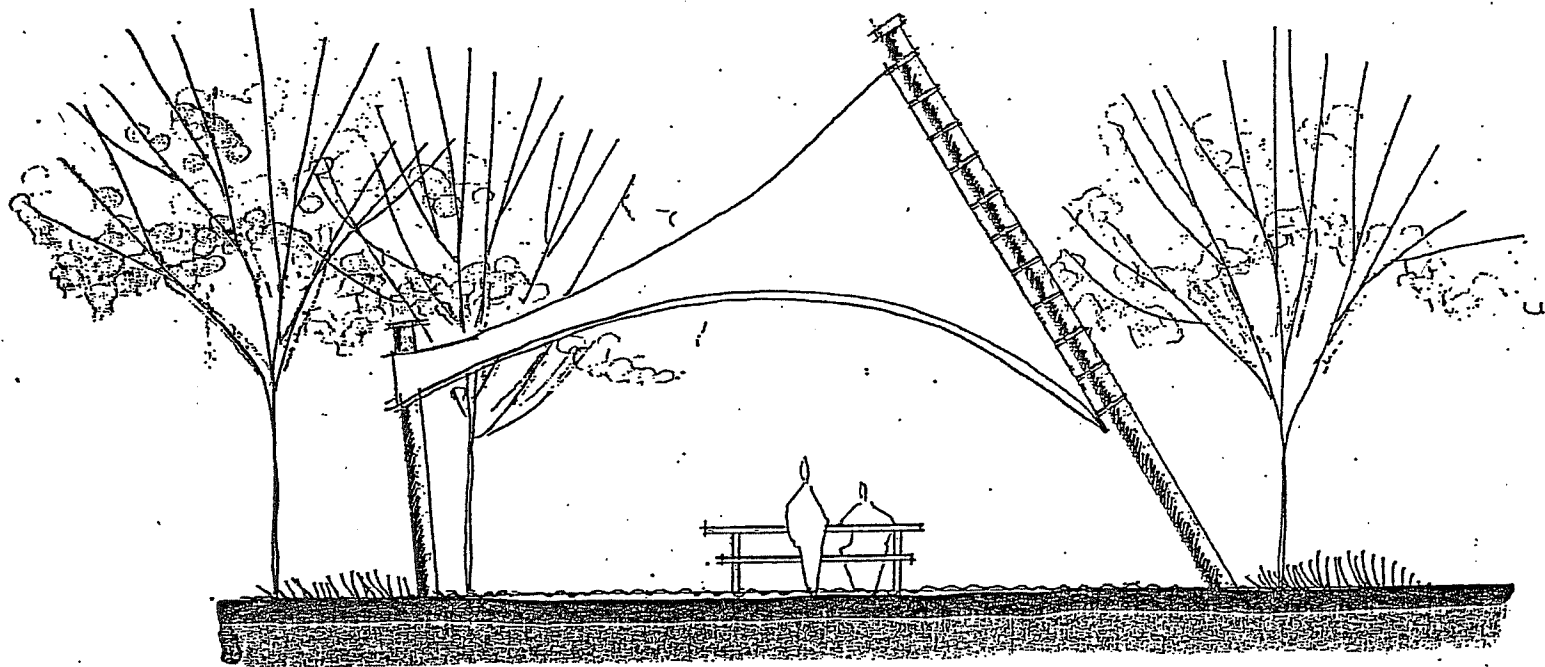
SOURCES: The Genesis Group; Data Compiled by The Meyers Group

