Excerpt from typical Service Plan showing debt limit and mill rate limit (next page)

B. Proposed General Obligation Indebtedness.

The Financial Plan reflects the estimated amount of bonds to be sold and fees to be imposed to finance the completion, construction, acquisition and/or installation of the proposed facilities, including all costs and expenses related to the anticipated bond issuances. The amount of bonds actually sold will be based upon the final engineering estimates and/or actual construction contracts.

It is proposed that a total maximum amount of Twenty-Seven Million Seven Hundred Thousand Dollars ($27,700,000) of bonds that are secured by *ad valorem* property taxes (including general obligation and any bonds issued, the repayment of which is from the pledge of revenue from a capped debt service mill levy) for various purposes be submitted to the electors of the District for their approval at an election. Based upon construction cost estimates and financing cost estimates as computed during the preparation of this Service Plan, it is anticipated that a total of Twenty-Three

Million Twenty-Five Thousand Dollars ($23,025,000) of bonds will be issued. The amount to be voted exceeds the amount of bonds anticipated to be sold, as shown in the Financial Plan, to allow for unforeseen contingencies and increases in construction costs due to inflation, and to cover all issuance costs, including capitalized interest, reserve funds, discounts, legal fees and other incidental costs of issuance; provided, however, in no event shall the amount of the bonds which are secured by *ad valorem* property taxes exceed Twenty-Seven Million Seven Hundred Thousand Dollars ($27,700,000). Such limitation shall not be applicable to refundings of the bonds authorized to be issued hereunder.

All issuances of general obligation bonds shall be deemed to be in compliance with the Financial Plan as long as the Minimum Criteria, as hereinafter defined, have been met. Minimum

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

1. For debt which equals or exceeds 50% of the District's assessed valuation, the Mill Levy Cap shall be fifty (50) mills; reduced by the number of mills necessary to pay the unlimited mill levy general obligation debt, provided however, that in the event the method of calculating

assessed valuation is changed after the date of approval of this Service Plan, by any change in law, change in method or calculation, or in the event of any legislation or constitutionally mandated tax credit, cut or abatement, the mill levy limitation applicable to such debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

2. For debt which is less than 50% of the District's assessed valuation, either on the date of issuance or at any time thereafter, the Mill Levy Cap shall be such amount as may be necessary to pay the debt service on such debt, without limitation of rate.

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

D. Cost Summary and Bond Development.

The Financial Plan reflects the total amount of bonds to be sold to finance the

Excerpt from typical city ordinance requiring debt limit and mill rate limit in Service Plan (next page)

Section 4 –Service Plan

A. Purpose: In addition to the requirements of the Act, a Service Plan should memorialize the understandings and agreements between the District and the Town, as well as the considerations that compelled the Town to authorize the formation of the District. The Service Plan must also include all applicable information required by the Act.

B. Compliance with Applicable Law: Any Service Plan submitted to the Town for approval must comply with all state, federal, and local laws and ordinances, including the Act.

C. Model Service Plan: To clearly communicate Town requirements and streamline legal review, the Town requires the use of the applicable Model Service Plan attached as **Exhibit "B"** or **Exhibit "C"** (As noted previously, these will be finalized and included with the final draft of this policy). With justification, the Town may consider deviations in the proposed Service Plan, but generally all Service Plans should include the following:

1. Maximum Mill Levy: The Service Plan shall restrict the District's total mill levy authorization for both debt service and operations and maintenance to 55 mills, subject to adjustment as provided below. No more than 10 mills of the Maximum Mill Levy may be used by the District to fund operations and maintenance functions, including customary administrative expenses incurred in operating the District such as accounting and legal expenses (the "Operations and Maintenance Mill Levy").

a. Increased mill levies may be considered for Districts that are predominately commercial in use, at the sole discretion of the Board of Trustees.

b. The Maximum Mill Levy may be adjustable from the base year of the District as provided for in the Model Service Plan, so that to the extent possible, the actual tax revenues generated by the District's mill levy, as adjusted, for changes occurring after the base year, are neither diminished nor enhanced as a result of the changes.

2. Debt Term Limit: A District shall be allowed no more than 40 years for the levy and collection of taxes used to service debt unless a majority of the Board of Directors are residents of the District and have voted in favor of a refunding of a part or all of the Debt and such refunding is for one or more of the purposes authorized in C.R.S. § 11-56-104.

3. Dissolution: Perpetual Districts shall not be allowed except in cases where ongoing operations and maintenance are required. Except where ongoing operations and maintenance has been authorized, a District must be dissolved as soon as practical upon:

   a. The payment of all debt and obligations; and

   b. The completion of District development activity.

4. Fees: Impact fees, development fees, service fees, and any other fees must be identified with particularity in the service plan. Impact and development fees must not be levied or collected against the end user – i.e., residents or non-developer owners. District fees shall not duplicate existing Town fees.

