

HOLLAND HILLS METROPOLITAN DISTRICT - SERVICE PLAN

A. GENERAL REVIEW

Section A.1 Introduction.

This service plan ("Service Plan") for the Holland Hills Metropolitan District (District) shall function as the initial Service Plan for a special district proposed to be organized to serve the needs of the existing residential community known as Holland Hills.

The District will provide the means by which the community of Holland Hills will obtain funding for the acquisition and construction of public improvements. Further the District will provide for the institutional organization for and the funding of the long term management and operation of those improvements.

The General Financial Plan contained in Exhibit E was written to cover the cost of constructing, maintaining and operating the public infrastructure for Holland Hills. The initial financial plan includes the issuance of debt for the purpose of constructing a new potable water supply and distribution system. The financial plan also establishes a schedule for the collection of ad valorem taxes, fees and charges to fairly assess residential property owners for their pro rata share of capital, operating and maintenance costs for all improvements within the district.

While it is understood the infrastructure to be constructed has a physical and economic life expectancy, the Board of Directors for the District will be responsible for future decisions regarding replacement and funding of capital expenditures.

Section A.2 District Description.

Holland Hills Metropolitan District, hereinafter known as “The District,” or “District,” is intended to provide the municipal services described herein to the benefit of residents in Holland Hills, which is located within Pitkin County, Colorado.

The adoption of this service plan is intended to ensure the proper coordination of powers and authorities of the District and Pitkin County and will help avoid confusion regarding the separate, but coordinated purposes of both governments. The general provisions of this plan apply only to the Holland Hills Metropolitan District which shall be solely responsible for the operation and maintenance of this plan and the facilities and services it includes.

The “General Financial Plan” refers to an operating and maintenance plan which will be used to facilitate the long term operation and maintenance of public improvements and municipal services offered within Holland Hills. The District will be responsible for managing the operation of all of the facilities and improvements needed within Holland Hills, and will be responsible for the cost of operation and maintenance of those public amenities unique to the area the district will encompass.

The District may also enter into a Management Agreement, under which the District may seek to contract with another entity for the provision of annual operations and maintenance services and management services such as accounting, budget planning, record keeping and basic district administration.

Section A.3 Benefits of a Metropolitan District

The establishment of the Holland Hills Metropolitan District as the District, which will own and operate the public facilities throughout the residential subdivision, will allow for the generation of fees and tax revenues sufficient to pay the costs of constructing, maintaining

and operating the capital improvements necessary to serve its constituency. The creation of the District will also provide several benefits for the inhabitants of Holland Hills, including: (a) coordinated administration of construction and operation of public improvements and delivery of improvements in a timely manner; and (b) maintenance of reasonable tax burden on all areas of the District through controlled management and operation of public improvements and services. Each of these concepts is addressed in greater detail in the following paragraphs.

1. Debt. The proposed new water supply and distribution system will be funded through the issuance of general obligation bonds or revenue bonds or both and payback of the debt may be partially reliant on fees, rates or charges. Formation of the District creates the legal entity through which bonds may be obtained. The metropolitan district structure will also assure that the implementation of public facilities will be primarily administered by an elected board of directors consistent with the long term programs set forth in this Service Plan.
2. TABOR Considerations. It is presently planned that the District will construct all of the public facilities intended to serve the Holland Hills subdivision. Using the revenues generated by taxes and fees, the District will own and operate all of the public facilities intended to serve the development.

Costs of operating and maintaining the District and its facilities may be partially funded by an operating mill levy and the District will be allowed to adjust its mill levy for that purpose pursuant to electoral approval obtained at the outset. This allows the District to react operationally to unpredictable swings in service needs, such as heavy snow years requiring increased operations and costs.

3. Assured Development in Accordance with County Approvals. Finally, the

establishment of a district can assure that the facilities constructed will serve no more, nor less, than what the County approves as part of this Service Plan process, and as part of the County's normal planning process for the Development.