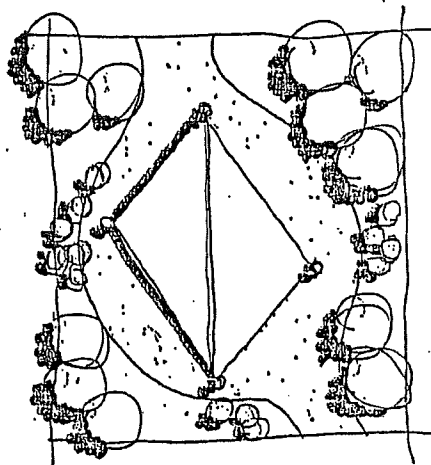
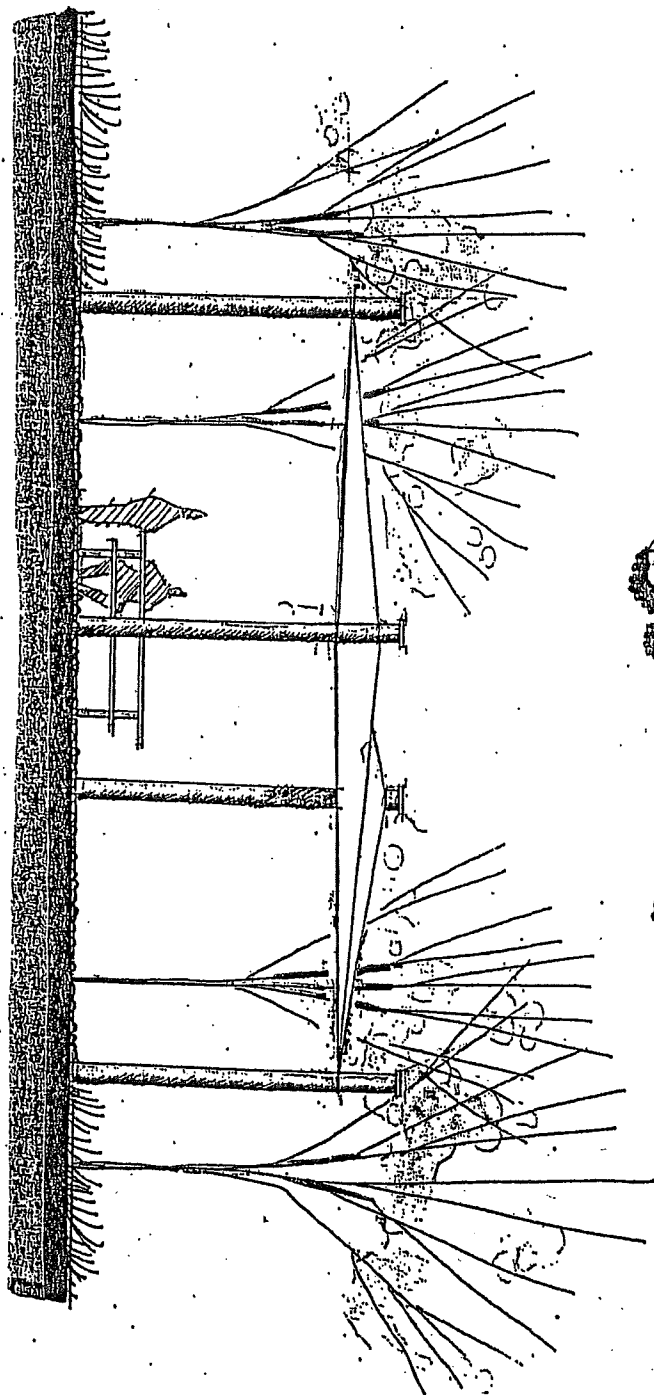
Other Trends

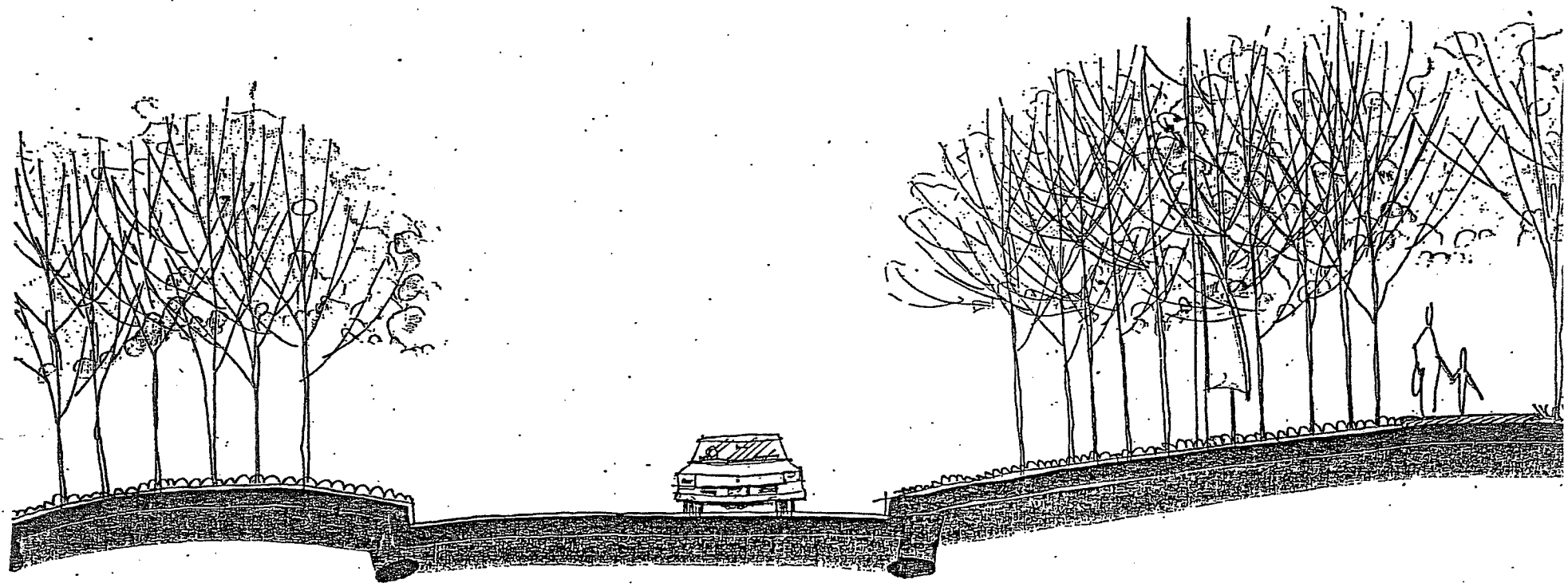
- Because of interest rate cuts by the Federal Reserve from January through November, 2001, and the slowing national economy we believe mortgage interest rates are likely to decline further during the balance of 2001. The Genesis Group forecasts mortgage interest rates will average no higher than 6.75 percent for the last three months of 2001.
- Luxury production homebuilders are moving to compete at lower price ranges of the traditional custom housing market. Economies of scale are allowing production builders to deliver comparable homes at prices well below the price of custom-built homes.
- Higher new and existing home inventories as of Second Quarter 2001 will moderate upward pressure on home prices. We anticipate that both new and resale home price increases will moderate in the coming year.

