

**SERVICE PLAN FOR  
PINNACLE FARMS  
METROPOLITAN DISTRICT**

**City of Dacono, Colorado**

**Submitted: July 30, 2002**

**Final Submittal Date: September 20, 2002**

# PINNACLE FARMS METROPOLITAN DISTRICT

## SERVICE PLAN

### I. INTRODUCTION

The name of the proposed district shall be Pinnacle Farms Metropolitan District (the "District"). The purpose of the District is to finance certain street, traffic safety control, water, sanitary sewer, storm drainage and park and recreation public improvements for a development to be known as Pinnacle Farms. The developer of Pinnacle Farms and the petitioner for the formation of the District is Pinnacle Farms, LLC, a Colorado limited liability company (the "Developer"). Jeanie D. McDonald-Carlson, Kent D. Carlson, Lisa Duke Carlson, Lee S. Carlson and Ryan L. Carlson are the owners of all property within the boundaries of the District, and each has consented to the organization of the District, as shown in **Exhibit M**, attached hereto and incorporated herein. The District is intended to provide for the financing of public improvements for Pinnacle Farms, but is not intended to be a District with perpetual existence. The District will consist of the approximately two hundred twenty (220)-acre Pinnacle Farms project, and no changes in the District's boundaries are authorized, except upon approval by the City of Dacono, Colorado (the "City" or "Dacono") pursuant to Article III herein. The District will be dissolved when its financial obligations are paid or provided for, or when the City requests dissolution, provided then-applicable statutory requirements are met, all as further described in Article VIII of this service plan for the District (the "Service Plan").

Except as provided in this Service Plan, all public improvements and facilities constructed or acquired by the District shall be dedicated and conveyed to the City or its designee and will be operated and maintained by the City or its designee upon acceptance and completion of the District's warranty obligations. Certain sanitary sewer and storm drainage

improvements shall, upon the direction and consent of the City, be dedicated and conveyed to the St. Vrain Sanitation District or a drainage authority or other governmental entity. Certain water system improvements shall, upon the direction and consent of the City, be dedicated and conveyed to the Central Weld County Water District (the "Water District"). With the prior approval of the City, specific improvements may be retained by the District and operated and maintained by the District or a successor non-profit owners' association for the use and benefit of residents, taxpayers and property owners. The District shall not provide fire protection or emergency services, which fire protection and emergency services shall be provided by Mountain View Fire Protection District and Tri-Area Ambulance District or any successor thereof, respectively. The District encompasses portions of the East One-Half of Section 2, Township 1 North, Range 68 West of the 6<sup>th</sup> P.M., and is generally located at the intersection of Weld County Road 11 and Weld County Road 12. The District's boundaries are legally described on **Exhibit A**, attached hereto and incorporated herein. The Developer and the following participating consultants have prepared this Service Plan:

Developer

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Pursuant to the requirements of the Special District Control Act, § 32-1-201, *et seq.*, C.R.S., this Service Plan consists of a financial analysis and an engineering plan showing how the proposed facilities and services of the District will be provided and financed. As required by § 31-1-202(2), C.R.S., the following items are included in this Service Plan:

1. A description of the proposed services;
2. A financing plan showing how the proposed services are to be financed, including all elements required by § 32-1-202(2)(b), C.R.S.;
3. A preliminary engineering survey showing how the proposed services are to be provided;
4. A map of the District 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 for construction, including a statement of how the facility and service standards of the District are

compatible with facility and service standards of the County, municipalities and special districts which are interested parties pursuant to § 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; and

7. A description of any arrangement or proposed agreement with any political subdivision for the performance of any services between the District and such other political subdivision, and, if applicable, a form of the agreement.

## **II. PURPOSE OF THE DISTRICT**

The District will finance the construction of public improvements for the Pinnacle Farms development, which improvements shall be dedicated and conveyed to the City or its designee as provided in the Service Plan, or as otherwise required by the City. A certain number of limited improvements, upon the direction and consent of the City, will be dedicated and conveyed to other serving districts, or, upon prior approval of the City, retained by the District and operated and maintained by the District or a successor non-profit owners' association, for the use and benefit of residents, taxpayers and property owners. Improvements shall be financed through the issuance of indebtedness as set forth in Article V, "Financing Information." Except as specified in or pursuant to this Service Plan, the District will not construct or own any improvements, will not provide for any maintenance, repair or operations of any improvements and will not perform any services, without the consent of Dacono as evidenced by an approved modification to this Service Plan or a resolution of approval of the Dacono City Council. In addition, the District will not contract with any other governmental entity to receive any services which are or may

become available from Dacono or to provide any services to or within any other governmental entity. The District shall not provide any services or facilities within any area of the District overlapping with the service area of another district without first obtaining the written consent of each and every district whose service area is so overlapped.

The District shall dissolve when its financial obligations are paid or provided for, or otherwise upon request of the City, subject to then-applicable statutory requirements, all as further provided in Article VIII hereof.

### **III. BOUNDARIES, POPULATION & VALUATION**

The District consists of approximately two hundred twenty (220) acres located entirely within the boundaries of Dacono, as more particularly set forth in the legal description in **Exhibit A** and as shown on the boundaries map, attached hereto and incorporated herein as **Exhibit B**. The petitioner, also the Developer of the District property, has received the consent of the property owners to the formation of the District, which consent is attached hereto as **Exhibit M** and incorporated herein by this reference.

The District shall be required to obtain written approval from the City of a Service Plan modification prior to any inclusion or exclusion of property to or from the District or any other change in its boundaries, which approval may be given by resolution of the Dacono City Council. Any inclusion may be on the condition that all property originally in the District remain in the District and on such other conditions as Dacono may impose. Any exclusion may be on the condition that there is no detriment to the remaining residents and taxpayers within the District or to the District's bondholders and on such other conditions as Dacono may impose. No changes in the boundaries of the District shall be made, unless the prior written approval of

the Dacono City Council has been obtained as part of a Service Plan modification, as provided herein.

The District will be developed for residential use. The property is presently vacant. The current population is zero; the estimated population of the District at full build-out is two thousand two hundred fifteen (2,215) people, subject to development approval by the City. The estimated assessed value at full build-out is approximately Eleven Million Eight Hundred Ninety-one Thousand Five Hundred Fifty-nine Dollars (\$11,891,559). The property within the District is zoned R-1, Residential. The current assessed value of the property within the proposed boundaries of the District is approximately Nineteen Thousand Six Hundred Fifty Dollars (\$19,650). The total overlapping mill levy imposed upon the property within the District for tax collection year 2002 is 69.301 mills.

#### **IV. DESCRIPTION OF PROPOSED FACILITIES**

##### **a. Type of Improvements**

The District will provide for the financing, construction, acquisition and installation of street, traffic safety control, water, sanitary sewer, storm drainage and park and recreation public improvements and facilities (as the foregoing terms are defined in § 32-1-1004(2), C.R.S., and the sections referenced therein), within the boundaries of the District and for the operation and maintenance for specific improvements as directed or approved by the City.

The Water District, by contract, provides potable water to the City for delivery to City water users. The Water District owns and maintains treatment, distribution and storage facilities (including pump station(s), elevated tank(s), and master meters and appurtenances) and delivers water to the City water system at certain master meter locations. The property within the District will receive water service from the City through the City's arrangements with the Water District.

The District, together with the Developer, may provide financing for Water District water system improvements and facilities that may be necessary for service to areas within the District, which facilities and improvements are to be designed, constructed, installed or acquired by the Water District. The District will also provide for the design, construction, acquisition and installation of City water system improvements and facilities located within the boundaries of the District. In addition, a separate raw water irrigation system will be installed by the District if it is determined by the Developer and the City to be feasible and if it is approved by the City. The District will provide financing for the City water system improvements, together with the Developer, as more fully set forth below. All Water District system improvements shall be owned by the Water District. All City water systems improvements shall be dedicated and conveyed to, and owned by the City, upon acceptance and completion of the District's warranty obligations. A separate raw water irrigation system, if authorized by the City, shall at the City's option either be dedicated and conveyed to the City or its designee, or owned by the District and maintained by the District or a homeowners' association. All water rights for water service to the property and for any raw water irrigation system shall be owned by the City. The District will not purchase, own, manage, adjudicate or develop any water rights or water resources, except that, upon the prior written consent of the City, which may be granted or denied in the City's sole discretion, the District may manage, adjudicate or develop those water rights proposed for use in any raw water irrigation system. The Developer at its expense is responsible for achieving any desired fire flows.

The District shall not design, construct, acquire or install water improvements or facilities through contracts by the District, except upon approval of the City and Water District with respect to the Water District system, and the City, with respect to the City water system. Any



intergovernmental agreement between the District and the Water District shall be submitted to the City for review and shall be approved by the City prior to execution by the District.

The District shall not construct any facilities outside the boundaries of the District, except as necessary to connect service for the District to the facilities of other entities involved in providing services to the District as described in this Service Plan, or as approved or directed by Dacono or, with Dacono's consent, as approved or directed by other governmental entities having jurisdiction.

Preliminary engineering estimates based on applicable construction standards have been prepared and are attached hereto and incorporated herein as **Exhibit C**, which lists the facilities that the District, subject to development approval of the City, will provide, including the costs in current dollars of each, together with an explanation of the methods, basis and assumptions used. A letter concerning the reasonableness of the cost estimates and of the methods, bases and assumptions used is included in **Exhibit C**. The combined total estimated cost of the improvements is Five Million Five Hundred Seventy-two Thousand Six Hundred Fifty-four Dollars (\$5,572,654). The District will seek voter approval for authorization to issue debt sufficient to finance a portion of the cost of the improvements, together with the authorization to provide for refunding of bonds, all as set forth in the Article entitled "Financing Information," and the District will be authorized to fund any combination of the improvements shown in **Exhibit C**. All costs which cannot be paid or reimbursed from bond proceeds will be paid by the Developer; such Developer contribution is presently estimated at Three Hundred Two Thousand Nine Hundred Eleven Dollars (\$302,911)(the difference between total estimated costs and bond proceeds available) for capital construction. The City is not responsible for assuming any of the costs of the improvements funded by the District or necessary for service to the Pinnacle Farms development.

Maps showing the preliminary location of the public improvements to be financed by the District are attached hereto and incorporated herein as **Exhibit D**. The District shall be authorized to construct the public improvements generally shown on **Exhibit D**, subject to development approval by the City and to the specific final design and approval thereof by the City. Phasing of construction shall be in accordance with a phasing plan approved by the City, which plan shall comply with City development standards and be designed to meet the needs of residents and taxpayers within the boundaries of the District. The engineering exhibits provided herein are preliminary. Upon the prior written approval of the City, the District may, without amending this Service Plan, relocate or redesign improvements or facilities to be provided by the District, as necessary to comply with City design requirements and to better accommodate the pace of growth and resource availability within the District. All public improvement locations, designs, plans and specifications are subject to City approval. City consideration of any proposed changes in locations, designs, plans and specifications for public improvements may be undertaken through the development review process for the Pinnacle Farms development.

**b. Construction Standards**

All proposed facilities and improvements shall be designed and constructed solely in accordance with the standards and specifications established by Dacono and in effect from time to time and with the applicable standards and specifications of other governmental entities having jurisdiction. All proposed facilities and improvements shall be compatible with those of the City and other governmental entities having jurisdiction. Such other entities include, but are not limited to, the Water District, the St. Vrain Sanitation District, the federal government and the State of Colorado. The District and its engineers have and will design the facilities and improvements to meet such standards, specifications and compatibility requirements of the City and such other governmental entities. The District will obtain approval of civil engineering

plans and permits for construction and installation of facilities or improvements from the City prior to the construction or installation of any facilities or improvements. The District shall be subject to all applicable provisions of the Dacono Municipal Code and to all City rules, regulations and policies with respect to the conduct of its work on the improvements, as in effect from time to time.

**c. Dedication of Improvements**

Except as specifically set forth within this Service Plan, the District shall dedicate and convey to Dacono or its designee, or cause to be dedicated and conveyed to Dacono or its designee, all public water and wastewater improvements and facilities, all public streets and street improvements and facilities, all traffic safety controls, all public drainage improvements and facilities and all public sidewalks, as well as all rights-of-way, fee interests and easements necessary for access to and operation and maintenance of such improvements and facilities, to the extent such property interests have not been acquired by the City through the land use approval process. Dacono may also require the dedication and conveyance to the City or its designee of any other facilities and improvements contemplated in this Service Plan, together with necessary rights-of-way, fee interests and easements. All such improvements, facilities, easements and rights-of-way shall be conveyed to Dacono or its designee upon completion of construction, installation and expiration of the two (2)-year warranty period that commences after Dacono has issued Initial Acceptance as set forth below. All improvements, facilities, rights-of-way, fee interests and easements shall be conveyed and dedicated to Dacono or its designee by instruments acceptable to Dacono, free and clear of all liens and encumbrances, except those which are acceptable to Dacono. Failure to comply with the requirements of this Article IV.c shall be deemed to be a material modification of this Service Plan.

Once a public improvement to be dedicated to the City is constructed and installed, Dacono shall issue an "Initial Acceptance" letter stating that the improvement has been constructed or installed in conformance with Dacono standards, or shall issue a letter stating the corrections necessary for the issuance of such an "Initial Acceptance" letter. The District shall promptly undertake any necessary corrections. Upon issuance of the "Initial Acceptance" letter, the public improvements shall be warranted for two (2) calendar years from the date of such "Initial Acceptance", during which time the District shall maintain the improvements and correct all deficiencies therein as directed by the City. At the conclusion of such two (2)-year period, Dacono shall issue a "Final Acceptance" letter if the public improvements conform to Dacono specifications and standards or shall issue a letter stating the correction necessary for the issuance of such a "Final Acceptance" letter. The District shall promptly undertake any necessary corrections. A "Final Acceptance" meeting shall then be arranged, at which time Dacono will issue a "Final Acceptance" for all public improvements to be accepted by it, and the District will execute and deliver to Dacono all necessary instruments to dedicate and convey to Dacono the improvements and facilities, all necessary rights-of-way, fee interests and easements.

**d. Ownership/Maintenance of Public Improvements by District**

Except for facilities and improvements described in this Article IV.d., the District shall not be authorized to own or operate any improvements or facilities to be provided pursuant to this Service Plan, other than as necessary to permit the financing and construction thereof, except through approval by Dacono of an amendment to this Service Plan. The District shall have authority to operate and maintain the improvements described in this Article IV.d.

Park and recreation improvements, tract landscaping improvements, storm drainage improvements and trail systems will be retained by the District for operations and maintenance, except that upon request of the City, such improvements and facilities shall promptly be

dedicated and conveyed to, and thereafter owned, operated and maintained by Dacono or its designee. If retained by the District, the District may contract with a non-profit owners' association for operation and maintenance of these improvements and facilities. Any contract with an owners' association must be approved by Dacono in advance, and Dacono may require assurances that an owners' association accepts the operation and maintenance obligations and has the financial ability to undertake such obligations. Park and recreation improvements and trail systems shall be open to general public use. No user charges may be imposed for use by any member of the public for any trail systems or facilities.

e. **Acquisition of Land for Public Improvements and Easements**

The District shall acquire at no cost to Dacono all lands or interests in land required by Dacono for construction of water, wastewater, street and other public improvements being provided by the District. Such land or interests in land may be acquired by the District by instruments of conveyance and/or plat dedication. All such land and interests in land shall be conveyed to Dacono or its designee at no cost to Dacono at such times and by such instruments of conveyance as the City may reasonably require, free and clear of all liens and encumbrances, except those which are acceptable to Dacono. Exceptions must be approved by Dacono in advance and in writing. Failure to comply with this provision shall be deemed to be a material modification of this Service Plan.

f. **Limitation on Eminent Domain**

The District shall not exercise any power of dominant eminent domain against Dacono and shall not exercise any power of eminent domain within Dacono without the prior written consent of Dacono. No exercise of eminent domain by the District is contemplated or authorized in this Service Plan, and any proposed use thereof shall be considered a material modification of this Service Plan and shall be subject to Dacono's prior approval.

**g. Services to be Provided by other Governmental Entities**

The District proposes to construct or acquire the public improvements necessary to serve the District's residents and taxpayers, but is not authorized to and will not provide ongoing water, sanitary sewer, storm drainage or park and recreation services within the District. The City shall provide water services pursuant to arrangements with the Water District. St. Vrain Sanitation District shall provide sanitary sewer services. The serving sanitation district, the City or a drainage authority or other governmental entity or some combination thereof, shall provide storm drainage. The City and the Carbon Valley Recreation District shall provide park and recreation services. The Developer shall include the property within the boundaries of the District into the Water District, the St. Vrain Sanitation District and the Carbon Valley Recreation District. The District is within and shall receive fire protection services from Mountain View Fire Protection District and shall receive emergency services from Tri-Area Ambulance District or any successor thereof. It is a condition of this Service Plan that the property within the District shall be included within the foregoing districts. Nothing herein shall limit or discharge the District's responsibilities for operation, maintenance and repair of public improvements prior to their acceptance by the City or its designee or the District's warranty obligations.

**h. Integration**

All facilities and improvements shall be constructed so as to be integrated with existing and planned facilities and improvements of Dacono and other entities providing service to the Pinnacle Farms development. The District shall obtain from such other serving entities approval of the proposed plans for the facilities and improvements.

## V. FINANCING INFORMATION

This Article V describes the nature, basis, method of funding and debt and mill levy requirements, restrictions and limitations associated with the District's public improvements program and operations. A detailed Financing Plan, consisting of the Accountant's Forecasted Cash Surplus Balances and Cash Receipts and Disbursements (including a Summary of Significant Forecast Assumptions), the Market Projection Consultant's Analysis and the Developer's Letter in Support of the Market Projections is contained in **Exhibit E**, attached hereto and incorporated herein. The Financing Plan includes estimated operations, maintenance and administration costs, proposed indebtedness and estimated interest rates and discounts and other major expenses related to the organization and operation of the District. It projects the issuance of the debt and the anticipated repayment based on the development assumptions for property within the boundaries of the District. The Financing Plan demonstrates that, at the projected level of development and with the projected Developer support, the District has the ability to finance the facilities identified herein and will be capable of discharging the proposed indebtedness on a reasonable basis.

### a. General

The provision of improvements and facilities by the District will be financed through the issuance of general obligation bonds ("bonds"), secured by the ad valorem taxing authority of the District and other District revenues, limited as discussed below. The Financing Plan anticipates the issuance of three (3) series of bonds in 2004, 2006 and 2009, which parallel three (3) phases of development. The combined total estimated cost of the improvements is Five Million Five Hundred Seventy-two Thousand Six Hundred Fifty-four Dollars (\$5,572,654). The District has the capacity to issue general obligation bonds in the aggregate principal amount of Five Million Five Hundred Seventy Thousand Dollars (\$5,570,000). Currently, it is anticipated that the bond

proceeds will be insufficient to allow for repayment of Three Hundred Two Thousand Nine Hundred Eleven Dollars (\$302,911) contributed by the Developer; however, if the financing capability of the District changes and will permit repayment in the future (due to higher than anticipated assessment values, lower interest rates or any other circumstance), the District may agree to repay the Developer for unreimbursed public infrastructure costs so long as the District has the capacity to make such payments without exceeding the debt limit or Mill Levy Limit provided in this Service Plan. Payments made to the Developer by the District are expected to be made principally from bond proceeds and shall not exceed the amount advanced for capital costs by the Developer.

The Developer acknowledges and accepts the risk that, if all or a part of the general obligation bonds proposed to be issued by the District are not issued, because of changes in financial conditions or for any other reason, the Developer may not be paid or reimbursed for the cost of public improvements or other advances to the District.

**b. Debt Issuance**

(1) Types of Debt Authorized; Debt Limit; Timing and Development Thresholds. This Service Plan authorizes only the issuance of general obligation bonds, except as provided below with respect to notes issued to the Developer for construction financing. All financial obligation of the District are subject to the provisions as to the Limited Mill Levy and other limitations as set forth below. Other than ad valorem property taxes, specific ownership taxes, amounts capitalized from bond proceeds and investment income on the foregoing, no District revenues shall be pledged to any financial obligations of the District. The District may be authorized to issue revenue bonds, certificates, debentures or other evidences of indebtedness or to enter into lease-purchase transactions, only upon approval of an amendment to this Service Plan, and such an amendment shall be considered a material modification of the Service Plan.



The Financing Plan assumes the issuance of three (3) series of general obligation bonds in the aggregate principal amount of Five Million Five Hundred Seventy Thousand Dollars (\$5,570,000). A total debt limit of Six Million Dollars (\$6,000,000) in aggregate principal amount is approved in this Service Plan; such debt limit is to apply to the aggregate outstanding amount of both general obligations bonds (including Developer Bonds, as hereinafter defined, and refunding bonds) and construction financing notes (i.e., notes or other financial obligations, if any, issued by the District to the Developer to evidence the District's obligation to repay the Developer's advances for construction costs).

The first series of general obligation bonds will be issued in the approximate amount of One Million Nine Hundred Thirty-five Thousand Dollars (\$1,935,000), at such time as two hundred fifty-two (252) single family homes (representing a total of approximately \$6.36 million in assessed valuation) have received certificates of occupancy and all public improvements serving such homes have been completed and accepted by the City ("Development Threshold I"), all of which is anticipated to occur in December 2004 as shown in **Exhibit E**. The Developer expects that sales of such first series of general obligation bonds (to financial institutions or institutional investors as further provided below) would be made on the basis that, builder activity having commenced within the District (as demonstrated by the development levels required by the immediately preceding sentence), there is a reasonable likelihood that projected future development will occur and will result in increased assessed valuation levels to support payment of such bonds. The second series of general obligation bonds will be issued in the approximate amount of One Million Nine Hundred Twenty-five Thousand Dollars (\$1,925,000), at such time as certificates of occupancy have been issued on a total of six hundred eight (608) single family homes (representing a total of approximately \$11.5 million in assessed valuation) and all public improvements serving such homes have been completed and accepted

by the City ("Development Threshold II"), all of which is anticipated to occur in December 2006 as shown in **Exhibit E**. The final series of general obligation bonds will be issued in the approximate amount One Million Seven Hundred Ten Thousand Dollars (\$1,710,000), at such time as certificates of occupancy have been issued for all residential development and all public improvements serving such residential development have been completed and accepted by the City ("Development Threshold III"), all of which is anticipated to occur in December 2009. At full build-out, the Pinnacle Farms development is expected to consist of four hundred fifty-two (452) single family detached homes and two hundred (200) single family attached homes. City approvals are required and have not yet been obtained for the proposed development; it is acknowledged that City development approvals and requirements may affect the numbers of homes anticipated in this Service Plan.

(2) Voter Authorization; Interest, Discount, Term, Other Restrictions. The District shall request voter authorization for a maximum of Six Million Dollars (\$6,000,000) of general obligation debt (together with construction financing notes) to allow for unforeseen contingencies, increases in construction costs due to inflation and all costs of issuance, including capitalized interest, reserve funds, discounts, legal fees and other incidental costs of issuance. The authorized maximum voted interest rate is eighteen percent (18%) per annum and the maximum underwriting discount is four percent (4%) of bond principal. The actual interest rates and discounts within such maximum amounts will be determined at the time the bonds are sold by the District and will reflect market conditions at the time of sale. The term of any bonds issued by the District shall not exceed thirty (30) years.

Estimated interest rates used in **Exhibit E** are based on information furnished by the underwriters identified in **Exhibit F**. In the event bonds are issued at an interest rate higher than the estimated rates used in **Exhibit E**, the principal amount of bonds will be reduced so as to

result in total debt service payments approximately equal to those projected in **Exhibit E**, and so that debt service on the bonds can be paid from the revenue sources contemplated in this Service Plan.

No bonds issued by the District shall provide for acceleration as a remedy upon default, unless the District has received the prior written administrative approval of the City, which approval may be granted by only the City Administrator or the City Council.

All bonds of the District shall be structured utilizing a commercial bank with trust powers as trustee to hold the bond proceeds and debt service funds and to pursue remedies on behalf of the bondholders.

(3) Investor Suitability. In addition:

(A) The first District bond issue (after Development Threshold I is reached, anticipated in December 2004, as described above) shall be issued only to financial institutions or institutional investors within the meaning of § 32-1-1101(6)(a)(IV), § 32-1-103(6.5) and § 11-59-103(8), C.R.S.; and

(B) The second District bond issue (after Development Threshold II is reached) and the third District bond issue (after Development Threshold III is reached), anticipated in December 2006 and December 2009, respectively, as described above, shall either:

(i) be issued only in denominations of not less than five hundred thousand dollars (\$500,000) each, in integral multiples of not less than one thousand dollars (\$1,000), all as provided in Regulation 59-10.3 promulgated under the Colorado Municipal Bond Supervision Act, 11-59-101 et seq., C.R.S., so long as such regulation is in effect and otherwise in full compliance with such regulation and such Act; or

(ii) be issued only in denominations of one hundred thousand dollars (\$100,000) or more, be sold not in a public offering and exclusively to accredited investors, as that term is defined under sections 3(b) and (4)(2) of the federal "Securities Act of 1933" by regulation adopted thereunder by the Securities and Exchange Commission, and contain, written conspicuously on such bond, restrictions on transfer as necessary to insure that secondary sales are similarly limited to accredited investors.

The District shall provide for and shall utilize mechanisms and procedures for transfers and exchanges of bonds which are reasonably designed to insure continuing compliance with applicable institutional investor, accredited investor and minimum denomination requirements. If the District's bonds are rated in one of the four highest investment grade rating categories by one or more nationally recognized organizations which regularly rate such obligations, compliance with the minimum denomination, institutional investor and accredited investor limitations set forth above shall not be required.

(4) Limited Mill Levy. "Limited Mill Levy" shall mean an ad valorem mill levy (a mill being equal to 1/10 of 1¢) imposed upon all taxable property in the District each year in an amount sufficient to pay the principal of, premium if any, and interest on the bonds as the same become due and payable, and to make up any deficiencies in any debt service reserve for the bonds, but, together with all other District mill levies (including, without limitation, all mill levies for administration, maintenance and other operating expenses), such mill levy shall not exceed fifty (50) mills; provided however, that in the event of changes in the ratio of actual valuation to assessed valuation for residential real property, pursuant to Article X, section 3(1)(b) of the Colorado Constitution and legislation implementing such constitutional provision, the fifty (50) mill levy limitation provided herein will be increased or decreased (as to all taxable property

in the District, including both residential and commercial property, if any) to reflect such changes so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (“Gallagher adjustment”). The Limited Mill Levy shall be an enforceable limit on all District mill levies.

(5) Opinions. Any bonds issued by the District pursuant to this Service Plan shall be in compliance with all applicable legal requirements, including without limitation § 32-1-1101(6), C.R.S., and article 59 of title 11, C.R.S., and shall be approved by nationally recognized bond counsel. An opinion shall also be obtained from bond counsel or counsel to the District that the bonds comply with all requirements of this Service Plan.

(6) Refunding bonds. General obligation refunding bonds may be issued by the District to defease original issue bonds in compliance with applicable law, but any such refunding shall not extend the maturity of the bonds being refunded nor increase the total debt service thereon. Any issuance of refunding bonds must comply with paragraph (A) under (3) above (“Investor Suitability”), unless Development Threshold II has been reached, in which case such issuance of refunding bonds must comply with either paragraph (A) or paragraph (B) under (3) above (or unless the refunding bonds have received an investment grade rating as described in the last sentence of (3) above). Except as otherwise specifically provided in this paragraph (6), all limitations, restrictions and requirements of this Service Plan with respect to general obligation bonds of the District shall be applicable to refunding bonds, including, without limitation, Limited Mill Levy, debt limit, maximum interest rate, maximum discount, maximum term, prohibition on acceleration, bank trustee requirement and opinion requirements.

(7) Developer Bonds. In lieu of issuing bonds to third party investors, the Developer may choose to purchase all bonds of a series. In that instance, bonds may issue to the Developer (“Developer Bonds”) at any time without regard to the Development Thresholds described in (1)

above; however, the Development Thresholds described in (1) above shall be achieved before Developer Bonds in an amount equal to all or any portion of the amount shown for each Development Threshold may be resold by the Developer, and except to the extent that the applicable Development Threshold is achieved, Developer Bonds shall not be transferred, assigned, participated or used as security for any borrowing. If and when Developer Bonds are resold by the Developer, such resale must comply with paragraph (A) under (3) above, unless Development Threshold II has been reached, in which case such resale must comply with either paragraph (A) or paragraph (B) under (3) above (or unless the Developer Bonds have received an investment grade rating as described in the last sentence of (3) above). The purchase of Developer Bonds by the Developer shall be not be subject to any underwriting discount, and interest rates on Developer Bonds shall not exceed the estimated interest rates used in **Exhibit E**. Except as otherwise specifically provided in this paragraph (7), all limitations, restrictions and requirements of this Service Plan with respect to general obligation bonds of the District shall be applicable to Developer Bonds, both when owned by the Developer and upon any permitted resale, including, without limitation, Limited Mill Levy, debt limit, maximum interest rate, maximum discount, maximum term, prohibition on acceleration, bank trustee requirement and opinion requirements. For purposes of ownership of Developer Bonds, the Developer shall include all affiliates or entities under the majority control of the Developer, provided that any such affiliate or entity must be an accredited investor, as that term is defined under sections 3(b) and (4)(2) of the federal "Securities Act of 1933" by regulation adopted thereunder by the Securities and Exchange Commission at the time of acquisition of the Developer Bonds. The Developer (including all such affiliates and entities) assumes all risk of nonpayment or other default on Developer Bonds.

(8) Construction Financing Notes Issued to the Developer. The District may issue construction financing notes to the Developer to evidence the District's obligation to reimburse the Developer's advances for construction costs; any Developer advances which are not so reimbursed shall be treated as Developer contributions as described in Article V.a above. Such notes shall be subject to the following restrictions set forth above for general obligation bonds: Limited Mill Levy, debt limit, maximum term, prohibition on acceleration and opinion as to Service Plan compliance; but such notes shall not be subject to the above-stated bank trustee requirement, Development Threshold, investor suitability or bond counsel opinion requirements. Such notes shall not be general obligations of the District, shall bear no interest (see Note 7 in **Exhibit E**), shall be issued only to the Developer (and therefore shall be not be subject to any underwriting discount), and shall not be transferred, assigned, participated or used as security for any borrowing. The Developer hereby represents that it is, and will be when any such notes are issued, an accredited investor, as that term is defined under sections 3(b) and (4)(2) of the federal "Securities Act of 1933" by regulation adopted thereunder by the Securities and Exchange Commission. Such notes shall be paid from proceeds of the District's general obligation bonds (when and if received by the District); otherwise, the notes will be unsecured obligations of the District. To the extent that any of such notes are outstanding when the District's general obligation bonds are also outstanding, payments on the notes may be made only if such payments do not adversely affect the District's ability to pay its general obligation bonds. The Developer solely assumes the risk of nonpayment or other default on such notes, including, without limitation, delay, inability or failure of the District to sell or issue its general obligation bonds.

**c. Identification of District Revenue**

The District will impose a mill levy on all taxable property in the District as the primary source of revenue for repayment of debt service and for operations and maintenance. The mill

levy imposed by the District shall not exceed fifty (50) mills, except for Gallagher adjustments permitted under Article V.b above. Although the mill levy imposed may vary depending on the phasing of facilities anticipated to be funded, it is estimated that a mill levy of approximately thirty-five (35) mills will produce revenue sufficient to support debt service, operations and maintenance expenses throughout the repayment period. The District does not intend and is not authorized to impose any system development fees or any other fees or user charges for use of public improvements described in Article IV. The imposition of any such proposed fee or charge shall be considered a material modification of this Service Plan, which shall require the City's prior written consent.

**d. Security for Debt**

The District will not pledge any City funds or assets for security for the indebtedness set forth in the Financing Plan of the District.

**e. Services of District**

The District will require sufficient operating funds to plan and cause the public improvements to be constructed. The District will also require sufficient operating funds for the maintenance of any improvements it is required or authorized to maintain as provided in this Service Plan. The costs are expected to include: maintenance, organizational costs, legal, engineering, accounting and debt issuance costs, compliance with state reporting and other administrative requirements. The first year's operating budget (for 2002) is estimated to be Seventy Thousand Dollars (\$70,000). The District currently anticipates that, upon approval by the City, a non-profit owners' association will maintain some or all of the improvements that the District may retain pursuant to Article IV.d, above, which may further reduce or eliminate the District's operations and maintenance obligations. Such improvements will be retained by the



District for operations and maintenance, unless Dacono requests that such improvements be dedicated and conveyed to Dacono or its designee.

**f.      **Quinquennial Review****

Pursuant to § 32-1-1101.5, C.R.S., the District shall submit application for a quinquennial finding of reasonable diligence in every fifth calendar year after the calendar year in which the District's ballot issue to incur general obligation indebtedness was approved by its electorate. Upon such application, the City Council may accept such application or hold a public hearing thereon and take such actions as are permitted by law. The District shall be responsible for payment of Dacono consultant and administrative costs associated with such review, and Dacono may require a deposit of the estimated costs thereof. Dacono shall have all powers concerning the quinquennial review as provided by statutes in effect from time to time.

**g.      **Letters****

There is attached hereto as **Exhibit F** an underwriter's letter stating its intention to underwrite the District's financial obligations as proposed in this Financing Plan. There is attached hereto as **Exhibit G** a letter from Counsel for the District stating that the petition for organization of the District, this Service Plan, notice and hearing procedures in connection therewith and provisions thereof (including without limitation provisions as to the District's bonds, fees and revenue sources) meet the requirements of titles 11 and 32, C.R.S., and other applicable law.

**VI.    **LANDOWNERS OBLIGATIONS AS TO PUBLIC IMPROVEMENTS****

The creation of the District shall not relieve the Developer, the landowner or any subdivider of property within the District or any of their respective successors or assigns, of obligations to construct public improvements for the Pinnacle Farms development or of

obligations to provide to the City letters of credit, bonds or such other financial guarantees as may be required by the City to ensure the completion of such public improvements, or of any other obligations to Dacono under City ordinances, rules, regulations or policies, or under the annexation agreement, subdivision improvement agreement or other agreements affecting the property within the District or the Pinnacle Farms development, or any other agreement between Dacono and the Developer (or any such landowner, subdivider or successors or assigns).

## **VII. ANNUAL REPORT**

The District shall be responsible for submitting an annual report to Dacono within one hundred and twenty (120) days from the conclusion of the District's fiscal year. Failure of the District to submit such report shall not constitute a material modification hereof, unless the District refuses to submit such report within thirty (30) days after a written request from Dacono to do so. The District's fiscal year shall end on December 31<sup>st</sup> of each year. The content of the annual report shall include information as to the following matters which occurred during the year:

1. Boundary changes made or proposed;
2. Intergovernmental agreements entered into or proposed;
3. Changes or proposed changes in the District's policies;
4. Changes or proposed changes in the District's operations;
5. Any changes in the financial status of the District including any issuance of financial obligations or any change in revenue projections or operating costs;
6. A summary of any litigation and notices of claim involving the District;
7. Proposed plans for the year immediately following the year summarized in the annual report;

8. Status of construction of public improvements;
9. The current assessed valuation in the District; and
10. A schedule of all fees, charges and assessments imposed in the report year and proposed to be imposed in the following year and the revenues raised or proposed to be raised therefrom.

The foregoing list shall not be construed to excuse the requirement for prior written City approval of those matters that are considered material modifications of this Service Plan or for any other required City approval. The annual report shall be signed by the President and attested by the Secretary of the District. Along with the annual report and at any more frequent intervals as reasonably requested by Dacono, the District shall provide to Dacono a currently dated and written certificate, signed by the President and Secretary of the District, certifying that the District is in full compliance with this Service Plan. If the District is not in full compliance with this Service Plan, the certificate shall include a detailed statement describing such noncompliance, and the District shall cooperate fully with the Dacono in providing further information as to, and promptly remedying, any such noncompliance. The City reserves the right, pursuant to § 32-1-207(3)(c), C.R.S., to request reports from the District beyond the mandatory statutory five (5)-year reporting report. In addition to the foregoing, the District shall cooperate with the City by providing prompt responses to all reasonable requests by the City for information, and the District shall permit the City to inspect all public improvements and facilities and all books and records of the District.

## **VIII. DISSOLUTION**

Promptly when all of the general obligation bonds to be issued by the District have been paid (or when provision for payment thereof has been made through establishment of an escrow

as provided by § 32-1-702(3)(b), C.R.S.), the District will so notify the City and will cooperate fully with the City in taking all steps necessary under then applicable law to dissolve the District (including, without limitation: formulating a plan of dissolution; executing the District's consent to dissolve pursuant to § 32-1-704(3)(b), C.R.S.; making any necessary agreements as to continuation or transfer of maintenance and other services, if any, which are then being provided by the District; submitting a petition for dissolution to the district court; and, conducting any required dissolution election).

In addition, at any time after issuance of the District's general obligation bonds, upon the City's request, the District will cooperate fully with the City to dissolve the District (without such payment of outstanding general obligation bonds of the District or establishment of an escrow therefor) as provided in §§ 32-1-702(3)(c) and 32-1-707(2)(c), C.R.S. To the extent that any District financial obligations are owned by the Developer (or by affiliates or entities controlled by the Developer as provided in Article V.b(7)), the Developer shall cooperate fully, and shall cause any such affiliate or entity to cooperate fully, with the City to dissolve the District. Also, on or after December 31, 2007, if the District has not issued any of its general obligation bonds, the City shall have the right to require the District to dissolve in accordance with applicable law, and the District will cooperate fully with the City to dissolve the District.

To the maximum extent permitted by law, the above-stated agreements to cooperate in dissolution of the District shall be binding on the undersigned Developer (including the Developer's entities and affiliates) and on the landowners signing the Consents contained in **Exhibit M** to this Service Plan (together constituting the owners of 100% of the land in the District) and shall also be binding on successors in title to any and all land in the District (including the nominees for the initial board of directors listed in Article X hereof and succeeding directors who own land within the District). Such agreements shall obligate all such

persons to cooperate fully with the City as described above, including without limitation, the signing of petitions, execution of consents and voting in favor of dissolution in any required election.