B. GENERAL PLANS FOR FACILITIES AND SERVICE

Section B.1 Introduction

The facilities, structures and services to be constructed and provided within the Holland Hills subdivision will serve residents and visitors of Holland Hills and Pitkin County. In order to properly manage the provision of these essential services it is proposed that the Metropolitan District be organized to act as the central service providing entity.

This Service Plan is submitted in accordance with Part 2 of the Special District Act (§32-1-201 et seq., C.R.S.). It defines the powers and authorities of, as well as the limitations and restrictions on the Holland Hills Metropolitan District. The Service Plan outlines the special district services to be provided by the proposed District.

The sections, tables, and appendices of this service plan will demonstrate both a need for the organization of a special district as well as the ability of the proposed District to provide economical and efficient municipal services to the proposed service area. This document has been prepared by Beach Resource Management, LLC of Aspen, Colorado, for the Districts' proponents.

Section B.2 Statutory Requirements

In order to document the ability of the proposed metropolitan district to reliably and perpetually provide the core services being proposed, the requirements of C.R.S. § 32-1-

203, *et seq.*, must be met. This statute provides that Pitkin County shall have the authority to approve the proposed districts if the following can be satisfactorily demonstrated:

1. There is sufficient existing and projected need for organized service in the area to be served.
2. That existing service in the area to be served by the proposed district is inadequate for present and projected needs.
3. The proposed district is capable of providing economical and sufficient service within its proposed boundary.
4. The District has, or will have the financial ability to provide the proposed services on a reasonable basis. The Service Plan must also show that an adequate service (of the type of services to be included within the District) is not available through the County or some other municipal government within a reasonable time or on a comparable basis; that the facility and service standards are compatible with standards of the County; the proposed service plan is in substantial compliance with the Pitkin County Development Plan and any duly adopted County, regional or state long range water quality management plan for the area; and that the creation of the District will be in the best interests of the area proposed to be served. This service plan addresses each of these requirements and the plan demonstrates that all requirements of C.R.S. § 32-1-202 and 203 will be satisfactorily met.

Section B.3 Proposed Services

The Holland Hills Home Owners Association is presently responsible for the operation and maintenance of the public water system within the Holland Hills subdivision and the Holland Hills Special Improvement District operates and maintains all subdivision roads. There is an immediate need for updating the community water system, and the homeowners believe it is prudent to commence planning for additional future

improvements within the subdivision including the potential construction of a public sewer system to replace individual sewage disposal systems. Any future design or construction of a public sewer system would be limited to the provision of service within the District's legal or service area boundaries.

Since these services are not available through Pitkin County, the District's proponents have determined that these services would be more efficiently and reliably provided by a special district. The District is proposed to be incorporated for the following multiple purposes and to provide the following municipal services:

Water Supply including funding for the development, design, construction, operation and maintenance of a new water supply and distribution system. Such system may be designed to deliver both potable water for all domestic and commercial purposes and raw water for irrigation.

Sewer including the provision for future funding of the design, construction, operation and maintenance of a new community sanitary sewer system to provide for collection and conveyance of wastewater for the entire subdivision.

Street improvements including development and maintenance of roads, streets and bridges, traffic medians, road right-of-ways, street lighting, parking lots and/or parking structures, curb and gutter, road drainage ways, culverts, pedestrian walkways, storm drainage, under drain systems, the construction and maintenance of bus and/or alternative mass transit transfer points, and snow plowing/removal. Street improvements include both in-district and out-of-district improvements that may be required by the District's constituents, the County through its engineering standards or by general environmental conditions.

Safety Protection including the funding of capital improvements, operations and maintenance associated with transportation, including street signs, transportation safety, bus shelters, traffic lights and controls.

Drainage systems including establishing, maintaining and operating storm sewer systems, drainage ways, under drain systems for both roadways and utility systems, flood and debris control structures, containment and diversion structures.