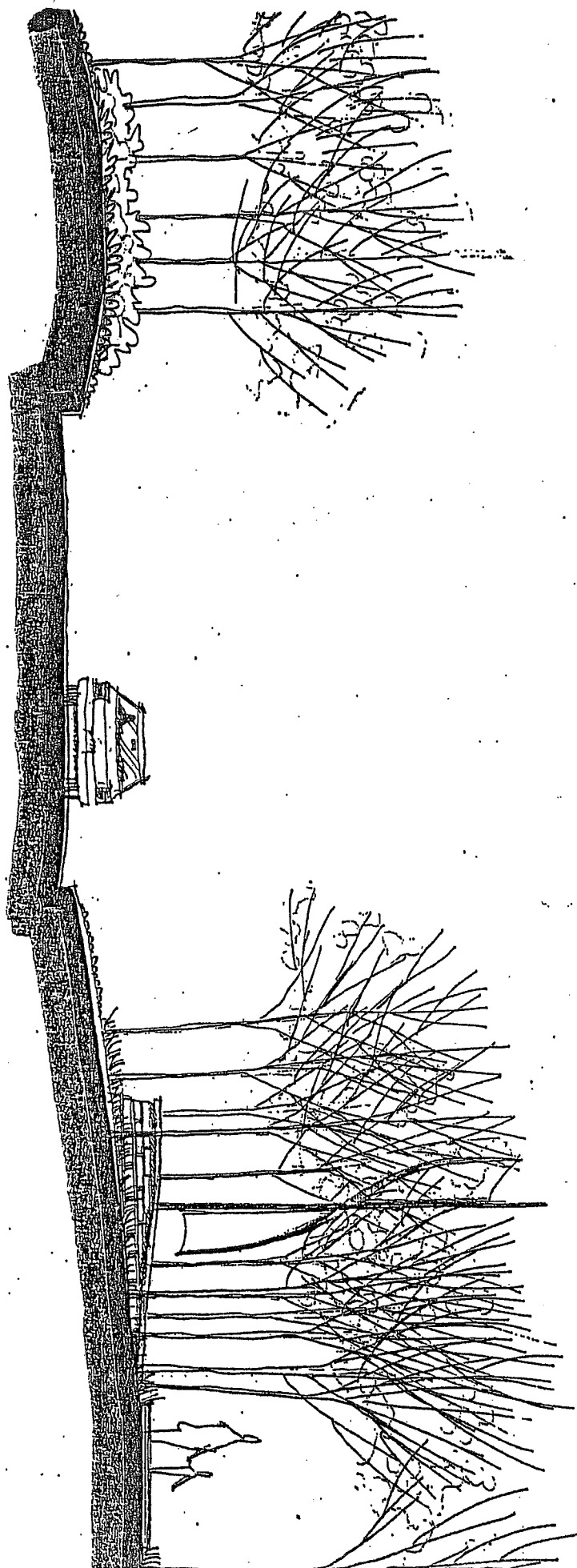












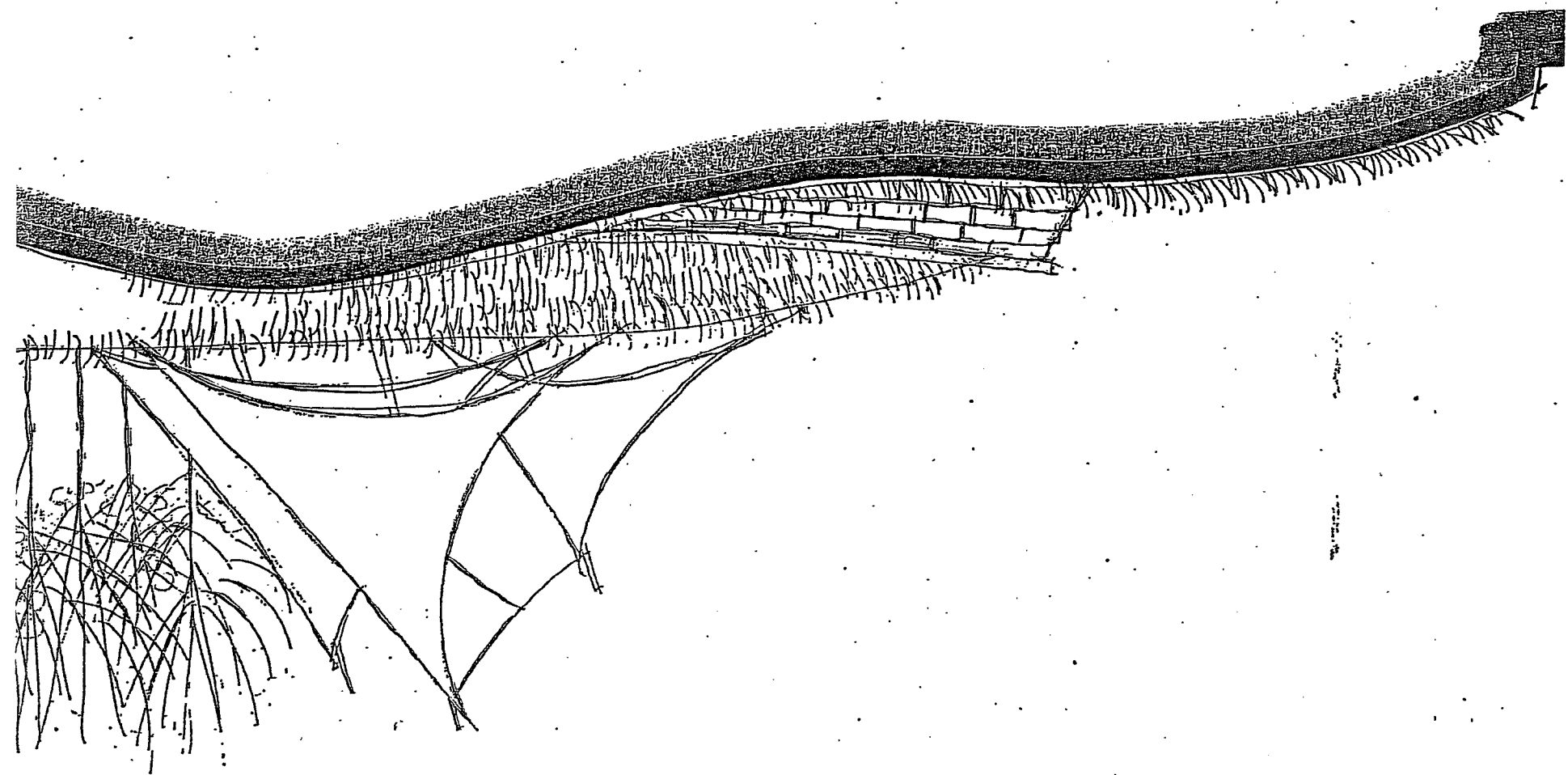


EXHIBIT J
District Election Questions

Ballot Questions for Southshore Metropolitan Districts
_____, 2002

BALLOT ISSUE 1 : Street Improvements Debt Question

SHALL SOUTHSORE METROPOLITAN DISTRICTS' DEBT BE INCREASED \$13,226,000 WITH A REPAYMENT COST OF NOT MORE THAN \$84,646,000; AND SHALL DISTRICT TAXES BE INCREASED \$14,284,000 ANNUALLY FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, DESIGNING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING A SYSTEM OF STREET AND ROADWAY IMPROVEMENTS FOR THE DISTRICT INCLUDING, BUT NOT LIMITED TO, ARTERIAL, COLLECTOR, AND LOCAL ROADS, CURBS, GUTTERS, CULVERTS, UNDERGROUND CONDUITS, OTHER DRAINAGE FACILITIES, SIDEWALKS, BRIDGES, UNDERPASSES, EMERGENCY ACCESS STREETS, PARKING FACILITIES, MEDIAN ISLANDS, PAVING, LIGHTING, POWER LINE RELOCATION, GRADING, LANDSCAPING, ENTRY MONUMENTATION, AND OTHER STREET IMPROVEMENTS, TOGETHER WITH ALL OTHER NECESSARY, INCIDENTAL, APPURTENANT, AND CONVENIENT FACILITIES AND EQUIPMENT, LAND AND PROPERTY RIGHTS, TOGETHER WITH