#### **IX. CONSOLIDATION**

The District shall not file a request with the district court to consolidate with another district without the prior written approval of Dacono.

#### **X. ELECTIONS**

Following approval of this Service Plan by the City and after acceptance of the organizational petition and issuance of orders from the district court, elections on the questions of organizing the District and approving bonded indebtedness and various agreements described herein will be scheduled. All elections will be conducted as provided in the court orders, the Uniform Election Code of 1992 (as amended by House Bill 93-1255 and as otherwise amended from time to time), and the TABOR Amendment and are currently planned for November 2002, but may be held on any legally permitted date. The election questions are expected to include whether to organize the District, election of initial directors and TABOR Amendment ballot issues and questions. Thus, the ballot may deal with the following topics (in several questions, but not necessarily using the exact divisions shown here):

1. Whether to organize the District,
2. Membership and terms of the initial board members,
3. Approval of new taxes,
4. Approval of maximum operational mill levies,
5. Approval of bond and other indebtedness limits,

6. Approval of an initial property tax revenue limit,
7. Approval of an initial total revenue limit,
8. Approval of an initial fiscal year spending limit, and
9. Approval of a four (4)-year delay in voting on ballot issues.

Ballot issues may be consolidated as approved in court orders. The petitioners intend to follow both the letter and the spirit of the Special District Act, the Uniform Election Code and the TABOR Amendment during organization of the District. Future elections to comply with the TABOR Amendment may be held as determined by the elected Board of Directors of the District.

The following persons, who are or will be owners of property within the District, are intended as nominees for the initial board of directors of the District:

Scott Lee Carlson

Kent D. Carlson

Clay Carlson

Lee S. Carlson

Ryan L. Carlson

## **XI. INDEMNITIES**

The fully executed Developer Indemnity Letter attached hereto as Part 1 of **Exhibit H** is submitted by the Developer to the City as part of this Service Plan. The form of the District Indemnity Letter attached hereto as Part 2 of **Exhibit H** shall be executed by the District and delivered to Dacono immediately upon formation of the District. The execution of such Indemnity Letters are material considerations in Dacono's approval of this Service Plan, and the City has relied thereon in approving this Plan.

## **XII. DISCLOSURE AND DISCLAIMER; NO THIRD-PARTY RIGHTS**

The District will also record a statement against the property within the District which will include notice of the existence of the District, anticipated mill levy and maximum allowed mill levy. The form of the notice is attached hereto and incorporated herein as **Exhibit I**, subject to any changes requested by the City in the future. In addition, there is attached hereto as **Exhibit J** a form of City disclaimer statement. The District shall conspicuously include this disclaimer statement or any modified or substitute statement hereafter furnished by Dacono, in all offering materials used in connection with any bonds or other financial obligations of the District (or, if no offering materials are used, the District shall deliver the disclaimer statement to any prospective purchaser of such bonds or financial obligations). No changes shall be made to the disclosure and the disclaimer set forth in, respectively, **Exhibits I and J**, except as directed by Dacono. Neither this Service Plan, the intergovernmental agreement set forth in **Exhibit K** hereto, nor any other related agreements, shall be construed to impose upon the City any duties to, nor confer any rights against the City, any bondholders or other third parties.

## **XIII. INTERGOVERNMENTAL AGREEMENTS**

The District shall enter into an intergovernmental agreement with the City which shall be in substantially the form set forth in **Exhibit K**. The District shall execute and deliver the intergovernmental agreement to the City immediately upon formation of the District. The execution of such Agreement is a material consideration in Dacono's approval of this Service Plan, and the City has relied thereon in approving this Plan. No other intergovernmental agreements are proposed at this time, but such agreements are anticipated between the District and the Water District, the Carbon Valley Recreation District and potentially other entities

providing service to the Pinnacle Farms project. Any intergovernmental agreements proposed regarding the subject matter of this Service Plan shall be subject to review and approval by the City prior to their execution by the District. Failure of the District to obtain such approval shall constitute a material modification of this Service Plan.

#### **XIV. CONSERVATION TRUST FUND**

The District shall not apply for or claim any entitlement to funds from the Conservation Trust Fund which is derived from lottery proceeds or other funds available from or through governmental or nonprofit entities for which Dacono is eligible to apply. The District shall remit to Dacono any and all conservation trust funds which they receive.

#### **XV. MODIFICATION OF SERVICE PLAN**

The District shall obtain the prior written approval of Dacono before making any material modifications to this Service Plan. Material modifications require a Service Plan amendment and include modifications of a basic or essential nature, including, but not limited to, the following:

1. Any change in the stated purposes of the District or additions to the types of facilities, improvements or programs provided by the District;
2. Any issuance by the District of financial obligations not expressly authorized by this Service Plan or under circumstances inconsistent with the District's financial ability to discharge such obligations as shown in the build-out, assessed valuation and other forecasts contained in **Exhibit E**, or any change in debt limit, change in revenue type or change in maximum mill levy (except for any necessary Gallagher adjustment as provided in V.b(4), above);



3. Any change in the types of improvements or estimated costs of improvements from what is stated in **Exhibit C** of this Service Plan;

4. Failure to comply with the requirements of this Service Plan concerning the dedication of improvements or the acquisition and conveyance of lands or interests in land;

5. The failure of the District to develop any capital facility proposed in its Service Plan when necessary to service approved development within the District;

6. Any proposed use of the powers set forth in § 32-1-1101(1)(f) and -1101(1.5), C.R.S., respecting division of the District;

7. The occurrence of any event or condition which is defined under the Service Plan or intergovernmental agreement as necessitating a service plan amendment;

8. The default by the District under any intergovernmental agreement with the City, the Water District or the serving sanitation district;

9. Any of the events or conditions enumerated in § 32-1-207(2), C.R.S., of the Special District Act;

10. Failure by the District to enter into the Intergovernmental Agreement immediately upon its formation as provided in Article XIII hereof, or failure by the District to execute and deliver the District Indemnity Letter immediately upon its formation as provided in Article XI hereof.

11. Any action or proposed action by the District which would interfere with or delay the planned dissolution of the District as provided in Article VIII hereof.

(The examples above are only examples and are not an exclusive list of all actions which may be identified as a material modification.)

The District will pay all reasonable expenses of the City, its attorneys and consultants, as well as the City's reasonable processing fees, in connection with any request by the District for

modification of this Service Plan or administrative approval by the City of any request hereunder. Dacono may require a deposit of such estimated costs.

#### **XVI. FAILURE TO COMPLY WITH SERVICE PLAN**

In the event it is determined that the District has undertaken any act or omission which violates the Service Plan or constitutes a material departure from the Service Plan (including any material modification of the Service Plan without City approval as provided in Article XV hereof), Dacono may utilize the remedies set forth in the statutes to seek to enjoin the actions of the District, or may withhold issuance of any permit, authorization, acceptance or other administrative approval for the Pinnacle Farms development, or may pursue any other remedy available at law or in equity. The District shall pay any and all costs, including attorney's fees, incurred by the City in enforcing any provision of the Service Plan. To the extent permitted by law, the District hereby waives the provisions of § 32-1-207(3)(b), C.R.S., and agrees it will not rely on such provisions as a bar to the enforcement by the City of any provisions of this Service Plan.

#### **XVII. RESOLUTION OF APPROVAL**

The Developer and other proponents of the District agree to and shall incorporate the Dacono City Council's Resolution of Approval, including any conditions on such approval, into the Service Plan presented to the appropriate district court. Such resolution shall be attached as **Exhibit L**.

## **XVIII. SEVERABILITY**

If any portion of this Service Plan is held invalid or unenforceable for any reason by a court of competent jurisdiction, such portion shall be deemed severable and its invalidity or its unenforceability shall not cause the entire Service Plan to be terminated. Further, with respect to any portion so held invalid or unenforceable, the District and City agree to pursue a Service Plan amendment or take such other actions as may be necessary to achieve to the greatest degree possible the intent of the affected portion.

**XIX. CERTIFICATION**

This Service Plan is submitted to Dacono by the undersigned Developer, which is the District petitioner. The undersigned has caused written notice of Dacono's hearing on the proposed Service Plan to be duly given, on or prior to the hearing date of September 23, 2002, to all "interested parties" within the meaning of § 32-1-204, C.R.S., and has caused all other required filings to be made and all other applicable procedural requirements to be met. The information contained in this Service Plan is true and correct as of this date.

Pinnacle Farms, LLC, a Colorado limited liability company

By: Coey Carlson

Its: MBL

Date: Sept 20, 2002

## **TABLE OF EXHIBITS**

### **EXHIBIT A**

District Boundaries – Legal Description

### **EXHIBIT B**

District Map

### **EXHIBIT C**

Engineering Estimates and Statement of Reasonableness

### **EXHIBIT D**

Drawings of the Location of Public Improvements

### **EXHIBIT E**

Financing Plan

Forecasted Cash Surplus Balances and Cash Receipts and Disbursements

Market Projection Consultant's Analysis

Market Projection Consultant's Letter of Reasonableness

Developer's Letter in Support of Market Projections

### **EXHIBIT F**

Underwriter's Letter

### **EXHIBIT G**

Form of Legal Counsel Letter

### **EXHIBIT H**

Part 1—Developer Indemnity Letter

Part 2—Form of District Indemnity Letter

### **EXHIBIT I**

Form of Disclosure Notice

### **EXHIBIT J**

Form of City Disclaimer Statement

### **EXHIBIT K**

Form of Intergovernmental Agreement Between District and City

### **EXHIBIT L**

Resolution of the City of Dacono Approving the Service Plan

(To Be Provided)

### **EXHIBIT M**

Property Owners' Consent

**EXHIBIT A**  
District Boundaries – Legal Description

## **SERVICE DISTRICT BOUNDARY**

BEING A PART OF THE EAST ONE-HALF OF SECTION 2, TOWNSHIP 1 NORTH, RANGE 68 WEST OF THE 6<sup>TH</sup> PRINCIPAL MERIDIAN, TOWN OF DACONO, COUNTY OF WELD, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

### **BASIS OF BEARINGS:**

THE EAST LINE OF THE SOUTHEAST ONE-QUARTER OF SECTION 2, TOWNSHIP 1 NORTH, RANGE 68 WEST OF THE 6<sup>TH</sup> PRINCIPAL MERIDIAN CONSIDERED TO BEAR S00°11'04"E WITH ALL BEARINGS HEREIN RELATIVE THERETO.

COMMENCING AT THE EAST ONE-QUARTER CORNER OF SAID SECTION 2, THENCE S89°43'30"W, A DISTANCE OF 30.01 FEET TO A POINT 30.00 FEET WESTERLY OF THE EAST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2 BEING THE WESTERLY RIGHT-OF-WAY OF WELD COUNTY ROAD NO. 11 AS RECORDED IN THE BOARD OF COUNTY COMMISSIONERS FOR WELD COUNTY IN BOOK 86, AT PAGE 273 OF SAID OFFICIAL WELD COUNTY RECORDS, STATE OF COLORADO, SAID POINT BEING THE POINT OF BEGINNING;

THENCE S00°11'04"E ALONG A LINE PARALLEL WITH AND 30.00 FEET WESTERLY OF THE EAST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 2,619.96 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY OF WELD COUNTY ROAD NO. 12 AS RECORDED IN THE BOARD OF COUNTY COMMISSIONERS FOR WELD COUNTY IN BOOK 86, AT PAGE 273 OF SAID OFFICIAL WELD COUNTY RECORDS, STATE OF COLORADO;

THENCE S89°34'18"W ALONG A LINE PARALLEL WITH AND 30.00 FEET NORTHERLY OF THE SOUTH LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 2,604.89 FEET TO A POINT ON THE WEST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2;

THENCE N00°06'16"E ALONG THE WEST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 2,627.31 FEET TO THE CENTER ONE-QUARTER CORNER OF SAID SECTION 2;

THENCE N00°06'11"E ALONG THE WEST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 50.85 FEET;

THENCE ALONG THE FOLLOWING TWENTY-ONE (21) COURSES:

1. S89°53'49"E, A DISTANCE OF 130.11 FEET TO AN ARC OF A CURVE;

2. ALONG AN ARC OF A CURVE TO THE RIGHT, THE CENTER BEARS S74°18'38"E, HAVING A DELTA OF 17°13'32", A RADIUS OF 275.00 FEET AND ARC LENGTH OF 82.68 FEET TO A POINT OF TANGENCY;
3. N32°54'54"E, A DISTANCE OF 132.66 FEET;
4. S57°05'06"E, A DISTANCE OF 50.00 FEET TO AN ARC OF A CURVE;
5. ALONG AN ARC OF A CURVE TO THE LEFT, PROLONGATION OF THE CENTER BEARS S57°05'06"E, HAVING A DELTA OF 90°00'00", A RADIUS OF 20.00 FEET AND ARC LENGTH OF 31.42 FEET TO A POINT OF TANGENCY;
6. S57°05'06"E, A DISTANCE OF 26.34 FEET TO A POINT OF CURVATURE;
7. ALONG AN ARC OF A CURVE TO THE LEFT HAVING A DELTA OF 32°58'46", A RADIUS OF 325.00 FEET AND ARC LENGTH OF 187.07 FEET TO A POINT OF TANGENCY;
8. N89°56'08"E, A DISTANCE OF 535.49 FEET TO A POINT OF CURVATURE;
9. ALONG AN ARC OF A CURVE TO THE LEFT HAVING A DELTA OF 90°00'00", A RADIUS OF 20.00 FEET AND ARC LENGTH OF 31.42 FEET TO A POINT OF TANGENCY;
10. N00°03'52"W, A DISTANCE OF 10.00 FEET;
11. N89°56'08"E, A DISTANCE OF 50.00 FEET TO AN ARC OF A CURVE;
12. ALONG AN ARC OF A CURVE TO THE LEFT, PROLONGATION OF THE CENTER BEARS N89°56'08"E, HAVING A DELTA OF 90°00'00", A RADIUS OF 20.00 FEET AND ARC LENGTH OF 31.42 FEET TO A POINT OF TANGENCY;
13. N89°56'08E, A DISTANCE OF 294.78 FEET;
14. N00°16'04"W, A DISTANCE OF 115.15 FEET;
15. N33°55'09"E, A DISTANCE OF 154.12 FEET;
16. N00°03'52"W, A DISTANCE OF 1,525.03 FEET;
17. N30°43'25"E, A DISTANCE OF 80.00 FEET;



18. S59°16'35"E, A DISTANCE OF 129.36 FEET;
19. N30°43'25"E, A DISTANCE OF 60.78 FEET;
20. N64°59'29"E, A DISTANCE OF 118.22 FEET;
21. N30°03'07"E, A DISTANCE OF 685.68 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY OF COLORADO STATE HIGHWAY NO. 52 AS RECORDED IN BOOK 1552, PAGE 142 OF SAID OFFICIAL WELD COUNTY RECORDS, STATE OF COLORADO;

THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF COLORADO STATE HIGHWAY NO. 52 THE FOLLOWING TWO (2) COURSES:

1. N89°49'47"E, A DISTANCE OF 371.63 FEET;
2. S44°59'13"E, A DISTANCE OF 136.30 FEET TO A POINT 30.00 FEET WESTERLY OF THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 2 BEING THE WESTERLY RIGHT-OF-WAY OF WELD COUNTY ROAD NO. 11;

THENCE S00°03'52"E ALONG A LINE PARALLEL WITH AND 30.00 FEET WESTERLY OF THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 2,485.84 FEET TO THE POINT OF BEGINNING.

CONTAINING 9,563,870 SQUARE FEET OR 219.556 ACRES MORE OR LESS.

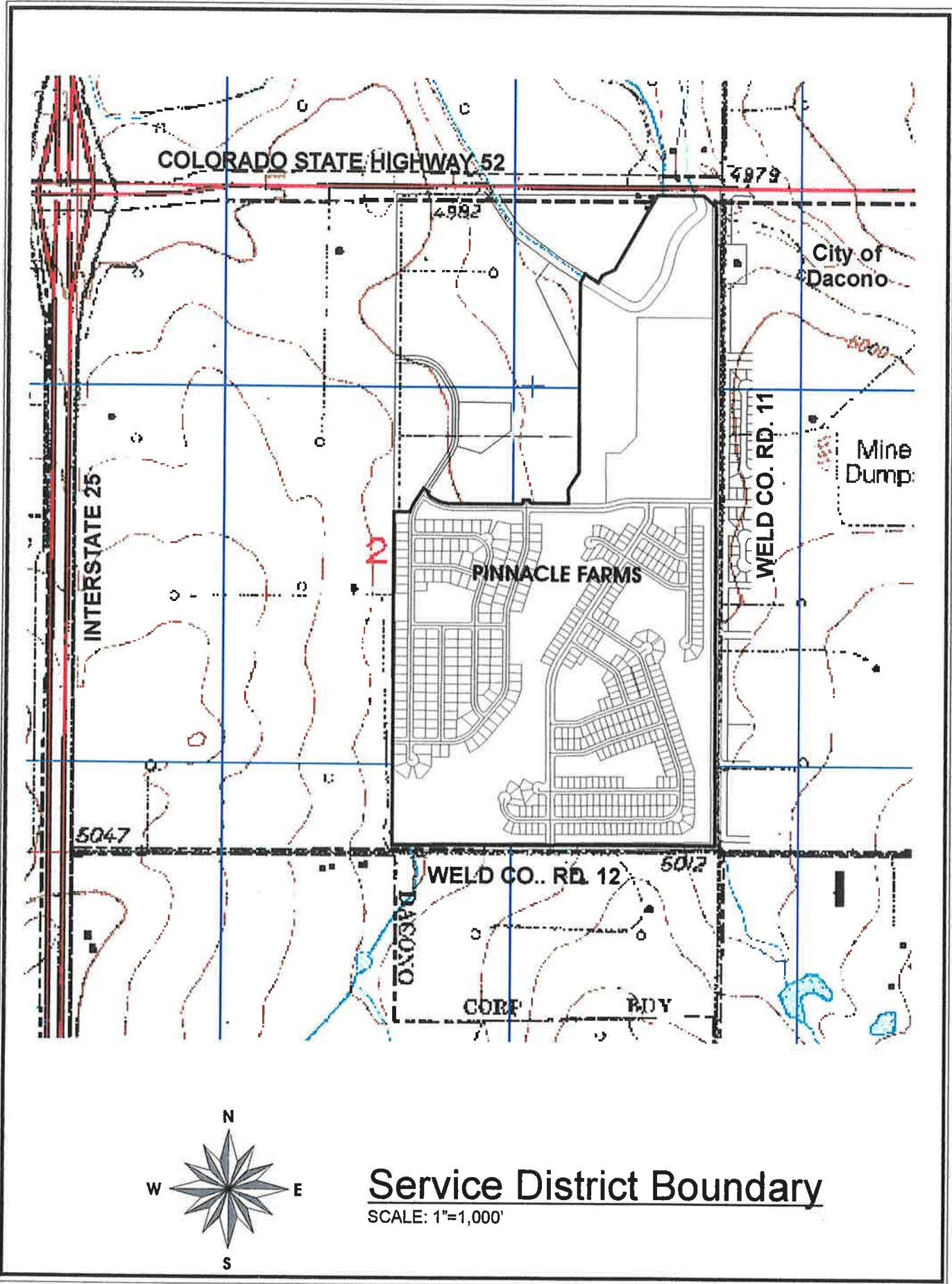
#### LEGAL DESCRIPTION STATEMENT

I, RONALD LEE POWERS, A PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THE ABOVE LEGAL DESCRIPTION AND ATTACHED EXHIBIT WAS PREPARED UNDER MY RESPONSIBLE CHARGE, AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF IS CORRECT.

\_\_\_\_\_  
 RONALD LEE POWERS, PROFESSIONAL LAND SURVEYOR  
 COLORADO NO. 16427  
 A&R LAND SURVEYING, LLC.  
 224 POTOMAC STREET, SUITE 102  
 AURORA, COLORADO 80011



**EXHIBIT B**  
District Map



COLORADO STATE HIGHWAY 52

4979

4982

City of Dacono

INTERSTATE 25

WELD CO. RD. 11

Mine Dump

PINNACLE FARMS

5047

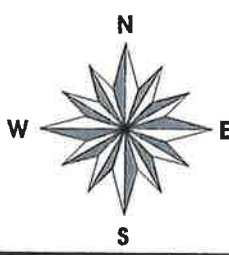
WELD CO. RD. 12

5012

DACONO

CORP

RDY



# Service District Boundary

SCALE: 1"=1,000'

**EXHIBIT C**

Engineering Estimates and Statement of Reasonableness

Pinnacle Farms Metropolitan Improvement District

Engineer's Estimate of Probable Improvement Costs

**ROADWAY IMPROVEMENTS**

Description	Qty.	Unit	Unit Price	Total Cost
<b><u>COLORADO STATE HIGHWAY 52</u></b>				
<b><u>Roadway Improvements</u></b>				
Asphalt Pavement 9" Full Depth	7,907	SY.	\$ 21.00	\$ 166,047
6" Vertical Curb	2,594	LF.	\$ 10.00	\$ 25,940
6' Concrete Sidewalk	2,594	LF.	\$ 22.50	\$ 58,365
HC Ramps	2	EA.	\$ 1,200.00	\$ 2,400
Mobilization	1	L/S	\$ 5,000.00	\$ 5,000
Strip Topsoil	2,000	CY.	\$ 1.10	\$ 2,200
Cut/Fill	30,000	CY.	\$ 1.25	\$ 37,500
Fine Grade	7,907	SY.	\$ 1.20	\$ 9,488
Traffic Signals - Portion of total cost	1	EA.	\$ 60,000.00	\$ 60,000
Traffic Signage	1	L/S	\$ 1,500.00	\$ 1,500
Striping	2,594	LF.	\$ 3.00	\$ 7,782
Street Lighting	5	EA.	\$ 1,100.00	\$ 5,500
Engineering/Surveying	1	L/S	\$ 14,200.00	\$ 14,200
As Built Drawings	1	L/S	\$ 1,750.00	\$ 1,750
Compaction Testing	1	L/S	\$ 1,500.00	\$ 1,500
<b>Total</b>				<b>\$ 399,172</b>

**WELD COUNTY ROAD #11**

<b><u>Roadway Improvements</u></b>				
Asphalt Pavement 9" Full Depth	29,398	SY.	\$ 20.00	\$ 587,960
6" Vertical Curb	5,200	LF.	\$ 10.00	\$ 52,000
6' Concrete Sidewalk	5,200	LF.	\$ 22.50	\$ 117,000
HC Ramps	4	EA.	\$ 1,200.00	\$ 4,800
Mobilization	1	L/S	\$ 5,000.00	\$ 5,000
Strip Topsoil	7,850	CY.	\$ 1.10	\$ 8,635
Cut/Fill	15,700	CY.	\$ 1.25	\$ 19,625
Fine Grade	30,625	SY.	\$ 1.20	\$ 36,750
Traffic Signals - Portion of total cost	1	EA.	\$ 60,000.00	\$ 60,000
Traffic Signage	1	L/S	\$ 3,800.00	\$ 3,800
Striping	5,200	LF.	\$ 3.00	\$ 15,600
Street Lighting	10	EA.	\$ 1,100.00	\$ 11,000
Engineering/Surveying	1	L/S	\$ 17,000.00	\$ 17,000
As Built Drawings	1	L/S	\$ 2,500.00	\$ 2,500
Compaction Testing	1	L/S	\$ 3,000.00	\$ 3,000
<b>Total</b>				<b>\$ 944,670</b>

Pinnacle Farms Metropolitan Improvement District

Engineer's Estimate of Probable Improvement Costs

Description	Qty.	Unit	Unit Price	Total Cost
<b>WELD COUNTY ROAD #12</b>				
<b>Roadway Improvements</b>				
Asphalt Pavement 9" Full Depth	12,077	SY.	\$ 21.00	\$ 253,617
6" Vertical Curb	2,553	LF.	\$ 10.00	\$ 25,530
6' Concrete Sidewalk	2,553	LF.	\$ 22.50	\$ 57,443
HC Ramps	2	EA.	\$ 1,200.00	\$ 2,400
Mobilization	1	L/S	\$ 5,000.00	\$ 5,000
Strip Topsoil	3,850	CY.	\$ 1.10	\$ 4,235
Cut/Fill	15,400	CY.	\$ 1.25	\$ 19,250
Fine Grade	7,510	SY.	\$ 1.20	\$ 9,012
Traffic Signage	1	L/S	\$ 1,200.00	\$ 1,200
Striping		LF.	\$ 1.50	\$ 9,036
Street Lighting	10	EA.	\$ 1,100.00	\$ 11,000
Engineering/Surveying	1	L/S	\$ 14,000.00	\$ 14,000
As Built Drawings	1	L/S	\$ 2,200.00	\$ 2,200
Compaction Testing	1	L/S	\$ 1,500.00	\$ 1,500
<b>Total</b>				<b>\$ 415,423</b>
<b>LIBERTY RIDGE</b>				
<b>Roadway Improvements</b>				
Asphalt Pavement 7" Full Depth	5,837	SY.	\$ 16.50	\$ 96,311
6" Vertical Curb	3,012	LF.	\$ 10.00	\$ 30,120
6' Concrete Sidewalk	3,012	LF.	\$ 22.50	\$ 67,770
HC Ramps	8	EA.	\$ 1,200.00	\$ 9,600
Mobilization	1	L/S	\$ 5,000.00	\$ 5,000
Strip Topsoil	2,633	CY.	\$ 1.10	\$ 2,896
Cut/Fill	9,400	CY.	\$ 1.25	\$ 11,750
Fine Grade	7,000	SY.	\$ 1.20	\$ 8,400
Traffic Signage	1	L/S	\$ 1,200.00	\$ 1,200
Striping	1580	LF.	\$ 3.00	\$ 4,740
Type III Barricade	3	EA.	\$ 1,000.00	\$ 3,000
Street Lighting	10	EA.	\$ 750.00	\$ 7,500
Engineering/Surveying	1	L/S	\$ 25,000.00	\$ 25,000
As Built Drawings	1	L/S	\$ 2,200.00	\$ 2,200
Compaction Testing	1	L/S	\$ 1,500.00	\$ 1,500
<b>Total</b>				<b>\$ 276,987</b>
Sub-total Roadway Improvements			\$	2,036,252
Contingency			5%	\$ 101,813
<b>Total Roadway Improvements</b>				<b>\$ 2,138,064</b>

Pinnacle Farms Metropolitan Improvement District

Engineer's Estimate of Probable Improvement Costs

**SANITARY SEWER AND STORM DRAINAGE IMPROVEMENTS**

Description	Qty.	Unit	Unit Price	Total Cost
<b><u>COLORADO STATE HIGHWAY 52</u></b>				
<b><u>Drainage System</u></b>				
Extend 8'x8' Box Culvert	75	LF.	\$ 750.00	\$ 56,250
Extend dbl 6'x10' Box Culverts	110	LF.	\$ 650.00	\$ 71,500
48" RCP Culvert Pipe (Bored)	170	LF.	\$ 350.00	\$ 59,500
Rip Rap	210	TON	\$ 75.00	\$ 15,750
15' Type R Inlet	5	EA.	\$ 4,000.00	\$ 20,000
5' DIA. Manhole	1	EA.	\$ 2,500.00	\$ 2,500
18" RCP Storm Sewer Pipe	400	LF.	\$ 35.00	\$ 14,000
24" RCP Storm Sewer Pipe	460	LF.	\$ 38.00	\$ 17,480
30" RCP Storm Sewer Pipe	800	LF.	\$ 45.00	\$ 36,000
36" RCP Storm Sewer Pipe	60	LF.	\$ 50.00	\$ 3,000
24" RCP FES	1	EA.	\$ 350.00	\$ 350
36" RCP FES	1	EA.	\$ 450.00	\$ 450
Outlet Structure	1	EA.	\$ 4,500.00	\$ 4,500
<b>Total</b>				<b>\$ 301,280</b>

**WELD COUNTY ROAD #11**

<b><u>Drainage System</u></b>				
8'x 5' Box Culvert	264	LF.	\$ 650.00	\$ 171,600
Rip Rap	140	TON	\$ 75.00	\$ 10,500
15' Type R Inlet	8	EA.	\$ 4,000.00	\$ 32,000
5' DIA. Manhole	5	EA.	\$ 2,500.00	\$ 12,500
18" RCP Storm Sewer Pipe	370	LF.	\$ 35.00	\$ 12,950
24" RCP Storm Sewer Pipe	1055	LF.	\$ 38.00	\$ 40,090
30" RCP Storm Sewer Pipe	500	LF.	\$ 45.00	\$ 22,500
36" RCP Storm Sewer Pipe	120	LF.	\$ 50.00	\$ 6,000
60" RCP Culvert Pipe	260	LF.	\$ 150.00	\$ 39,000
24" RCP FES	1	EA.	\$ 350.00	\$ 350
36" RCP FES	1	EA.	\$ 450.00	\$ 450
<b>Total</b>				<b>\$ 347,940</b>

**WELD COUNTY ROAD #12**

<b><u>Drainage System</u></b>				
6'x 10' Box Culvert	550	LF.	\$ 650.00	\$ 357,500
8'x 5' Box Culvert	220	LF.	\$ 500.00	\$ 110,000
Rip Rap	280	TON	\$ 75.00	\$ 21,000
Type R Inlet	5	EA.	\$ 4,000.00	\$ 20,000
5' DIA. Manhole	4	EA.	\$ 2,500.00	\$ 10,000
18" RCP Storm Sewer Pipe	120	LF.	\$ 35.00	\$ 4,200
24" RCP Storm Sewer Pipe	400	LF.	\$ 38.00	\$ 15,200
36" RCP Storm Sewer Pipe	400	LF.	\$ 50.00	\$ 20,000
42" RCP Storm Sewer Pipe	500	LF.	\$ 70.00	\$ 35,000
42" RCP FES	1	EA.	\$ 600.00	\$ 600
<b>Total</b>				<b>\$ 593,500</b>

Pinnacle Farms Metropolitan Improvement District

Engineer's Estimate of Probable Improvement Costs

Description	Qty.	Unit	Unit Price	Total Cost
<b>LIBERTY RIDGE</b>				
<b>Drainage System</b>				
8'x 12' Box Culvert	325	LF.	\$ 750.00	\$ 243,750
Rip Rap	300	TON	\$ 75.00	\$ 22,500
15' Type R Inlet	11	EA.	\$ 4,000.00	\$ 44,000
5' DIA. Manhole	3	EA.	\$ 2,500.00	\$ 7,500
6' DIA. Manhole	2	EA.	\$ 3,000.00	\$ 6,000
Depress Petroleum Pipeline	1	L/S	\$ 20,000.00	\$ 20,000
18" RCP Storm Sewer Pipe	120	LF.	\$ 35.00	\$ 4,200
24" RCP Storm Sewer Pipe	400	LF.	\$ 38.00	\$ 15,200
30" RCP Storm Sewer Pipe	330	LF.	\$ 45.00	\$ 14,850
36" RCP Storm Sewer Pipe	260	LF.	\$ 50.00	\$ 13,000
42" RCP Storm Sewer Pipe	230	LF.	\$ 70.00	\$ 16,100
36" RCP FES	1	EA.	\$ 500.00	\$ 500
42" RCP FES	1	EA.	\$ 600.00	\$ 600
<b>Total</b>				<b>\$ 408,200</b>
<b>Other Drainage Improvements</b>				
4'x 8' Box Culvert	240	LF.	\$ 450.00	\$ 108,000
Rip Rap	500	TON	\$ 75.00	\$ 37,500
Local Outlet Structures	2	EA.	\$ 4,500.00	\$ 9,000
Regional Outlet Structure	1	EA.	\$ 10,000.00	\$ 10,000
Regional Pond Grading	20000	CY.	\$ 2.00	\$ 40,000
24" RCP Storm Sewer Pipe	80	LF.	\$ 38.00	\$ 3,040
30" RCP Storm Sewer Pipe	80	LF.	\$ 45.00	\$ 3,600
24" RCP FES	1	EA.	\$ 350.00	\$ 350
30" RCP FES	1	EA.	\$ 400.00	\$ 400
Channel Stabilization - Godding Hollow	12	EA.	\$ 8,000.00	\$ 96,000
Engineering/Surveying	1	L/S	\$ 20,000.00	\$ 20,000
As Built Drawings	1	L/S	\$ 3,500.00	\$ 3,500
Compaction Testing	1	L/S	\$ 4,500.00	\$ 4,500
<b>Total</b>				<b>\$ 335,890</b>
<b>SANITARY SEWER</b>				
<b>Phase I</b>				
18" PVC Sewer Main	2871	LF.	\$ 48.00	\$ 137,808
15" PVC Sewer Main	585	LF.	\$ 32.00	\$ 18,720
12" PVC Sewer Main	3800	LF.	\$ 30.00	\$ 114,000
4' DIA. Manhole	26	EA.	\$ 2,150.00	\$ 55,900
Plug & Future Stubs	3	EA.	\$ 300.00	\$ 900
<b>Total</b>				<b>\$ 327,328</b>
<b>Phase II</b>				
15" PVC Sewer Main	2740	LF.	\$ 32.00	\$ 87,680
4' DIA. Manhole	12	EA.	\$ 2,150.00	\$ 25,800
Plug & Future Stubs	1	EA.	\$ 300.00	\$ 300
<b>Total</b>				<b>\$ 113,780</b>
Sub-total Sanitary Sewer and Storm Drainage Improvements				\$ 2,427,918
Contingency			5%	\$ 121,396
<b>TOTAL SANITARY SEWER &amp; STORM DRAINAGE IMPROVEMENTS</b>				<b>\$ 2,549,314</b>



Pinnacle Farms Metropolitan Improvement District

Engineer's Estimate of Probable Improvement Costs

**WATER DISTRIBUTION SYSTEM**

Description	Qty.	Unit	Unit Price	Total Cost
12" PVC Water Main	6000	LF.	\$ 27.00	\$ 162,000
8" PVC Water Main	320	LF.	\$ 21.00	\$ 6,720
8" MJ Fittings & Valves	320	LF.	\$ 5.00	\$ 1,600
8" Plug W/ 2" B.O.	8	EA.	\$ 1,200.00	\$ 9,600
12" MJ Fittings & Valves	6000	LF.	\$ 6.00	\$ 36,000
12" Plug W/ 2" B.O.	2	EA.	\$ 1,800.00	\$ 3,600
Fire Hydrant Assembly	10	EA.	\$ 2,200.00	\$ 22,000
Master Meter	1	EA.	\$ 75,000.00	\$ 75,000
Total				\$ 316,520
Contingency			5%	\$ 15,826
<b>Sub-total</b>				<b>\$ 332,346</b>

**PARKS & RECREATION**

Description	Qty.	Unit	Unit Price	Total Cost
Landscaping - Hwy 52	2.36	AC.	\$ 60,000.00	\$ 141,600
Non-Potable Water System	1	L/S	\$355,000	\$ 355,000
Wetland Mitigation	1	L/S	\$ 30,000.00	\$ 30,000
Total				\$ 526,600
Contingency			5%	\$ 26,330
<b>Sub-total</b>				<b>\$ 552,930</b>

**IMPROVEMENT COST SUMMARY**

<b>ROADWAY IMPROVEMENTS</b>	<b>\$ 2,138,064</b>
<b>SANITARY SEWER AND STORM DRAINAGE IMPROVEMENTS</b>	<b>\$ 2,549,314</b>
<b>WATER DISTRIBUTION SYSTEM</b>	<b>\$ 332,346</b>
<b>PARKS &amp; RECREATION</b>	<b>\$ 552,930</b>
<b>TOTAL COST OF IMPROVEMENTS</b>	<b>\$ 5,572,654</b>

# **WBC Engineering, LLP.**

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September 19, 2002

City of Dacono  
512 Cherry Avenue  
Dacono, Colorado 80514

RE: Proposed Pinnacle Farms Metropolitan District

To Whom It May Concern:

I, Steven F. Wells, a Registered Professional Engineer in the State of Colorado, have reviewed the Engineer's Estimate of Probable Improvement Costs within the Service Plan for Pinnacle Farms Metropolitan District in the City of Dacono, Colorado. The Engineer's Estimate of Probable Improvement Costs was based on the following information and assumptions:

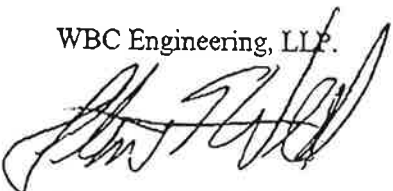
- A. The quantities for each item were based on a conceptual design of public improvements prepared by WBC Engineering, LLP. that was not reviewed or approved by appropriate governing agencies.
- B. Quantities for State of Colorado Highway No. 52, Weld County Road 11, and Weld County Road 12 were based on one half (1/2) of the roadways being fully improved.
- C. Unit costs were based on a project estimate prepared by Hall-Irwin contractors dated July 9, 2002, and recent bid costs for similar projects.

Based on these assumptions, I believe that the Engineer's Estimate of Probable Improvement Costs contained within the Service Plan for Pinnacle Farms Metropolitan District is reasonable for the public improvements portion of this project.

Additionally, I have reviewed the exhibits of the location of public improvements within the Service plan for the district (Service District Roadways, Storm Drainage System, Water Distribution, and Sanitary Sewer System, Parks and Open Space) and believe the exhibits represent the conceptual design of the public improvements prepared by WBC Engineering, LLP.