Public parks and recreation including the establishment, operation and maintenance of a public hike/bike/ski trail system, and other community areas. The implementation, operation and maintenance of a raw water irrigation system for irrigation and maintenance of landscaping in public areas, traffic medians, parkways, and open spaces. Control of weeds and other noxious plants in public areas, road right-of-ways and open space and trails.

Solid Waste Disposal including the collection and transport of solid waste from within the subdivision to appropriate disposal sites.

The above list of services is intended to provide a general description of the services, facilities and structures to be offered by the District. It is presently contemplated that at least two of the services described above will be provided and additional services not specifically identified but which logically fall within the above described areas may also be provided. Services and service levels to be provided will be determined by the District's Board of Directors.

Section B.4 Existing Governments and Services

Pitkin County and the Town of Basalt are the only general purpose governments currently providing municipal services in the immediate area of Holland Hills. However, there are a number of special districts providing limited services in the area of Holland Hills including the Basalt Sanitation District, the Basalt Fire Protection District, the Roaring Fork Transit Authority, the Roaring Fork School District and Colorado Mountain College, and the Colorado River Water Conservation District.

The County currently provides services related to public safety, the removal of snow and the maintenance of public roadways, although not within Holland Hills. Fire protection and suppression is provided by the Basalt Fire Protection District. Potable water service is provided by the Holland Hills Homeowners Association and wastewater is treated by on-site individual sewage disposal systems.

It is not the intent of the proposed District to duplicate the services now being provided by any of these governments or their respective agencies and/or departments. The proposed services are intended to be provided within areas not presently serviced by these governments. Further, the proposed district will provide services within an area which may be serviced more efficiently and effectively by a new municipal entity.

While the proposed service area lies wholly within Pitkin County, none of the proposed municipal services are presently available to the District by other governments nor are any of the intended services anticipated to be available in the reasonably near future.

While Pitkin County has the ability to provide the road and drainage services to the proposed metropolitan district area, the county has determined that the provision of operation and maintenance services for what is primarily residential roads and streets is not a reasonable burden to be placed on other County residents. Therefore, in order to operate and maintain the improvements described herein, it is clear that several advantages may accrue from the establishment of the proposed District. These advantages are explained in more detail in the following section.

Section B.5 Need for Proposed Services

The area to be included within the proposed metropolitan district is described in Exhibits A, B and C, attached hereto and discussed below.

In order to provide a safe, reliable and reasonable level of services to support this residential subdivision, the organizers of the proposed metropolitan district have concluded that certain benefits would be realized by the establishment of the district when compared to services provided by a private entity or a homeowners association. For example, a special district provides a perpetual entity ensuring the long term viability of constructing, operating and maintaining the numerous public improvements required of the Holland Hills subdivision. The improvements and services associated with them are not all available through a single existing government entity, nor has any government entity offered to provide these services at the desired level of service.

The establishment of a metropolitan district provides a mechanism for the collection of ad valorem taxes, fees and charges to fairly assess residential property owners for their pro rata share of capital, operating and maintenance costs within the new district. Costs for insuring public facilities, or providing public services, may be reduced by utilizing the advantages of the Colorado Governmental Immunity Act.

The establishment of a metropolitan district also provides for revenue sharing from specific ownership taxes as well as opportunities to apply for various governmental grants and subsidies for programs and projects that are not otherwise available to private entities.

Section B.6 Compliance with County Master Plan.

While the comprehensive County review process ensures compliance with the County Master Plan, the overall plans for the organization of the District, the services to be provided and the area to be served have also been developed to comply with and effect the goals of Pitkin County's Master Plan.

Section B.7 Compliance with State Long-Range Water Quality Management Plan

This Service Plan and the proposed services to be provided will comply with the current Area Wide Water Quality Management Plan (208 Plan) adopted by the Northwest Regional Council of Governments, which plan includes Pitkin County.