EXTENSIONS OF AND IMPROVEMENTS TO SUCH SYSTEM, WITHIN AND WITHOUT THE BOUNDARIES OF THE DISTRICT, OR TO REFUND (AT A LOWER OR HIGHER INTEREST RATE) DEBT ISSUED FOR SUCH PURPOSES; AND SHALL THE MILL LEVY BE INCREASED IN ANY YEAR WITHOUT LIMITATION AS TO RATE BUT ONLY IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT OR ANY REFUNDING DEBT WHEN DUE OR TO CREATE A RESERVE FOR SUCH PAYMENT; SUCH DEBT TO BE EVIDENCED BY BONDS, NOTES, CONTRACTS, LOAN AGREEMENTS OR OTHER FORMS OF INDEBTEDNESS BEARING INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 8%; SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE, ON TERMS AND CONDITIONS AS THE BOARD OF DIRECTORS OF THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR SALE OF THE BONDS AT A PRICE ABOVE OR BELOW PAR, AND FOR REDEMPTION OR PREPAYMENT PRIOR TO MATURITY, WITH OR WITHOUT PAYMENT OF THE PREMIUM; AND SHALL ANY EARNINGS FROM THE INVESTMENT OF THE PROCEEDS OF SUCH DEBT AND SUCH TAX REVENUES BE COLLECTED, RETAINED, AND SPENT WITHOUT LIMITATION OR CONDITION, AS VOTER-APPROVED REVENUE CHANGES UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