Sincerely,

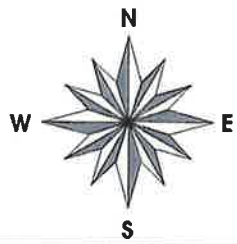
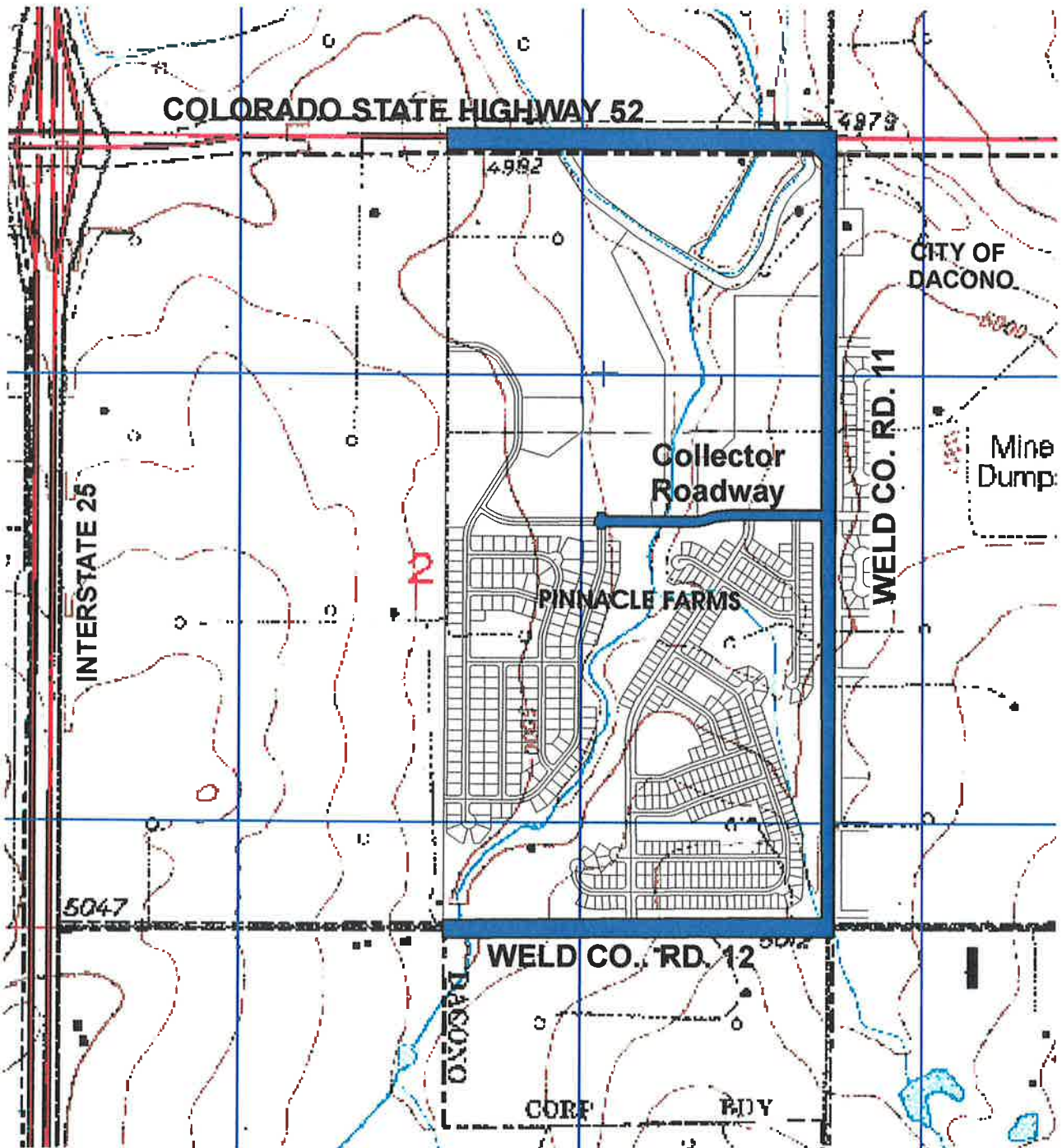
WBC Engineering, LLP.

  
Steven F. Wells, P.E.  
Managing Partner



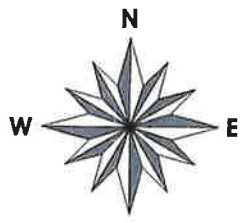
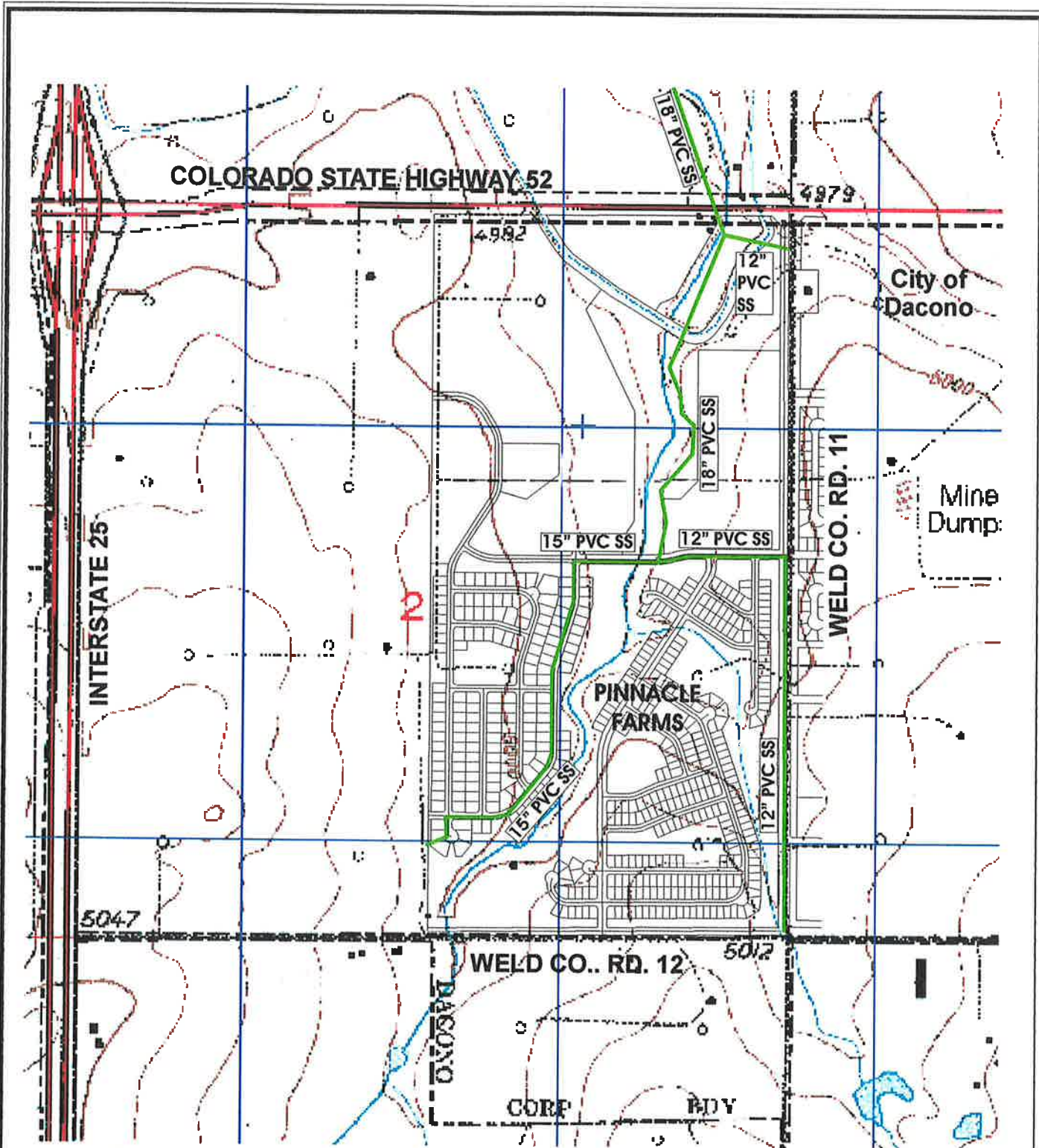
**EXHIBIT D**

Drawings of the Location of Public Improvements



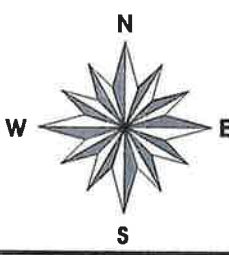
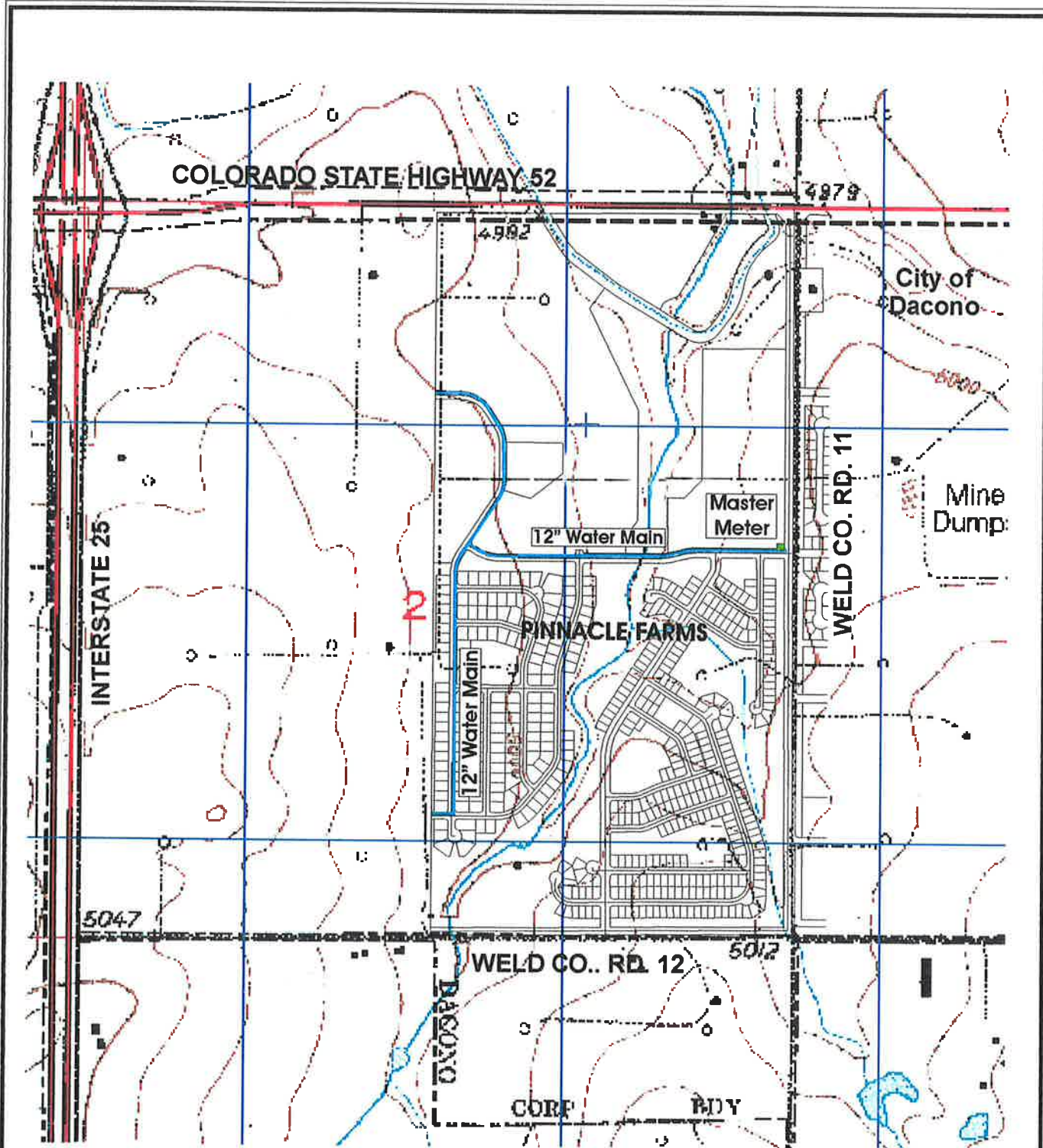
# Service District Roadways

SCALE: 1"=1,000'



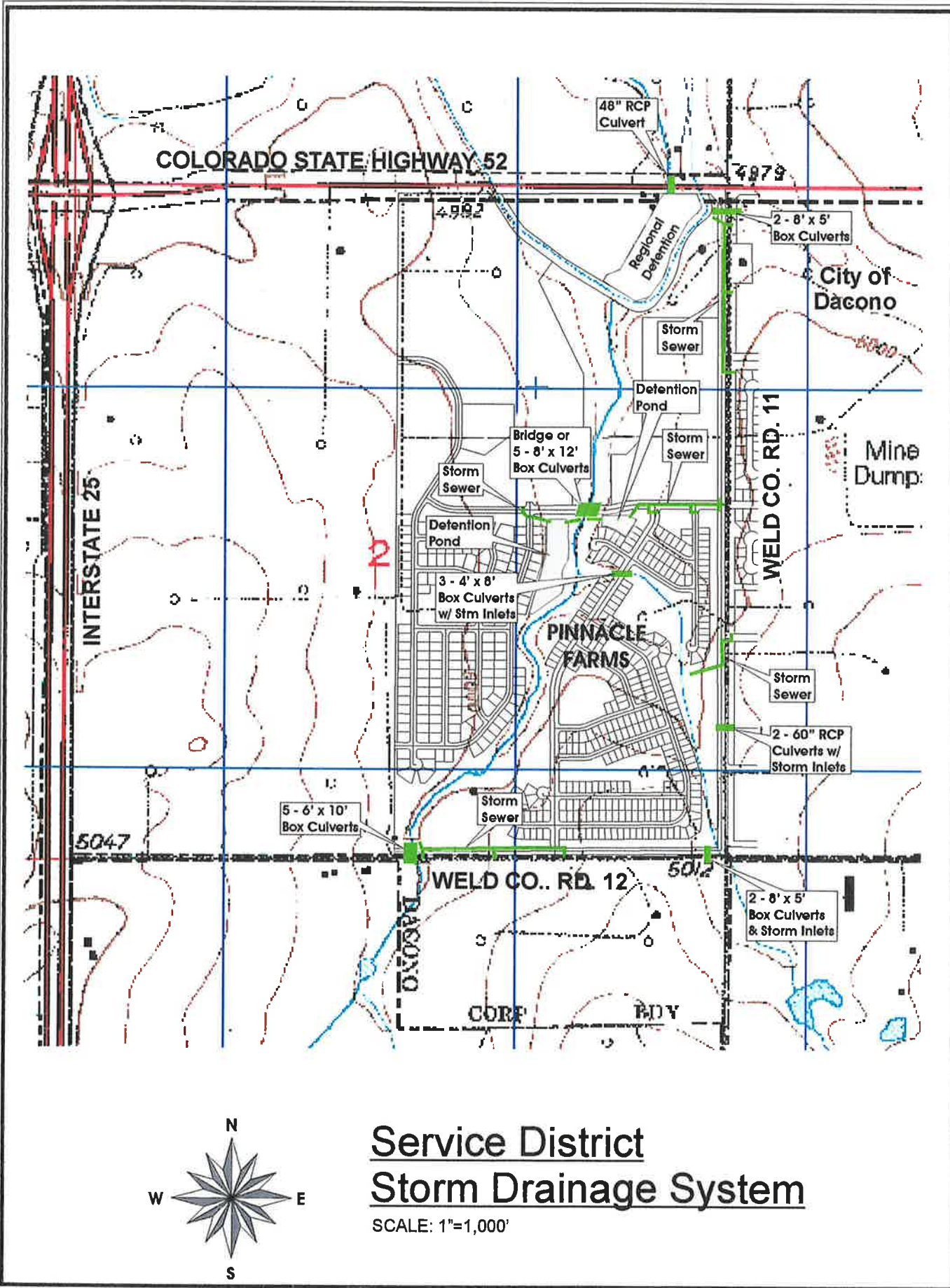
# Service District Sanitary Sewer System

SCALE: 1"=1,000'



# Service District Water Distribution

SCALE: 1"=1,000'



COLORADO STATE HIGHWAY 52

INTERSTATE 25

City of  
Dacono

Mine  
Dump

PINNACLE  
FARMS

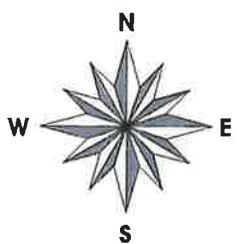
WELD CO.. RD. 12

WELD CO. RD. 11

DASANO

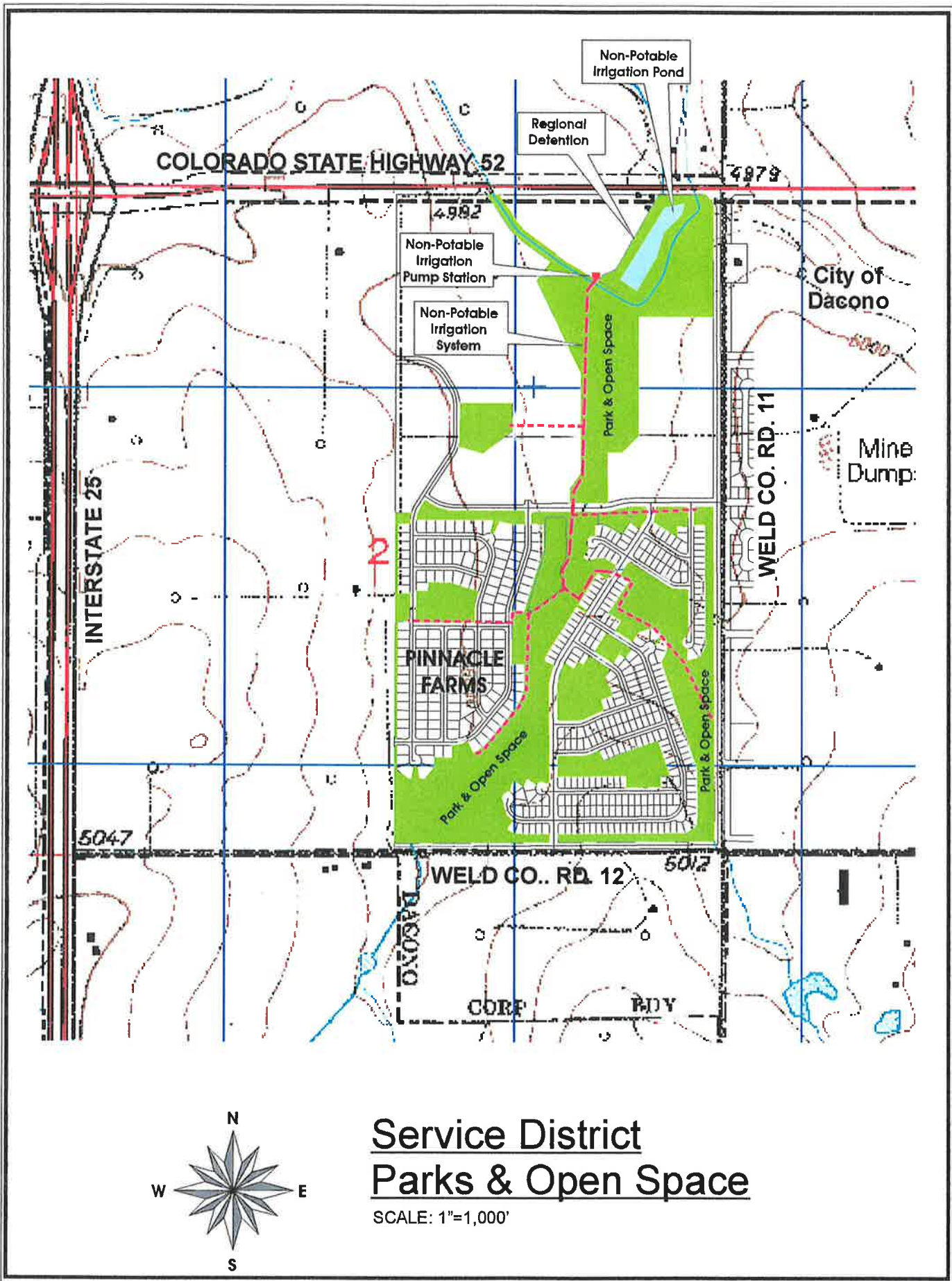
CORP

RDY



# Service District Storm Drainage System

SCALE: 1"=1,000'





**EXHIBIT E**

Financing Plan

Forecasted Cash Surplus Balances and Cash Receipts and Disbursements

Market Projection Consultant's Analysis

Market Projection Consultant's Letter of Reasonableness

Developer's Letter in Support of Market Projections

PINNACLE  
FARMS  
METROPOLITAN  
DISTRICT

FORECASTED CASH SURPLUS BALANCES  
AND  
CASH RECEIPTS AND DISBURSEMENTS

SEPTEMBER 17, 2002



**Petitioners for Formation of  
Pinnacle Farms Metropolitan District  
Weld County, Colorado**

**Members of City Council  
City of Dacono  
Weld County, Colorado**

We have compiled the accompanying forecasted cash surplus balances and cash receipts and disbursements of Pinnacle Farms Metropolitan District (the "District") (in the Formation Stage of Development) as of the date of formation and for the 38 subsequent calendar years, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of the Petitioners for Formation of the District 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 cash balances and cash received and disbursed rather than fund balances and revenue and expenditures that would be recognized under generally accepted accounting principles based on the modified accrual basis of accounting.

*Clifton Gunderson LLP*

Greenwood Village, Colorado  
September 17, 2002

**PINNACLE FARMS METROPOLITAN DISTRICT**

(In the Formation Stage of Development)

**FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS**

**SUMMARY**  
(Page 1 of 2)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Year	Assessed Value (Page 6)	Mill Levy	CASH RECEIPTS					Total Receipts
			Net Property Taxes 98.00%	Specific Ownership Taxes 10.00%	Developer Advances - Organization/Operations	Capitalized Interest from Bond Proceeds	Interest Income 3.00%	
2002	0	0.000	0	0	70,000		0	70,000
2003	19,650	0.000	0	0	50,000		0	50,000
2004	463,350	35.000	15,893	1,589	38,000	76,857	0	132,339
2005	2,757,600	35.000	94,586	9,459			2,440	106,485
2006	6,362,113	35.000	218,220	21,822			11	240,053
2007	9,573,154	35.000	328,359	32,836			1,557	362,752
2008	11,504,617	35.000	394,608	39,461			4,367	436,779
2009	11,891,559	35.000	407,880	40,788			5,751	454,419
2010	12,129,391	35.000	416,038	41,604			9,159	466,801
2011	12,129,391	35.000	416,038	41,604			9,046	466,688
2012	12,371,978	35.000	424,359	42,436			8,947	475,742
2013	12,371,978	35.000	424,359	42,436			8,837	475,632
2014	12,619,418	35.000	432,846	43,285			8,762	484,893
2015	12,619,418	35.000	432,846	43,285			8,701	484,832
2016	12,871,806	35.000	441,503	44,150			8,545	494,198
2017	12,871,806	35.000	441,503	44,150			8,438	494,091
2018	13,129,242	35.000	450,333	45,033			8,414	503,780
2019	13,129,242	35.000	450,333	45,033			8,318	503,684
2020	13,391,827	35.000	459,340	45,934			8,186	513,460
2021	13,391,827	35.000	459,340	45,934			8,024	513,298
2022	13,659,664	35.000	468,526	46,853			7,864	523,243
2023	13,659,664	35.000	468,526	46,853			7,571	522,950
2024	13,932,857	35.000	477,897	47,790			7,326	533,013
2025	13,932,857	35.000	477,897	47,790			7,001	532,688
2026	14,211,514	35.000	487,455	48,746			6,626	542,827
2027	14,211,514	35.000	487,455	48,746			6,234	542,435
2028	14,495,745	35.000	497,204	49,720			5,851	552,441
2029	14,495,745	35.000	497,204	49,720			5,105	562,968
2030	14,785,659	35.000	507,148	50,715			4,671	562,534
2031	14,785,659	35.000	507,148	50,715			4,237	573,257
2032	15,081,373	35.000	517,291	51,729			3,869	572,889
2033	15,081,373	35.000	517,291	51,729			3,284	583,685
2034	15,383,000	35.000	527,637	52,764			2,870	583,271
2035	15,383,000	35.000	527,637	52,764			2,192	594,201
2036	15,690,660	35.000	538,190	53,819			1,652	593,661
2037	15,690,660	35.000	538,190	53,819			1,417	605,265
2038	16,004,473	35.000	548,953	54,895			1,283	605,131
2039	16,004,473	35.000	548,953	54,895				
	15,848,986		1,584,901	158,000	158,000	76,857	200,419	17,869,163

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

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

**PINNACLE FARMS METROPOLITAN DISTRICT**  
(In the Formation Stage of Development)  
**FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS**

**SUMMARY**  
(Page 2 of 2)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Year	Total Receipts (See Page 2)	Administrative Disbursements 2.00%	Available for Debt Service	DISBURSEMENTS			Debt Service		Annual Cash Surplus Balances	Cumulative Cash Surplus Balances	Year
				Series 2004 Bonds	Series 2006 Bonds	Series 2009 Bonds	Series 2004 Bonds	Series 2006 Bonds			
2002	70,000	70,000	0						0	0	2002
2003	50,000	50,000	0						0	0	2003
2004	132,339	51,000	81,339						81,339	81,339	2004
2005	106,485	52,020	54,465						(80,985)	354	2005
2006	240,053	53,060	186,992						51,542	51,896	2006
2007	362,752	54,122	308,630						38,430	90,327	2007
2008	436,779	55,204	381,575						101,375	191,701	2008
2009	454,419	56,308	398,111						113,611	305,312	2009
2010	466,801	57,434	409,367						(3,783)	301,529	2010
2011	466,688	58,583	408,105						(3,295)	298,234	2011
2012	475,742	59,755	415,987						(3,663)	294,572	2012
2013	475,632	60,950	414,682						(2,518)	292,054	2013
2014	484,893	62,169	422,724						(2,026)	290,028	2014
2015	484,832	63,412	421,420						(5,180)	284,848	2015
2016	494,198	64,680	429,518						(3,582)	281,266	2016
2017	494,091	65,974	428,117						(783)	280,483	2017
2018	503,780	67,293	436,487						(3,213)	277,270	2018
2019	503,684	68,639	435,045						(4,405)	272,865	2019
2020	513,460	70,012	443,448						(5,402)	267,463	2020
2021	513,298	71,412	441,886						(5,314)	262,148	2021
2022	523,243	72,841	450,403						(9,797)	252,351	2022
2023	522,950	74,297	448,652						(8,148)	244,203	2023
2024	533,013	75,783	457,230						(10,820)	233,383	2024
2025	532,688	77,299	455,390						(12,510)	220,873	2025
2026	542,827	78,845	463,982						(13,068)	207,805	2026
2027	542,435	80,422	462,013						(12,787)	195,018	2027
2028	552,775	82,030	470,744						(11,106)	183,912	2028
2029	552,441	83,671	468,770						(13,730)	170,183	2029
2030	562,968	85,344	477,624						(14,476)	155,707	2030
2031	562,534	87,051	475,483						(14,467)	141,240	2031
2032	573,257	88,792	484,465						(12,285)	128,955	2032
2033	572,889	90,568	482,321						(19,479)	109,476	2033
2034	583,685	92,379	491,306						(13,794)	95,681	2034
2035	583,271	94,227	489,044						(22,606)	73,076	2035
2036	594,201	96,112	498,090						(18,010)	55,066	2036
2037	593,661	98,034	495,627						(7,823)	47,243	2037
2038	605,265	99,994	505,271						(4,479)	42,764	2038
2039	605,131	101,994	503,137						(10,463)	32,300	2039
	<b>17,869,163</b>	<b>2,771,713</b>	<b>15,097,450</b>	<b>4,942,550</b>	<b>5,146,050</b>	<b>4,976,550</b>	<b>32,300</b>				

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

**PINNACLE FARMS METROPOLITAN DISTRICT**  
 (In the Formation Stage of Development)  
**FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS**

**SCHEDULE OF ESTIMATED ASSESSED VALUATION**  
 (Continued on Page 5)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Construction Year	Collection Year	50' x 70' lots Single Family Residences	Est. Market Value per Residence \$185,000	Annual Value of New SF Residences	70' x 100' lots Single Family Residences	Est. Market Value per Residence \$225,000	Annual Value of New SF Residences	On 22.4 Acres SF Attached Residences	Est. Market Value per Residence \$165,000	Annual Value of New SF Residences
Inflation compounded annually on base price										
2000	2002			0			0			0
2001	2003			0			0			0
2002	2004			0			0			0
2003	2005	18	185,000	3,330,000	12	225,000	2,700,000	18	165,000	2,970,000
2004	2006	78	188,700	14,718,600	48	229,500	11,016,000	78	168,300	13,127,400
2005	2007	78	192,474	15,012,972	48	234,090	11,236,320	78	171,666	13,389,948
2006	2008	78	196,323	15,313,231	48	238,772	11,461,046	26	175,099	4,552,582
2007	2009	35	200,250	7,008,748	9	243,547	2,191,925		178,601	0
2008	2010		204,255	0		248,418	0			
2009	2011									
2010	2012									
2011	2013									
2012	2014									
2013	2015									
2014	2016									
2015	2017									
2016	2018									
2017	2019									
2018	2020									
2019	2021									
2020	2022									
2021	2023									
2022	2024									
2023	2025									
2024	2026									
2025	2027									
2026	2028									
2027	2029									
2028	2030									
2029	2031									
2030	2032									
2031	2033									
2032	2034									
2033	2035									
2034	2036									
2035	2037									
2036	2038									
2037	2039									
		<u>287</u>		<u>55,383,551</u>	<u>165</u>		<u>38,605,291</u>	<u>200</u>		<u>34,039,930</u>

SEE SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANTS REPORT

**PINNACLE FARMS METROPOLITAN DISTRICT**

(In the Formation Stage of Development)

**FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS**

**SCHEDULE OF ESTIMATED ASSESSED VALUATION**

(Continued on Page 6)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Construction Year	Collection Year	Total Annual Number of New Single Family Residential Units	Total Annual Value of New SF Residences	Est. Biennial Revaluation per State Statute 2%	Cumulative Valuation of New Residences	Estimated Residential Assessment Rate	Residential Assessed Valuation
2000		0	0			9.15%	0
2001		0	0			9.15%	0
2002		0	0	0		9.15%	0
2003		48	9,000,000		9,000,000	9.15%	823,500
2004		204	38,862,000	180,000	48,042,000	9.15%	4,395,843
2005		204	39,639,240		87,681,240	9.15%	8,022,833
2006		152	31,326,859	1,753,625	120,761,724	9.15%	11,049,698
2007		44	9,200,673		129,962,397	9.15%	11,891,559
2008		0	0	2,599,248	132,561,645	9.15%	12,129,391
2009		0	0		132,561,645	9.15%	12,129,391
2010		0	0	2,651,233	135,212,878	9.15%	12,371,978
2011		0	0		135,212,878	9.15%	12,371,978
2012		0	0	2,704,258	137,917,136	9.15%	12,619,418
2013		0	0		137,917,136	9.15%	12,619,418
2014		0	0	2,758,343	140,675,479	9.15%	12,871,806
2015		0	0		140,675,479	9.15%	12,871,806
2016		0	0	2,813,510	143,488,989	9.15%	13,129,242
2017		0	0		143,488,989	9.15%	13,129,242
2018		0	0	2,869,780	146,358,769	9.15%	13,391,827
2019		0	0		146,358,769	9.15%	13,391,827
2020		0	0	2,927,175	149,285,944	9.15%	13,659,664
2021		0	0		149,285,944	9.15%	13,659,664
2022		0	0	2,985,719	152,271,663	9.15%	13,932,857
2023		0	0		152,271,663	9.15%	13,932,857
2024		0	0	3,045,433	155,317,096	9.15%	14,211,514
2025		0	0		155,317,096	9.15%	14,211,514
2026		0	0	3,106,342	158,423,438	9.15%	14,495,745
2027		0	0		158,423,438	9.15%	14,495,745
2028		0	0	3,168,469	161,591,907	9.15%	14,785,659
2029		0	0		161,591,907	9.15%	14,785,659
2030		0	0	3,231,838	164,823,745	9.15%	15,081,373
2031		0	0		164,823,745	9.15%	15,081,373
2032		0	0	3,296,475	168,120,220	9.15%	15,383,000
2033		0	0		168,120,220	9.15%	15,383,000
2034		0	0	3,362,404	171,482,624	9.15%	15,690,660
2035		0	0		171,482,624	9.15%	15,690,660
2036		0	0	3,429,652	174,912,276	9.15%	16,004,473
2037		0	0		174,912,276	9.15%	16,004,473
2038		0	0				
2039		0	0				
		652	128,028,772	46,883,504			

SEE SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES AND ACCOUNTANTS' REPORT

**PINNACLE FARMS METROPOLITAN DISTRICT**  
 (In the Formation Stage of Development) Page 6  
**FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS**

**SCHEDULE OF ESTIMATED ASSESSED VALUATION**  
 (Continued from Page 5)

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Construction Year	Collection Year	Undeveloped Residential Land			Total Assessed Valuation
		Platted & Finished Lots 17%	Lots Used	Cumulative Actual Value	
Inflation compounded annually on base price					
2000	2002			0	0
2001	2003	0		67,760	19,650
2002	2004	1,530,000	0	1,597,760	463,350
2003	2005	6,606,540	(1,534,988)	6,669,312	1,934,100
2004	2006	6,738,671	(6,627,741)	6,780,241	1,966,270
2005	2007	5,325,566	(6,759,872)	5,345,936	1,550,321
2006	2008	1,564,114	(5,341,363)	1,568,687	454,919
2007	2009	0	(1,568,687)	0	0
2008	2010	0	0	0	0
2009	2011	0	0	0	0
2010	2012	0	0	0	0
2011	2013	0	0	0	0
2012	2014	0	0	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
2025	2027	0	0	0	0
2026	2028	0	0	0	0
2027	2029	0	0	0	0
2028	2030	0	0	0	0
2029	2031	0	0	0	0
2030	2032	0	0	0	0
2031	2033	0	0	0	0
2032	2034	0	0	0	0
2033	2035	0	0	0	0
2034	2036	0	0	0	0
2035	2037	0	0	0	0
2036	2038	0	0	0	0
2037	2039	0	0	0	0
				21,764,891	(21,832,651)

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



**PINNACLE FARMS METROPOLITAN DISTRICT**  
 (In the Formation Stage of Development)  
**FORECASTED CASH SURPLUS BALANCES AND CASH RECEIPTS AND DISBURSEMENTS**  
**DEBT SERVICE**

AS OF THE DATE OF FORMATION AND FOR THE CALENDAR YEARS ENDING THROUGH 2039

Year	Series 2004 Bond Issue Issued: December 1, 2004 Interest Rate: 7.00%				Series 2006 Bond Issue Issued: December 1, 2006 Interest Rate: 7.00%				Series 2009 Bond Issue Issued: December 1, 2009 Interest Rate: 7.00%				Total Debt Service
	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	Principal	Coupon	Interest	Total	
2003													0
2004													0
2005			135,450	135,450									135,450
2006			135,450	135,450									135,450
2007			135,450	135,450									135,450
2008			135,450	135,450									135,450
2009	10,000	7,000%	134,750	149,750	10,000	7,000%	134,750	144,750					270,200
2010	15,000	7,000%	133,700	148,700	10,000	7,000%	134,750	144,750					280,200
2011	20,000	7,000%	132,650	152,650	5,000	7,000%	134,050	139,050					284,500
2012	20,000	7,000%	131,250	151,250	15,000	7,000%	133,700	148,700					411,400
2013	25,000	7,000%	129,850	154,850	10,000	7,000%	132,650	142,650					419,650
2014	30,000	7,000%	128,100	158,100	15,000	7,000%	131,950	146,950					417,200
2015	30,000	7,000%	126,000	156,000	20,000	7,000%	130,900	150,900					424,750
2016	35,000	7,000%	123,900	158,900	25,000	7,000%	129,500	154,500					426,600
2017	40,000	7,000%	121,450	161,450	20,000	7,000%	127,750	147,750					433,100
2018	45,000	7,000%	118,650	163,650	25,000	7,000%	126,350	151,350					438,900
2019	45,000	7,000%	115,500	160,500	30,000	7,000%	124,600	154,600					439,700
2020	55,000	7,000%	112,350	167,350	35,000	7,000%	122,500	157,500					448,850
2021	60,000	7,000%	108,500	168,500	35,000	7,000%	120,950	155,950					448,850
2022	65,000	7,000%	104,300	169,300	45,000	7,000%	117,600	162,600					447,200
2023	70,000	7,000%	99,750	169,750	45,000	7,000%	114,450	159,450					460,200
2024	80,000	7,000%	94,850	174,850	50,000	7,000%	111,300	161,300					456,800
2025	85,000	7,000%	89,250	174,250	55,000	7,000%	107,800	162,800					468,050
2026	95,000	7,000%	83,300	178,300	60,000	7,000%	103,950	163,950					467,900
2027	100,000	7,000%	76,650	176,650	65,000	7,000%	99,750	164,750					477,050
2028	110,000	7,000%	69,650	179,650	75,000	7,000%	95,200	170,200					474,800
2029	120,000	7,000%	61,950	181,950	75,000	7,000%	89,950	164,950					481,850
2030	130,000	7,000%	53,550	183,550	90,000	7,000%	84,700	174,700					482,500
2031	140,000	7,000%	44,450	184,450	95,000	7,000%	78,400	173,400					492,100
2032	150,000	7,000%	34,650	184,650	105,000	7,000%	71,750	176,750					489,950
2033	165,000	7,000%	24,150	189,150	115,000	7,000%	64,400	179,400					496,750
2034	180,000	7,000%	12,600	192,600	125,000	7,000%	56,350	181,350					501,800
2035					325,000	7,000%	47,600	372,600					505,100
2036					355,000	7,000%	24,850	379,850					511,650
2037													516,100
2038													509,750
2039													513,600
	<b>1,935,000</b>		<b>3,007,550</b>	<b>4,942,550</b>	<b>1,925,000</b>		<b>3,221,050</b>	<b>5,146,050</b>	<b>1,710,000</b>		<b>3,266,550</b>	<b>4,976,550</b>	<b>15,065,150</b>

**USE OF PROCEEDS:**

Construction / Org. Costs	1,780,743
Capitalized Interest	76,857
Issuance Costs	77,400
<b>Total</b>	<b>1,935,000</b>

**USE OF PROCEEDS:**

Developer Reimbursement	1,848,000
Capitalized Interest	0
Issuance Costs	77,000
<b>Total</b>	<b>1,925,000</b>

**USE OF PROCEEDS:**

Developer Reimbursement	1,641,000
Capitalized Interest	0
Issuance Costs	69,000
<b>Total</b>	<b>1,710,000</b>

**Grand Total**

5,269,743
76,857
223,400
<b>5,570,000</b>

(1) Assumes \$70,000 for Organizational Costs

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

**PINNACLE FARMS METROPOLITAN DISTRICT**  
(In the Formation Stage of Development)

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

**September 17, 2002**

**NOTE 1) NATURE AND LIMITATION OF FORECAST**

This forecast of financial information is for the purpose of a financial analysis of the proposed financial plan of Pinnacle Farms Metropolitan District (the "District"). 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 District, the District's expected cash position and results of cash receipts and disbursements for the forecasted periods. Accordingly, the forecast reflects Management's judgement, as of September 17, 2002, the date of this forecast, of the expected conditions and the District's 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.