C. LOCATION AND CONFIGURATION OF DISTRICT.

The proposed District boundaries and the overall service area will not be contiguous. The boundaries are described in the legal descriptions attached as Exhibit "A" and generally shown in the proposed Vicinity map attached as Exhibit "B". Proposed District boundaries and initial service area boundaries are attached as Exhibit "C". Following the formation of the District, all services to be provided by the District will be available to all properties within the District's legal boundaries.

The "service area" (the area legally permitted to be served by the District) will consist of the entire Holland Hills subdivision as described herein plus Lots 1, 2 and 58 of the Holland Hills Subdivision, the Booth and Rager properties and those specific parcels described on the service area map included as Exhibit "D". In addition, since there are properties which are adjacent to the district and which may receive benefits from roads and other facilities owned, operated and maintained by the District, these properties may receive such services from the district through an "Extra-Territorial Service Agreement" and by the payment of all appropriate fees to the District. Service to extra-territorial properties will be extended at the sole discretion of the District's Board of Directors.

The District will have the power to impose taxes and other fees or charges allowed by law within its legal district boundaries and will provide the municipal services described in this plan throughout the District. Fees and charges may also be established for District approved Extra-Territorial Service and these fees and charges may include reasonable administrative

costs and facility infrastructure costs.

Under Colorado law, the fee owner or owners of one hundred percent of any property proposed for inclusion may petition the Board of Directors of a District for inclusion; or annexation, of property into the District. Additionally, less than one hundred percent of the owners of an area may petition the District for an election on the question of including a specific area, or the board may adopt a Resolution calling for an election on such an inclusion of property. It is therefore possible that additional property may be included in the District. The Board of Directors will have discretion to permit inclusions without amending this Service Plan but shall not be obligated or required to include additional lands within the District.

D. LONG-TERM DISTRICT PLAN.

The District will issue long term debt for the purpose of designing and constructing a new water system and appurtenant infra-structure deemed necessary for the subdivision. The District may also issue debt to construct other capital facilities and improvements required for the provision of approved district services.

The District will collect ad valorem taxes, fees and charges to fairly assess residential property owners for their pro rata share of capital, operating and maintenance costs for facility construction and operation, and provision of public services.

In the future, the electorate of the District will have the opportunity to consider whether the consolidation of services with Pitkin County or, other service agency is practical, feasible and desirable, and if such decision is affirmative, the dissolution of the District in accordance with state law could be effected. Further, since 100% of the District will lie within Pitkin County, the County may determine in the future that it is in the best interest of the County

to dissolve the District and all services provided by the District would be provided by the County.

E. GENERAL FINANCIAL PLAN

A schedule of appreciating property assessments has been developed and compared to proposed debt requirements and the estimated annual costs of operation and maintenance. The results of this comparative analysis indicate an ability to meet all District expenditures as described in more detail below.

The District will have the power to assess *ad valorem* taxes, to receive specific ownership taxes, to levy rates, fees and charges and to issue general obligation bonds with the authorization of the constituents and revenue bonds by board approval. The District's Board of Directors will from time to time, determine what expenditures should be made by the District and what options for debt issuance and other revenues should be exercised.

It is anticipated that a combined mill levy of approximately 34 mills will be established by the District to partially fund operations and maintenance and to repay any indebtedness incurred by the District. Upon completion of all debt payments, the overall mill levy may be reduced to that amount which supports operations and maintenance. In addition, as discussed above, the District may at that time consider options for consolidation or dissolution.

A comprehensive Cash Flow Forecast including both operations and maintenance and debt service requirements has been included as Exhibit "E".

The District will also be entitled to a share of specific ownership taxes collected by the County Treasurer's Office and other fees, rates and/or service charges assessed within the District. These additional revenues can be used by the District to offset the required

expenditures.

Fees and charges may be set to appropriately assess users for specific services purchased from or provided by the District.