BALLOT ISSUE 2 : Traffic Safety Controls Debt Question

SHALL SOUTHSORE METROPOLITAN DISTRICTS' DEBT BE INCREASED \$688,000 WITH A REPAYMENT COST OF NOT MORE THAN \$4,403,000; AND SHALL DISTRICT TAXES BE INCREASED \$743,000 ANNUALLY FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, DESIGNING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING A SYSTEM OF TRAFFIC AND SAFETY CONTROLS FOR THE DISTRICT, INCLUDING BUT NOT LIMITED TO, TRAFFIC AND SAFETY CONTROLS AND DEVICES ON STREETS AND HIGHWAYS AND AT RAILROAD CROSSINGS, TRAFFIC SIGNALIZATION AT INTERSECTIONS, TRAFFIC SIGNS, AREA IDENTIFICATION SIGNS, DIRECTIONAL ASSISTANCE AND DRIVER INFORMATION SIGNS, TOGETHER WITH ALL OTHER NECESSARY, INCIDENTAL, APPURTENANT, AND CONVENIENT FACILITIES AND EQUIPMENT, LAND AND PROPERTY RIGHTS, TOGETHER WITH EXTENSIONS OF AND IMPROVEMENTS TO SUCH SYSTEM, WITHIN AND WITHOUT THE BOUNDARIES OF THE DISTRICT, OR TO REFUND (AT A LOWER OR HIGHER INTEREST RATE) DEBT ISSUED FOR SUCH PURPOSES; AND SHALL THE MILL LEVY BE INCREASED IN ANY YEAR WITHOUT LIMITATION AS TO RATE BUT ONLY IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT OR ANY REFUNDING DEBT WHEN DUE OR TO CREATE A RESERVE FOR SUCH PAYMENT; SUCH DEBT TO BE EVIDENCED BY BONDS, NOTES, CONTRACTS, LOAN AGREEMENTS OR OTHER FORMS OF INDEBTEDNESS BEARING INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 8%; SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE, ON TERMS AND CONDITIONS AS THE BOARD OF DIRECTORS OF THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR SALE OF THE BONDS AT A PRICE ABOVE OR BELOW PAR, AND FOR REDEMPTION OR PREPAYMENT PRIOR TO MATURITY, WITH OR WITHOUT PAYMENT OF THE PREMIUM; AND SHALL ANY EARNINGS FROM THE INVESTMENT OF THE PROCEEDS OF SUCH DEBT AND SUCH TAX REVENUES BE COLLECTED, RETAINED, AND SPENT WITHOUT LIMITATION OR CONDITION, AS VOTER-APPROVED REVENUE CHANGES UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

BALLOT ISSUE 3 : Water Improvements Debt Question

SHALL SOUTHSORE METROPOLITAN DISTRICTS' DEBT BE INCREASED \$738,000 WITH A REPAYMENT COST OF NOT MORE THAN \$4,723,000; AND SHALL DISTRICT TAXES BE INCREASED \$797,000 ANNUALLY FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, DESIGNING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND

OTHERWISE PROVIDING A SYSTEM OF WATER IMPROVEMENTS FOR THE DISTRICT INCLUDING, BUT NOT LIMITED TO, A COMPLETE POTABLE AND NONPOTABLE WATER SUPPLY, TREATMENT, STORAGE, TRANSMISSION, AND DISTRIBUTION SYSTEM INCLUDING TRANSMISSION LINES, DISTRIBUTION MAINS AND LATERALS, IRRIGATION FACILITIES, FIRE HYDRANTS, AND STORAGE FACILITIES, TOGETHER WITH ALL OTHER NECESSARY, INCIDENTAL, APPURTENANT, AND CONVENIENT FACILITIES AND EQUIPMENT, LAND AND PROPERTY RIGHTS, TOGETHER WITH EXTENSIONS OF AND IMPROVEMENTS TO SUCH SYSTEM, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT; OR TO REFUND (AT A LOWER OR HIGHER INTEREST RATE) DEBT ISSUED FOR SUCH PURPOSES; AND SHALL THE MILL LEVY BE INCREASED IN ANY YEAR WITHOUT LIMITATION AS TO RATE BUT ONLY IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT OR ANY REFUNDING DEBT WHEN DUE OR TO CREATE A RESERVE FOR SUCH PAYMENT; SUCH DEBT TO BE EVIDENCED BY BONDS, NOTES, CONTRACTS, LOAN AGREEMENTS OR OTHER FORMS OF INDEBTEDNESS BEARING INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 8%; SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE, ON TERMS AND CONDITIONS AS THE BOARD OF DIRECTORS OF THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR SALE OF THE BONDS AT PRICE ABOVE OR BELOW PAR AND FOR REDEMPTION OR PREPAYMENT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF THE PREMIUM; AND SHALL ANY EARNINGS FROM THE INVESTMENT OF THE PROCEEDS OF SUCH DEBT AND TAX REVENUES BE COLLECTED, RETAINED, AND SPENT WITHOUT LIMITATION OR CONDITION, AS VOTER-APPROVED REVENUE CHANGES UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

BALLOT ISSUE 4 _: Sanitary and Storm Sewer Improvements Debt Question

SHALL SOUTHSORE METROPOLITAN DISTRICTS' DEBT BE INCREASED \$4,854,000 WITH A REPAYMENT COST OF NOT MORE THAN \$31,066,000 AND SHALL DISTRICT TAXES BE INCREASED \$5,242,000 ANNUALLY FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, DESIGNING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING A COMPLETE SANITARY SEWAGE TREATMENT, COLLECTION, AND TRANSMISSION SYSTEM, INCLUDING, BUT NOT LIMITED TO, COLLECTION MAINS AND LATERALS, LIFT STATIONS, FORCE MAINS, TRANSMISSION LINES, TREATMENT AND DISPOSAL FACILITIES, STORM SEWER SYSTEM, FLOOD AND SURFACE DRAINAGE FACILITIES AND SYSTEMS, GUTTERS, CULVERTS, DRAINAGE DITCHES, TUNNELS, DETENTION AND RETENTION PONDS, AND RETAINING WALLS, TOGETHER WITH ALL OTHER NECESSARY, INCIDENTAL,

APPURTENANT, AND CONVENIENT FACILITIES AND EQUIPMENT, LAND AND PROPERTY RIGHTS, TOGETHER WITH EXTENSIONS OF AND IMPROVEMENTS TO SUCH SYSTEM, WITHIN AND WITHOUT THE BOUNDARIES OF THE DISTRICT, OR TO REFUND (AT A LOWER OR HIGHER INTEREST RATE) DEBT ISSUED FOR SUCH PURPOSES; AND SHALL THE MILL LEVY BE INCREASED IN ANY YEAR WITHOUT LIMITATION AS TO RATE BUT ONLY IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT OR ANY REFUNDING DEBT WHEN DUE OR TO CREATE A RESERVE FOR SUCH PAYMENT; SUCH DEBT TO BE EVIDENCED BY BONDS, NOTES, CONTRACTS, LOAN AGREEMENTS OR OTHER FORMS OF INDEBTEDNESS BEARING INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 8%; SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE, ON TERMS AND CONDITIONS AS THE BOARD OF DIRECTORS OF THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR SALE OF THE BONDS AT A PRICE ABOVE OR BELOW PAR, AND FOR REDEMPTION OR PREPAYMENT PRIOR TO MATURITY, WITH OR WITHOUT PAYMENT OF THE PREMIUM; AND SHALL ANY EARNINGS FROM THE INVESTMENT OF THE PROCEEDS OF SUCH DEBT AND SUCH TAX REVENUES BE COLLECTED, RETAINED, AND SPENT WITHOUT LIMITATION OR CONDITION, AS VOTER-APPROVED REVENUE CHANGES UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