The initial market values of residential properties have been inflated by 2% per year, compounded annually, for each year beyond 2003. Also, 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 forecast includes inflation of 2% per year beginning in 2004 on administrative disbursements.

**NOTE 2) ORGANIZATION**

The Petitioners for the formation of the District, a quasi-municipal corporation, are in the process of organization. The District will be governed pursuant to provisions of the Colorado Special District Act (Title 32). The District will operate under a service plan approved by the City of Dacono (the "City"). The District's service area is located entirely in Weld County in the City. The District is being established to provide financing for the acquisition, installation and construction of street, traffic safety control, water, sanitary sewer, storm drainage and park and recreation public improvements and facilities.

**PINNACLE FARMS METROPOLITAN DISTRICT**  
(In the Formation Stage of Development)

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

**September 17, 2002**

**NOTE 2) ORGANIZATION (continued)**

As set forth in this plan, the District is forecasted to issue three series of bonds.

Formation of the District is intended to be timed to allow for the proper legislative, judicial and election process to be completed in order for the District's electors to be able to vote for the authorization of debt and TABOR questions in November 2002, and tax levies for tax collections in 2004. The Petitioners expect the favorable approval at the election since they constitute the majority of the current eligible electors within the proposed District's boundaries.

**NOTE 3) PETITIONERS FOR FORMATION**

The Petitioners for Formation of the District are the current landowners of the property included within the boundaries of the District. The Developer is Pinnacle Farms LLC.

**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 District will prepare its 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 District's Board of Directors and set by County Commissioners as to rate or levy based upon the assessed valuation of the property within the District. The Weld 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 District will be able to set its mill levy at 35.000 mills for debt service and administration purposes.

**PINNACLE FARMS METROPOLITAN DISTRICT**  
(In the Formation Stage of Development)

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

September 17, 2002

**NOTE 5) PROPERTY TAXES (continued)**

The forecast assumes that the mill levy has not been adjusted according to provisions of the State's Gallagher Amendment. The Gallagher Amendment states that residential assessed values Statewide 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's "Assessed Values and Property Tax Projections" issued in December 2001, the residential assessment rate is projected to decline from its current 9.15% for 2002, to 8.31% in 2003 (for collection in 2004), 7.76% in 2005, and to 7.23% in 2007. This forecast has included the current residential assessment ratio of 9.15% throughout the term of the forecast period. 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. Since residential values have increased greater than commercial values since 1986, the ratio has decreased in most reassessment years except for 1999 which indicated no change. This forecast does not reduce the current residential assessment ratio beyond 9.15% since it is assumed that the District's Board will increase the mill levy as allowed under the service plan and election questions, which contain provisions that will allow the District to increase its mill levy above the forecasted 35.000 mills to override these reductions in ratio beyond 2003 up to the maximum mill levy of 50.000 mills. This maximum mill levy limitation may be increased or decreased to reflect changes in the method of calculating assessed valuation. The projections of the Legislative Council Staff are estimates only, do not have force of law, and may or may not occur as projected.

The assessed valuation for the District is dependent upon the build-out schedule of the homes within the District. Management of the District has based the estimate of build-out on their forecasted build-out schedule. The forecasted development build-out 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 of the land totaling 220 acres which constitutes the District is based on information contained in the Weld County Assessor's records as of July 23, 2002.

**PINNACLE FARMS METROPOLITAN DISTRICT**  
(In the Formation Stage of Development)

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

**September 17, 2002**

**NOTE 5) PROPERTY TAXES (continued)**

Increases to valuation for the development of infrastructure within the District for finished lots held for build-out 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 District.

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

**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 District's share will be equal to approximately 10% of the property taxes collected.

**NOTE 7) DEVELOPER ADVANCES**

The forecast assumes that the Developer will advance funds to the District for organization and operational costs as shown on the Summary page of the forecast 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 (or Developer note) would be reduced accordingly.

Interest was not accrued on Developer advances in this forecast, as its only impact would be to reduce the amount of bond proceeds available to reimburse the Developer for capital infrastructure costs, and not all of the infrastructure costs can be funded by bond proceeds in this Plan (see Note 10).

The Developer advances are subject to annual appropriation and therefore not considered to be multi-year fiscal obligations.

**PINNACLE FARMS METROPOLITAN DISTRICT**  
(In the Formation Stage of Development)

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

September 17, 2002

**NOTE 8) INTEREST INCOME**

The forecast has included interest income on monies that are forecasted to be on deposit or invested by the District at the prior year-end at an interest rate of 3%.

**NOTE 9) ADMINISTRATIVE DISBURSEMENTS**

Administrative expenditures include the services necessary to maintain the District's administrative viability such as legal, accounting and audit, general engineering, insurance, banking, meeting expense, and other administrative expenses. Administrative costs, including those costs associated with the organization of the District, have been included in the forecast at \$70,000 for 2002. These Administrative costs are reduced to \$50,000 for 2003, and then in 2004, are increased by 2% per year throughout the term of the forecast.

**NOTE 10) INFRASTRUCTURE IMPROVEMENTS**

The estimated cost of the capital infrastructure improvements and organizational costs to be funded under the Plan would be approximately \$5,269,743 as displayed on the Debt Service schedule. The forecast assumes that the Developer will advance funds for all infrastructure costs and be reimbursed from bond proceeds to the extent bonds can be issued.

The capital infrastructure costs per the engineering estimate exceed the amount that can be reimbursed to the Developer under this Plan. Management expects that the District will allow the Developer to either advance funds to the District or to actually construct the improvements under the District's supervision for reimbursement by the District upon completion to the extent bondable.

The reimbursement of the additional costs is subject to the District's authorized indebtedness and other revenue available to the District. The amount of infrastructure costs not bondable within the limits of the Service Plan would be a "contribution" by the Developer to the District. There may be additional construction costs in the future.

**PINNACLE FARMS METROPOLITAN DISTRICT**  
(In the Formation Stage of Development)

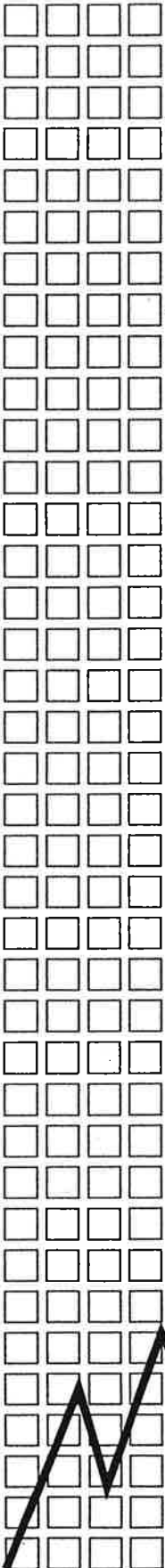
**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS  
AND ACCOUNTING POLICIES**

**September 17, 2002**

**NOTE 11) DEBT SERVICE**

The District anticipates issuing general obligation bonds on December 1, 2004 in the amount of \$1,935,000, on December 1, 2006 in the amount of \$1,925,000 and on December 1, 2009 in the amount of \$1,710,000. The proceeds of such debt will be used for issuance costs, capitalized interest on the 2004 bond series only and to reimburse the Developer for capital infrastructure improvements and organizational costs. All bonds are assumed to bear interest at an estimated rate of 7.0% and are assumed to be paid over 30 year periods with final payments on December 1, 2034, December 1, 2036, and December 1, 2039, respectively.

Assumptions related to the proposed bond issues have been provided to Management by Kirkpatrick Pettis, the proposed underwriter of the proposed bond issues of the District.



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# **RESIDENTIAL MARKET ANALYSIS**

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## **PINNACLE FARMS DACONO, COLORADO**

**PREPARED FOR:  
CARLSON ASSOCIATES**

**PREPARED BY:  
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**JULY 26, 2002**



**Economic & Market Research / Land & Development Planning  
Landscape Architecture / Community Planning & Design  
Golf Feasibility Analysis**



## **DISCLAIMER – MARKET & FEASIBILITY ANALYSIS (THK)**

The following market analysis is, in large part, based upon projections of future events that may, or may not, materialize. Since no one can, by definition, predict the future with certainty or accuracy, actual events may be significantly different than the predictions upon which the market analysis is based and, as a result, the opinions expressed in the market analysis may ultimately prove to be wholly or partially in error. Of necessity, the market analysis is also based upon assumptions and facts that have been gathered by, or provided to, us. We have made no attempt to independently verify the accuracy or reasonableness of such assumptions and facts. For these reasons, investors should not rely on this market analysis, or any conclusion, opinion, statement or finding set forth herein, as a basis for making any investment decision. Investors should, instead, make and rely only upon their own diligent and independent investigation of all aspects of the proposed investment (specifically including the matters addressed in the market analysis). ANY REPRESENTATION MADE TO ANY INVESTOR BY ANYONE THAT IS INCONSISTENT WITH, OR CONTRARY TO, THE ABOVE STATEMENTS IS FALSE, NOT AUTHORIZED AND SHOULD NOT BE RELIED UPON FOR ANY PURPOSE.

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## **I. INTRODUCTION**

This study quantifies the development potentials for residential uses on the 310-acre Pinnacle Farms site in Dacono, Colorado. The primary influences on the development potentials for the site are the supply and demand forces affecting the local real estate market. Projections for growth have been made based on a synthesis of the direct market forces and the various indirect influences affecting the aforementioned real estate market.

Trends in business activity, employment, and population in the regional environs are the principal determinants of real estate demand. In order to establish opportunities for development, a comprehensive analysis of the regional economic base and its prevailing demographic trends has been undertaken and is included in Section III of this report. The focus of this section of the analysis is on establishing past trends and projecting future increases in employment, population and households.

Historic employment trends by industry in the four-county Dacono market area (Adams, Boulder, Weld, and Larimer Counties) are reviewed in order to determine the specific growth trends of the region's industries. Based on the historical performance of the region's economy, future employment growth by industry is projected for the region. These estimates provide the principal basis for making demographic projections and for quantifying the overall demand for all types of real estate uses.

The residential section of the market analysis isolates residential market trends in the four-county market area and the primary trade area for the Pinnacle Farms site in order to ascertain the potential for developing residential units on the subject. Residential demand in the region is segmented by unit type and tenure. This allows THK to determine the housing products, price or rent ranges and densities that are most appropriate for the residential market in the site vicinity.

Data that was collected and analyzed includes historical and projected population and household growth, household income, demographic characteristics, historical residential construction trends, and absorption by unit type. These indicators enable THK to project household growth and residential demand by unit type, price or rent range, size and density for the subject site. Any possible constraints on residential demand are also discussed.

Following the residential demand analysis is an inventory of competitive residential projects in the trade area environs. This comprehensive product review allows THK to identify what gaps exist in the marketplace and what type of residential project will best capitalize on the opportunities available in the area. Specific recommendations are made regarding the optimum unit prices, and a comprehensive absorption schedule of product by price range concludes the analysis.

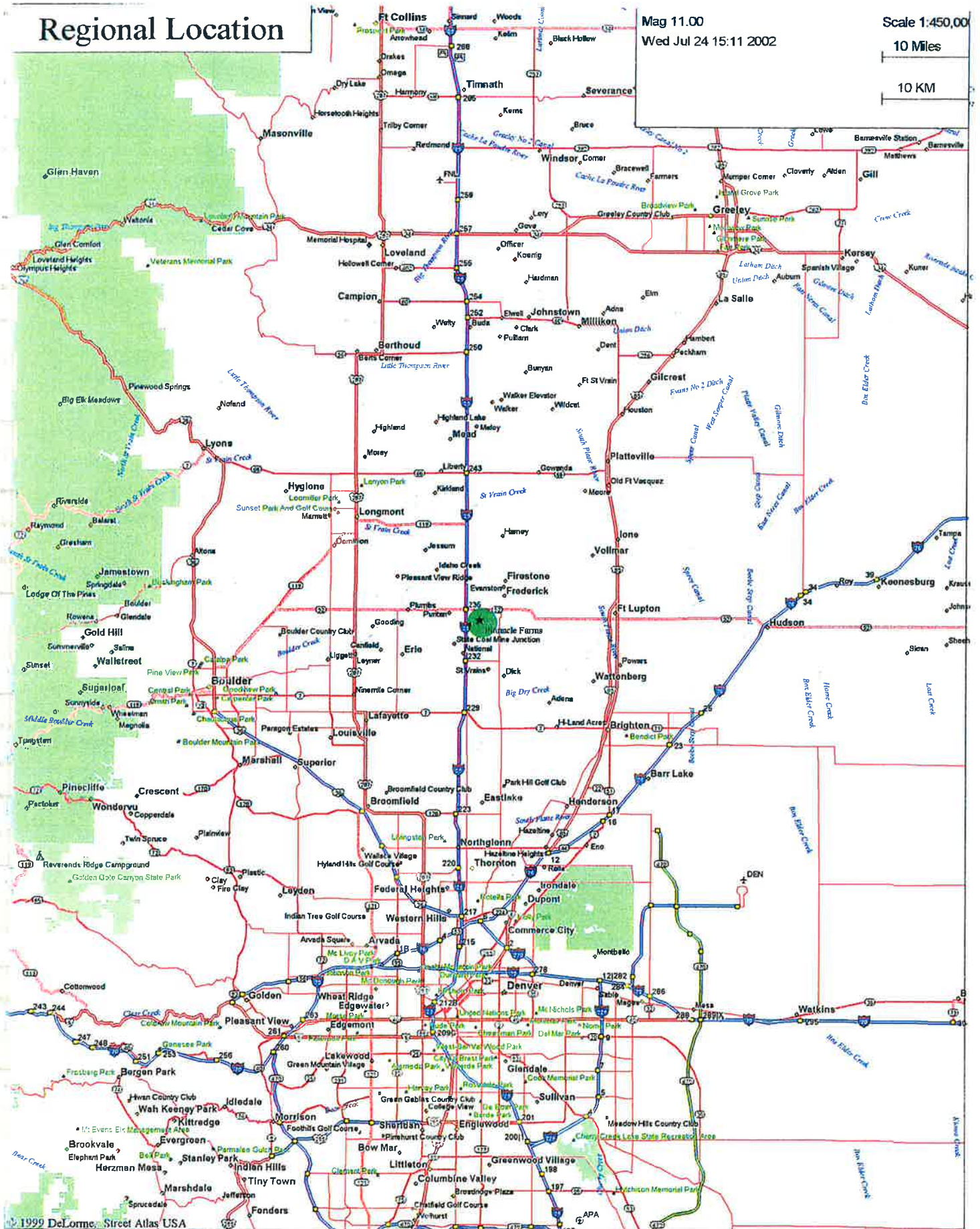
# Regional Location

Mag 11.00  
Wed Jul 24 15:11 2002

Scale 1:450,000

10 Miles

10 KM



## II. SITE DESCRIPTION

The Pinnacle Farms site encompasses approximately 310 acres on the west side of the City of Dacono. Dacono is located in the southwestern portion of Weld County, approximately 28 miles north of downtown Denver, 35 miles south of Fort Collins, and 20 miles west/northwest of Boulder. More immediate neighbors include Northglenn, Brighton and Thornton to the south; and Mead and the Milliken/Johnstown area to the north beyond the city's immediate northern neighbors, Firestone and Frederick.

Access to the site is good. Interstate 25, which traverses the length of the state north/south, is just west of the site, and Highway 85, which leads southwest to Interstate 76 and northeast to Greeley, is eight miles to the east. Both of these major transportation corridors can be accessed via State Highway 52, which stretches east/west along the north side of Dacono and the site. Denver International Airport is a 30-mile drive from the site, and the under construction Northwest Parkway intersects Interstate 25 approximately ten miles south of the site.

The site sits immediately south of State Highway 52, less than a mile east of Interstate 25. Weld County Road 11 serves as its eastern border and Weld County Road 12 as its southern border. Agricultural uses dominate the lands to the north and east, as well as to the south beyond County Road 12. However, the City of Dacono continues to expand, and much of the surrounding ground is slated for development. Other neighbors in the immediate environs include a United Power Substation to the east across County Road 11, and the Fromby Ford Dealership to the west along Highway 52.

The site has a modest downwards slope running east to west and has very limited mature vegetation. It sits relatively low but still has good views to the west over I-25 to the mountains. With the exception of several active oil pumps and an old farmhouse fronting Highway 52, the site is open and currently used for farming. The Gooding Hollow Ditch stretches the length of the site and will be used as an amenity for the development's planned 110 acres of open space. All of the site's residential development will be concentrated in its southern half. The portions of county roads 11 and 12 that access the site are currently dirt. At present, the site has ample water to support half of the proposed development.

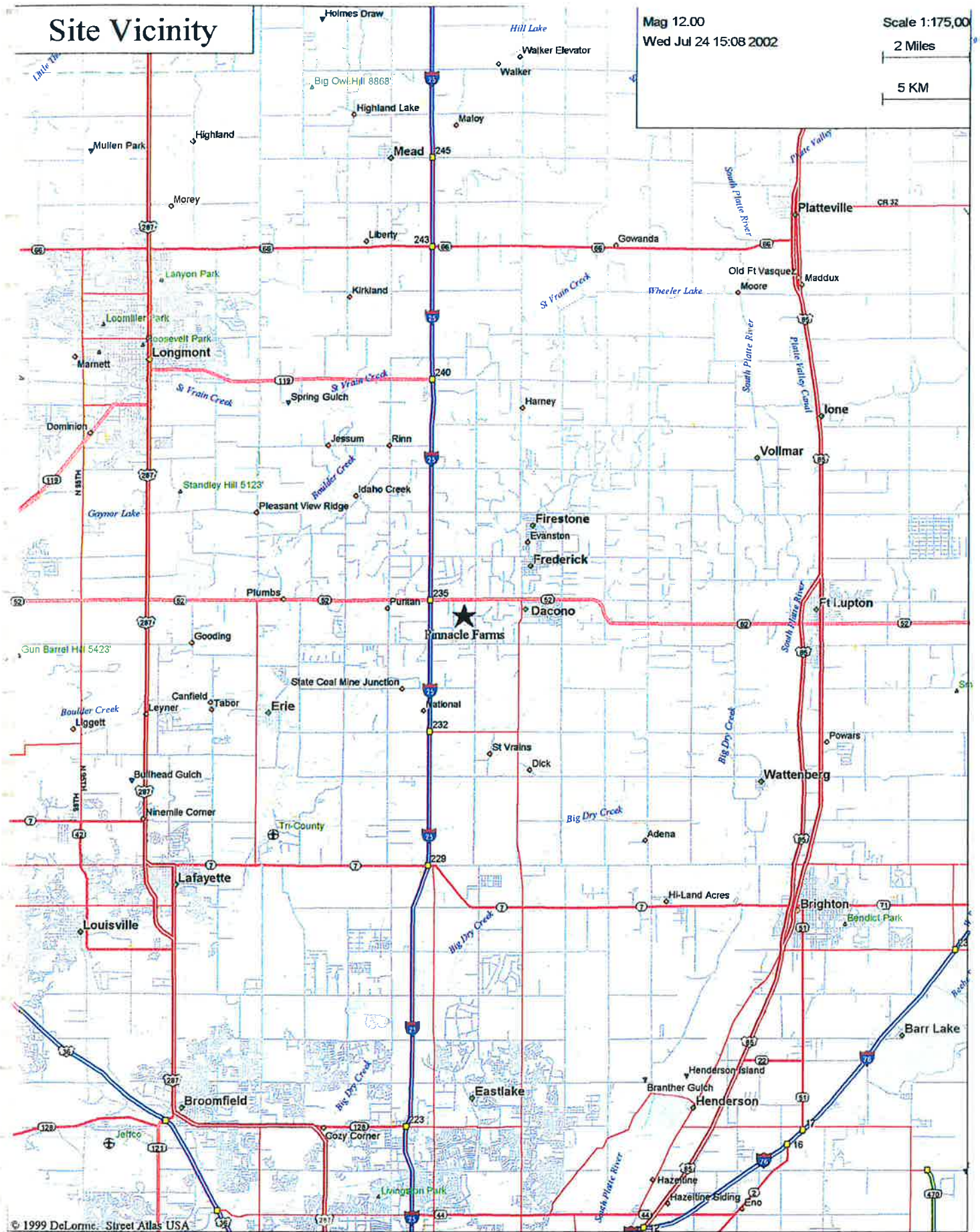
# Site Vicinity

Mag 12.00  
Wed Jul 24 15:08 2002

Scale 1:175,000

2 Miles

5 KM



### **III. ECONOMIC BASE ANALYSIS FOR THE FOUR-COUNTY MARKET AREA**

#### **A. Employment Growth Trends**

Employment trends are prime indicators of the economic growth of an area. Increases in employment generate growth for most sectors of the local economy and dictate the rate at which it will expand. This section looks at the region's various employment figures and projects their course over the next decade. The table below illustrates employment growth in the four-county market area, which includes Adams, Boulder, Larimer, and Weld Counties. Over a 31-year period, total employment jumped from 175,185 in 1970 to 690,898 in 2001 -- an annual average of 16,636 jobs. Between 1991 and 2001, the four-county area added an average 21,975 jobs on an annual basis. The number of jobs added annually has decreased slightly in recent years, reaching 21,511 jobs annually between 1996 and 2001. In 2000, the market area added 28,430 jobs, the largest increase of the 31-year period.

Since 1970, the four-county market area has experienced growth in almost all employment sectors. The only significant exception has been the farming industry, which lost an average of 20 jobs annually between 1970 and 2001. In terms of growth magnitudes, the most significant contributor to the local economy has been the services industry, which averaged the addition of 5,689 new jobs per year during the 1970-2001 period. Other strong growth industries include the retail and manufacturing sectors, which added 2,940 and 1,888 jobs respectively on an average annual basis between 1970 and 2001. In the three-year 1998-2001 period, an average of 20,019 new jobs were generated annually in the four-county market area. Table III-2 shows the market area's employment growth by industry from 1970 to 2001.

Fueling the four-county market area's employment growth is an increasingly diverse economic base. Table III-3 projects employment by industry for the market area from 2002 to 2012. As shown, the market area will continue to experience growth, albeit at a slower pace, with total employment averaging increases of 22,515 jobs annually. The retail and services sectors will lead the way averaging annual gains of 3,565 and 8,068 jobs respectively. The construction sector will continue to expand, averaging the addition of 3,356 new jobs per year. Due to the overall economic climate, both locally and nationally, employment growth in the four-county market area will be modest in 2002 and 2003, and then will stabilize at 2.8% per year for the 2004-2012 period.

Within the four-county area, the northern counties of Larimer and Weld have better withstood the recent economic downturn and fallout from September 11<sup>th</sup>. The high-tech sector, prevalent particularly in Boulder County, has sustained substantial job losses. Over 60% of the projected job growth in the four-county area is earmarked for Weld and Larimer Counties, and the bulk of the job growth in the market area in the next one to three years is projected to occur in Larimer and Weld.

**TABLE III-1: Employment Trends in the Four-County Market Area, 1970-2001**

Year	Total Employment	Annual Change	
		Numerical	Percent
1970	175,185		
1980	341,929	16,674	6.9%
1981	349,828	7,899	2.3%
1982	358,352	8,524	2.4%
1983	374,025	15,673	4.4%
1984	398,740	24,715	6.6%
1985	404,701	5,961	1.5%
1986	406,994	2,293	0.6%
1987	410,518	3,524	0.9%
1988	430,692	20,174	4.9%
1989	444,869	14,177	3.3%
1990	456,727	11,858	2.7%
1991	471,150	14,423	3.2%
1992	487,911	16,761	3.6%
1993	515,399	27,488	5.6%
1994	542,170	26,771	5.2%
1995	561,566	19,396	3.6%
1996	583,341	21,775	3.9%
1997	606,586	23,245	4.0%
1998	630,842	24,256	4.0%
1999	657,639	26,797	4.2%
2000	686,069	28,430	4.3%
2001 *	690,898	4,829	0.7%
Annual Change			
1970-2001		16,636	4.5%
1991-2001		21,975	3.9%
1996-2001		21,511	3.4%
1998-2001		20,019	3.1%

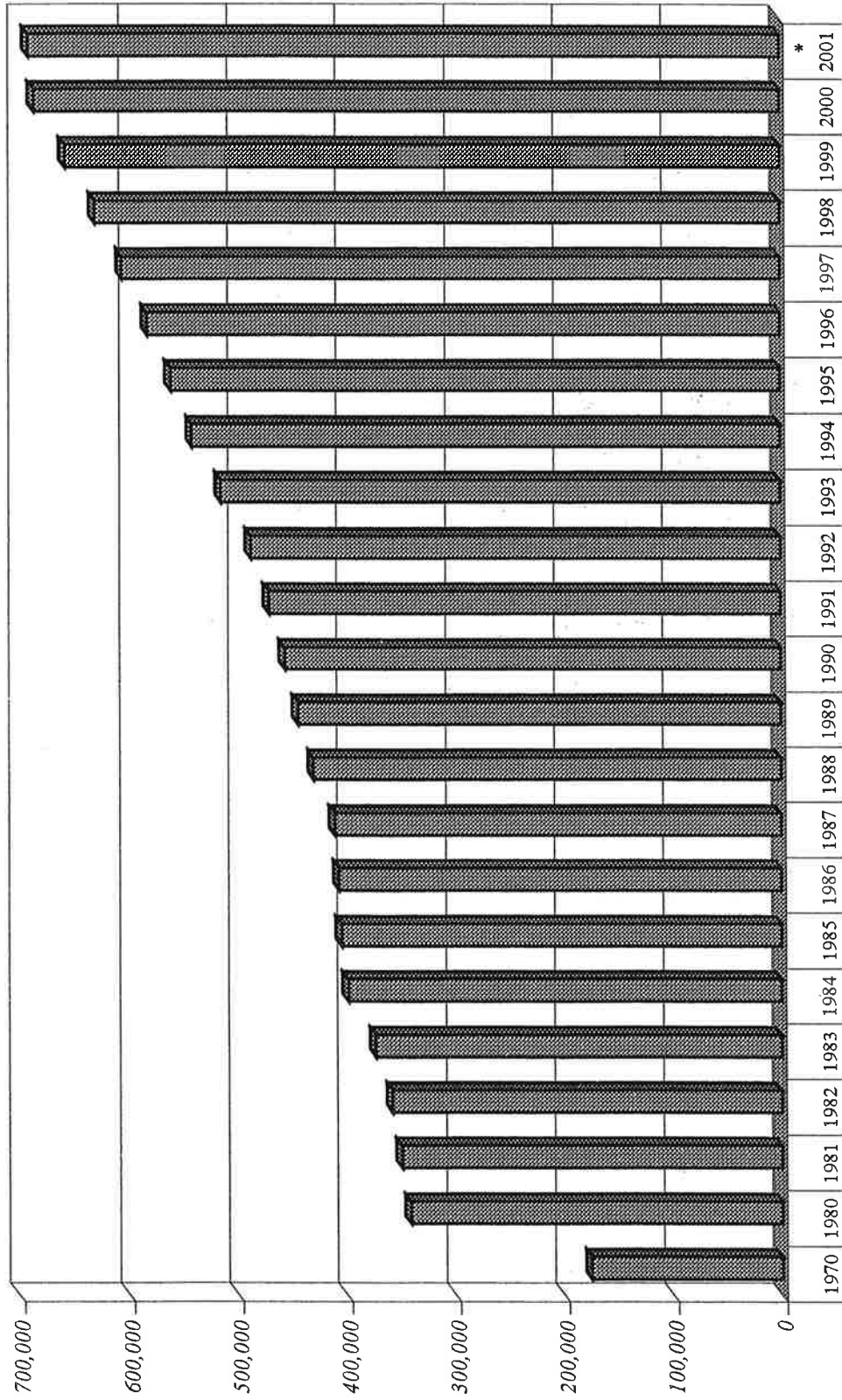
\* Based on preliminary data

Note: The Four-County Market Area includes Boulder, Weld, Larimer, and Adams Counties

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, and THK Associates, Inc.



Total Employment in the Four County Market Area, 1970-2001



\* Based on preliminary data

TABLE III-2: Employment By Industry in the Four County Market Area, 1970-2001

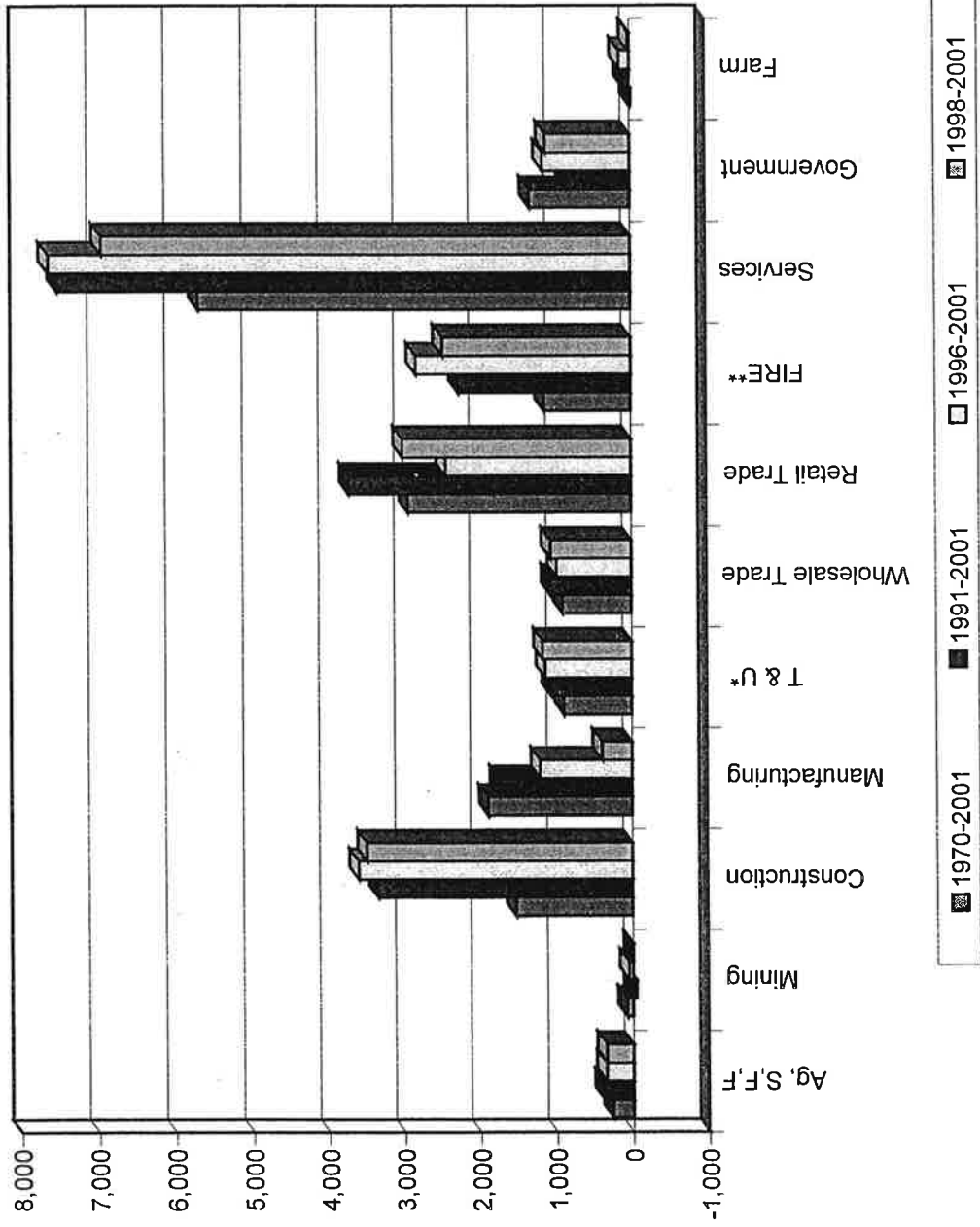
Industry	1970	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	
	163,874	330,507	338,544	347,206	362,135	387,466	394,013	395,955	399,635	419,094	433,697	445,474	461,297	
Wage & Salary (By Place of Work)														
Ag. S.F.F	1,073	2,729	2,880	3,247	3,696	4,017	4,377	4,613	4,909	5,147	5,093	5,369	5,651	
Mining	917	2,741	3,333	3,445	3,586	3,725	3,825	3,083	3,589	3,546	3,401	3,604	3,861	
Construction	10,594	23,219	22,262	22,058	24,083	27,660	26,916	26,089	23,242	22,101	22,733	23,104	24,566	
Manufacturing	25,822	59,812	62,313	63,805	66,084	70,339	66,445	64,575	64,830	61,628	64,169	65,316	66,923	
T & U*	5,143	13,035	13,695	15,601	15,496	16,257	15,897	15,926	16,958	18,247	19,881	20,683	22,134	
Wholesale Trade	3,916	13,404	14,278	14,177	13,426	14,530	16,167	15,612	15,774	16,280	17,622	19,856	21,349	
Retail Trade	27,425	57,915	59,149	60,593	63,678	68,874	71,680	71,494	73,017	74,792	76,811	78,256	81,371	
FIRE**	15,579	28,683	28,862	29,042	29,532	31,062	31,490	31,837	30,800	30,949	30,123	29,005	28,201	
Services	29,412	65,568	68,676	73,264	80,082	86,419	90,689	95,238	98,132	115,600	120,316	125,315	130,578	
Government	43,993	63,401	63,096	61,974	62,472	64,583	66,527	67,488	68,384	70,804	73,548	74,966	76,663	
Farm	11,311	11,422	11,284	11,146	11,890	11,274	10,688	11,039	10,883	11,598	11,172	11,253	9,853	
Total Employment	175,185	341,929	349,828	358,352	374,025	398,740	404,701	406,994	410,518	430,692	444,869	456,727	471,150	
Industry	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	1970-2001 (30 Year)	1991-2001 (10 Year)	1996-2001 (5 Year)	1998-2001 (3 Year)
Wage & Salary (By Place of Work)	478,075	504,916	531,623	552,273	573,342	595,741	620,201	646,962	675,273	680,215	16,656	21,892	21,375	20,005
Ag. S.F.F	5,688	6,500	7,414	7,216	7,668	8,272	8,398	9,227	9,500	9,453	270	380	357	352
Mining	3,725	3,930	4,132	3,651	3,142	3,410	3,408	3,414	3,404	3,400	80	-46	52	-3
Construction	28,685	31,959	36,455	36,860	40,023	42,876	47,539	52,764	57,650	58,010	1,530	3,344	3,597	3,490
Manufacturing	69,564	71,182	73,282	75,461	78,308	81,022	83,169	82,962	84,862	84,350	1,888	1,743	1,208	394
T & U*	23,507	25,018	26,248	26,454	27,047	27,444	29,217	31,758	33,613	32,725	890	1,059	1,136	1,169
Wholesale Trade	22,198	23,052	24,055	25,618	27,068	28,229	28,784	30,033	31,108	31,970	905	1,062	980	1,062
Retail Trade	84,849	89,653	98,348	103,520	106,368	108,382	109,518	113,026	117,013	118,550	2,940	3,718	2,436	3,011
FIRE**	27,884	30,302	28,963	34,176	36,740	40,144	43,450	46,924	50,274	50,875	1,139	2,267	2,827	2,475
Services	132,921	143,644	153,718	160,298	167,618	175,762	184,946	193,887	203,887	205,775	5,689	7,520	7,631	6,943
Government	79,054	79,676	79,008	79,019	79,360	80,200	81,772	82,967	83,962	85,107	1,326	844	1,149	1,112
Farm	9,836	10,483	10,547	9,293	9,999	10,845	10,641	10,677	10,796	10,683	-20	83	137	14
Total Employment	487,911	515,399	542,170	561,566	583,341	606,586	630,842	657,639	686,069	690,898	16,636	21,975	21,511	20,019

\* Transportation & Utilities

\*\* Finance, Insurance, Real Estate

Source: Colorado Dept. of Labor & Employment, and THK Associates, Inc.