Section E.1 Assessed Valuation and Population

Assessed Valuation

The assessed valuation of the District is assumed to increase with the sale of remaining vacant lots and the estimated build-out of one hundred twenty four residential units. It is presently estimated that full build-out of the Holland Hills subdivision will include fifty-eight single family homes, two four-plex units, twelve multi-family townhome units, and not more than thirty caretaker units.

The combined assessed valuations of residential properties within Holland Hills is projected to increase from \$2,406,110 as of January 1, 2000 to approximately \$2,526,400 as of January 2001. Property tax revenues are anticipated to increase in direct relationship to increases in assessed value but with full recognition of the requirements and limits of the TABOR Amendment.

As mentioned previously, there are a number of special districts and/or local governments providing limited services to the proposed Development. The existing mill levies of each of these taxing entities is described within the following table:

TABLE OF EXISTING MILL LEVIES
Holland Hills Metropolitan District Service Area

Taxing Entity	Present Mill Levy
Pitkin County	5.923
Roaring Fork School District	41.455
Basalt Fire Protection District	5.343
Colorado Mountain College	3.997
Colorado River Water Conservation	0.282
TV Translator	0.376
Holland Hills Improvement Dist.	17.959
Pitco Housing G.O. Bonds	0.372
Aspen Valley Hospital	1.500
Basalt Library	1.062
Basalt Water Conservancy Dist.	0.082
 Total Existing Mill Levies	 78.341

As a result of the existing taxing entities, the total mill levy requirement after the establishment of the District is proposed to be 112.341 mills (34 mills is estimated to be required by the District). However, the present debt associated with the Holland Hills Improvement District is scheduled to be retired in 2003 and the corresponding mill levy of 17.959 mills will be eliminated and the new mill levy without other reductions would be 94.382 mills.

A mill is one-tenth of one cent or one dollar in tax for every \$1,000 of assessed value. Since Colorado's Gallagher Amendment prohibits residential property owners from paying more than 45% of all property taxes, residential property tax rates are lower than tax rates for either commercial property or vacant land. This tax rate has been in steady decline from 30% in 1983 until 1998 when it stabilized for the first two year period at 9.74%.

Therefore, the current residential assessment rate is 9.74% of the actual value and the vacant

land assessment rate is 29%. A \$200,000 residential property within the proposed district would be taxed on an assessed value of \$19,480 and would be subject to total annual property taxes of \$2,188.40. One residential property within the subdivision with an actual value of \$499,500 would have an assessed value of \$48,650 and a total tax liability of \$5,467.38. When the Holland Hills Improvement District mill levy expires in 2003 the tax liability is reduced to \$919.28 per one hundred thousand dollars of fair market value.

Population

Total population estimates within the District at full build-out have been projected at 435 persons for the Holland Hills Subdivision. This includes 290 residents in fifty-eight single family homes, forty-five residents in potential accessory dwelling units, and 70 residents in the multi-family housing component. These population projections include full time, part-time and seasonal residency and it is believed that full build-out population would not be reached until at least 2010.

Section E.2 Property Tax Collections and Other Revenues

Property Tax Collections

The Pitkin County Treasurer's Office is responsible for the collection of all *ad valorem* taxes levied within the County. All property listed and valued as of January 1 each year will be included in the next year's tax roll. All taxes required to be paid are due in full by June 15th and the County disburses 95% of the taxes collected in one month by the 10th day of the following month. Although taxes are received by the County on a continuous basis, the primary receipt dates are February 15, April 30 and June 15. Therefore, the bulk of tax receipts to the District will be received in March, May and July. Pitkin County currently retains 5% of all taxes collected on behalf of most special districts.