5. Notice Requirements to Prospective Buyers: The service plan shall describe how the District will assure that anyone selling property within the District provides written notice to a prospective buyer at least 10-days before any earnest money becomes non-refundable to the prospective buyer under the terms of any contract to buy and sell real estate or other legal instrument to buy property in the District. The written notice shall include complete information regarding the District's existing mill levies, its maximum debt mill levy, as well as a general description of the District's authority to impose and collect taxes, rates, fees, tolls and charges. The form of notice shall be included with the service plan and filed with the Town prior to the initial

information regarding the District's existing mill levies, its maximum debt mill levy, as well as a general description of the District's authority to impose and collect taxes, rates, fees, tolls and charges. The form of notice shall be included with the service plan and filed with the Town prior to the initial issuance of the debt of the District imposing the mill levy.

6. Annual Report: The Service Plan must obligate the District to file an annual report not later than July 1 of each year with the Town Clerk for the year ending the preceding December 31, the requirements of which may be waived in whole or in part by the Town Administrator. Details of the Annual Report are included in the Model Service Plan.

7. Notice of Meetings. The Service Plan must obligate the District to deliver to the Town Clerk an electronic copy of the notice of every regular or special meeting of the District at least 14 days prior to such meeting, and, from the time any structure built in the District has been sold to purchasers, to (i) hold at least quarterly Board of Directors meeting each year, (ii) hold all meetings of the Board of Directors within Town limits in an ADA accessible facility and also enable owners of property within the District to participate in the meeting through virtual means, and (iii) least 14 days prior to such meeting provide electronic and mailed notice to all property owners within the district notifying them of the time, date, and place of the meeting, providing an agenda listing all matters that will be discussed during the meeting, and indicating that all owners of property in the District have the right, if they are registered to vote in the State of Colorado, to serve on the Board of Directors as well as the opportunity at the meeting or prior to the meeting to comment on any item on the agenda or to comment on items not on the agenda.

D. Service Plan Requirements: In addition to all other information required in a Service Plan by the Act, a Service Plan must include the following:

1. Financial Plan: The Service Plan must include debt and operating financial projections prepared by an investment banking firm or financial advisor qualified to make such projections. The financial firm must be listed in the Bond Buyers Marketplace or, in the Town's sole discretion, other recognized publication as a provider of financial projections. The Financial Plan must include debt issuance and service schedules and calculations establishing the District's projected maximum debt capacity (the "Total Debt Limitation") based on assumptions of: (i) Projected Interest Rate on the debt to be issued; (ii) Projected Assessed Valuation of the property within the District; and (iii) Projected Rate of Absorption of the assessed valuation within the District. These assumptions must use market-based, market comparable valuation and absorption data and may use an annual inflation rate of 3% or the Consumer Price Index for the preceding 12-month period for the Denver-Boulder-Greeley statistical region as prepared by the U.S. Department of Labor Statistics, whichever is lesser.

   a. Total Debt Limitation: The total debt authorized in the Service Plan must not exceed 100% of the projected maximum debt capacity as shown in the Financial Plan.

   b. Administrative, Operational and Maintenance Costs: The Financial Plan must also include foreseeable administrative, operational and maintenance costs.

2. Public Improvements and Estimated Costs: Every Service Plan must include, in addition to all materials, plans and reports required by the Act, a summary of public improvements to be constructed and/or installed by the district (the

Important Financial Disclosure Regarding Metro Districts

The home you are potentially buying is in a metro district. The taxes an fees in metro districts are typically higher than taxes and fees in non-metro districts.

You have the right to vote and serve on the Board of Directors for the District. Contact the District Manager, Designated Election Official or Attorney for the District to obtain a self-nomination form to get on the ballot.

Until the residents obtain positions on the Board of Directors, the Directors are family, employees or business associates of the developer and have a conflict of interest with the residents which is expressly disclosed in the District's Financial Audit each year.

Typically the developer "votes" to pass ballot issues before the residents arrive which deprive the residents of the right to vote on issuing bond debt for up to 20 years. Residents are advised to obtain seats on the Board of Directors as soon as possible in order establish the residents' right to vote on whether or not to issue bond debt. Bond debt is paid by the property taxes.

Name of Metro District:

Total Debt Authority Payable by Residents (Total Debt Repayment Authorization in Initial Ballot filed with the District Court):

Total Pending Debt (Amount and Payment Schedule):

Future Planned Debt Schedule (From Service Plan Financial Plan or bonds/loans):

Current Mill Rate for all District Costs (including debt repayment, capital projects, maintenance, operations):

This Property Current Annual Tax Payment for All Metro District Costs: (Please note these tax payments do NOT include tax payments for schools, police, fire, and other county services):

This Property Future (Next Five Years) Annual Tax Payment Based on Future Debt:

Amount of Resident Fees Paid for District Operations for this Property:

Flying House Metro District 2020 Bond Prospectus schedule showing payments for traditional bond and developer held bond.
Developer controls District Board. No residents vote on bond debt

2020A Senior Bonds Debt Service Requirements and 2020B Subordinate Bonds Estimated Payments

Set forth in the following chart are the debt service requirements for the 2020A Senior Bonds and the estimated payments of the 2020B Subordinate Bonds.