Employment Trends By Industry in the Four County Market Area, 1970-2001



**TABLE III-3: Projected Employment in the Four County Market Area, 2002-2012**

Industry	Annual Rate of Change 2002	Annual Rate of Change 2003	Annual Rate of Change 2004-2012	2002	2003	2004	2005	
<b>Total Non Farm (By Place of Work)</b>	1.5%	2.3%	3.1%	604,460	618,725	638,228	658,392	
Ag, S,F,F	1.6%	2.4%	3.2%	9,604	9,835	10,149	10,474	
Mining	0.2%	0.3%	0.4%	3,407	3,417	3,431	3,444	
Construction	2.4%	3.5%	4.7%	59,373	61,466	64,355	67,380	
Manufacturing	0.9%	1.3%	1.7%	85,067	86,152	87,616	89,106	
T & U*	1.8%	2.6%	3.5%	33,298	34,172	35,368	36,606	
Wholesale Trade	1.3%	1.9%	2.5%	32,370	32,977	33,801	34,646	
Retail Trade	1.4%	2.0%	2.7%	120,150	122,583	125,893	129,292	
FIRE**	2.1%	3.1%	4.1%	51,918	53,514	55,709	57,993	
Services	1.7%	2.6%	3.4%	209,273	214,610	221,906	229,451	
Government	0.5%	0.8%	1.0%	85,533	86,174	87,036	87,906	
Farm	0.4%	0.5%	0.7%	10,720	10,777	10,852	10,928	
<b>Total Employment</b>	1.4%	2.1%	2.8%	700,713	715,676	736,116	757,226	
								<b>Average Annual Change</b>
<b>Industry</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	
<b>Wage &amp; Salary (By Place of Work)</b>	679,240	700,796	723,087	746,139	769,979	794,635	820,138	21,568
Ag, S,F,F	10,809	11,155	11,512	11,881	12,261	12,653	13,058	345
Mining	3,458	3,472	3,486	3,500	3,514	3,528	3,542	14
Construction	70,547	73,862	77,334	80,968	84,774	88,758	92,930	3,356
Manufacturing	90,620	92,161	93,728	95,321	96,942	98,590	100,266	1,520
T & U*	37,887	39,213	40,585	42,006	43,476	44,998	46,573	1,327
Wholesale Trade	35,512	36,400	37,310	38,243	39,199	40,179	41,183	881
Retail Trade	132,783	136,368	140,050	143,832	147,715	151,703	155,799	3,565
FIRE**	60,370	62,845	65,422	68,104	70,897	73,803	76,829	2,491
Services	237,253	245,319	253,660	262,284	271,202	280,423	289,957	8,068
Government	88,785	89,673	90,570	91,475	92,390	93,314	94,247	871
Farm	11,005	11,082	11,159	11,237	11,316	11,395	11,475	75
<b>Total Employment</b>	779,029	801,551	824,816	848,852	873,685	899,345	925,860	22,515

\* Transportation & Utilities

\*\* Finance, Insurance, Real Estate

Source: THK Associates, Inc.

## B. Population and Household Growth Trends in the Four-County Market Area

Trends in population and household growth are principal indicators of the potential demand for real estate development. Population growth in the four-county market area has been solid since 1970; recent data shows this trend continuing. Since 1980, the population in the four-county area has increased by 20,640 people annually from 704,750 to 1,158,774 in 2002. The number of households increased by 8,290 annually during the same period, jumping from 249,480 in 1980 to 431,854 in 2002. The compound annual growth rate for population in the market area over the last 22 years was 2.3% per year; households grew at a compound rate of 2.5%. Larimer and Weld Counties combined for over 42% of the population growth in the four-county market area during the 1980-2002 period.

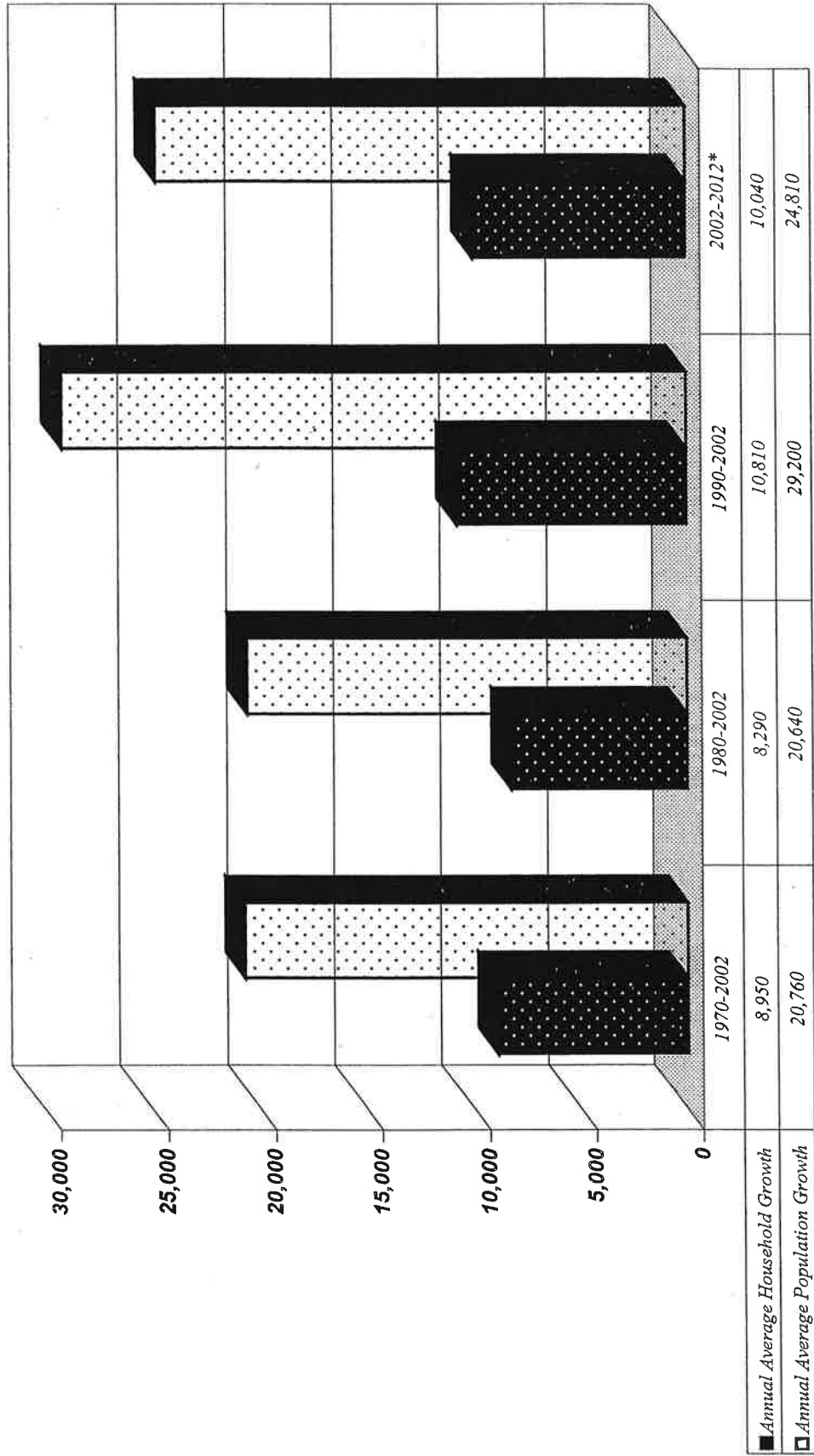
Table III-5 isolates historical population and household trends for Dacono and several other surrounding communities. Dacono experienced average annual population and household gains of 90 and 30, respectively, during the 1990-2002 period. Frederick grew by 280 persons annually during that same period, while Brighton added 820 people annually.

**TABLE III-4: Estimates of Market Area Population and Households by County, 1970-2002**

	Boulder County		Larimer County		Weld County		Adams County		Four County Total	
	Year Population	Households	Population	Households	Population	Households	Population	Households	Population	Households
1970	130,860	40,870	89,900	27,900	89,300	26,660	184,340	49,990	494,400	145,420
1980	188,130	68,960	149,180	53,550	123,440	42,750	244,000	84,220	704,750	249,480
1990	225,340	88,400	186,140	70,470	131,820	46,900	265,040	96,350	808,340	302,120
2000	291,288	114,680	251,494	97,164	180,936	63,247	363,857	128,156	1,087,575	403,247
2002	302,930	119,530	268,081	103,867	196,224	69,657	391,540	138,800	1,158,774	431,854
Annual Change (1970-2002):										
Numerical	5,380	2,460	5,570	2,370	3,340	1,340	6,480	2,780	20,760	8,950
Percent	2.7%	3.4%	3.5%	4.2%	2.5%	3.0%	2.4%	3.2%	2.7%	3.5%
Percent of Total	25.9%	27.5%	26.8%	26.5%	16.1%	15.0%	31.2%	31.1%	100.0%	100.0%
(1980-2002):										
Numerical	5,220	2,300	5,400	2,290	3,310	1,220	6,710	2,480	20,640	8,290
Percent	2.2%	2.5%	2.7%	3.1%	2.1%	2.2%	2.2%	2.3%	2.3%	2.5%
Percent of Total	25.3%	27.7%	26.2%	27.6%	16.0%	14.7%	32.5%	29.9%	100.0%	100.0%
(1990-2002):										
Numerical	6,470	2,590	6,830	2,780	5,370	1,900	10,540	3,540	29,200	10,810
Percent	2.5%	2.5%	3.1%	3.3%	3.4%	3.4%	3.3%	3.1%	3.0%	3.0%
Percent of Total	22.2%	24.0%	23.4%	25.7%	18.4%	17.6%	36.1%	32.7%	100.0%	100.0%

Source: U.S. Dept of Commerce, Bureau of Census, and THK Associates, Inc.

**Population & Household Growth in the Four County Market Area, 1970-2002**



\* Projected

**TABLE III-5: Estimates of the Population and Households for Dacono & Surrounding Communities in the Four County Market Area, 1970-2002**

	Frederick		Firestone		Dacono		Longmont		Fort Lupton		Brighton	
Year	Population	Households	Population	Households	Population	Households	Population	Households	Population	Households	Population	Households
1980	855	265	1,204	354	2,321	795	42,942	15,483	4,251	1,392	12,773	4,204
1990	988	339	1,358	420	2,228	841	51,555	19,570	5,159	1,693	14,203	4,773
2000	2,467	852	1,908	621	3,015	1,087	71,093	26,667	6,787	2,099	20,905	6,718
2001	3,554	1,232	2,926	954	3,156	1,139	73,611	27,957	7,040	2,180	22,380	7,210
2002	4,365	1,515	3,845	1,255	3,295	1,190	76,930	29,262	7,090	2,200	24,030	7,760
(1980-2002):												
Numerical	160	60	120	40	40	20	1,540	630	130	40	510	160
Percent	7.7%	8.2%	5.4%	5.9%	1.6%	1.9%	2.7%	2.9%	2.4%	2.1%	2.9%	2.8%
% of												
Four County Area	0.8%	0.7%	0.6%	0.5%	0.2%	0.2%	7.5%	7.6%	0.6%	0.5%	2.5%	1.9%
(1990-2002):												
Numerical	280	100	210	70	90	30	2,110	810	160	40	820	250
Percent	13.2%	13.3%	9.1%	9.6%	3.3%	2.9%	3.4%	3.4%	2.7%	2.2%	4.5%	4.1%
% of												
Four County Area	1.0%	0.9%	0.7%	0.6%	0.3%	0.3%	7.2%	7.5%	0.5%	0.4%	2.8%	2.3%

Source: U.S. Dept of Commerce, Bureau of Census, and THK Associates, Inc.

### **C. Residential Construction Trends in the Four-County Market Area**

Residential housing construction by type and tenure is displayed in Table III-6. As shown, single-family and duplex construction has dominated historical permit activity in the market area, ranging from 76% of permits issued over the last 30 years to 80% of permits issued since 1992. Rental multi-family unit construction activity has increased in recent years, however, accounting for 25% of the permits authorized in 2001. Through April 2002, 5,059 residential building permits were issued in the market area; of those, 80% were for single-family and duplex units. Weld and Larimer have accounted for almost half the permit activity since 1999.

Tables III-6A through III-6F track the historical permit activity in Dacono, Frederick, Firestone, Longmont, Fort Lupton, and Brighton. Dacono has shown significant increases in permit activity since 1996. An average of 42 permits were issued annually in Dacono between 1997 and 2002. All of the other communities profiled have also experienced dramatic increases in permit activity in recent years.



**Table III-6: Residential Building Permits Issued in the Four County Market Area, 1970-2002**

**Single-Family**

Year	Adams County		Boulder County		Weld County		Larimer County		Four County Total
	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits
1970	1,524	33.6%	1,301	28.7%	756	16.7%	951	21.0%	4,532
1971	1,796	28.4%	2,093	33.1%	802	12.7%	1,638	25.9%	6,329
1972	2,108	27.0%	2,679	34.3%	1,998	25.6%	1,026	13.1%	7,811
1973	2,752	37.1%	1,970	26.6%	990	13.4%	1,703	23.0%	7,415
1974	1,286	27.1%	1,342	28.3%	890	18.8%	1,222	25.8%	4,740
1975	1,148	23.8%	1,519	31.5%	906	18.8%	1,245	25.8%	4,818
1976	1,432	21.4%	2,156	32.2%	913	13.7%	2,187	32.7%	6,688
1977	2,753	27.9%	2,953	29.9%	1,266	12.8%	2,888	29.3%	9,860
1978	3,076	32.0%	2,370	24.6%	1,432	14.9%	2,747	28.5%	9,625
1979	2,495	29.3%	2,174	25.5%	888	10.4%	2,958	34.7%	8,515
1980	1,774	38.5%	1,094	23.8%	429	9.3%	1,309	28.4%	4,606
1981	1,237	38.9%	834	26.2%	210	6.6%	900	28.3%	3,181
1982	1,500	37.6%	1,458	36.5%	242	6.1%	792	19.8%	3,992
1983	2,850	35.9%	2,737	34.5%	506	6.4%	1,847	23.3%	7,940
1984	2,618	33.7%	2,875	37.0%	442	5.7%	1,828	23.5%	7,763
1985	1,792	32.9%	1,550	28.4%	479	8.8%	1,633	29.9%	5,454
1986	1,822	33.2%	1,620	29.6%	330	6.0%	1,709	31.2%	5,481
1987	748	21.7%	1,224	35.5%	303	8.8%	1,174	34.0%	3,449
1988	364	14.1%	917	35.4%	266	10.3%	1,043	40.3%	2,590
1989	294	12.5%	862	36.6%	229	9.7%	971	41.2%	2,356
1990	310	12.4%	946	37.8%	231	9.2%	1,017	40.6%	2,504
1991	603	16.5%	1,487	40.7%	296	8.1%	1,266	34.7%	3,652
1992	1,147	19.9%	2,348	40.7%	503	8.7%	1,772	30.7%	5,770
1993	1,560	21.6%	2,498	34.6%	848	11.7%	2,316	32.1%	7,222
1994	2,200	30.6%	2,114	29.5%	503	7.0%	2,361	32.9%	7,178
1995	2,113	30.5%	2,088	30.2%	628	9.1%	2,095	30.3%	6,924
1996	2,541	30.5%	1,814	21.8%	1,637	19.6%	2,345	28.1%	8,337
1997	2,813	30.2%	2,483	26.7%	1,722	18.5%	2,299	24.7%	9,317
1998	3,049	26.7%	2,885	25.3%	2,827	24.8%	2,659	23.3%	11,420
1999	3,600	30.5%	2,158	18.3%	3,403	28.8%	2,643	22.4%	11,804
2000	2,635	23.9%	1,670	15.2%	3,970	36.0%	2,748	24.9%	11,023
2001	4,278	32.9%	1,960	15.1%	4,004	30.8%	2,766	21.3%	13,008
2002 *	1,379	33.7%	549	13.4%	1,317	32.2%	844	20.6%	4,089
Thirty Year Average 1972 - 2001	1,963	28.8%	1,893	27.8%	1,110	16.3%	1,849	27.1%	6,815
Ten Year Average 1992 - 2001	2,594	28.2%	2,202	23.9%	2,005	21.8%	2,400	26.1%	9,200
Five Year Average 1997 - 2001	3,275	28.9%	2,231	19.7%	3,185	28.2%	2,623	23.2%	11,314
Three Year Average 1999 - 2001	3,504	29.3%	1,929	16.2%	3,792	31.7%	2,719	22.8%	11,945

**Multi-Family**

Year	Adams County		Boulder County		Weld County		Larimer County		Four County Total
	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits
1970	1,057	36.6%	981	33.9%	484	16.7%	368	12.7%	2,890
1971	2,553	35.3%	2,478	34.3%	1,428	19.8%	771	10.7%	7,230
1972	3,523	49.5%	1,523	21.4%	78	1.1%	1,995	28.0%	7,119
1973	2,044	38.2%	1,352	25.3%	420	7.9%	1,532	28.6%	5,348
1974	328	24.1%	352	25.9%	424	31.2%	257	18.9%	1,361
1975	19	6.6%	29	10.0%	94	32.4%	148	51.0%	290
1976	24	2.5%	386	40.0%	328	34.0%	227	23.5%	965
1977	86	4.7%	740	40.0%	359	19.4%	664	35.9%	1,849
1978	250	13.1%	905	47.6%	319	16.8%	429	22.5%	1,903
1979	625	26.3%	462	19.5%	295	12.4%	990	41.7%	2,372
1980	429	28.1%	579	37.9%	86	5.6%	434	28.4%	1,528
1981	412	34.3%	458	38.2%	58	4.8%	272	22.7%	1,200
1982	632	36.0%	637	36.3%	204	11.6%	281	16.0%	1,754
1983	1,155	35.3%	1,522	46.5%	116	3.5%	482	14.7%	3,275
1984	1,993	47.4%	1,051	25.0%	107	2.5%	1,057	25.1%	4,208
1985	1,231	41.4%	317	10.7%	417	14.0%	1,009	33.9%	2,974
1986	1,164	51.7%	505	22.4%	344	15.3%	240	10.7%	2,253
1987	152	13.5%	482	42.9%	143	12.7%	347	30.9%	1,124
1988	35	10.4%	34	10.1%	26	7.7%	241	71.7%	336
1989	96	38.7%	76	30.6%	24	9.7%	52	21.0%	248
1990	0	0.0%	449	64.8%	25	3.6%	219	31.6%	693
1991	60	16.0%	4	1.1%	34	9.1%	277	73.9%	375
1992	3	0.6%	353	67.4%	12	2.3%	156	29.8%	524
1993	269	35.9%	82	10.9%	97	12.9%	302	40.3%	750
1994	321	24.2%	360	27.1%	20	1.5%	628	47.3%	1,329
1995	567	26.5%	889	41.6%	82	3.8%	599	28.0%	2,137
1996	120	10.1%	775	64.9%	74	6.2%	225	18.8%	1,194
1997	821	38.8%	555	26.2%	262	12.4%	478	22.6%	2,116
1998	1,219	31.7%	1,817	47.3%	242	6.3%	563	14.7%	3,841
1999	357	21.3%	221	13.2%	154	9.2%	948	56.4%	1,680
2000	3,257	62.2%	806	15.4%	399	7.6%	776	14.8%	5,238
2001	1,855	42.2%	1,354	30.8%	317	7.2%	870	19.8%	4,396
2002 *	421	43.4%	237	24.4%	158	16.3%	154	15.9%	970
<b>Thirty Year Average</b>									
1972 - 2001	768	35.8%	636	29.6%	185	8.6%	557	25.9%	2,146
<b>Ten Year Average</b>									
1992 - 2001	879	37.9%	721	31.1%	166	7.1%	555	23.9%	2,321
<b>Five Year Average</b>									
1997 - 2001	1,502	43.5%	951	27.5%	275	8.0%	727	21.0%	3,454
<b>Three Year Average</b>									
1999 - 2001	1,823	48.3%	794	21.0%	290	7.7%	865	22.9%	3,771

**Total**

Year	Adams County		Boulder County		Weld County		Larimer County		Four County Total
	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits	Percent of Total	Permits
1970	2,581	34.8%	2,282	30.7%	1,240	16.7%	1,319	17.8%	7,422
1971	4,349	32.1%	4,571	33.7%	2,230	16.4%	2,409	17.8%	13,559
1972	5,631	37.7%	4,202	28.1%	2,076	13.9%	3,021	20.2%	14,930
1973	4,796	37.6%	3,322	26.0%	1,410	11.0%	3,235	25.3%	12,763
1974	1,614	26.5%	1,694	27.8%	1,314	21.5%	1,479	24.2%	6,101
1975	1,167	22.8%	1,548	30.3%	1,000	19.6%	1,393	27.3%	5,108
1976	1,456	19.0%	2,542	33.2%	1,241	16.2%	2,414	31.5%	7,653
1977	2,839	24.2%	3,693	31.5%	1,625	13.9%	3,552	30.3%	11,709
1978	3,326	28.9%	3,275	28.4%	1,751	15.2%	3,176	27.6%	11,528
1979	3,120	28.7%	2,636	24.2%	1,183	10.9%	3,948	36.3%	10,887
1980	2,203	35.9%	1,673	27.3%	515	8.4%	1,743	28.4%	6,134
1981	1,649	37.6%	1,292	29.5%	268	6.1%	1,172	26.8%	4,381
1982	2,132	37.1%	2,095	36.5%	446	7.8%	1,073	18.7%	5,746
1983	4,005	35.7%	4,259	38.0%	622	5.5%	2,329	20.8%	11,215
1984	4,611	38.5%	3,926	32.8%	549	4.6%	2,885	24.1%	11,971
1985	3,023	35.9%	1,867	22.2%	896	10.6%	2,642	31.3%	8,428
1986	2,986	38.6%	2,125	27.5%	674	8.7%	1,949	25.2%	7,734
1987	900	19.7%	1,706	37.3%	446	9.8%	1,521	33.3%	4,573
1988	399	13.6%	951	32.5%	292	10.0%	1,284	43.9%	2,926
1989	390	15.0%	938	36.0%	253	9.7%	1,023	39.3%	2,604
1990	310	9.7%	1,395	43.6%	256	8.0%	1,236	38.7%	3,197
1991	663	16.5%	1,491	37.0%	330	8.2%	1,543	38.3%	4,027
1992	1,150	18.3%	2,701	42.9%	515	8.2%	1,928	30.6%	6,294
1993	1,829	22.9%	2,580	32.4%	945	11.9%	2,618	32.8%	7,972
1994	2,521	29.6%	2,474	29.1%	523	6.1%	2,989	35.1%	8,507
1995	2,680	29.6%	2,977	32.9%	710	7.8%	2,694	29.7%	9,061
1996	2,661	27.9%	2,589	27.2%	1,711	18.0%	2,570	27.0%	9,531
1997	3,634	31.8%	3,038	26.6%	1,984	17.4%	2,777	24.3%	11,433
1998	4,283	28.0%	4,702	30.8%	3,069	20.1%	3,222	21.1%	15,276
1999	3,730	26.9%	2,986	21.5%	3,557	25.7%	3,591	25.9%	13,864
2000	5,892	36.2%	2,476	15.2%	4,369	26.9%	3,524	21.7%	16,261
2001	6,133	35.2%	3,314	19.0%	4,321	24.8%	3,636	20.9%	17,404
2002 *	1,800	35.6%	786	15.5%	1,475	29.2%	998	19.7%	5,059
Thirty Year Average 1972 - 2001	2,724	30.4%	2,549	28.4%	1,295	14.4%	2,406	26.8%	8,974
Ten Year Average 1992 - 2001	3,451	29.9%	2,984	25.8%	2,170	18.8%	2,955	25.6%	11,560
Five Year Average 1997 - 2001	4,734	31.9%	3,303	22.2%	3,460	23.3%	3,350	22.6%	14,848
Three Year Average 1999 - 2001	5,252	33.1%	2,925	18.5%	4,082	25.8%	3,584	22.6%	15,843

\* 2002 Permits through April

Source: U.S. Department of Commerce, C-40 Reports and THK Associates, Inc.

**Table III-6A: HOUSING UNITS AUTHORIZED FOR  
THE CITY OF DACONO, 1980-2002**

Year	Single Family and Duplex	Percent Total	Multi- family	Percent Total	Total	Percent Total
1980	0	0.0%	12	100.0%	12	100.0%
1981	0	0.0%	8	100.0%	8	100.0%
1982	0	0.0%	0	0.0%	0	100.0%
1983	16	100.0%	0	0.0%	16	100.0%
1984	0	0.0%	0	0.0%	0	100.0%
1985	1	100.0%	0	0.0%	1	100.0%
1986	3	100.0%	0	0.0%	3	100.0%
1987	1	100.0%	0	0.0%	1	100.0%
1988	0	0.0%	0	0.0%	0	100.0%
1989	2	100.0%	0	0.0%	2	100.0%
1990	1	100.0%	0	0.0%	1	100.0%
1991	0	0.0%	0	0.0%	0	100.0%
1992	0	0.0%	0	0.0%	0	100.0%
1993	0	0.0%	0	0.0%	0	100.0%
1994	2	100.0%	0	0.0%	2	100.0%
1995	2	100.0%	0	0.0%	2	100.0%
1996	5	100.0%	0	0.0%	5	100.0%
1997	12	100.0%	0	0.0%	12	100.0%
1998	56	73.7%	20	26.3%	76	100.0%
1999	61	100.0%	0	0.0%	61	100.0%
2000	24	60.0%	16	40.0%	40	100.0%
2001	21	100.0%	0	0.0%	21	100.0%
2002*	24	100.0%	0	0.0%	24	100.0%
Twenty Year Average						
1982-2001	10	85.2%	2	14.8%	12	100.0%
Ten Year Average						
1992-2001	18	83.6%	4	16.4%	22	100.0%
Five Year Average						
1997-2001	35	82.9%	7	17.1%	42	100.0%
Three Year Average						
1999-2001	35	86.9%	5	13.1%	41	100.0%

\* 2002 Permits through April

Source: U.S. Department of Commerce, C-40 Reports and THK Associates, Inc

**Table III-6B: HOUSING UNITS AUTHORIZED FOR  
THE TOWN OF FREDERICK, 1980-2002**

Year	Single Family and Duplex	Percent Total	Multi- family	Percent Total	Total	Percent Total
1980	6	100.0%	0	0.0%	6	100.0%
1981	2	100.0%	0	0.0%	2	100.0%
1982	11	100.0%	0	0.0%	11	100.0%
1983	7	22.6%	24	77.4%	31	100.0%
1984	14	100.0%	0	0.0%	14	100.0%
1985	23	100.0%	0	0.0%	23	100.0%
1986	0	0.0%	0	0.0%	0	100.0%
1987	0	0.0%	0	0.0%	0	100.0%
1988	4	100.0%	0	0.0%	4	100.0%
1989	0	0.0%	0	0.0%	0	100.0%
1990	2	100.0%	0	0.0%	2	100.0%
1991	0	0.0%	0	0.0%	0	100.0%
1992	1	100.0%	0	0.0%	1	100.0%
1993	35	100.0%	0	0.0%	35	100.0%
1994	61	100.0%	0	0.0%	61	100.0%
1995	53	100.0%	0	0.0%	53	100.0%
1996	62	100.0%	0	0.0%	62	100.0%
1997	34	100.0%	0	0.0%	34	100.0%
1998	32	100.0%	0	0.0%	32	100.0%
1999	292	100.0%	0	0.0%	292	100.0%
2000	413	100.0%	0	0.0%	413	100.0%
2001	317	100.0%	0	0.0%	317	100.0%
2002*	94	100.0%	0	0.0%	94	100.0%
Twenty Year Average						
1982-2001	68	98.3%	1	1.7%	69	100.0%
Ten Year Average						
1992-2001	130	100.0%	0	0.0%	130	100.0%
Five Year Average						
1997-2001	218	100.0%	0	0.0%	218	100.0%
Three Year Average						
1999-2001	341	100.0%	0	0.0%	341	100.0%

\* 2002 Permits through April

Source: U.S. Department of Commerce, C-40 Reports and THK Associates, Inc

**Table III-6C HOUSING UNITS AUTHORIZED FOR  
THE TOWN OF FIRESTONE, 1980-2002**

Year	Single Family and Duplex	Percent Total	Multi- family	Percent Total	Total	Percent Total
1980	8	100.0%	0	0.0%	8	100.0%
1981	2	100.0%	0	0.0%	2	100.0%
1982	6	46.2%	7	53.8%	13	100.0%
1983	5	100.0%	0	0.0%	5	100.0%
1984	6	100.0%	0	0.0%	6	100.0%
1985	12	100.0%	0	0.0%	12	100.0%
1986	13	100.0%	0	0.0%	13	100.0%
1987	0	0.0%	0	0.0%	0	100.0%
1988	0	0.0%	0	0.0%	0	100.0%
1989	1	100.0%	0	0.0%	1	100.0%
1990	0	0.0%	0	0.0%	0	100.0%
1991	0	0.0%	0	0.0%	0	100.0%
1992	6	100.0%	0	0.0%	6	100.0%
1993	9	100.0%	0	0.0%	9	100.0%
1994	3	100.0%	0	0.0%	3	100.0%
1995	18	100.0%	0	0.0%	18	100.0%
1996	3	100.0%	0	0.0%	3	100.0%
1997	11	100.0%	0	0.0%	11	100.0%
1998	24	100.0%	0	0.0%	24	100.0%
1999	178	100.0%	0	0.0%	178	100.0%
2000	361	100.0%	0	0.0%	361	100.0%
2001	395	100.0%	0	0.0%	395	100.0%
2002*	136	100.0%	0	0.0%	136	100.0%
Twenty Year Average						
1982-2001	53	99.3%	0	0.7%	53	100.0%
Ten Year Average						
1992-2001	101	100.0%	0	0.0%	101	100.0%
Five Year Average						
1997-2001	194	100.0%	0	0.0%	194	100.0%
Three Year Average						
1999-2001	311	100.0%	0	0.0%	311	100.0%

\* 2002 Permits through April

Source: U.S. Department of Commerce, C-40 Reports and THK Associates, Inc

**Table III-6D: HOUSING UNITS AUTHORIZED FOR  
THE CITY OF LONGMONT, 1980-2002**

Year	Single Family and Duplex	Percent Total	Multi- family	Percent Total	Total	Percent Total
1980	211	78.1%	59	21.9%	270	100.0%
1981	150	86.2%	24	13.8%	174	100.0%
1982	319	81.8%	71	18.2%	390	100.0%
1983	637	78.9%	170	21.1%	807	100.0%
1984	523	56.6%	401	43.4%	924	100.0%
1985	349	74.1%	122	25.9%	471	100.0%
1986	340	53.2%	299	46.8%	639	100.0%
1987	186	45.6%	222	54.4%	408	100.0%
1988	103	100.0%	0	0.0%	103	100.0%
1989	92	56.1%	72	43.9%	164	100.0%
1990	75	100.0%	0	0.0%	75	100.0%
1991	157	100.0%	0	0.0%	157	100.0%
1992	404	96.7%	14	3.3%	418	100.0%
1993	451	98.3%	8	1.7%	459	100.0%
1994	440	86.4%	69	13.6%	509	100.0%
1995	477	55.0%	390	45.0%	867	100.0%
1996	578	93.8%	38	6.2%	616	100.0%
1997	988	73.2%	361	26.8%	1,349	100.0%
1998	986	62.1%	601	37.9%	1,587	100.0%
1999	976	80.8%	232	19.2%	1,208	100.0%
2000	1,326	90.5%	139	9.5%	1,465	100.0%
2001	979	59.9%	655	40.1%	1,634	100.0%
2002*	279	83.3%	56	16.7%	335	100.0%
Twenty Year Average						
1982-2001	519	72.9%	193	27.1%	713	100.0%
Ten Year Average						
1992-2001	761	75.2%	251	24.8%	1,011	100.0%
Five Year Average						
1997-2001	1,051	72.6%	398	27.4%	1,449	100.0%
Three Year Average						
1999-2001	1,094	76.2%	342	23.8%	1,436	100.0%

\* 2002 Permits through April

Source: U.S. Department of Commerce, C-40 Reports and THK Associates, Inc

**Table III-6E: HOUSING UNITS AUTHORIZED FOR  
THE CITY OF FORT LUPTON, 1980-2002**

Year	Single Family and Duplex	Percent Total	Multi- family	Percent Total	Total	Percent Total
1980	13	100.0%	0	0.0%	13	100.0%
1981	5	62.5%	3	37.5%	8	100.0%
1982	21	17.5%	99	82.5%	120	100.0%
1983	25	100.0%	0	0.0%	25	100.0%
1984	46	100.0%	0	0.0%	46	100.0%
1985	70	100.0%	0	0.0%	70	100.0%
1986	36	100.0%	0	0.0%	36	100.0%
1987	18	100.0%	0	0.0%	18	100.0%
1988	3	100.0%	0	0.0%	3	100.0%
1989	0	0.0%	0	0.0%	0	100.0%
1990	0	0.0%	0	0.0%	0	100.0%
1991	0	0.0%	0	0.0%	0	100.0%
1992	11	100.0%	0	0.0%	11	100.0%
1993	8	100.0%	0	0.0%	8	100.0%
1994	42	100.0%	0	0.0%	42	100.0%
1995	41	100.0%	0	0.0%	41	100.0%
1996	48	100.0%	0	0.0%	48	100.0%
1997	82	100.0%	0	0.0%	82	100.0%
1998	70	100.0%	0	0.0%	70	100.0%
1999	132	100.0%	0	0.0%	132	100.0%
2000	92	100.0%	0	0.0%	92	100.0%
2001	20	100.0%	0	0.0%	20	100.0%
2002*	22	100.0%	0	0.0%	22	100.0%
<b>Twenty-one Year Average</b>						
1980-2001	36	88.5%	5	11.5%	40	100.0%
<b>Ten Year Average</b>						
1991-2001	50	100.0%	0	0.0%	50	100.0%
<b>Five Year Average</b>						
1996-2001	74	100.0%	0	0.0%	74	100.0%
<b>Three Year Average</b>						
1998-2001	79	100.0%	0	0.0%	79	100.0%

\* 2002 Permits through April

Source: U.S. Department of Commerce, C-40 Reports and THK Associates, Inc



**Table III-6F: HOUSING UNITS AUTHORIZED FOR  
THE CITY OF BRIGHTON, 1980-2002**

Year	Single Family and Duplex	Percent Total	Multi- family	Percent Total	Total	Percent Total
1980	88	73.3%	32	26.7%	120	100.0%
1981	31	43.7%	40	56.3%	71	100.0%
1982	13	100.0%	0	0.0%	13	100.0%
1983	29	70.7%	12	29.3%	41	100.0%
1984	53	93.0%	4	7.0%	57	100.0%
1985	64	76.2%	20	23.8%	84	100.0%
1986	65	100.0%	0	0.0%	65	100.0%
1987	45	100.0%	0	0.0%	45	100.0%
1988	10	71.4%	4	28.6%	14	100.0%
1989	2	4.2%	46	95.8%	48	100.0%
1990	4	100.0%	0	0.0%	4	100.0%
1991	10	20.0%	40	80.0%	50	100.0%
1992	64	100.0%	0	0.0%	64	100.0%
1993	48	100.0%	0	0.0%	48	100.0%
1994	92	100.0%	0	0.0%	92	100.0%
1995	159	100.0%	0	0.0%	159	100.0%
1996	198	100.0%	0	0.0%	198	100.0%
1997	186	100.0%	0	0.0%	186	100.0%
1998	148	48.4%	158	51.6%	306	100.0%
1999	732	98.8%	9	1.2%	741	100.0%
2000	478	94.5%	28	5.5%	506	100.0%
2001	571	100.0%	0	0.0%	571	100.0%
2002*	233	100.0%	0	0.0%	233	100.0%
Twenty-one Year Average						
1980-2001	140	88.7%	18	11.3%	158	100.0%
Ten Year Average						
1991-2001	244	92.0%	21	8.0%	266	100.0%
Five Year Average						
1996-2001	386	92.2%	33	7.8%	418	100.0%
Three Year Average						
1998-2001	482	90.8%	49	9.2%	531	100.0%

\* 2002 Permits through April

Source: U.S. Department of Commerce, C-40 Reports and THK Associates, Inc

#### **D. Population and Household Projections for the Four-County Market Area**

The employment participation rate, typically expressed as a decimal, has been increasing steadily during the past two to three decades. A rising employment participation rate is a good indicator of improving conditions in the regional economy. First, a large number of people are employed in the work force, which has a corresponding effect on unemployment levels. Secondly, a larger number of workers in a low wage market provide an ample labor supply for expanding firms or new firms relocating to the area. Finally, more workers earning salaries will boost the area's volume of disposable income available for new retail, housing and related expenditures.

Population, household, and employment data for the four-county market area are compared in Table III-7. In 1970, the population of the market area was 494,400 and resident employment was 175,185 for an employment participation rate of .35. By 1980, the market area's resident employment had increased to 341,929 with a population of 704,750 for an employment participation rate of .49. In Table III-7, the population growth of the four-county market area is projected based on the anticipated employment growth. With a projected January 1, 2012 resident employment of 925,860, the estimated 2012 population for the market area will be 1,406,850 with a projected employment participation rate of .66. The four-county population is projected to grow by 24,810 persons per year through 2012.

Table III-7 also shows the projected trends in new household formations for the four-county market area. Historically, household size has been declining due to an increased divorce rate, delayed marriages, and the ever-larger population segment of single-parent households who formed the bulk of new household formations during the last decade. More recently, the decline in household size has been the result of smaller families (fewer children). The population per household in the four-county market area declined from 3.25 in 1970 to 2.74 in 1980; single households were among the most rapidly growing population segments. The 2002 household averages 2.63 members.

During the next decade, household size should continue to decline but at a slower rate. The divorce rate now appears to be leveling off and the first wave of the "baby boom" generation will be reaching the traditional retirement age of 65. New household formations in the four-county market area are projected to grow by an average of 10,040 annually during the next decade, with the average household size declining to 2.59. Population in group quarters, e.g., institutions, dormitories, etc., is expected to increase modestly during the decade to approximately 25,100.