The District proposes to levy 34 mills for operations, maintenance and administration of the District and for the initial debt proposed to be issued for capital improvements to the community water system. The Cash Flow Forecast indicates that the property tax assessments will commence in 2000 with initial *ad valorem* tax receipts of \$53,780 being received in 2001. As property values increase, a positive cash flow from taxes (and fees) will be generated and these revenues are projected to fully satisfy annual debt and operation costs. This positive cash flow will allow the District's Board of Directors to reduce the mill levy once a reasonable history of fees revenues has been established to offset both debt and O&M obligations.

Other Revenues

In addition to *ad valorem* taxes, the District will be entitled to a pro rata share of specific ownership taxes collected for vehicles registered within Pitkin County. The disbursements for these taxes are made on the same basis as for property taxes and are received by the District throughout the year. It is projected that the District's portion of specific ownership taxes received in 2001 will be \$3,227. A complete schedule of all proposed tax receipts by the District is included in the Cash Flow Forecast.

The District will also be entitled to establish certain fees and charges for services provided and may elect to equitably distribute the actual costs of providing those services to the end user. The District's Board of Directors will determine which services will be subject to fees or charges and the level of fees and charges to be assessed from time to time. The District's Board will also determine the percentage of income to be derived from each type of revenue.

Section E.3 Proposed Capital Expenditures & Debt

Initially, the District will issue debt for the purposes of designing, and constructing capital improvements deemed necessary for the provision of a potable water supply for residents of Holland Hills. The design, engineering, construction and inspection costs for the new potable water system are estimated at \$1,003,181¹.

The District also anticipates providing for the construction, maintenance, repair and rehabilitation of residential roadways, storm drainage systems, transportation and mass transit facilities, including sidewalks, street lighting, traffic signals, signs, traffic medians and other public safety improvements, public hike/bike/ski trails and common areas including public open spaces, a raw water irrigation system for open spaces, lawns and gardens.

The above list is meant to be indicative of the types of improvements to be included in the District and should not be considered to be either all inclusive, or a commitment to build infrastructure. As is customary, the Board of Directors for the District will be responsible for determining the type and timing of all improvements and the authorization of any future District debt.

Section E.4 Proposed Operations and Maintenance

As a departure from the usual "start up" special district proposal, the District's initial mill levy will be assessed to cover operations, maintenance, administration and debt for only those facilities and services being provided. Initial operations and maintenance will be contracted to private local businesses to take advantage of existing expertise and to limit both operational and capital (equipment) cost requirements.

¹ Letter to Peter Abplanalp, Holland Hills Homeowners, dated 13 March 2000, by Zancanella and Associates.

Annual operations and maintenance requirements include administrative services such as management and accounting, required special district audits, reporting, record keeping and compliance, legal counsel, engineering, and constituent services. The costs associated with the provision of the services has been included within the initial budget projections. Additionally, annual maintenance requirements are anticipated to include snow plowing, sanding and snow removal from roadways, sidewalks and public common areas, landscape maintenance, mowing, irrigation, weed and dust control of common areas, open space and trails, maintenance of traffic medians and roadways, drainage ways, storm sewer system cleaning and repairs, road and bridge repairs, sign replacement, traffic control, street sweeping, and required ancillary maintenance services.

An operational budget for the first twenty years of operation has been included in the Cash Flow Forecast. All costs for operations and maintenance have been based on industry norms or where possible, on actual estimates from independent contractors and persons knowledgeable with typical metropolitan district operation and maintenance costs.

Included within the O&M budget is a 3% allowance for emergency funding as required by the TABOR Amendment as well as a small sinking fund for the eventual acquisition of maintenance oriented capital equipment. Initially, there are no accommodations for District employees although costs allocated for contract services may be converted to District service costs if such a conversion becomes warranted.

Section E.5 Repayment

Repayment of any authorized short term operational loans shall be accomplished through either fee revenues, homeowner contributions or tax receipts. It is currently proposed that the District will borrow initial operating funds from homeowners or other lender and these funds will be repaid with interest as District revenues or repayment funds become available.

In addition to the current proposal to issue long term debt, any decision on the issuance of future debt will be made by the District's Board of Directors and electorate.