BALLOT ISSUE 5 : Park, Open Space and Recreation Improvements Debt Question

SHALL SOUTHSHORE METROPOLITAN DISTRICTS' DEBT BE INCREASED \$13,381,000 WITH A REPAYMENT COST OF NOT MORE THAN \$85,638,000; AND SHALL DISTRICT TAXES BE INCREASED \$14,451,000 ANNUALLY FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, DESIGNING, CONSTRUCTING, RELOCATING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING VALLEY, OPEN SPACE, AND PARK AND RECREATION IMPROVEMENTS FOR THE DISTRICT INCLUDING, BUT NOT LIMITED TO, THE DESIGN, ACQUISITION, CONSTRUCTION, INSTALLATION AND COMPLETION OF A SYSTEM OF VALLEY, OPEN SPACE, PARKS AND RECREATIONAL FACILITIES, IMPROVEMENTS, AND PROGRAMS, INCLUDING PARKS, BIKE PATHS AND PEDESTRIAN WAYS, OPEN SPACE, LANDSCAPING, CULTURAL ACTIVITIES, COMMUNITY RECREATION CENTERS, LAKES OR OTHER WATER BODIES, SWIMMING POOLS, TENNIS COURTS, WEED CONTROL, OUTDOOR LIGHTING, EVENT FACILITIES, IRRIGATION FACILITIES, AND OTHER ACTIVE AND PASSIVE RECREATION FACILITIES AND PROGRAMS, AND ALL OTHER NECESSARY, INCIDENTAL, APPURTENANT, AND CONVENIENT FACILITIES AND EQUIPMENT, LAND AND PROPERTY RIGHTS, TOGETHER WITH EXTENSIONS OF AND IMPROVEMENTS TO SUCH SYSTEM, WITHIN AND WITHOUT THE

BOUNDARIES OF THE DISTRICT, OR TO REFUND (AT A LOWER OR HIGHER INTEREST RATE) DEBT ISSUED FOR SUCH PURPOSES; AND SHALL THE MILL LEVY BE INCREASED IN ANY YEAR WITHOUT LIMITATION AS TO RATE BUT ONLY IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT OR ANY REFUNDING DEBT WHEN DUE OR TO CREATE A RESERVE FOR SUCH PAYMENT; SUCH DEBT TO BE EVIDENCED BY BONDS, NOTES, CONTRACTS, LOAN AGREEMENTS OR OTHER FORMS OF INDEBTEDNESS BEARING INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 8%; SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE, ON TERMS AND CONDITIONS AS THE BOARD OF DIRECTORS OF THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR SALE OF THE BONDS AT A PRICE ABOVE OR BELOW PAR, AND FOR REDEMPTION OR PREPAYMENT PRIOR TO MATURITY, WITH OR WITHOUT PAYMENT OF THE PREMIUM; AND SHALL ANY EARNINGS FROM THE INVESTMENT OF THE PROCEEDS OF SUCH DEBT AND SUCH TAX REVENUES BE COLLECTED, RETAINED, AND SPENT WITHOUT LIMITATION OR CONDITION, AS VOTER-APPROVED REVENUE CHANGES UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

BALLOT ISSUE 6 : Operations and Maintenance Debt Question

SHALL SOUTHSORE METROPOLITAN DISTRICTS' DEBT BE INCREASED \$413,000 WITH A REPAYMENT COST OF \$2,643,000 OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, AND SHALL DISTRICT TAXES BE INCREASED \$446,000 ANNUALLY OR SUCH LESSER AMOUNT AS MAY BE NECESSARY FOR THE PAYMENT OF SUCH DEBT AND ANY REFUNDINGS THEREOF, SUCH DEBT OR MULTIPLE FISCAL YEAR OBLIGATION TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS OF THE DISTRICT, INCLUDING CONTRACTS AND AGREEMENTS, ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, FINANCING OR REFINANCING ALL OR ANY PART OF THE DISTRICT'S OPERATING EXPENSES, OR ADVANCES OF OPERATING EXPENSES MADE TO THE DISTRICT, SUCH DEBT OR MULTIPLE FISCAL YEAR OBLIGATION TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 8% PER ANNUM, SUCH INTEREST TO ACCRUE UNTIL PAID AND TO COMPOUND ANNUALLY OR SEMIANNUALLY AS MAY BE DETERMINED BY THE BOARD OF DIRECTORS, SUCH DEBT OR MULTIPLE FISCAL YEAR OBLIGATION TO BE INCURRED AT ONE TIME OR FROM TIME TO TIME AND TO MATURE, BE SUBJECT TO REDEMPTION OR PREPAYMENT, WITH OR WITHOUT PREMIUM, AND TO CONTAIN SUCH TERMS, NOT INCONSISTENT HERewith AS THE BOARD OF DIRECTORS MAY DETERMINE, TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE REVENUES DERIVED FROM INTEREST EARNINGS AND FROM THE OPERATION OF ANY OF THE DISTRICT'S

FACILITIES OR PROPERTIES; AND IN CONNECTION THEREWITH (I) TO INCREASE THE DISTRICT'S PROPERTY TAXES IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT, IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, AND INTEREST ON THE DEBT OR MULTIPLE FISCAL YEAR OBLIGATION WHEN DUE, AND (II) TO AUTHORIZE THE COLLECTION, RETENTION AND EXPENDITURE OF ANY PROCEEDS OF THE DEBT OR MULTIPLE FISCAL YEAR OBLIGATION, THE REVENUES FROM SUCH TAXES, ANY OTHER REVENUES USED TO PAY THE DEBT OR MULTIPLE FISCAL YEAR OBLIGATION AND ANY EARNINGS FROM THE INVESTMENT OF SUCH PROCEEDS AND REVENUES AS VOTER-APPROVED REVENUE CHANGES UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