**TABLE III-7: Projected Population and Households in the Four County Market Area, 2002-2012**

Year	Total Employment	Employment Participation Ratio	January 1, Population	Annual Population Change	Population in Group Quarters	Population In Households	Population Per Household	Households	Annual Household Change
1970	175,185	0.3543	494,400		21,353	473,047	3.2530	145,420	
1980	341,929	0.4852	704,750	21,040	21,388	683,362	2.7391	249,480	10,410
1990	456,727	0.5650	808,340	10,360	22,051	786,289	2.6026	302,120	5,260
2000	686,069	0.6308	1,087,575	27,920	24,024	1,063,551	2.6375	403,247	10,110
2002	700,710	0.6047	1,158,774	35,600	24,120	1,134,654	2.6337	431,854	14,304
2003	715,680	0.6098	1,173,560	14,786	24,217	1,149,343	2.6299	437,030	5,176
2004	736,120	0.6150	1,196,900	23,340	24,313	1,172,587	2.6261	446,510	9,480
2005	757,230	0.6203	1,220,850	23,950	24,411	1,196,439	2.6223	456,250	9,740
2006	779,030	0.6255	1,245,410	24,560	24,508	1,220,902	2.6185	466,250	10,000
2007	801,550	0.6308	1,270,610	25,200	24,606	1,246,004	2.6148	476,530	10,280
2008	824,820	0.6362	1,296,480	25,870	24,705	1,271,775	2.6110	487,080	10,550
2009	848,850	0.6416	1,323,000	26,520	24,804	1,298,196	2.6072	497,920	10,840
2010	873,690	0.6471	1,350,240	27,240	24,903	1,325,337	2.6035	509,060	11,140
2011	899,340	0.6526	1,378,170	27,930	25,002	1,353,168	2.5997	520,500	11,440
2012	925,860	0.6581	1,406,850	28,680	25,102	1,381,748	2.5960	532,260	11,760
Average Annual Change (2002-2012)									
Numerical:	22,520		24,810		100	24,710		10,040	
Percent:	2.8%		2.0%		0.4%	2.0%		2.1%	

Source: Dept of Commerce, Bureau of the Census and THK Associates, Inc.

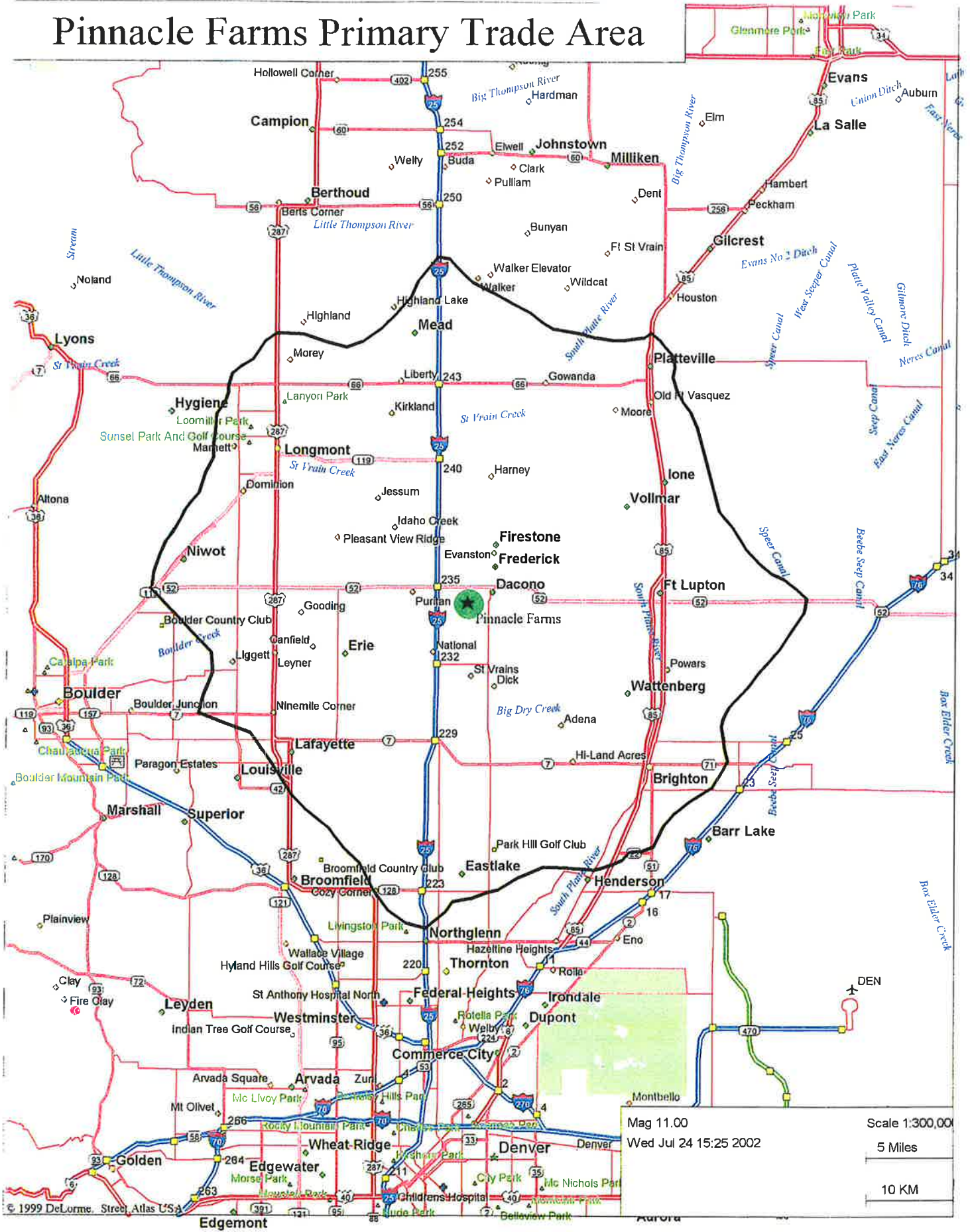
## **E. Growth and Development Trends in the Pinnacle Farms Primary Trade Area**

In the analysis to determine demand for real estate development, it is necessary to identify the primary area in which the subject site typically will compete. The trade area is a function of population density, natural barriers, accessibility of the site, and the location of competitive projects. As shown on the following map, the Pinnacle Farms trade area extends north and south along Interstate 25 and east and west along Highway 52. It is predominantly this market environment in which the Pinnacle Farms site will compete for home buyers.

The historical growth pattern in the trade area has shown the following characteristics. In 1980, there were 126,360 people living in the trade area representing 17.9% of the four-county population. Today 22.9% of the four-county population resides in the trade area, along with 22.4% of the region's households. The trade area has mirrored the strong growth of the four-county area. Since 1980, the Pinnacle Farms trade area has grown by 6,300 people and 2,450 households annually. Over the last 12 years, the trade area has increased by 8,930 people and 3,320 households annually. Currently, 264,980 persons in 96,720 households occupy the primary trade area as shown on the following table.

Based on the historical activity in the area, the economic forecast for the four-county area and the number of residential projects planned, it is possible to project future population levels in the trade area. It is projected that the area will experience annual average population growth of 8,430 and household growth of 3,200 over the next decade. Thus, the population in the primary trade area will increase to 304,120 by 2007 and 349,250 by 2012. Table III-9 shows these projected growth trends.

# Pinnacle Farms Primary Trade Area



Mag 11.00  
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Scale 1:300,000  
5 Miles  
10 KM

**Table III-8: Population and Household Trends in the Four County Market Area  
and the Pinnacle Farms Primary Trade Area, 1980-2002**

	1980	1990	2000	2002	Annual Average				
					1980-2002		1990-2002		
					Numerical	Percent	Numerical	Percent	
<b>Four County Market Area</b>									
Population	704,750	808,340	1,087,575	1,158,774	20,637	2.3%	29,203	3.0%	
Households	249,480	302,120	403,247	431,854	8,290	2.5%	10,811	3.0%	
<b>Pinnacle Farms Primary Trade Area</b>									
Population	126,360	157,840	248,860	264,980	6,301	3.4%	8,928	4.4%	
Households	42,840	56,850	90,050	96,720	2,449	3.8%	3,323	4.5%	
<b>Pinnacle Farms PTA as a percent of the Four County Market Area</b>									
Population	17.9%	19.5%	22.9%	22.9%	30.5%	--	30.6%	--	
Households	17.2%	18.8%	22.3%	22.4%	29.5%	--	30.7%	--	

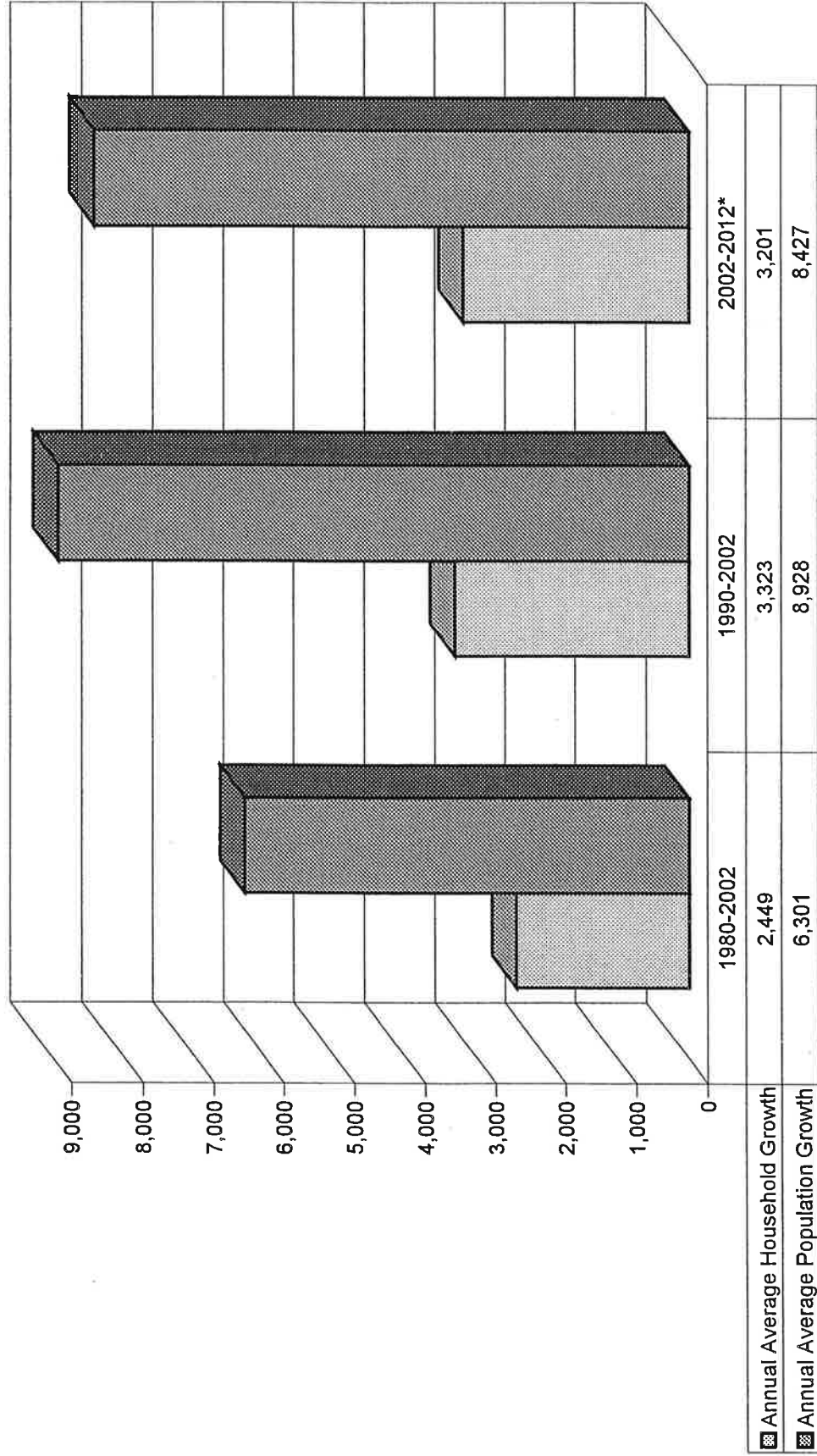
Source: U.S. Bureau of the Census and THK Associates, Inc.

**TABLE III-9: Projected Population and Household Trends in the  
Four County Market Area and the Pinnacle Farms Primary Trade Area, 2002-2012**

	2002	2007	2012	Annual Average					
				2002-2007		2002-2012			
				Numerical	Percent	Numerical	Percent		
<b>Four County Market Area</b>									
Population	1,158,774	1,270,610	1,406,850	22,367	1.9%	24,808	2.0%		
Households	431,854	476,530	532,260	8,935	2.0%	10,041	2.1%		
<b>Pinnacle Farms Primary Trade Area</b>									
Population	264,980	304,210	349,250	7,846	2.8%	8,427	2.8%		
Households	96,720	111,580	128,730	2,972	2.9%	3,201	2.9%		
<b>Pinnacle Farms PTA as a percent of the Four County Market Area</b>									
Population	22.9%	23.9%	24.8%	35.1%	--	34.0%	--		
Households	22.4%	23.4%	24.2%	33.3%	--	31.9%	--		

Source: U.S. Bureau of the Census and THK Associates, Inc.

**Population & Household Growth in the Pinnacle Farms  
Primary Trade Area**



\* Projected

## **IV. RESIDENTIAL MARKET ANALYSIS**

### **A. Projected Residential Demand**

The potentials for new residential development are subject to a variety of pressures including interest rates; inflation; and social, political, and other economic influences. The first section of this report projected the overall growth in population and household formations, which will create the aggregate demand for new housing construction. Historical trends in new housing construction were also examined to show how past construction trends have coincided with population and demographic changes and economic conditions.

#### *1. Projected Demand in the Four-County Market Area*

Based on the historical performance of the market area's housing market and on the projected growth in new household formations shown earlier in this report, the demand for new residential construction can be segmented by tenure and type of unit. This will allow the market potentials for specific types of residential construction to be examined. The key components of residential demand during the next decade will include new housing units to meet the demands of new population growth and household formations, construction to meet the demands of the existing households in the area looking to upgrade or downgrade into new ownership or rental units, and construction to replace units lost through demolition and conversion. Table IV-1 summarizes the net change in housing unit demand expected during the next decade in the four-county market area.

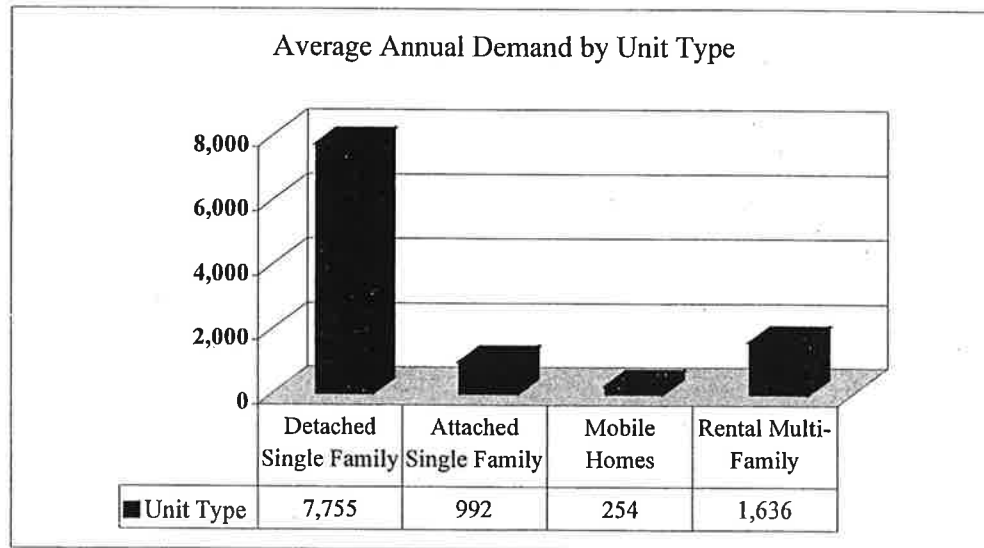
THK projects new household formations will average 10,040 per year during the projection period 2002-2012. This will produce a demand for the construction of 10,640 dwelling units annually when adjusted for vacancies and demolitions. Single-family detached construction of 7,755 units annually during the next decade will account for approximately 73.0% of total construction in the market area. Townhome and condominium construction will average 990 units annually, or 9.0% of the total construction; rental apartment construction will average 1,640 units annually, or 15.0% of total construction; and mobile home construction will average 250 units annually, or 2.0% of total construction.



**TABLE IV-1: Projected Four County Market Area Residential Demand by Unit Type, 2002-2012**

Year	Households	Annual Change	Annual Housing Unit Demand	Ownership Units				Rental Multi-family
				Total Ownership	Detached Single Family	Attached Single Family	Mobile Homes	
2002	431,854	5,176	5,384	4,556	3,925	502	128	828
2003	437,030	9,480	9,860	8,344	7,189	919	235	1,516
2004	446,510	9,740	10,131	8,572	7,386	945	242	1,558
2005	456,250	10,000	10,401	8,801	7,583	970	248	1,600
2006	466,250	10,280	10,692	9,048	7,796	997	255	1,644
2007	476,530	10,550	10,973	9,285	8,000	1,023	262	1,688
2008	487,080	10,840	11,275	9,541	8,220	1,051	269	1,734
2009	497,920	11,140	11,587	9,805	8,448	1,080	276	1,782
2010	509,060	11,440	11,899	10,069	8,675	1,110	284	1,830
2011	520,500	11,760	12,232	10,350	8,918	1,141	292	1,881
2012	532,260	12,090	12,575	10,641	9,168	1,173	300	1,934
Average Annual Demand (2002-2012)	10,040		10,637	9,001	7,755	992	254	1,636

Source: THK Associates, Inc.



2. *Projected Demand in the Pinnacle Farms Primary Trade Area*

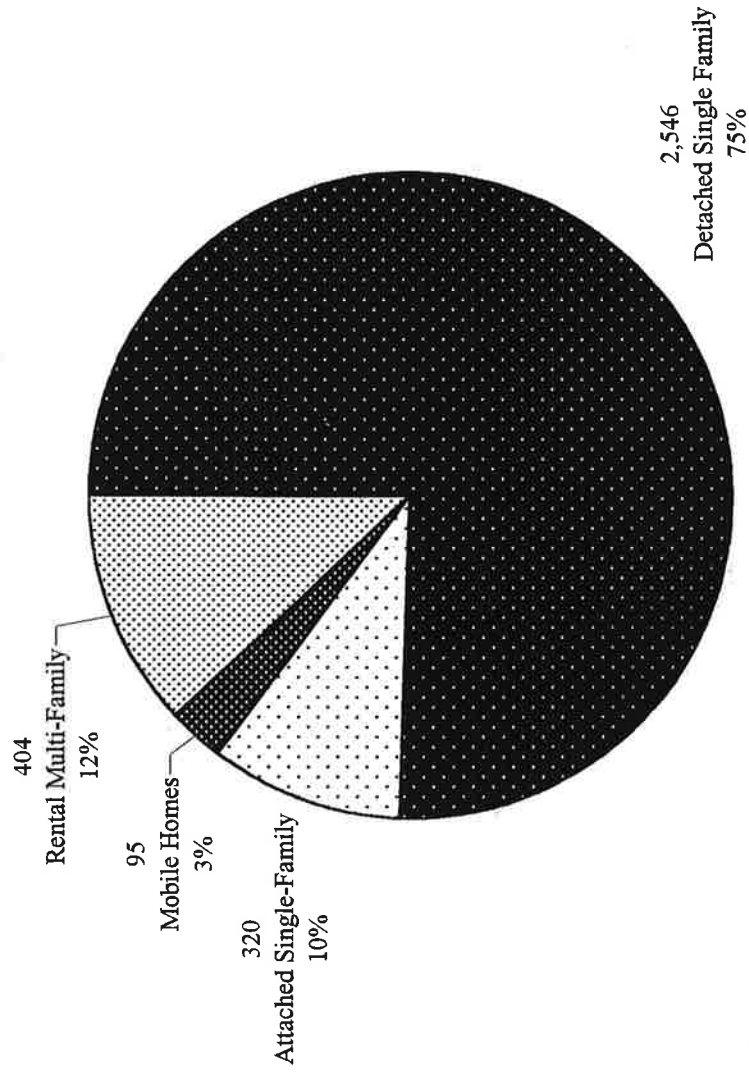
Having quantified the demand for new housing units in the four county market area, reviewed the availability of utilities and other infrastructure in the region, and identified the market area's major growth centers, THK can project housing demand in the primary trade area. In Table IV-1, THK estimated that there will be an average annual demand for 10,640 housing units in the four-county market area over the next decade. In Table IV-2, it's estimated that approximately 32% of that demand will be captured by the primary trade area. On an average annual basis for the 2002-2012 period, the demand for new residential construction in the trade area will total 2,550 detached single-family units, 320 townhomes/condominiums, 95 mobile homes, and 400 rental apartments. These totals indicate that the trade area will capture approximately 33.0% of the market area's single-family detached demand, 25.0% of its rental apartment demand, and 37.0% of its mobile home demand.

**TABLE IV-2: Projected Total Residential Demand in the Pinnacle Farms Primary Trade Area, 2002-2012**

Year	Households	Annual Household Growth	New Residential Unit Demand	Ownership Units				Rental Multi-family
				Total Ownership	Detached Single Family	Attached Single Family	Mobile Homes	
2002	96,720	2,805	2,903	2,555	2,197	276	82	348
2003	99,525	2,886	2,987	2,629	2,261	284	84	358
2004	102,411	2,970	3,074	2,705	2,326	292	87	369
2005	105,381	3,056	3,163	2,783	2,394	301	89	380
2006	108,437	3,143	3,253	2,863	2,462	309	92	390
2007	111,580	3,236	3,349	2,947	2,535	318	94	402
2008	114,816	3,330	3,446	3,033	2,608	328	97	414
2009	118,145	3,426	3,546	3,121	2,684	337	100	426
2010	121,572	3,526	3,649	3,211	2,762	347	103	438
2011	125,097	3,633	3,760	3,309	2,845	357	106	451
2012	128,730	3,741	3,872	3,407	2,930	368	109	465
Average Annual Demand (2002-2012)		3,201	3,364	2,960	2,546	320	95	404

Source: THK Associates, Inc.

# Demand by Product Type in the Pinnacle Farms Primary Trade Area, 2002-2012



**B. Residential Purchasing Capacity and Demand by Price Range for the Pinnacle Farms Primary Trade Area**

To better quantify the demand for new residential units in the primary trade area, THK breaks down the trade area's existing households by income range and then converts those income ranges to home purchasing capacity and monthly rental capacity. Home purchasing capacity is calculated using estimated monthly payments (principle, interest, taxes and insurance) based on a 30-year fixed rate mortgage with an 7.25% interest rate and a 20% down payment. In determining monthly rental capacity it's assumed - as available statistics indicate - that households that rent spend, on average, 25% of their gross income on housing. Households that own their homes typically allot 28%-32% of their income to mortgage payments. It should be noted that no allowances have been made to account for the greater purchasing capacity that may be derived from adjustable rate mortgages (ARMs) or other alternative financing mechanisms. For that reason, Table IV-3's home purchasing capacity estimates are likely conservative.

The median household income in the Pinnacle Farms primary trade area is currently approximately \$66,700. This suggests that the median household in the trade area can afford a \$227,000 home. Approximately 24.0% of the trade area's households can afford a home priced between \$200,000 and \$300,000, and approximately 39.0% can afford a home priced over \$300,000. A portion of the trade area's households, approximately 23.0%, can only afford a home priced under \$135,000.

In Table IV-4, purchasing/rental capacity is combined with projected residential demand by unit type in order to estimate demand by price range. As shown, approximately 22.0% of the demand for detached single-family homes will be for units priced under \$160,000. Another 15.0% will be for homes priced between \$160,000 and \$200,000. Approximately two-thirds of the condominium/townhome demand will be for units priced under \$200,000.

**Table IV-3: Estimated Residential Purchasing and Rental Capacity -- Pinnacle Farms Trade Area, 2002**

Income Range		Percent of Households	Home Purchasing Capacity		Estimated Monthly Payment (PITI)	Monthly Rental Capacity	
Under	\$15,000	6.0%	Under	\$50,000	\$330	Under	\$310
\$15,000 -	\$19,999	3.6%	\$50,000 -	\$69,999	\$400	\$310 -	\$419
\$20,000 -	\$24,999	4.4%	\$70,000 -	\$89,999	\$530	\$420 -	\$519
\$25,000 -	\$29,999	5.0%	\$90,000 -	\$109,999	\$660	\$520 -	\$629
\$30,000 -	\$34,999	4.1%	\$110,000 -	\$134,999	\$810	\$630 -	\$729
\$35,000 -	\$39,999	4.9%	\$135,000 -	\$159,999	\$980	\$730 -	\$829
\$40,000 -	\$49,999	9.1%	\$160,000 -	\$199,999	\$1,190	\$830	& Above
\$50,000 -	\$74,999	24.0%	\$200,000 -	\$299,999	\$1,660		
\$75,000	& Above	39.0%	\$300,000	& Above	\$2,480		
Median	\$66,700	100.0%	\$227,200				

Source: U.S. Dept. of Commerce, Bureau of the Census, and THK Associates, Inc.

**Table IV-4: Estimated Annual Average Residential Unit Demand By Price Range in the Pinnacle Farms Primary Trade Area**

Unit Type and Price/Rent Range		Total	Percent
<i>Detached Single Family</i>			
Under	\$110,000	177	7.0%
\$110,000 -	\$134,999	179	7.1%
\$135,000 -	\$159,999	201	7.9%
\$160,000 -	\$199,999	384	15.1%
\$200,000 -	\$299,999	738	29.0%
\$300,000	+	866	34.0%
\$337,653	Total	2,546	100.0%
<i>Condominiums and Townhomes</i>			
Under	\$110,000	29	9.0%
\$110,000 -	\$134,999	45	14.1%
\$135,000 -	\$159,999	48	14.9%
\$160,000 -	\$199,999	61	19.1%
\$200,000	+	137	43.0%
	Total	320	100.0%

Source: U.S. Bureau of the Census and THK Associates, Inc.

### **C. Active Detached Residential Projects in the Pinnacle Farms Trade Area Environs**

The Pinnacle Farms trade area's strategic location along the stretch of Interstate 25 connecting Denver and Fort Collins puts it in the path of growth for two very active residential markets. THK has profiled all of the active residential developments in the site environs. These projects are profiled by product type in the following two tables.

#### *1. Unit Sales for Single-Family Detached Developments in the Pinnacle Farms Trade Area*

Tables IV-5 and IV-6 profile the home sales at competitive single-family developments in the trade area environs. Below are some of the more significant findings.

- There are 101 active detached single-family developments in the trade area environs. Many of the projects have only one or two active builders and limited product available.
- The largest projects in terms of active homebuilders are Todd Creek Farms and Erie Village. Spring Valley in Longmont and Bromley Park and Cherrywood Park in Brighton recorded the most sales during the first five months of this year.
- Approximately 77% of the 101 projects are selling between zero and six units per month; 23 projects are selling in excess of six units per month.
- Approximately 36% of the projects offer homes with an average base price in the \$150,000-\$250,000 range, and approximately 43% offer homes with an average base price in the \$300,000+ range. Only one project offers units with an average base price below \$150,000, while 16 have homes with an average base price between \$150,000-\$200,000.
- Through the first five months of 2002, 67 of the 101 active projects sold between zero and nine units. Another 20 projects sold 10-30 units, and 14 projects sold more than 30.

**Table IV-5: Characteristics of Detached Residential Projects in the Pinnacle Farms Trade Area Environs, 2002**

**A. Projects by Number of Units Sold \***

Total Units Sold	Number of Projects	% of Total
0-9	67	66.3%
10-19	13	12.9%
20-29	7	6.9%
30-39	7	6.9%
40+	7	6.9%
<b>TOTAL</b>	<b>101</b>	<b>100.0%</b>

**B. Projects by Monthly Sales Average**

Total Units Sold	Number of Projects	% of Total
0-1.99	35	34.7%
2-3.99	25	24.8%
4-5.99	18	17.8%
6-7.99	7	6.9%
8-9.99	6	5.9%
10+	10	9.9%
<b>TOTAL</b>	<b>101</b>	<b>100.0%</b>

**C. Projects by Average Unit Price**

Unit Price Range	Number of Projects	% of Total
Under \$125,000	1	1.0%
\$125,000-\$149,999	0	0.0%
\$150,000-\$199,999	16	15.8%
\$200,000-\$249,999	21	20.8%
\$250,000-\$299,999	20	19.8%
\$300,000-\$349,999	11	10.9%
\$350,000-\$399,999	10	9.9%
\$400,000-\$449,999	7	6.9%
\$450,000-\$499,999	5	5.0%
\$500,000+	10	9.9%
<b>TOTAL</b>	<b>101</b>	<b>100.0%</b>

\* 2002 sales through May

Source: THK Associates, Inc.

TABLE IV-6: NEW HOME SALES AT ACTIVE SUBDIVISIONS IN THE PINNACLE FARMS PRIMARY TRADE AREA ENVIRONS, 2002

SUBDIVISION	SELLER/BUILDER	LOCATION	RECORDED NEW HOME SALES												5 MOS YTD 02 SALES	MONTHLY SALES AVG	SALES BY SUB- DIVISION	
			AVG 2001 PRICE	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR				MAY
Brighton																		
BARR LAKE EST	MERIDIAN HOMES	BRIGHTON	\$401.5	2	1	6	2	6	3	1	0	0	0	1	1	1	2.0	1
BOX ELDER EST	LOFT FLEM SHOE LLC	BRIGHTON	\$360.0	1											0	1.0	0	
BROMLEY PARK																		
	STRAUSS HOMES	BRIGHTON	\$211.1	1	2	0	1	4	1	3	3	3	1	1	8	1.8	1.8	
	US HOME	BRIGHTON	\$246.2	2	0	2	4	3	3	1	0	1			1	1.8		
	CRESTONE HOMES/CORP	BRIGHTON	\$246.3	2	0	0	0	0	1	1	1				1	0.6		
	RICHMOND AM HOMES	BRIGHTON	\$257.6	18	15	10	11	8	6	2	9	7	9	1	3	29	8.3	
	GREIN CONSTR	BRIGHTON	\$240.1	0	0	0	0	1	0	1	0	0	0	1	1	0.3		
	MONTERRA HOMES	BRIGHTON	\$268.7	1	2	4	1	0	3	6	1	2	3	2	3	11	2.3	
	US HOME/LENNAR HOMES	BRIGHTON	\$240.0						1	0	1	0	1	0	1	2	0.5	
	WHITFIELDS	BRIGHTON	\$240.0						1	0	1				0	0.7	53	
BROMLEY SOUTHWEST STATES @																		
	BILL MOST CONSTR	BRIGHTON	\$336.9						2	0	1				3	1.0	3	
BUFFALO RUN	RICHMOND AM HOMES	BRIGHTON	\$217.0						3	5	2	6	7	5	25	4.7	25	
CHERRYWOOD PARK																		
	RICHMOND AM HOMES	BRIGHTON	\$243.4						3	11	14	12	13	17	5	61	10.7	61
CLOVER MEADOWS																		
	DON STEPHEN CONSTR	BRIGHTON	\$261.0						1	0	0	1			2	0.5		
	GREENBELT CONSTR	BRIGHTON	\$252.0										1		1	1.0		
	PLATTE VALLEY HOMES	BRIGHTON	\$259.9											1	1	1.0		
CRESCENT VILLAGE																		
	BERNARD CUSTOM CONSTR	BRIGHTON	\$203.2	2	0	1	0	0	0	1	1	1	1	0	1	4	0.7	4
EAGLE SHADOW																		
	DR HORTON/MELODY HOMES	BRIGHTON	\$397.0									3			3	3.0		
	ELAN EAGLE SHADOW	BRIGHTON	\$486.6								1	0	0	1	2	0.5		
	FULL SPECTRUM HOMES	BRIGHTON	\$390.1						1	0	0	0	0	1	1	0.3		
	MERIDIAN HOMES	BRIGHTON	\$395.4										1	0	1	0.7		
	SHEFFIELD HOMES	BRIGHTON	\$457.5										1	1	1	3	1.0	
GREATROCK NORTH																		
	HEMCO	BRIGHTON	\$300.5	4	3	2	3	2	0	3	1	1	2	2	1	7	2.0	7
HKS																		
	TRIDENS FIDELIS DEVL	BRIGHTON	\$220.0											1	1	1.0		
	DON STEPHEN CONSTR	BRIGHTON	\$215.5											1	1	1.0		
INDIGO TRAILS																		
	MORRISON HOMES	BRIGHTON	\$314.5											1	1	1.0		
JACOBS RUN																		
	DON STEPHEN CONSTR	BRIGHTON	\$421.9											1	1	1.0		
	EWING ENT	BRIGHTON	\$315.0	1											0	1.0		
	GREIN CONSTR	BRIGHTON	\$624.3											1	1	1.0		
OVERLAND VISTA																		
	PLATTE VALLEY HOMES	BRIGHTON	\$187.6	1											0	1.0		
PHEASANT RIDGE																		
	ATHERTON HOMES	BRIGHTON	\$265.6							1	0	1			1	0.7		
	RYLAND	BRIGHTON	\$295.9	6	20	10	9	7	5	8	11	1	2	5	4	23	7.3	
	WESTWOOD HOMES	BRIGHTON	\$335.4											1	0	1.0		



SUBDIVISION	SELLER/BUILDER	LOCATION	RECORDED NEW HOME SALES												YTD 2002 SALES	SALES AVG	SUB-DIVISION	
			AUG 2001	PRICE	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR				APR
PLATTE RIVER RANCH		BRIGHTON	\$173.3	26	19	15	11	32	24	16	2	0	3	0	1	6	12.4	6
ROCKING HORSE FARMS		BRIGHTON	\$380.9	0	0	0	0	1	0	0	2	2	0	1	5	0.5		
		BRIGHTON	\$310.9	2	0	1	0	0	0	0	0	0	0	1	1	0.4		
		BRIGHTON	\$345.0						1						0	1.0		
		BRIGHTON	\$376.1					1							0	1.0		
		BRIGHTON	\$430.0											1	1	1.0		
		BRIGHTON	\$350.0											1	1	1.0		
		BRIGHTON	\$365.0	0	2										0	1.0		
		BRIGHTON	\$380.0	0	0	0	1	1	0	0	1	0	0	0	2	0.3		12
		BRIGHTON	\$308.0											1	2	1.0		
SCHWARTZ SUB		BRIGHTON	\$162.9	0	2										0	1.0		0
SUGAR CREEK		BRIGHTON	\$237.5					2	4	8	10	8	6	6	32	5.8		32
TODD CREEK FARMS		BRIGHTON	\$442.4	0	1	0	0	0	0	1	0	2			2	0.4		
		BRIGHTON	\$427.1	1	1	1	0	1	0	0	0	0	0	1	1	0.5		
		BRIGHTON	\$711.4	1	0	0	1	0	0	0	0	0	0	0	1	0.3		
		BRIGHTON	\$476.0	1	0	0	0	0	1	0	0	0	0	0	1	0.3		
		BRIGHTON	\$490.4	0	1	1	1	0	0	1	0	0	3	1	4	0.7		18
		BRIGHTON	\$708.4	1	0	1	0	0	1	0	1	0	1		1	0.4		
		BRIGHTON	\$489.5					1	0	1					0	0.7		
		BRIGHTON	\$485.0												0	1.0		
		BRIGHTON	\$529.9	0	0	0	1	0	0	0	0	1			1	0.2		
		BRIGHTON	\$465.0	0	0	1									0	0.3		
		BRIGHTON	\$444.8	1	1										0	1.0		
		BRIGHTON	\$461.0										1		1	1.0		
		BRIGHTON	\$399.0												0	1.0		
		BRIGHTON	\$360.0	1											0	1.0		
		BRIGHTON	\$632.2					1	0	0	0	1	0	1	2	0.4		
		BRIGHTON	\$516.0							1					1	1.0		
		BRIGHTON	\$373.9											2	2	2.0		18
TWIN LAKES EST		BRIGHTON	\$379.0												0	1.0		0
UNPLATTED SUBD		BRIGHTON	\$425.0						1						0	1.0		0
YORK STREET, HAVEN @		BRIGHTON	\$282.1	10	7	11	7	10	12	5	7	8	7	4	11	37	8.3	37
Erie		ERIE	\$1,125.0								1				1	1.0		1
BAXTER FARM		ERIE	\$256.3	8	5	0	0	35	16	13	11	11	5	5	47	10.3		47
CANYON CREEK		ERIE	\$509.0												1	1.0		1
COUNTRY MEADOWS FARM		ERIE	\$267.5	1											0	1.0		1
		ERIE	\$400.0	0	1	1	0	0	0	0	0	1	1		2	0.4		
		ERIE	\$474.4	0	1	0	0	0	0	1					0	0.3		
		ERIE	\$388.9	0	0	0	1								0	0.3		