Section E.6 Proposed Initial Budget

If so requested by Pitkin County, an annual report as described in C.R.S. § 32-1-207 (3) (c) will be filed with the County in the form prescribed by the County. The annual mill levy changes will be certified by the District and submitted no later than December 15th of each year.

The Proposed Initial Budget, as set forth in the Cash Flow Forecast, indicates that homeowner contributions to operations and infrastructure within the District will be required through the year 2000. Homeowner assessments and/or loans to the District for organization, operations and maintenance of the District and its facilities will be required until the District has adequate revenues to cover these expenditures, which is anticipated to occur in 2001. Beginning in 2001, the revenue generated by the assessed valuations of the District, will be commensurate to cover all expenditures proposed for the operations, maintenance and administration of the District.

The first year of operation will require expenditures of \$30,250 for operations and maintenance. During the first two years of operation, the District expects to fund approximately \$1,003,181 of District related infrastructure costs. As the District's facilities are constructed and made operational, the overall expenditures for operations and maintenance are anticipated to gradually decrease. Such decreases in O&M costs have been forecast and contained within the Cash Flow Forecast.

In the first stages of development within the District, administrative expenses will include costs associated with managing infrastructure conveyances to the District, including legal, project administration and engineering review costs. In addition, costs associated with

District accounting, record keeping, audits and Pitkin County tax collection fees are also included. A review of the Cash Flow Forecast indicates that by year 2002, costs of operation, maintenance and debt service become relatively stable and are affected primarily by inflationary increases. Required funding of a perpetual 3% emergency fund varies only as a result of the total budget figure and cost variances for the 5% Pitkin County Treasurer's collection fee are a result of changes in tax receipts. Notes to the pro forma budget are included in the Cash Flow Forecast and revenue limitations under both TABOR and the 5.5% revenue growth caps have been considered within the thirty year projections.

F. PRELIMINARY ENGINEERING PLAN

The Holland Hills subdivision intends to construct a new water supply and distribution system for the residents of Holland Hills. The system will replace the existing distribution system, consolidate control and treatment systems, provide a reliable water supply with potable storage and fire protection, and reduce operation and maintenance costs. The following provides a general overview of the proposed construction of these facilities.

1. Eight inch ductile Iron Pipe for all primary water mains and six inch Ductile Iron Pipe for secondary water mains.
2. All residential and commercial units will receive new curb stops. The service connections will be to edge of the R.O.W. only and about half of the service connections will involve road cuts. Tracer wire will be required on all non-metallic services.
3. Fire hydrants are located at the end of all water mains and spaced throughout the subdivision to provide fire protection.

4. A 250,000 gallon storage tank - 2 day storage + 1500 gpm for two hours fire flow. The tank will be located on Bureau of Land Management property at the upper end of the subdivision.
5. The existing condominiums will be connected to the new system.
6. A pressure reducing valve (PRV) located in a vault will divide the subdivision into two pressure zones; approximately 43-91 psi upper and 45-75 psi lower.
7. A new well/pump house to be built at the 'Windmill' tank. It will house all of the system controls and disinfection equipment. Two new wells, Holland Hills Wells(s) C and D, will be drilled and completed such that barring any unforeseen problems, they can individually meet all of the subdivision's water needs. The existing 20,000 gallon tank will be used for a chlorine contact tank and clear well. Alternating, booster pumps will be located in the existing 'Windmill' vault. These pumps will pump water from the clear well to above the PRV, thus providing the entire system with production from two to three wells. The pipelines for these wells will be in the existing easements.
8. A new well, Holland Hills Well C, is to be located near State Highway 82 in the new cul-de-sac on Holland Hills Road. The pumping rate of this well is expected to be 50-100 gpm.
9. An additional well, Holland Hills Well D, is proposed to be located near State Highway 82 in the southern corner of the subdivision. The pumping rate of this well is expected to be 50 to 100 gpm.
10. The work will require permitting by the Colorado Department of Public Health and Environment, the Colorado State Engineer's Office and Pitkin County.
11. One or more existing wells serving the subdivision will be taken offline but not

abandoned.