2020A Senior Bonds Debt Service Requirements and
2020B Subordinate Bonds Estimated Payments

	2020A Senior Bonds[2]			2020B Subordinate Bonds[3]			
Year	Principal	Interest	Total	Estimated Principal	Estimated Interest	Estimated Total	ESTIMATED COMBINED TOTAL
2020		$ 487,647.92	$ 487,647.92	$ -	$ 224,482	$ 224,482	$ 712,129.92
2021	$ 380,000	1,526,550.00	1,906,550.00	-	535,423	535,423	2,441,973.00
2022	450,000	1,511,350.00	1,961,350.00	-	696,502	696,502	2,657,852.00
2023	470,000	1,493,350.00	1,963,350.00	-	887,142	887,142	2,850,492.00
2024	525,000	1,474,550.00	1,999,550.00	-	983,420	983,420	2,982,970.00
2025	545,000	1,453,550.00	1,998,550.00	-	1,299,871	1,299,871	3,298,421.00
2026	605,000	1,431,750.00	2,036,750.00	-	1,394,201	1,394,201	3,430,951.00
2027	635,000	1,401,500.00	2,036,500.00	-	1,418,917	1,418,917	3,455,417.00
2028	705,000	1,369,750.00	2,074,750.00	-	1,485,889	1,485,889	3,560,639.00
2029	740,000	1,334,500.00	2,074,500.00	-	1,486,139	1,486,139	3,560,639.00
2030	815,000	1,297,500.00	2,112,500.00	-	1,519,451	1,519,451	3,631,951.00
2031	855,000	1,256,750.00	2,111,750.00	-	1,520,201	1,520,201	3,631,951.00
2032	935,000	1,214,000.00	2,149,000.00	253,000	1,301,991	1,554,991	3,703,991.00
2033	985,000	1,167,250.00	2,152,250.00	454,000	1,098,520	1,552,520	3,704,770.00
2034	1,070,000	1,118,000.00	2,188,000.00	525,000	1,065,605	1,590,605	3,778,605.00
2035	1,115,000	1,075,200.00	2,190,200.00	562,000	1,027,543	1,589,543	3,779,743.00
2036	1,200,000	1,030,600.00	2,230,600.00	637,000	986,798	1,623,798	3,854,398.00
2037	1,250,000	982,600.00	2,232,600.00	681,000	940,615	1,621,615	3,854,215.00
2038	1,340,000	932,600.00	2,272,600.00	768,000	891,243	1,659,243	3,931,843.00
2039	1,395,000	879,000.00	2,274,000.00	822,000	835,563	1,657,563	3,931,563.00
2040	1,490,000	823,200.00	2,313,200.00	921,000	775,968	1,696,968	4,010,168.00
2041	1,550,000	763,600.00	2,313,600.00	988,000	709,195	1,697,195	4,010,795.00
2042	1,655,000	701,600.00	2,356,600.00	1,097,000	637,565	1,734,565	4,091,165.00
2043	1,725,000	635,400.00	2,360,400.00	1,172,000	558,033	1,730,033	4,090,433.00
2044	1,790,000	566,400.00	2,356,400.00	1,343,000	473,063	1,816,063	4,172,463.00
2045	1,865,000	494,800.00	2,359,800.00	1,438,000	375,695	1,813,695	4,173,495.00
2046	1,940,000	420,200.00	2,360,200.00	1,624,000	271,440	1,895,440	4,255,640.00
2047	2,015,000	342,600.00	2,357,600.00	1,745,000	153,700	1,898,700	4,256,300.00
2048	2,100,000	262,000.00	2,362,000.00	375,000	27,188	402,188	2,764,188.00
2049	2,180,000	178,000.00	2,358,000.00	-	-	-	2,358,000.00
2050	$ 2,270,000	90,800.00	2,360,800.00	-	-	-	2,360,800.00
TOTAL[1]	$36,595,000	$29,716,597.92	$66,311,597.92	$15,405,000	$25,581,359	$40,986,359	$107,297,956.92

(Notes appear on the following page)

- Traditional bond sold on third party open bond market.
- Interest rate set by market 4%
- Principal and interest paid annually

- Developer bond sold by developer to himself but paid by residents.
- No competition. Developer sets the interest rate 7.25% instead of 4%. Developer sets payment schedule of principal interest.
- Developer pays himself at least $15 million more in interest from residents than traditional bond.