SUBDIVISION	SELLER/BUILDER	LOCATION	RECORDED NEW HOME SALES												YTD 02 SALES	SALES AVG	SUB-DIVISION	
			2002															
			AVG 2001	PRICE	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY		
WONDERLAND CUSTOM BLDRS	ERIE		\$372.0	0	2	0	1	1	0	0	0	0	0	0	0	2	2	0.5
THORBURN CONSTR	ERIE		\$417.0												2	2	2.0	
BOULDER FLATWORK	ERIE		\$376.0	0	0	0	0	0	1								0	0.2
FORRET CONSTR	ERIE		\$458.0						1								0	1.0
JUNIPER CONSTR	ERIE		\$475.0	1	0	0	0	1									0	0.4
KELTIC CONSTR	ERIE		\$460.0												1	1	1.0	
PL BLDRS	ERIE		\$475.7	0	1												0	0.5
RGM CONSTR	ERIE		\$394.6	0	0	0	0	0	1								0	0.2
STERLING GENERAL CONTR	ERIE		\$494.0				1	0	0	0	0	0	1				1	0.3
ZINS	ERIE		\$368.1	1													0	1.0
KENOSHA FARM																		
HUDSON CONSTR	ERIE		\$375.0										1	0	1		2	0.7
SOPRIS DEVL	ERIE		\$645.3	1	0	0	0	0	0	0	0	1	0	1			2	0.3
MEADOW SWEET FARM, ORCHARD GLEN @																		
RYLAND	ERIE		\$385.6	6	1	2	2	2	2	5							0	2.9
RGM CONSTR	ERIE		\$460.0				1										0	1.0
NORTHBRIDGE																		
BLUE CREEK CONSTR	ERIE		\$430.0							1							0	1.0
DESIGN WOODWORKS	ERIE		\$815.0	1													0	1.0
SHEFFIELD HOMES NORTHBRIDGE	ERIE		\$420.2	1	2	2	0	0	1	0	0	0	0	2			2	0.8
Firestone																		
BOOTH FARMS																		
RICHMOND AM HOMES COLO																		
FIRESTONE, OVERLOOK @	FIRESTONE		\$276.6				3	2	8	4	0	2	1	2	2	7	2	2.7
GLOBE																		
MARQUIS HOMES	FIRESTONE		\$210.5	1	0	0	0	0	0	1							0	0.3
MARQUIS HOMES	FIRESTONE		\$192.7	2													0	2.0
ADAM PARKER CONSTR	FIRESTONE		\$174.5	1													0	1.0
OAK MEADOWS																		
COUNTRY MEADOW HOMES INC	FIRESTONE		\$192.6	0	0	1											0	0.3
GARCIA FRANCISCO JR	FIRESTONE		\$202.9	0	1												0	0.5
HJ BELL CONST	FIRESTONE		\$194.6	1	1												0	1.0
JJ BLDRS REMODELING	FIRESTONE		\$231.5	0	0	0	0	0	1								0	0.2
LIBERTY HOMES	FIRESTONE		\$221.5							2							0	2.0
ORCHARD CONSTR	FIRESTONE		\$196.0	0	0	0	0	0	0	1							1	0.1
WOODCREST HOMES	FIRESTONE		\$264.9	3	3												0	3.0
OVELOOK AT FIRESTONE																		
ADAM PARKER CONSTR	FIRESTONE		\$214.3	3	1	2	3	0	1	7	0	3	3	1	5	12	2.4	
RIDGE CREST																		
US HOME	FIRESTONE		\$225.6	19	16	13	14	12	10	10	5	1	10	6	11	33	10.6	
RUSSELL SUB																		
TJH PROPERTIES	FIRESTONE		\$119.0												1	1	1.0	
ST VRAIN RANCH																		
BARCEWSKI MASTER BLDRS	FIRESTONE		\$345.5	1													0	1.0
CHANIN BLDRS	FIRESTONE		\$295.0	1	0	0	0	0	1								0	0.3
COLO IRONWOOD HOMES	FIRESTONE		\$373.0						1								0	1.0
GENESEE CO	FIRESTONE		\$328.6										1				1	1.0
GL CUSTOM BLDRS	FIRESTONE		\$360.0	0	0	0	1										0	0.3
KLEPPE JON	FIRESTONE		\$292.5	2													0	2.0
LOPTIEN D SCOTT	FIRESTONE		\$306.3							1							0	1.0
MCHUGH HOMES	FIRESTONE		\$352.0	1	0	0	0	0	1								0	0.3
PENMEN DEVL	FIRESTONE		\$475.0						1								1	1.0
SONPOINTE HOMES	FIRESTONE		\$447.0											1	1	1	1.0	





SUBDIVISION	SELLER/BUILDER	LOCATION	AVG 2001 PRICE	RECORDED NEW HOME SALES												YTD 02 SALES	SALES AVG	SUB-DIVISION	
				AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY						
MILL VILLAGE		LONGMONT	\$917.0	1													0	1.0	
	PARAGON BLDRS DEVL	LONGMONT	\$224.3	0	2	4	1	3	2	4	1	3	5	2			1	12	2.3
	BEYCHEVELLE	LONGMONT	\$245.0														1	3	1.0
	CBT DEL	LONGMONT	\$310.0	1	0	1											0	0	0.7
NONAME CREEK EST		LONGMONT	\$228.2	0	1	1	1	0	1								0	0.7	
	GALLERY HOMES	LONGMONT	\$333.0														1	1	1.0
OAK MEADOWS	ADAM PARKER CONSTR	LONGMONT	\$243.3	3	7	6	1	1	9	3	5	2	5	2			2	16	3.6
PLEASANT VALLEY		LONGMONT	\$249.1	10	14	16	9	10	14	13	12	6	8	8			4	38	10.3
QUAIL CROSSING	DR HORTON/MELODY HOMES	LONGMONT	\$287.4	6	11	11	18	10	7	14	10	0	15	4			13	42	9.9
QUAIL RIDGE		LONGMONT	\$252.2	1	1	3	0	2	1	2	1	2	0	0			1	4	1.2
	BLM ENTERPRISES INC	LONGMONT	\$208.2	1													0	0	1.0
	WALNUT MOUNT CONST	LONGMONT	\$318.5	2	0	0	0	1									0	0	0.6
RANCH CLOVER BASIN	CRESTONE HOMES/CORP	LONGMONT	\$374.1														1	1	1.0
	PORTICO DEVL	LONGMONT	\$865.0														1	1	1.0
RENAISSANCE	ASHLAND CUSOTM HOMES	LONGMONT	\$393.3	0	0	0	1										0	0	0.3
	BARGEWSKI MASTER BLDRS	LONGMONT	\$557.5	1	0	0	0	4	0	0	0	0	2				2	0.7	
	CAPITAL PACIFIC HOLDINGS/HOMES	LONGMONT	\$418.9	0	0	0	0	1	0	0	0	0	1				0	0.3	
	CORNERSTONE HOMES	LONGMONT	\$420.0	0	1	2	0	0	1	0	1	0	1				1	0.6	
	GENESSEE CO	LONGMONT	\$505.9	0	0	0	1										0	0.3	
	GL CUSTOM BLDRS	LONGMONT	\$650.0														1	1	1.0
	KEYSTONE HOMES	LONGMONT	\$978.1														1	0.3	
	SOPRIS DEVL	LONGMONT	\$387.1	0	1	0	0	0	0	0	0	0	0	0			1	0.2	
	TL STAUFFER CONSTR	LONGMONT	\$264.4	2													0	0	2.0
RIDER RIDGE FARM	WOODCREST HOMES	LONGMONT	\$2,000.0														0	1.0	
SOMERSET ESTATES	LELA DESIGN CONSTR	LONGMONT	\$328.5	4	7	6	8	10	3	9	18	8	12	15			13	66	9.6
SPRING VALLEY	CENTEX	LONGMONT	\$442.0	1	1	0	1	0	1	1	2						2	0.9	
	CORNERSTONE INC	LONGMONT	\$498.7	2	3	1	1	0	0	1	0	1	2				3	1.1	
	GENESSEE CO	LONGMONT	\$960.0	1	0	1	0	0	1	0	1	0	0	1			2	0.5	
	MARKEL HOMES	LONGMONT	\$292.0	3	2	1	0	1									0	1.4	
	ARNOLD HOMES/RETREAT UTE CREEK LL	LONGMONT	\$595.2	1	0	0	0	0	0	0	0	1	0	0			2	0.3	
	GREYBRIDGE HOMES	LONGMONT	\$520.0	0	1	2	0	0	0	0	0	0	1	0			2	0.4	
	SOPRIS DEVL	LONGMONT	\$354.9														0	1.0	
	BURNING BUSH ENT	LONGMONT	\$355.0	0	0	0	0	1	0	0	1						1	0.3	
ST VRIN RANCH	CT CUSTOM BLDRS	LONGMONT	\$372.3	0	0	1	0	0	0	0	0	0	0	1			1	0.2	
	LUDWIG HOMES LLC	LONGMONT	\$339.9	0	0	0	0	0	0	0	0	0	0	1			0	0.1	
	TL STAUFFER CONSTR	LONGMONT	\$275.8	5	12	9	3	9	1	3	5	0	0	2			4	11	4.4
	RYLAND GROUP	LONGMONT	\$561.7														0	0.7	
	ROSENTHAL HOMES	LONGMONT	\$370.0	0	0	0	0	0	0	0	0	0	1				1	0.1	
	BEN THOMAS CONSTR	LONGMONT	\$661.1	0	0	0	0	0	0	0	1						1	0.1	
	GREENBRIAR HOMES	LONGMONT	\$460.0	1	0	0	0	0	0	0	1						2	0.4	
	LELAND CONSTR	LONGMONT	\$343.6														0	0.7	
	ITHACA DEVL	LONGMONT	\$310.4	0	0	0	2										0	0.7	
WESTBROOK VILLAGE	FM PARTNERS LONGMONT	LONGMONT	\$353.3	1	0	1	0	0	0	0	0	0	0	0			2	0.3	
WESTLAKE MANORS	DAYSTAR VI	LONGMONT	\$406.0	0	0	0	0	0	1	0	0	0	0	1			0	0.2	
	PILKINGTON HERMAN CONSTR	LONGMONT	\$281.7	0	0	0	0	0	1								0	0.2	
	ADAM PARKER CONSTR	LONGMONT	\$350.0	0	0	0	0	0	1								0	0.2	
	GL CUSTOM BLDRS	LONGMONT	\$343.9	0	0	0	0	1	0	0	0	1	1				2	0.3	
	JD COLLINS CONSTR	LONGMONT	\$215.7	6	5	7	10	9	5	7	10	8	3	10			5	38	7.1
	CENTEX	LONGMONT															0	0	0.0

RECORDED NEW HOME SALES

SUBDIVISION	SELLER/BUILDER	LOCATION	2002												SALES	SUB-DIVISION														
			AVG 2001 PRICE	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR			MAY	YTD 02 SALES	AVG											
Mead MARGIL FARMS	BARCEWSKI MASTER BLDRS	MEAD	\$438.5			1														0	1.0									
	DSM DESIGN	MEAD	\$432.0										1							1	0.3									
	FRICKE JOHN	MEAD	\$148.5										1							0	0.3									
	GARCIA FRANCISCO JR	MEAD	\$364.9																	0	1.0									
	GRIEVE ALLAN J	MEAD	\$398.9											1						0	1.0									
	HOSKINS CONSTR	MEAD	\$399.6												1					0	0.3									
	RR HOMES NORTHER COLO	MEAD	\$412.7													1				0	0.2									
VALE VIEW	DLONG CUSTOM HOMES	MEAD	\$835.0													1				0	1.0									
	PROVENCE DAVIS LTD	MEAD	\$926.7														1			0	0.5									
	SUGARBUSH HOME BLDG	MEAD	\$695.0																	0	0.3	1								
Milliken BLEHMI WATERWAY EST	GREAT NORTHERN PROPERTIES	MILLIKEN	\$280.0																	1	1.0									
	LEVESTAD BERKLEY BLDRS INC	MILLIKEN	\$271.0											1						0	0.5									
	OMNI CONSTR LOVELAND	MILLIKEN	\$295.4																	0	1.0	1								
CENTENNIAL FARMS	GOSCHA RORY	MILLIKEN	\$173.7																	1	0	0	2	0.5						
	HACIENDA BLDRS	MILLIKEN	\$178.8																	1	1	1	1	1.0						
	JT CONSTR NORTHERN COLO	MILLIKEN	\$159.3											2						0	0	4	4	1.5						
	JOURNEY HOMES	MILLIKEN	\$142.5																	1	1	0	1	5	1.3					
	TIMBERSMITHS	MILLIKEN	\$185.5																		2	2	2	2	2.0					
COLONY POINTE	RAMIREZ ENT	MILLIKEN	\$199.5																		1	1	1	1	1.0					
FRANK FARM	RUST CONST	MILLIKEN	\$197.5																		1	2	0	3	1	2	9	1.3		
	STEINER MARK	MILLIKEN	\$155.0																			1	1	1	2	0	0	1.0		
	MOUNT VISTA BLDRS	MILLIKEN	\$172.6																			4	2	5	1	3	15	5.0		
MAD RUSSIAN ESTATES	GENAM HOMES	MILLIKEN	\$269.9																		1	0	0	1	0	2	3	0.4		
	HARMON HOMES	MILLIKEN	\$263.8																		0	1	0	1	1	1	3	0.7		
	GILLAM DEVELOPMENT	MILLIKEN	\$222.8																		1	0	2	1	2	0	3	2	1.4	
	HJ BELL CONST	MILLIKEN	\$283.5																			0	1	2	1	0	1	2	0.8	
	RON EHRlich REAL EST	MILLIKEN	\$270.0																							1	1	1	1.0	
MILL IRON 5 RANCH EST	LARRY HAAS CONSTR	MILLIKEN	\$349.0																							1	1	1	1.0	
PRAIRIE VIEW SUB	SIVE STAR ENTERPRISES	MILLIKEN	\$190.0																							1	1	1	1.0	
WILDCAT ACRES	PARKER CUSTOM HOMES	MILLIKEN	\$257.8																								0	0	0.5	
Platteville BEEBE DRAW FARMS	TL STAUFFER CONSTR	PLATTEVILLE	\$350.0																								0	1.0		
	OLDE TIME CUSTOM HOMES	PLATTEVILLE	\$405.0																							1	1	1.0		
	ISLER JOSH	PLATTEVILLE	\$382.0																								0	1.0		
REEDS	EZRA HOMES	PLATTEVILLE	\$178.0																								0	1.0		
RODGERS FARM	PLUMB CONSTRUCTION	PLATTEVILLE	\$175.9																								0	1.0		
																											1	10	2.7	
<b>TOTAL</b>																														
<b>AVERAGE</b>																														

12276	283	276	214	309	254	275	249	187	234	183	12245	1,086	412	1,086
82.95	2.02	2.14	1.74	2.51	2.19	2.48	2.31	1.80	2.36	2.06	144.06	4.02	1.52	

Source: Home Builders Research and THK Associates, Inc.

#### **D. Proposed and Planned Detached Projects in the Pinnacle Farms Trade Area Environs**

As expected given the strong population and household growth in the trade area, there are numerous proposed residential projects in the site environs. Some of the larger of those proposed projects are profiled by location, type, total units, and status in Table IV-7.

##### *Pinnacle Farms Trade Area*

- At present, there are approximately 8,100 planned single-family detached units that have been approved in the trade area environs.
- The smallest project is Meadow View West in Longmont with 20 planned units; Silver Peaks in Lochbuie is the largest with over 1,700 planned units.
- Numerous projects are still working their way through the entitlement process; these projects include approximately 23,000 units.

**Table IV-7: Proposed Single Family (Detached) Projects in the Pinnacle Farms Trade Area Environs**

<b>Project Name</b>	<b>Address</b>	<b>Location</b>	<b>Number of Units</b>	<b>Status</b>
1 Brighton Crossing	SE 168th & Himalaya	Brighton	280	Annex & Zoning/ Process
2 Brighton E Farms	SE Tower & 168th	Brighton	1,032	Final plan/ Approved
3 Case Farm	SW of Bromley & 27th Ave	Brighton	1,000	Annex & Zoning/ Process
4 Corbin Kidder	SEC WCR 4 & WCR 31	Brighton	43	Preliminary Plan/ Process
5 Country View Estates	SW of Lanewood St & Bromley Ln	Brighton	15	Rezoned/ Approved
6 C & D Estates PUD	SW of 144th Ave & Hayesmount Mi Rd	Brighton	200	Final plan/ Approved
7 Diedrich Farm	SEC of 27th & Bromley	Brighton	980	Annex & Zoning/ Process
8 Hishinuma	SEC Bromley & Chambers	Brighton	288	Annex & Zoning/ Process
9 Homestead/ Dempsey	N of WCR 2, W of 50th	Brighton	131	Preliminary Plan/ Process
10 Mountain View Estates	N of Bridge, E of 127th, W of Telluride	Brighton	203	Preliminary Plan/ Process
11 Neff	S of 168th, E of Picadilly, W of I-25, N of 160th	Brighton	161	Preliminary Plan/ On hold
12 Park Place	S of Southern, N of Bromley, E of 19th Ave, W of 22nd	Brighton	81	Final plan/ Process
13 Preserve, The	N of Bromley, E of Telluride, W of Tower	Brighton	246	Preliminary Plan/ Process
14 Sugar Creek	152nd & 27th Ave	Brighton	278	Final plan/ Approved
15 Third Creek Estates (PUD)	N of 144th at I-76	Brighton	2,500	Annex & Zoning/ On hold
16 Thoroughbred Run	WCR 2 1/2	Brighton	150	Preliminary Plan/ Process
17 Village, The	Himalaya & Southern St, N of Bromley	Brighton	361	Final plan/ Approved
18 Dacono Estates Annexation	N of SCR 8, E of WCR 11	Dacono	200	Annex & Zoning/ Process
19 Dacono Hills	NEC CR 13 & CR 8	Dacono	450	Annex & Zoning/ Process
20 Eagle Meadows	SEC WCR 10 & 11	Dacono	141	Preliminary Plan/ Process
21 Hart Property	SEC WCR 12 & 13	Dacono	1,173	Annex & Zoning/ Process
22 Hingley Farm Annexation	S of WCR 10 btwn WCR 13 & 15	Dacono	750	Annex & Zoning/ Process
23 Legacy Park	SEC Hwy 52 & WCR 11	Dacono	635	Preliminary Plat/ Approved
24 Leppla Annexation	SWC Hwy 52 & WCR 11	Dacono	600	Annex & Zoning/ Approved
25 Pinnacle Farms	SWC Hwy 52 & WCR 11	Dacono	452	Preliminary Plan/ Process
26 Ridge Lands Subdivision	SE SH 52 & CO Rd 11	Dacono	225	Final plan/ Approved
27 Sharp PUD	S of Hwy 52, W of Colorado Blvd	Dacono	290	Final plan/ Approved
28 Silver Peaks at Dacono	1/2 mi s of Hwy 52, E of I-25	Dacono	240	Annex & Zoning/ Approved
29 Starlight Acres 1-3	Glen Creighton Drive	Dacono	197	Final plan/ Approved
30 Starlight Acres	N of WCR 12 & W of WCR 15	Dacono	267	Sketch plan/ Process
31 Sweetgrass Flg 1	NE I-25 & CO Rd 8	Dacono	267	Final plan/ Approved
32 Bulthoup Annex	CO Rd 3 S of Hwy 52	Erie	600	Annex & Zoning/ On hold
33 Creekside	S of Telleen Ave, W of CL Rd	Erie	88	Final plan/ Approved
34 Erie Commons Annexation	Leon Wurl Pkwy & County Line Rd	Erie	600	Annex & Zoning/ Approved
35 Evensong	N of Isabelle, W of 119th	Erie	36	Final plan/ Approved
36 Meadow Sweet Farms	S of Isabelle btwn 119th & 111th	Erie	235	Final plan/ Process
37 Osprey Estates Annexation	E of Jasper Rd & 123rd	Erie	90	Annex & Zoning/ On hold
38 Price Property	119th S of Isabelle	Erie	135	Annex & Zoning/ Process
39 Sun West North	N End of Miller St	Erie	109	Final plan/ Process
40 Vista Pointe	NW CO Rd 3 & CO Rd 4 Extended	Erie	360	Final plan/ Approved
41 Vista Ridge	NE SH 7 & CO Rd 3	Erie	1,287	Final plan/ Approved
42 Vista Ridge	NE SH 7 & CO Rd 3	Erie	1,207	Final plan/ Process
43 Wigget Property	County Line Rd N of Cheeseman	Erie	46	Preliminary Plan/ Process
44 Brooks Farm	E side of WCR 13	Firestone	200	Annex & Zoning/ Approved
45 Cottonwood Hollow	WCR 22 & W of WCR 11	Firestone	413	ODP/ Process
46 Farnsworth Annexation	SEC of Section 28 NE of Owl Lake Estates	Firestone	55	Annex & Zoning/ Approved
47 Hill Annexation & ODP	WCR 11 & WCR 22	Firestone	265	Annex & Zoning/ Process
48 Mountain Shadows	WCR 13 & WCR 24	Firestone	276	Final plan/ Approved
49 Neighbors Annexation	NWC WCR 11 & WCR 22	Firestone	400	Annex & Rezone/ Approved
50 Russell	SWC of WCR 18 & WCR 15	Firestone	389	Annex & Zoning/ Approved
51 Saddleback Estates	1st & Grante Ave	Firestone	78	Final plan/ Process
52 Saddleback Hills Lake	NEC & SEC of WCR 18 & WCR 15	Firestone	1,465	Preliminary Plan/ Process
53 Saddleback PUD	WCR 13 S of WCR 20	Firestone	536	Preliminary Plan/ Process
54 Saddleback Vistas	NWC of WCR 15 & WCR 18	Firestone	128	Preliminary Plat/ Approved
55 Sagebrush	E of WCR 13 S of WCR 24	Firestone	213	Preliminary Plan/ Process
56 Shores Annexation	S of CO Rd 34 & both sides of Co Rd 13	Firestone	952	Annex & Zoning/ Approved
57 St Vrain Ranch 6	NW Co Rd 22 & CO Rd 15	Firestone	36	Final plan/ Approved



<i>Project Name</i>	<i>Address</i>	<i>Location</i>	<i>Number of Units</i>	<i>Status</i>	
58	Teets Annexation	Both sides of CO Rd 20 E of CO Rd 15	Firestone	2,574	Annex & Zoning/ Approved
59	Vogl Annexation	E of WCR 15 & N/S of WCR 24	Firestone	782	Annex & Zoning/ Approved
60	Country Meadow Farms/ Wildflower	NEC WCR 7 & 16	Frederick	392	Sketch plan/ Process
61	The Farm	W of No Name Creek, Adj to WCR 20	Frederick	290	Final plan/ Approved
62	Hi-West	SWC WCR 18 & 11 btwn 18 & 15	Frederick	619	Sketch plan/ Process
63	Johnson Annexation	Hwy 52 & Main St	Frederick	300	Annex & Zoning/ Approved
64	Moore Farms	WCR 20 btwn WCR 13 & 11	Frederick	190	Final plan/ Process
65	Rinn Valley Ranch	SEC WCR 7 & 20.5	Frederick	70	Final plan/ Approved
66	Sandstone	NWC W Frontage Rd & WCR 20	Frederick	66	Sketch plan/ Process
67	Strear Farm	NWC of WCR 13 & 52	Frederick	650	Sketch plan/ Process
68	Apple Farm Est	SE of Hwy 52, E of Beth Ave	Fort Lupton	136	Final plan/ Approved
69	Ft Lupton North	NNE CR 14 1/2 & College Ave Extended	Fort Lupton	300	Sketch plan/ Withdrawn
70	Holton Farm	N of Cahill & W of Coyote Creek Dr	Fort Lupton	94	Sketch plan/ Process
71	Silver Peaks	Lochbuie	Lochbuie	1,773	Preliminary plan/ Approved
72	Blue Mountain Vista	NWC 95th & Hwy 66	Longmont	34	Final plan/ Approved
73	Blue Sky Vista	S of Quail Rd & E of Emery St	Longmont	126	Preliminary Plan/ Process
74	Clover Basin, Ranch @	75th & Plateau Rd	Longmont	53	Final plan/ Approved
75	Fox Meadows Flg 3	S of E 9th Ave & W of County Line Rd	Longmont	165	Final plan/ Process
76	Kanemoto Estates	E of Airport Rd	Longmont	36	Preliminary Plan/ Process
77	L & S	S of Airport Rd & 1.5 mi S of Nelson Rd	Longmont	34	Final plan/ Process
78	Meadow Mountain	1 mi S of Nelson Rd	Longmont	294	Final plan/ Approved
79	Meadow View West/ Kern	S of Nelson Rd & 1.5 mi W of Airport Rd	Longmont	20	Final plan/ Approved
80	Pleasant Valley 3	S of Hwy 66, W of Pace	Longmont	41	Final plan/ Approved
81	Prairie Village	1533 W Alpine St	Longmont	57	Final plan/ Approved
82	Quail East	Se Quail Rd & Hwy 287	Longmont	80	Final plan/ Approved
83	Renaissance Flg 2	W of Airport Rd & S of Buckhorne Dr	Longmont	208	Final plan/ Approved
84	Renaissance Flg 3	W of Airport Rd & S of Buckhorne Dr	Longmont	286	Final plan/ Process
85	Renaissance Flg 4	Clover Basin Rd & 3/4 M W of Airport Rd	Longmont	128	Preliminary Plan/ Process
86	Renaissance, Reserve @	W of Airport Rd & 1/2 mi S of Clover Basin	Longmont	54	Final plan/ Approved
87	Somerset Meadows	SW Airport Rd & Nelson Rd	Longmont	199	Final plan/ Approved
88	Spring Valley V	E of Pace St & N of 17th Ave	Longmont	397	Final plan/ Approved
89	Spring Valley VI	NW Pace St & 17th Ave	Longmont	146	Final plan/ Approved
90	Spring Valley VII	N of 17th Ave & W of Jimm Hamm Nature Area	Longmont	95	Final plan/ Approved
91	Spring Valley X	SE Hwy 66 & Pace	Longmont	24	Preliminary Plan/ Process
92	Spring Valley XI	SW Hwy 66 & County Line Rd	Longmont	100	Final plan/ Process
93	Summerlin	1/2 mi N of Diagonal Hwy, W side of Airport Rd	Longmont	35	PUD/ Approved
94	Coyote Run	S of CO Rd 36, E of I-25	Mead	156	Final plan/ Approved
95	Margil Farms	CO Rd 38 W of I-25	Mead	880	Master plan/ Approved
96	Prairie Hills Est	N end of 1st St	Mead	58	Annex & Zoning/ Approved
97	Range View Est/ Evergreen Farm	CO Rd 7 & CO Rd 32	Mead	73	Annex & Zoning/ Approved
98	Sanborn	SE Hwy 66 & I-25	Mead	251	Annex & Zoning/ Process
99	Westerian Annexation	S Hwy 66 E CR 9 1/2, W of CR 13	Mead	948	Annex & Zoning/ Approved
100	Boulter Farms	SEC WCR 25 1/2 & WCR 34	Platteville	123	Annex & Zoning/ On hold
101	MJ Farms PUD	NW of Hwy 85 & CR 34	Platteville	1,200	Annex & Zoning/ Process
102	Platte River Farm	SW of Hwy 66 & Main St	Platteville	99	Preliminary Plan/ Process
103	Shutt Annexation	SE of Hwy 85 & CR 34	Platteville	500	Annex/ Process

<b>TOTAL APPROVED (FINAL PLAN)</b>	<b>8,143</b>
<b>TOTAL IN PROCESS</b>	<b>31,028</b>
<b>TOTAL</b>	<b>39,171</b>
<b>AVERAGE</b>	<b>380</b>

\* Several projects include some attached units (unit count not yet separated), so total modestly overstated.

Source: Applicable Planning Department, Home Builders and THK Associates

**E. Active Attached Residential Projects in the Pinnacle Farms Trade Area Environs**

There are currently 14 active attached (townhome/condominium) projects in the trade area environs. All 14 projects are listed in Table IV-8 and all 14 are profiled in Table IV-9 with some of the more significant findings detailed below.

- Eight of the 14 projects have sold between zero and four units during the first five months of this year. Two projects sold between five and nine units, and four sold more than ten.
- Half of the 14 projects are averaging sales of zero to two per month, and only two projects are selling more than four units per month.
- Most of the attached product in the area is fairly reasonably priced. Approximately 57.0% of the projects have an average unit price in the \$125,000-\$199,999 range and 28.0% have an average unit price in the \$200,000-\$349,999 range. Two projects have an average unit price below \$125,000.

**Table IV-8: Characteristics of Attached Residential Projects in the Pinnacle Farms Trade Area Environs, 2002**

<b>A. Projects by Number of Units Sold *</b>		
Total Units Sold	Number of Projects	% of Total
0-4	8	57.1%
5-9	2	14.3%
10-14	2	14.3%
15-19	2	14.3%
20+	0	0.0%
<b>TOTAL</b>	<b>14</b>	<b>100.0%</b>

<b>B. Projects by Monthly Sales Average</b>		
Total Units Sold	Number of Projects	% of Total
0-1.99	7	50.0%
2-3.99	5	35.7%
4-5.99	1	7.1%
6-7.99	1	7.1%
8-9.99	0	0.0%
10+	0	0.0%
<b>TOTAL</b>	<b>14</b>	<b>100.0%</b>

<b>C. Projects by Average Unit Price</b>		
Unit Price Range	Number of Projects	% of Total
Under \$125,000	2	14.3%
\$125,000-\$149,999	3	21.4%
\$150,000-\$199,999	5	35.7%
\$200,000-\$249,999	2	14.3%
\$250,000-\$299,999	1	7.1%
\$300,000-\$349,999	1	7.1%
\$350,000 +	0	0.0%
<b>TOTAL</b>	<b>14</b>	<b>100.0%</b>

\* 2002 sales through May

Source: THK Associates, Inc.

TABLE IV-9: ATTACHED SALES IN THE PINNACLE FARMS PRIMARY TRADE AREA ENVIRONS, 2002

LOCATION/SUBDIVISION	SELLER/BUILDER	CITY	AVG PRICE	RECORDED NEW HOME SALES												5 MOS MONTHLY SALES			
				2001	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR		MAY	2002	YTD 02 SALES
<b>Brighton</b>																			
BROMLEY LANE CONDOS/RIDGE @	PARKSIDE HOMES	BRIGHTON	\$149.9														3	3	3.0
JASMINE ESTATES /TOWNHOMES	EQUINOX/JASMINE ESTATES	BRIGHTON	\$154.8	8	16	13	7	4	8	12	5	5	2	6	1	19	19	7.3	
<b>Dacoto</b>																			
SUNDANCE SUB	NEEDA HOMES	DACONO	\$162.0	1	1	0	3	3	2	1	2	1	3	3	2	11	11	1.8	
<b>Erie</b>																			
BLUE EAGLE CONDOS	GRASSFIELD B A	ERIE	\$86.7							3							0	0	3.0
<b>Johnstown</b>																			
CHARLOTTE SQUARE TOWNHOMES	AMES WALTER J III	JOHNSTOWN	\$147.2	0	1	1	0	0	0	0	0	0	1				1	1	0.3
<b>Longmont</b>																			
CREEKSIDE /WATERSONG @	WATERSONG TOWNHOUSES/PEAK	LONGMONT	\$230.0	0	3	6	2	5	6	4	3	5	2	3	1	14	14	3.3	
HOVER WOODS CONDOS	BOVIRON BLDRS	LONGMONT	\$305.9	1	0	3	0	1	0	0	0	0	1	0	1	2	2	0.6	
MILL VILLAGE CONDOS/RIVERBEND @	PARKSIDE HOMES	LONGMONT	\$149.7	0	1	0	1	1							0	0	0.6		
POPLAR GROVE TOWNHOME CONDOS	KUDOS	LONGMONT	\$187.8	2	0	4	2	0	7	0	2	0	3	1	2	8	1.9		
QUAIL CROSSING TOWNHOMES	JAMES CONSTR	LONGMONT	\$156.6	1											0	0	1.0		
QUAIL RIDGE CONDOS/PARKVIEW @	LOMAR DEVL	LONGMONT	\$218.9	0	0	0	0	0	5	2	0	0	1	2	1	4	0.9		
RENAISSANCE SUB, HERITAGE TOWNHOMES	CESSNA ASSOCHERITAGE GREENS LEGACY RID	LONGMONT	\$284.2	2	4	6	4	7	1	3	6	3	4	5	1	19	3.8		
SUNNYVALE CONDOS	SUNNYVALE 4 LLC	LONGMONT	\$107.5	2	2	6	1	4	3	3	0	0	1	0	4	5	2.2		
UTE CREEK CONDOS/VILLAS @	UTE CREEK VILLAS	LONGMONT	\$179.0	7	4	8	0	3	4	10	1				1	1	4.6		
<b>TOTAL</b>				24	32	47	20	31	36	35	19	15	17	20	13	84			
<b>AVERAGE</b>				2.0	2.9	4.3	1.8	2.6	3.6	3.5	1.9	1.7	2.1	2.5	1.6	6.5			

Sources: Home Builders Research and THK Associates, Inc.

## F. Proposed Attached Residential Projects in the Pinnacle Farms Trade Area Environs

As the residential market matures in the more suburban locations that comprise the Pinnacle Farms primary trade area, the number of planned townhome/condominium projects in the market area is likely to increase. The bulk of the proposed attached projects in the area are profiled by location, type, total units, and status in Table IV-10.

- At present there are approximately 3,100 single-family attached units that have either been recently approved or are working their way through the approval process.
- Combined, these projects average approximately 200 units.
- The Silver Peaks project in Lochbuie has the most proposed units (1,300).

**Table IV-10: Proposed Condominium/ Townhome Projects in the Pinnacle Farms Trade Area Environs**

<i>Project Name</i>	<i>Address</i>	<i>Location</i>	<i>Number of Units</i>	<i>Status</i>
1 Bridge Crossing	Bridge & 27th	Brighton	393	Annex/ Process
2 Chapel Hill	Tower & Bridge	Brighton	18	Preliminary plat/ Process
3 Kannyo/ Kennedy	SW Bridge & Telluride	Brighton	28	Final plan/ Process
4 Landmark/ Brighton Crossing	Bridge, 50th, & Baseline	Brighton	280	Final plan/ Approved
5 Mountain View II	SW of CO Rd 2 & Telluride	Brighton	191	ODP/ Approved
6 Pheasant Ridge	Bridge & Telluride/ Tower	Brighton	109	Final plan/ Process
7 Platte View Farm	Miller & Hwy 7	Brighton	216	Preliminary plat/ Process
8 Spring Hollow	S of Bridge btwn 18 & 19	Brighton	108	Final plan/ Approved
9 Pinnacle Farms	SWC Hwy 52 & WCR 11	Dacono	120	Sketch plan/ Process
10 Sweetgrass Flg 1	NE I-25 & CO Rd 8	Dacono	76	Final plan/ Approved
11 Sweetgrass Master Plan	NE I-25 & CO Rd 8	Dacono	525	Revised Master Plan/ Approved
12 Strear Farm	NWC WCR 13 & 52	Frederlck	350	Sketch plan/ Process
13 Holton Farm	N of Cahill & W of Coyote Creek Drive	Fort Lupton	150	Sketch plan/ Process
14 Silver Peaks Duplex	Lochbuie	Lochbuie	1,303	Preliminary plat/ Approved
15 Clover Basin	SW Nelson Road & Airport Road	Longmont	246	Final plan/ Approved
16 Meadow Mountain	1 Mile S of Nelson Road	Longmont	52	Final plan/ Approved
17 Meadow View West/ Kern	S of Nelson Rd & 1.5 ml W of Airport Rd	Longmont	120	Final plan/ Approved
18 Mill Village 3 & 4	SW 9th Ave & Hover St	Longmont	63	Site plan/ Process
19 Prairie Village	1533 W Alpine St	Longmont	16	Final plan/ Approved
20 Quail Ridge	SE SH 287 & Quail Rd	Longmont	18	Final plan/ Process
21 Renaissance Flg 1 & 3	W of Airport Rd & S of Buckhorne Dr	Longmont	342	Final plan/ Process
22 Renalssance, Reserve @	W of Airport Rd & S of Clover Basin Dr	Longmont	30	Final plan/ Approved
23 Spring Valley V & X	E of Pace & N of 17th	Longmont	84	Final plan/ Approved
24 Wallace Addition	SW Pike Rd & SH 287	Longmont	44	Final plan/ Approved

<b>TOTAL APPROVED (FINAL PLAN)</b>	<b>1,772</b>
<b>TOTAL IN PROCESS</b>	<b>3,110</b>
<b>TOTAL</b>	<b>4,882</b>
<b>AVERAGE</b>	<b>203</b>

\* Projects with an unseparated mix of detached and attached units included on detached table, so total modestly understated.

Source: Applicable Planning Department, Home Builders and THK Associates

## **V. SINGLE-FAMILY DETACHED AND ATTACHED UNIT/LOT SALES POTENTIALS AT THE PINNACLE FARMS SITE**

The success of residential development at Pinnacle Farms will depend on a number of factors: location, physical suitability of the site for development, and the overall market conditions for residential sales. Physically, the site appears well suited for residential development. Moreover, its easy access to I-25 and planned open space will help draw residents.

The supply and demand sides of the residential market in the Pinnacle Farms primary trade area were evaluated in the previous sections of this report. It was established that the primary trade area will have an annual average demand for approximately 2,546 single-family, detached units and 320 single-family attached units through the year 2012.

THK's projected capture rates for residential units at Pinnacle Farms are shown in the following tables. The unit/lot demand by price range and unit type in the primary trade area was projected earlier based upon the projected income and demographic characteristics of the population in the trade area. The capture rates for the site show the share of each market segment that the subject property is expected to capture.

The important elements to evaluate when determining capture rates are the prestige and scale of the community and the quality and character of the immediate area. The capture rates shown reflect the differences in the quality of the location, reputation, planning and amenities of competitive developments. These capture rates were determined based upon the geographic attributes of the subject site and those of competitive projects, as well as the number of competitors in a given price range within the trade area.

### *1. Detached Units/Lots*

Based on the competitive review of other projects and the location of the site, THK believes that the Pinnacle Farms site will be able to capture a generic capture rate of the single-family market in the two key price ranges where it should compete. In order to determine capture rates, THK reviewed the number of existing competitors and determined those that will still be marketing product in the coming year. THK then allowed for new project and resale competition and estimated a "fair" share capture rate, adjusted for the site. THK has estimated the Pinnacle Farms project will be able to capture approximately 7% of the demand for homes priced in the \$160,000-\$200,000 price range, and 4% of the homes priced in the \$200,000-\$300,000 price range.

Table V-1 displays THK's projected single-family unit/lot absorption for the Pinnacle Farms site. An average annual demand of 2,546 units/lots over the next ten years is expected in the trade area. Based on this anticipated demand and the programmed capture rates, the site could sell all of its 452 units/lots within an eight-year timeframe. Approximately half of those homes should be priced under \$200,000.