BALLOT ISSUE 7 : Refunding Question

SHALL SOUTHSORE METROPOLITAN DISTRICTS' DEBT BE INCREASED \$33,300,000 WITH A REPAYMENT COST OF \$213,119,000; AND SHALL DISTRICT TAXES BE INCREASED \$35,963,000 ANNUALLY FOR THE PURPOSE OF REFUNDING, PAYING, OR DEFEASING, IN WHOLE OR IN PART, BONDS, NOTES, CONTRACTS OR OTHER FINANCIAL OBLIGATIONS OF THE DISTRICT; AND SHALL THE MILL LEVY BE INCREASED IN ANY YEAR WITHOUT LIMITATION AS TO RATE BUT ONLY IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT OR ANY REFUNDING DEBT WHEN DUE OR TO CREATE A RESERVE FOR SUCH PAYMENT; SUCH DEBT TO BE EVIDENCED BY BONDS, NOTES, CONTRACTS, LOAN AGREEMENTS OR OTHER FORMS OF INDEBTEDNESS BEARING INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 8%; SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE, ON TERMS AND CONDITIONS AS THE BOARD OF DIRECTORS OF THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR SALE OF THE BONDS AT PRICE ABOVE OR BELOW PAR AND FOR REDEMPTION OR PREPAYMENT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF THE PREMIUM; AND SHALL ANY EARNINGS FROM THE INVESTMENT OF THE PROCEEDS OF SUCH DEBT AND TAX REVENUES BE COLLECTED, RETAINED, AND SPENT WITHOUT LIMITATION OR CONDITION, AS VOTER-APPROVED REVENUE CHANGES UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

BALLOT ISSUE 8 : Tax Increase Question

SHALL SOUTHSORE METROPOLITAN DISTRICTS' TAXES BE INCREASED \$35,963,000 ANNUALLY BY AN AD VALOREM MILL LEVY IMPOSED WITHOUT LIMITATION AS TO RATE FOR THE PURPOSE OF PAYING THE DISTRICT'S OPERATIONS, MAINTENANCE, AND OTHER EXPENSES; AND SHALL THE PROCEEDS OF SUCH TAXES AND ANY INVESTMENT INCOME THEREON CONSTITUTE VOTER-APPROVED REVENUE CHANGES AND BE COLLECTED, RETAINED, AND SPENT BY THE DISTRICT EACH YEAR WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR WITHOUT REGARD TO THE PROPERTY TAX REVENUE LIMITATION OF SECTION 29-1-301, COLORADO REVISED STATUTES OR ANY OTHER LAW?

BALLOT ISSUE 9 : Spending Question

SHALL SOUTHSORE METROPOLITAN DISTRICTS BE AUTHORIZED TO COLLECT, RETAIN, AND EXPEND EACH YEAR ALL REVENUES IT RECEIVES FROM ALL SOURCES AS VOTER-APPROVED REVENUE CHANGES AND WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

BALLOT ISSUE 10 : Term Limits Question

SHALL THE PRESENT AND FUTURE DIRECTORS OF SOUTHSORE METROPOLITAN DISTRICTS BE AUTHORIZED TO SERVE MORE THAN TWO CONSECUTIVE TERMS OF OFFICE NOTWITHSTANDING THE LIMITATION ON TERMS OF OFFICE PROVIDED FOR BY ARTICLE XVIII, SECTION 11 OF THE COLORADO CONSTITUTION?

EXHIBIT K
Underwriting Commitment Letter

George K. Baum & Company

INVESTMENT BANKERS SINCE 1928

December 11, 2001

Ms. Dianne Truwe
Director of Development Services
City of Aurora
1470 South Havana Street
Aurora, CO 80012

RE: PROPOSED SOUTHSORE METROPOLITAN DISTRICTS

To Whom It May Concern:

In connection with the service plan review and approval process, you have asked about the relationship between George K. Baum & Company and the proposed Southshore Metropolitan Districts. We are engaged with the petitioners of the proposed districts, as described above, by way of a Letter of Intent. It is our intention to serve as underwriters for the Districts' debt once adequate credit worthiness has been identified. The structure represented in the financing plan involves non-rated bonds which we believe will be marketable based on the growth assumptions included in the plan. It is our belief that the developer's past experience and conservative approach with metropolitan districts will assist in marketing the bonds.

We trust this letter helps to clarify the financing plans under consideration. Please call us if you have any further questions.

Sincerely,

GEORGE K. BAUM & COMPANY


James D. Kreidle
Senior Vice President

JDK/dn

EXHIBIT L
Initial Candidates for Boards of Directors

Gary M. Ryan

John E. Osborn

Richard C. Staky

Robert H. Kembel

David L. Denton

Address: Liang Village, LLC
Southshore Office
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Greenwood Village, CO 80111
(720) 554-6400