**Table V-1: Projected Single Family Detached Demand and Acreage Absorption  
at the Pinnacle Farms Site, 2003-2010**

Estimated Lot Prices	Under \$35,200	\$35,000 \$44,000	\$44,000 \$66,000	\$66,000 & Above		
Home Prices:	Under \$160,000	\$160,000 \$200,000	\$200,000 \$300,000	\$300,000 & Above	Annual Total	Cumulative Total
Annual Average Demand in the Primary Trade Area:	558	384	738	866	2,546	
Number of Competitors:	8	13	24	20		
Generic Capture Rate:	11.1%	7.2%	4.0%	4.8%		
Site Capture Rate:	0.0%	7.2%	4.0%	0.0%	2.2%	
Annual Absorption (Units)						
2003	0	25	26	0	51	51
2004	0	25	27	0	52	103
2005	0	26	28	0	54	157
2006	0	27	29	0	55	213
2007	0	28	29	0	57	270
2008	0	29	30	0	59	329
2009	0	29	31	0	60	389
2010	0	30	32	0	62	452
Total	0	219	232	0	452	
Annual Average	0	27	29	0	56	
Average Lot Size (SF)	0	4,500	6,300	0	5,400	
Average Net Density	0.0	10.0	7.0	0.0	8.2	
Net Acres (Annual Average)	0.0	2.7	4.1	0.0	6.8	
Net Acres	0	22	33	0	55	

Source: THK Associates, Inc.

2. Attached (Patio Home/Townhome) Units/Lots

As quantified in the previous section, THK anticipates more modest demand for attached product in the trade area over the next decade. In fact, THK projects that the average annual demand during the 2002-2012 period for attached units in the trade area will total approximately 320. Pinnacle Farms should be able to capture a solid percentage of this demand, even though it is anticipated that there will be significantly more competition in the patio home/townhome arena in the coming years (the proposed project list is extensive – see Table IV-10). THK projects a five-year build-out for the project’s 200 planned units.

**Table V-2: Projected Single Family Attached Demand and Acreage Absorption at the Pinnacle Farms Site, 2003-2007**

Estimated Lot Prices	Under \$28,800	\$29,000 \$36,000	\$36,000 & Above			
Home Prices:	Under \$160,000	\$160,000 \$200,000	\$200,000 & Above	Annual Total	Cumulative Total	
Annual Average Demand in the Primary Trade Area:	121	61	137	320		
Number of Competitors:	5	5	4			
Generic Capture Rate:	16.7%	16.7%	20.0%	16.7%		
Site Capture Rate:	16.7%	16.7%	8.8%	12.3%		
Annual Absorption (Units)						
	2003	18	9	11	38	38
	2004	18	9	11	39	77
	2005	19	10	11	40	116
	2006	20	10	12	41	158
	2007	20	10	12	42	200
Total		95	48	57	200	
Annual Average		19	9	11	39	
Average Net Density		9.0	9.0	9.0	9.0	
Net Acres (Annual Average)		2.1	1.0	1.2	4.4	
Net Acres		11	5	6	22	

Source: THK Associates, Inc.



**associates, inc.**

market research planning landscape architecture golf feasibility/valuation

## MEMORANDUM

Date: September 20, 2002

To: Mr. Ryan Carlson  
Carlson Associates  
P.O. Box 247  
Eastlake, Colorado 80614

From: Pat Brophy  
THK Associates, Inc.

Re: Pinnacle Farms

THK's study quantifies the development potentials for residential uses on the 310-acre Pinnacle Farms site in Dacono, Colorado. Data that was collected and analyzed includes historical and projected population and household growth, household income, demographic characteristics, historical residential construction trends, and absorption by unit type. These indicators helped THK project household growth and residential demand by unit type, price or rent range, size, and density for the subject site.

THK's study also includes an inventory of competitive residential projects in the trade area environs. This comprehensive product review allowed THK to identify what gaps exist in the marketplace and what type of residential project will best capitalize on the opportunities available in the area. The study concludes with a comprehensive absorption schedule of product by price range.

Obviously, no assurances can be given on the projections and forward-looking statements included in the market study, but THK believes they are reasonable, and THK concurs with both the methodology employed and the conclusions set forth.

If you need any additional assistance, please do not hesitate to call.

Best Regards,

A handwritten signature in black ink, appearing to read 'Pat Brophy', is written over a faint, larger version of the same signature.

Pat Brophy



# CARLSON

12460 1st Street  
P.O. Box 247  
Eastlake, Colorado 80614-0247  
Office: 303-457-2966  
Fax: 303-280-2978

---

September 20, 2002

City of Dacono  
Attn: Karen Cumbo  
512 Cherry Street  
Dacono, Co. 80514

Dear Karen,

We have received and reviewed the "Residential Market Analysis" prepared by THK Associates, Inc. for the proposed Pinnacle Farms Subdivision in Dacono. We are in agreement with the analysis and the expected absorption levels for the project as described by THK.

Sincerely,

Pinnacle Farms, L.L.C.  
a Colorado Limited Liability Company

By: Clay Carlson

Its: MSR

**EXHIBIT F**  
Underwriter's Letter



**KIRKPATRICK PETTIS**

A Mutual of Omaha Company

Investments Since 1925

September 18, 2002

City of Dacono  
512 Cherry Avenue  
Dacono, Colorado 80514

**RE: *Proposed Pinnacle Farms Metropolitan District***

To Whom It May Concern:

As part of the service plan approval process, you have asked about the relationship between the investment bankers and the proposed Pinnacle Farms Metropolitan District. We are engaged with the petitioners of the proposed Districts as described by the attached Letter of Intent. We have the intention of serving as underwriters for the Districts' voter authorized debt once sufficient credit support can be identified based on assessed value or guarantees provided by the landowners. The structure represented in the financing plan involves non-rated bonds issued to a third party, which we believe will be marketable based on the growth assumptions also included in this plan. In this example, the debt would be sold to institutional investors.

You also requested an explanation of the level of credit risk associated with the types of financing we are considering for this District. As with most start-up special districts, this District expects to market bonds to third parties to raise capital for infrastructure before the entire project is complete. The level of risk taken by a bondholder and the interest rate required for the financing, decrease as development occurs. Our recent special district underwritings vary from bonds sold at 8% with land in the District sold to builders and no homes constructed to refunding bonds issued with most of the homes built at interest rates of 5% with "AAA" rated insurance. In the case of "AAA" rated, insured bonds, the underlying Districts generally have debt/AV ratios of 50% or less. The interest rate assumptions contained in the Service Plan are reasonable based on current market conditions.

Because the financing in these districts is intended to pay for public infrastructure, we issue bonds as close to the time the infrastructure is needed as possible. During the period of time when homes are being constructed but not yet on the tax rolls, the District is projected to meet its debt service obligation with capitalized interest. While this does increase the bondholders' risk, the

1600 BROADWAY, SUITE 1100 ■ DENVER, CO 80202-4922 ■ 303-764-6000 ■ 800-942-7557 ■ FAX 303-764-6002


HOME OFFICE: 10250 REGENCY CIRCLE, SUITE 400 ■ OMAHA, NE 68114 ■ 800-776-5777

Member NASD & SIPC ■ [www.kirkpatrickpettis.com](http://www.kirkpatrickpettis.com)

bondholders understand that risk and are compensated in the interest rate on the bonds. With regard to the City's risk, we know of no example where a City was implicated in a special district default and see no legal argument for such implication.

We hope this letter helps to clarify the financing alternative represented in the financing plan and the current market for special district bonds. Please call if you have any questions or require further clarification.

Sincerely,



Thomas R. Bishop  
Senior Vice President



Samuel R. Sharp  
Vice President

Cc: Scott Carlson

**EXHIBIT A**

(Legal Description of District)

## **SERVICE DISTRICT BOUNDARY**

BEING A PART OF THE EAST ONE-HALF OF SECTION 2, TOWNSHIP 1 NORTH, RANGE 68 WEST OF THE 6<sup>TH</sup> PRINCIPAL MERIDIAN, TOWN OF DACONO, COUNTY OF WELD, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

### **BASIS OF BEARINGS:**

THE EAST LINE OF THE SOUTHEAST ONE-QUARTER OF SECTION 2, TOWNSHIP 1 NORTH, RANGE 68 WEST OF THE 6<sup>TH</sup> PRINCIPAL MERIDIAN CONSIDERED TO BEAR S00°11'04"E WITH ALL BEARINGS HEREIN RELATIVE THERETO.

COMMENCING AT THE EAST ONE-QUARTER CORNER OF SAID SECTION 2, THENCE S89°43'30"W, A DISTANCE OF 30.01 FEET TO A POINT 30.00 FEET WESTERLY OF THE EAST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2 BEING THE WESTERLY RIGHT-OF-WAY OF WELD COUNTY ROAD NO. 11 AS RECORDED IN THE BOARD OF COUNTY COMMISSIONERS FOR WELD COUNTY IN BOOK 86, AT PAGE 273 OF SAID OFFICIAL WELD COUNTY RECORDS, STATE OF COLORADO, SAID POINT BEING THE POINT OF BEGINNING;

THENCE S00°11'04"E ALONG A LINE PARALLEL WITH AND 30.00 FEET WESTERLY OF THE EAST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 2,619.96 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY OF WELD COUNTY ROAD NO. 12 AS RECORDED IN THE BOARD OF COUNTY COMMISSIONERS FOR WELD COUNTY IN BOOK 86, AT PAGE 273 OF SAID OFFICIAL WELD COUNTY RECORDS, STATE OF COLORADO;

THENCE S89°34'18"W ALONG A LINE PARALLEL WITH AND 30.00 FEET NORTHERLY OF THE SOUTH LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 2,604.89 FEET TO A POINT ON THE WEST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2;

THENCE N00°06'16"E ALONG THE WEST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 2,627.31 FEET TO THE CENTER ONE-QUARTER CORNER OF SAID SECTION 2;

THENCE N00°06'11"E ALONG THE WEST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 50.85 FEET;

THENCE ALONG THE FOLLOWING TWENTY-ONE (21) COURSES:

1. S89°53'49"E, A DISTANCE OF 130.11 FEET TO AN ARC OF A CURVE;

2. ALONG AN ARC OF A CURVE TO THE RIGHT, THE CENTER BEARS S74°18'38"E, HAVING A DELTA OF 17°13'32", A RADIUS OF 275.00 FEET AND ARC LENGTH OF 82.68 FEET TO A POINT OF TANGENCY;
3. N32°54'54"E, A DISTANCE OF 132.66 FEET;
4. S57°05'06"E, A DISTANCE OF 50.00 FEET TO AN ARC OF A CURVE;
5. ALONG AN ARC OF A CURVE TO THE LEFT, PROLONGATION OF THE CENTER BEARS S57°05'06"E, HAVING A DELTA OF 90°00'00", A RADIUS OF 20.00 FEET AND ARC LENGTH OF 31.42 FEET TO A POINT OF TANGENCY;
6. S57°05'06"E, A DISTANCE OF 26.34 FEET TO A POINT OF CURVATURE;
7. ALONG AN ARC OF A CURVE TO THE LEFT HAVING A DELTA OF 32°58'46", A RADIUS OF 325.00 FEET AND ARC LENGTH OF 187.07 FEET TO A POINT OF TANGENCY;
8. N89°56'08"E, A DISTANCE OF 535.49 FEET TO A POINT OF CURVATURE;
9. ALONG AN ARC OF A CURVE TO THE LEFT HAVING A DELTA OF 90°00'00", A RADIUS OF 20.00 FEET AND ARC LENGTH OF 31.42 FEET TO A POINT OF TANGENCY;
10. N00°03'52"W, A DISTANCE OF 10.00 FEET;
11. N89°56'08"E, A DISTANCE OF 50.00 FEET TO AN ARC OF A CURVE;
12. ALONG AN ARC OF A CURVE TO THE LEFT, PROLONGATION OF THE CENTER BEARS N89°56'08"E, HAVING A DELTA OF 90°00'00", A RADIUS OF 20.00 FEET AND ARC LENGTH OF 31.42 FEET TO A POINT OF TANGENCY;
13. N89°56'08"E, A DISTANCE OF 294.78 FEET;
14. N00°16'04"W, A DISTANCE OF 115.15 FEET;
15. N33°55'09"E, A DISTANCE OF 154.12 FEET;
16. N00°03'52"W, A DISTANCE OF 1,525.03 FEET;
17. N30°43'25"E, A DISTANCE OF 80.00 FEET;

18. S59°16'35"E, A DISTANCE OF 129.36 FEET;
19. N30°43'25"E, A DISTANCE OF 60.78 FEET;
20. N64°59'29"E, A DISTANCE OF 118.22 FEET;
21. N30°03'07"E, A DISTANCE OF 685.68 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY OF COLORADO STATE HIGHWAY NO. 52 AS RECORDED IN BOOK 1552, PAGE 142 OF SAID OFFICIAL WELD COUNTY RECORDS, STATE OF COLORADO;

THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF COLORADO STATE HIGHWAY NO. 52 THE FOLLOWING TWO (2) COURSES:

1. N89°49'47"E, A DISTANCE OF 371.63 FEET;
2. S44°59'13"E, A DISTANCE OF 136.30 FEET TO A POINT 30.00 FEET WESTERLY OF THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 2 BEING THE WESTERLY RIGHT-OF-WAY OF WELD COUNTY ROAD NO. 11;

THENCE S00°03'52"E ALONG A LINE PARALLEL WITH AND 30.00 FEET WESTERLY OF THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 2,485.84 FEET TO THE POINT OF BEGINNING.

CONTAINING 9,563,870 SQUARE FEET OR 219.556 ACRES MORE OR LESS.

#### LEGAL DESCRIPTION STATEMENT

I, RONALD LEE POWERS, A PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THE ABOVE LEGAL DESCRIPTION AND ATTACHED EXHIBIT WAS PREPARED UNDER MY RESPONSIBLE CHARGE, AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF IS CORRECT.

\_\_\_\_\_  
 RONALD LEE POWERS, PROFESSIONAL LAND SURVEYOR  
 COLORADO NO. 16427  
 A&R LAND SURVEYING, LLC.  
 224 POTOMAC STREET, SUITE 102  
 AURORA, COLORADO 80011





**EXHIBIT G**  
Form of Legal Counsel Letter

T. Edward Icenogle  
Charles E. Norton  
Erin M. Smith  
Edward J. Blieszner  
Dianne D. Miller

ICENOGLE, NORTON, SMITH,  
BLIESZNER & MILLER  
A Professional Corporation  
Attorneys at Law  
821 17th Street, Suite 600  
Denver, Colorado 80202-3040  
Telephone (303) 292-6400  
Facsimile (303) 292-6401  
INS@inspc.com

Jennifer L. Gruber  
Kristin A. Decker  
Philip G. Volpi  
John Goutell  
Sara Wagers-Johnson  
Alan D. Pogue

[FORM]  
September 23, 2002

City of Dacono  
512 Cherry Street  
Dacono, Colorado 80514

Re: Organization of the Pinnacle Farms Metropolitan District

This firm has acted as counsel to the Petitioners in connection with the organization of the Pinnacle Farms Metropolitan District. Pursuant to the requirements of Article V.g. of the Service Plan for the District, this letter confirms that the petition for organization of the District filed with the City on July 30, 2002, the Service Plan for the District, as approved on September 23, 2002, and the notice, hearing and other procedures in connection with the approval of the Service Plan, have met the requirements of the Special District Act, article 1 of title 32, C.R.S., and that the provisions of the Service Plan, including, without limitation, provisions as to the structure and terms of the District's bonds, fees and revenue sources, are consistent with applicable provisions of titles 11 and 32, C.R.S., and other applicable law.

Please be advised, however, that this firm has not been engaged as bond counsel to the District, nor will this firm serve as bond counsel at any time for the District. This letter does not purport to offer any opinion of the type customarily required to be given by bond counsel with regard to any bond transaction of the District.

This letter is limited to the use of the addressee as set forth above and may not be relied upon by other parties or in connection with any future sale, resale or transfer of bonds and may be relied upon only as stated herein. This letter may not be used, quoted or referred to, in whole or in part, for any other purpose without the prior, written consent of the firm

ICENOGLE, NORTON, SMITH,  
BLIESZNER & MILLER  
A Professional Corporation

**EXHIBIT H**

Part 1—Developer Indemnity Letter  
Part 2—Form of District Indemnity Letter

September 20, 2002

City of Dacono  
512 Cherry Street  
Dacono, Colorado 80514

Re: Pinnacle Farms Metropolitan District

Ladies and Gentlemen:

This Indemnity Letter (the "Indemnity Letter") is delivered by the undersigned, Pinnacle Farms, LLC, a Colorado limited liability company (the "Developer"), in order to induce the City of Dacono (the "City") to approve the Service Plan, including all amendments heretofore or hereafter made thereto (the "Service Plan") for the Pinnacle Farms Metropolitan District (the "District"). In consideration of the City's approval of the Service Plan, the Developer, for and on behalf of itself and its transferees, successors and assigns, represents, warrants, covenants and agrees to and for the benefit of the City as follows:

1. The Developer hereby waives and releases any present or future claims it might have against the City or the City's elected or appointed officers, employees, agents or contractors in any manner related to or connected with the Service Plan or any action or omission with respect thereto. The Developer further hereby agrees to indemnify and hold harmless the City and the City's elected and appointed officers, employees, agents and contractors, from and against any and all liabilities resulting from any and all claims, demands, suits, actions or other proceedings of whatsoever kind or nature made or brought by any third party, including attorney's fees and expenses and court costs, which directly or indirectly or purportedly arise out of or are in any manner related to or connected with any of the following: (a) the Service Plan or any document or instrument contained or referred to therein; or (b) the formation of the District or any actions or omissions of the Developer, the District, the City or any other person or entity in connection with the District, including, without limitation, any bonds or other financial obligations of the District or any offering documents or other disclosures made in connection therewith. The Developer further agrees to investigate, handle, respond to, and to provide defense for and defend against, or at the City's option to pay the attorney's fees and expenses for counsel of the City's choice for any such liabilities, claims, demands, suits, actions or other proceedings. It is understood and agreed that the City does not waive or intend to waive the monetary limits (presently \$150,000 per person and \$600,000 per occurrence) or any other rights, immunities and protections provided by the Colorado Governmental Immunity Act, § 24-10-101 et seq., C.R.S., as from time to time amended, or otherwise available to the City, its officers or its employees.

2. The Developer hereby consents to the City Disclaimer Statement contained in Exhibit "J" to the Service Plan, acknowledges the City's right to modify the

City Disclaimer Statement and waives and releases the City from any claims the Developer might have based on or relating to the use of or any statements made or to be made in such City Disclaimer Statement (including any modifications thereto).

3. It is understood and agreed, and the Developer hereby expressly acknowledges, that the City, in acting to approve the Service Plan, has relied upon the provisions of this Indemnity Letter.

4. This Indemnity Letter has been duly authorized and executed on behalf of the Developer.

Very truly yours,

Pinnacle Farms, LLC, a Colorado limited liability company

By: 

Its: 

[Date of Organizational Meeting]

City of Dacono  
512 Cherry Street  
Dacono, Colorado 80514

Re: Pinnacle Farms Metropolitan District

Ladies and Gentlemen:

This Indemnity Letter (the "Indemnity Letter") is delivered by the Pinnacle Farms Metropolitan District (the "District") in order to comply with the Service Plan, including all amendments heretofore or hereafter made thereto (the "Service Plan") for the District. In consideration of the City's approval of the Service Plan, the District, for and on behalf of itself and its transferees, successors and assigns, represents, warrants, covenants and agrees to and for the benefit of the City as follows:

1. The District hereby waives and releases any present or future claims it might have against the City or the City's elected or appointed officers, employees, agents or contractors in any manner related to or connected with the Service Plan or any action or omission with respect thereto. To the fullest extent permitted by law, the District hereby agrees to indemnify and hold harmless the City and the City's elected and appointed officers, employees, agents and contractors, from and against any and all liabilities resulting from any and all claims, demands, suits, actions or other proceedings of whatsoever kind or nature made or brought by any third party, including attorney's fees and expenses and court costs, which directly or indirectly or purportedly arise out of or are in any manner related to or connected with any of the following: (a) the Service Plan or any document or instrument contained or referred to therein; or (b) the formation of the District or any actions or omissions of the District, the City, Pinnacle Farms LLC, or any other person or entity in connection with the District, including, without limitation, any bonds or other financial obligations of the District or any offering documents or other disclosures made in connection therewith. The District further agrees to investigate, handle, respond to, and to provide defense for and defend against, or at the City's option to pay the attorney's fees and expenses for counsel of the City's choice for, any such liabilities, claims, demands, suits, actions or other proceedings. It is understood and agreed that neither the District nor the City waives or intends to waive the monetary limits (presently \$150,000 per person and \$600,000 per occurrence) or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, § 24-10-101 et seq., C.R.S., as from time to time amended, or otherwise available to the City, the District, its officers, or its employees.

2. The District hereby consents to the City Disclaimer Statement contained in Exhibit "J" to the Service Plan; agrees that the District will include such City Disclaimer Statement or any modified or substitute City Disclaimer Statement hereafter furnished by the City to the District in all offering materials used in connection with any bonds or other financial

obligations of the District (or, if no offering materials are used, the City Disclaimer Statement will be given by the District to any prospective purchaser of any bonds or other financial obligations of the District); and waives and releases the City from any claims the District might have based on or relating to the use of or any statements made or to be made in such City Disclaimer Statement (including any modifications thereto).

3. It is understood and agreed, and the District hereby expressly acknowledges, that the City, in acting to approve the Service Plan, has relied upon the provisions of this Indemnity Letter.

4. This Indemnity Letter has been duly authorized and executed on behalf of the District.

Very truly yours,  
PINNACLE FARMS  
METROPOLITAN DISTRICT

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT I**  
Form of Disclosure Notice



# **Pinnacle Farms Metropolitan District**

CITY OF DAcono  
WELD COUNTY, COLORADO

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## **DISCLOSURE STATEMENT**

Pursuant to Article XII of the Service Plan  
of Pinnacle Farms Metropolitan District

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### **DISTRICT ORGANIZATION:**

Pinnacle Farms Metropolitan District (the "District"), Dacono, Weld County, Colorado is a quasi-municipal corporation and political subdivision of the State of Colorado duly organized and existing as a metropolitan district pursuant to Title 32, Colorado Revised Statutes. The District was declared organized and an existing metropolitan district on \_\_\_\_\_, 2002, pursuant to an Order and Decree Organizing the District and Issuance of Certificates of Election for the Pinnacle Farms Metropolitan District, issued in the District Court of Weld County, Colorado. The Order and Decree was recorded in the records of the Weld County Clerk and Recorder on \_\_\_\_\_, 2002 at Reception # \_\_\_\_\_.

The District is located entirely within the corporate limits of the City of Dacono, Colorado, in Weld County. The legal description of the property forming the boundaries of the District is described in **Exhibit A**.

### **DISTRICT PURPOSE:**

Pinnacle Farms Metropolitan District was organized for the purpose of financing street, traffic safety control, water, sanitary sewer, storm drainage and park and recreation public improvements, all in accordance with its Service Plan approved by the City Council of Dacono. When completed, improvements shall be dedicated to the City of Dacono, Central Weld County Water District, St. Vrain Sanitation District or other non-profit or governmental entities, all for the use and benefit of residents and taxpayers, except to the extent that tract landscaping, storm drainage improvements, park and recreation improvements and trail systems may, upon the City of Dacono's direction or consent, be retained by the District for operation and maintenance or operated and maintained by contract with a homeowners' association formed for the Pinnacle Farms subdivision. The District's Service Plan is on file and available for review at the office of the District, \_\_\_\_\_ and at the office of the City Clerk, City of Dacono, 512 Cherry St, Dacono, Colorado 80514.

### **TAX LEVY INFORMATION:**

The primary source of revenue for the District is ad valorem property taxes. Property taxes are determined annually by the District's Board of Directors and set by the Board of County Commissioners for Weld County as to rate or levy based upon the assessed valuation of the property within the District. The levy is expressed in terms of mills. A mill is 1/1,000 of the assessed

valuation, and a levy of one mill equals \$1 of tax for each \$1,000 of assessed value. The financial forecast for the District (as set forth in its Service Plan) assumes that the District will be able to set its tax levy at approximately thirty-five (35) mills for 2004 through 2039 for debt service, maintenance and administration purposes. Except for certain adjustments permitted by the Service Plan to compensate for legally required changes in residential valuation ratios, the District shall not impose a mill levy in excess of fifty (50) mills. District taxes are collected as part of the property tax bill from Weld County.

**PINNACLE FARMS  
METROPOLITAN DISTRICT**

\_\_\_\_\_ , President

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_  
200\_, by \_\_\_\_\_ as President of the Pinnacle Farms Metropolitan  
District.

WITNESS my hand and official seal.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

**EXHIBIT J**  
Form of City Disclaimer Statement

## CITY OF DACONO, COLORADO – DISCLAIMER STATEMENT

As a requirement imposed in its formation process, the Pinnacle Farms Metropolitan District (the “District”) is obligated to the City of Dacono (the “City”) to include this disclaimer statement in all offering materials used in connection with any bonds or other financial obligations of the District (or, if no offering materials are used, to give this disclaimer statement to any prospective purchaser, investor or lender in connection with any such bonds or other financial obligations of the District). The date of this disclaimer statement is \_\_\_\_\_.

The City has not reviewed or participated in the preparation of any offering materials or any other documentation relating to any bonds or financial obligations of the District or to any other materials to which this Disclaimer Statement is appended, and other than this Disclaimer Statement, no other statement of any kind is authorized to be made by or on behalf of the City in connection with any bonds or other financial obligations of the District.

The City and the District are separate legal entities. The City is not a party to and is not obligated with respect to any borrowings, financings, bonds or other financial obligations of the District. As a statutory requirement for the formation of the District, the City approved a Service Plan containing financial and other information furnished by the District’s organizers. The City’s approval of the Service Plan was based upon such information furnished by the District’s organizers, without independent investigation by the City. The District’s Service Plan was prepared in 2002 and not in connection with the offering of any bonds or other financial obligations. The City’s approval of the District’s Service Plan should not be relied upon by prospective purchasers, investors or lenders in evaluating the investment quality of the District’s bonds or other financial obligations. The Service Plan and related agreements do not impose upon the City any duties to, nor confer any rights against the City upon, any purchasers, lenders, investors, bondholders or other third parties.

**EXHIBIT K**

Form of Intergovernmental Agreement Between District and City

**INTERGOVERNMENTAL AGREEMENT  
BETWEEN  
THE CITY OF DAcono, COLORADO  
AND  
PINNACLE FARMS METROPOLITAN DISTRICT**

THIS AGREEMENT is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2002, by and between the **City of Dacono**, a home-rule municipal corporation of the State of Colorado (the "City"), and **Pinnacle Farms Metropolitan District**, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District").

**RECITALS**

WHEREAS, the District was organized to provide those services and to exercise powers as are more specifically set forth in the District's Service Plan dated \_\_\_\_\_, 200\_\_, as revised, and approved by the City on \_\_\_\_\_, 2002, by Resolution No. \_\_\_\_\_ ("Service Plan");

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

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

NOW, THEREFORE, for and 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. The District hereby acknowledges that the property within its boundaries shall be subject to all ordinances, rules and regulations of the City, including without limitation, ordinances, rules and regulations relating to zoning, subdividing, building and land use, and to all related City land use policies, master plans, related plans and intergovernmental agreements.

2. Nature of District. The District agrees that it is organized for the purpose of financing certain public improvements for the area within its boundaries only, which area is designated as the proposed Pinnacle Farms development, and that the District's purposes, powers, facilities and activities are to be limited and governed by the Service Plan. The District is not intended to and shall not provide service outside its boundaries. Further, the District is not intended to and shall not exist perpetually, but instead shall be dissolved in accordance with the Service Plan and this Agreement. The Property within the District will receive water service from the City through the City's arrangements with the Central Weld

County Water District. The District shall not provide any services or facilities within any area of the District overlapping with the service area of another district without first obtaining the written consent of each and every district whose service area is so overlapped.

3. Change in Boundaries. The District agrees that, 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 written approval of the City Council of the City as evidenced by a resolution. Any inclusion or exclusion that has been given such prior written approval by the City shall not constitute a material modification of the Service Plan; any purported inclusion or exclusion that has not been so approved shall be void and of no effect.

4. Review of District Submittals. The District agrees to reimburse the City for all reasonable administrative and consultant costs incurred by the City for any City review of reports, plans, submittals or other materials or requests provided to the City by the District pursuant to the Service Plan, state law or the Dacono Municipal Code. The City may require a deposit of such estimated costs.

5. Ownership of Improvements. The parties agree that the District shall not be permitted to undertake ownership, operation or maintenance of public facilities and services, except as specifically set forth in the Service Plan.

6. Consolidation. The District shall not file a request with the district court to consolidate with another district without the prior written approval of the City.

7. Dissolution. The District agrees that it shall take all action necessary to dissolve the District upon payment or defeasance of the District's bonds or upon the request of the City, all as provided in the Service Plan.

8. Notice of Meetings. The District agrees that it shall submit a copy of the written notice of every regular, special meeting and work session of the District's Board of Directors to the Office of the Dacono City Administrator, by mail, facsimile or hand delivery, to be received at least three (3) days prior to such meeting. The District agrees that it shall also submit a complete copy of meeting packet materials for any such meeting to the Office of the Dacono City Administrator, by mail, facsimile or hand delivery, to be received at least one (1) day prior to such meeting.

9. Annual Report. The District shall be responsible for submitting an annual report to the City pursuant to and including the information set forth in Section VII of the Service Plan.

10. 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.

11. 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.

12. 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.

13. 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 procedure.

14. Beneficiaries. 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.

15. 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. Further, with respect to any portion so held invalid or unenforceable, the District and City agree to take such actions as may be necessary to achieve to the greatest degree possible the intent of the affected portion.

16. 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 parties.

17. Successors and Assigns. Subject to Section 16 hereof, 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.

PINNACLE FARMS  
METROPOLITAN DISTRICT

By: \_\_\_\_\_  
President

ATTEST:

By: \_\_\_\_\_  
Secretary



CITY OF DACONO

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT L**

Resolution of the City of Dacono Approving the Service Plan  
(To Be Provided)

**EXHIBIT M**  
Property Owners' Consent


September 20, 2002

City of Dacono  
512 Cherry Street  
Dacono CO 80514

**Re: Proposed Pinnacles Farms Metropolitan District ("District")**

To Whom It May Concern:


Jeanie D. McDonald-Carlson, Kent D. Carlson, Lisa Duke Carlson, Lee S. Carlson and Ryan L. Carlson are the owners of the property attached hereto as **Exhibit A**, which property is proposed to constitute the boundaries of the District. The purpose of this letter is to advise that the property owners consent to the organization of the District.

  
JEANIE D. MCDONALD-CARLSON

  
KENT D. CARLSON

  
LISA DUKE CARLSON

  
LEE S. CARLSON

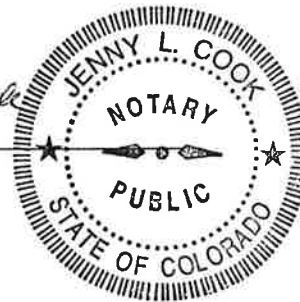
  
RYAN L. CARLSON

STATE OF COLORADO )  
 ) ss.  
COUNTY OF Adams )

The foregoing document was acknowledged before me this 20<sup>th</sup> day of September 2002, by Jeanie D. McDonald-Carlson, Kent D. Carlson, Lisa Duke Carlson, Lee S. Carlson and Ryan L. Carlson.

WITNESS my hand and official seal.

  
Notary Public



My Commission Expires:

**My Commission Expires**  
02/09/2004

**EXHIBIT A**

## **SERVICE DISTRICT BOUNDARY**

BEING A PART OF THE EAST ONE-HALF OF SECTION 2, TOWNSHIP 1 NORTH, RANGE 68 WEST OF THE 6<sup>TH</sup> PRINCIPAL MERIDIAN, TOWN OF DACONO, COUNTY OF WELD, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

### **BASIS OF BEARINGS:**

THE EAST LINE OF THE SOUTHEAST ONE-QUARTER OF SECTION 2, TOWNSHIP 1 NORTH, RANGE 68 WEST OF THE 6<sup>TH</sup> PRINCIPAL MERIDIAN CONSIDERED TO BEAR S00°11'04"E WITH ALL BEARINGS HEREIN RELATIVE THERETO.

COMMENCING AT THE EAST ONE-QUARTER CORNER OF SAID SECTION 2, THENCE S89°43'30"W, A DISTANCE OF 30.01 FEET TO A POINT 30.00 FEET WESTERLY OF THE EAST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2 BEING THE WESTERLY RIGHT-OF-WAY OF WELD COUNTY ROAD NO. 11 AS RECORDED IN THE BOARD OF COUNTY COMMISSIONERS FOR WELD COUNTY IN BOOK 86, AT PAGE 273 OF SAID OFFICIAL WELD COUNTY RECORDS, STATE OF COLORADO, SAID POINT BEING THE POINT OF BEGINNING;

THENCE S00°11'04"E ALONG A LINE PARALLEL WITH AND 30.00 FEET WESTERLY OF THE EAST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 2,619.96 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY OF WELD COUNTY ROAD NO. 12 AS RECORDED IN THE BOARD OF COUNTY COMMISSIONERS FOR WELD COUNTY IN BOOK 86, AT PAGE 273 OF SAID OFFICIAL WELD COUNTY RECORDS, STATE OF COLORADO;

THENCE S89°34'18"W ALONG A LINE PARALLEL WITH AND 30.00 FEET NORTHERLY OF THE SOUTH LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 2,604.89 FEET TO A POINT ON THE WEST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2;

THENCE N00°06'16"E ALONG THE WEST LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 2,627.31 FEET TO THE CENTER ONE-QUARTER CORNER OF SAID SECTION 2;

THENCE N00°06'11"E ALONG THE WEST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 50.85 FEET;

THENCE ALONG THE FOLLOWING TWENTY-ONE (21) COURSES:

1. S89°53'49"E, A DISTANCE OF 130.11 FEET TO AN ARC OF A CURVE;

2. ALONG AN ARC OF A CURVE TO THE RIGHT, THE CENTER BEARS S74°18'38"E, HAVING A DELTA OF 17°13'32", A RADIUS OF 275.00 FEET AND ARC LENGTH OF 82.68 FEET TO A POINT OF TANGENCY;
3. N32°54'54"E, A DISTANCE OF 132.66 FEET;
4. S57°05'06"E, A DISTANCE OF 50.00 FEET TO AN ARC OF A CURVE;
5. ALONG AN ARC OF A CURVE TO THE LEFT, PROLONGATION OF THE CENTER BEARS S57°05'06"E, HAVING A DELTA OF 90°00'00", A RADIUS OF 20.00 FEET AND ARC LENGTH OF 31.42 FEET TO A POINT OF TANGENCY;
6. S57°05'06"E, A DISTANCE OF 26.34 FEET TO A POINT OF CURVATURE;
7. ALONG AN ARC OF A CURVE TO THE LEFT HAVING A DELTA OF 32°58'46", A RADIUS OF 325.00 FEET AND ARC LENGTH OF 187.07 FEET TO A POINT OF TANGENCY;
8. N89°56'08"E, A DISTANCE OF 535.49 FEET TO A POINT OF CURVATURE;
9. ALONG AN ARC OF A CURVE TO THE LEFT HAVING A DELTA OF 90°00'00", A RADIUS OF 20.00 FEET AND ARC LENGTH OF 31.42 FEET TO A POINT OF TANGENCY;
10. N00°03'52"W, A DISTANCE OF 10.00 FEET;
11. N89°56'08"E, A DISTANCE OF 50.00 FEET TO AN ARC OF A CURVE;
12. ALONG AN ARC OF A CURVE TO THE LEFT, PROLONGATION OF THE CENTER BEARS N89°56'08"E, HAVING A DELTA OF 90°00'00", A RADIUS OF 20.00 FEET AND ARC LENGTH OF 31.42 FEET TO A POINT OF TANGENCY;
13. N89°56'08"E, A DISTANCE OF 294.78 FEET;
14. N00°16'04"W, A DISTANCE OF 115.15 FEET;
15. N33°55'09"E, A DISTANCE OF 154.12 FEET;
16. N00°03'52"W, A DISTANCE OF 1,525.03 FEET;
17. N30°43'25"E, A DISTANCE OF 80.00 FEET;

18. S59°16'35"E, A DISTANCE OF 129.36 FEET;
19. N30°43'25"E, A DISTANCE OF 60.78 FEET;
20. N64°59'29"E, A DISTANCE OF 118.22 FEET;
21. N30°03'07"E, A DISTANCE OF 685.68 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY OF COLORADO STATE HIGHWAY NO. 52 AS RECORDED IN BOOK 1552, PAGE 142 OF SAID OFFICIAL WELD COUNTY RECORDS, STATE OF COLORADO;

THENCE ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF COLORADO STATE HIGHWAY NO. 52 THE FOLLOWING TWO (2) COURSES:

1. N89°49'47"E, A DISTANCE OF 371.63 FEET;
2. S44°59'13"E, A DISTANCE OF 136.30 FEET TO A POINT 30.00 FEET WESTERLY OF THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 2 BEING THE WESTERLY RIGHT-OF-WAY OF WELD COUNTY ROAD NO. 11;

THENCE S00°03'52"E ALONG A LINE PARALLEL WITH AND 30.00 FEET WESTERLY OF THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 2, A DISTANCE OF 2,485.84 FEET TO THE POINT OF BEGINNING.

CONTAINING 9,563,870 SQUARE FEET OR 219.556 ACRES MORE OR LESS.

#### LEGAL DESCRIPTION STATEMENT

I, RONALD LEE POWERS, A PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THE ABOVE LEGAL DESCRIPTION AND ATTACHED EXHIBIT WAS PREPARED UNDER MY RESPONSIBLE CHARGE, AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF IS CORRECT.

RONALD LEE POWERS, PROFESSIONAL LAND SURVEYOR  
COLORADO NO. 16427  
A&R LAND SURVEYING, LLC.  
224 POTOMAC STREET, SUITE 102  
AURORA, COLORADO 80011