Section F.7 Compliance with County or City Standards and Specifications

All proposed improvements to the Holland Hills potable water system will be designed to Pitkin County standards or Town of Basalt standards whichever is more comprehensive to accommodate future service by one of those entities.

It is presently anticipated however, that the District will adopt its own Rules and Regulations and Standards and Specifications for all construction of municipal and/or public facilities and structures to be constructed within the District and these Rules, Regulations, Standards and Specifications are anticipated to be at least as comprehensive as those of the Town/County.

G. DIRECTORS

The initial Board of Directors for the District will be made up of five District constituents. Three will be elected for four year terms, and two will be elected for two year terms which at their conclusion will convert to four year terms. By statute, staggered-term elections for District board members are held every two years during the month of May.

The initial Board of Directors for the District will determine and approve the initial by-laws, rules and regulations and standards and specifications of the District, enter into such intergovernmental agreements as are consistent with this Service Plan, establish primary district policies and will be responsible for the effective carrying out of all rules, regulations and policies. The District will thereafter operate according the laws of the State of Colorado as political subdivisions of the State.

H. MODIFICATION OF SERVICE PLAN

The District shall obtain the prior approval of the County before making any material modifications to this service plan as noted herein. Material modifications shall include modifications of a basic or essential nature including any additions to the types of services initially provided by the District or a change in debt limits. The examples above are only examples and are not an exclusive list of all actions which may be identified as a material modification.

I. RESOLUTION OF APPROVAL

The District agrees to incorporate the Pitkin County Commission's Resolution of Approval, including any conditions on such approval into the Service Plan presented to the appropriate District Court.

J. DISCLOSURE

The current petitioners and the District will take steps to insure the owners of any property for sale located within the District provide adequate written notice at the time of closing to initial purchasers of land and property in the District regarding the existence of any additional taxes, charges, or assessments which may be imposed in connection with the District. The District shall also record a statement against the property within the District, at such time as the property is legally included therein, which statement includes notice of the existence of the District, average expected tax levy, maximum expected tax levy, and maximum allowed tax levy.

K. INTERGOVERNMENTAL AGREEMENTS

The District may participate in joint financing agreements with other public or private entities in pursuit of the goals and intentions contained in this Service Plan. The District may also elect to enter into intergovernmental agreements for the provision of services offered by the District.

L. STATUTORY REQUIREMENTS

It is submitted that this Service Plan for the Holland Hills Metropolitan District meets the requirements of the Special District Control Act, the applicable requirements of the Colorado Constitution, and those of Pitkin County. It is further submitted that:

- (a) There is sufficient existing and projected need for organized service in the area to be serviced by the District;
- (b) The existing service in the area to be served by the District is inadequate for projected needs;
- (c) The District is capable of providing economical and sufficient service to the area within its boundaries;
- (d) The area within the District will have, the financial ability to discharge the proposed initial debt on a reasonable basis;
- (e) Adequate service is not, and will not be, available to the area through the County or other existing municipal or quasi-municipal corporations, including existing special Districts (other than the District), within a reasonable time and on a comparable basis;

- (f) The facility and service standards of the District are compatible with the facility and service standards of the County and each municipality which is an interested party under Section 32-1-204(1), Colorado Revised Statutes;
- (g) The Service Plan is in substantial compliance with any applicable comprehensive master plans adopted by the County;
- (h) The Service Plan is in compliance with any duly adopted and applicable long-range water quality management plan and drainage plan for the area; and
- (i) The Service Plan will be in the best interests of the area served by the District.

Exhibit "A"

Legal Description

Book Page
4 252

Rec: 150696

3/29/1972

LEGAL DESCRIPTION

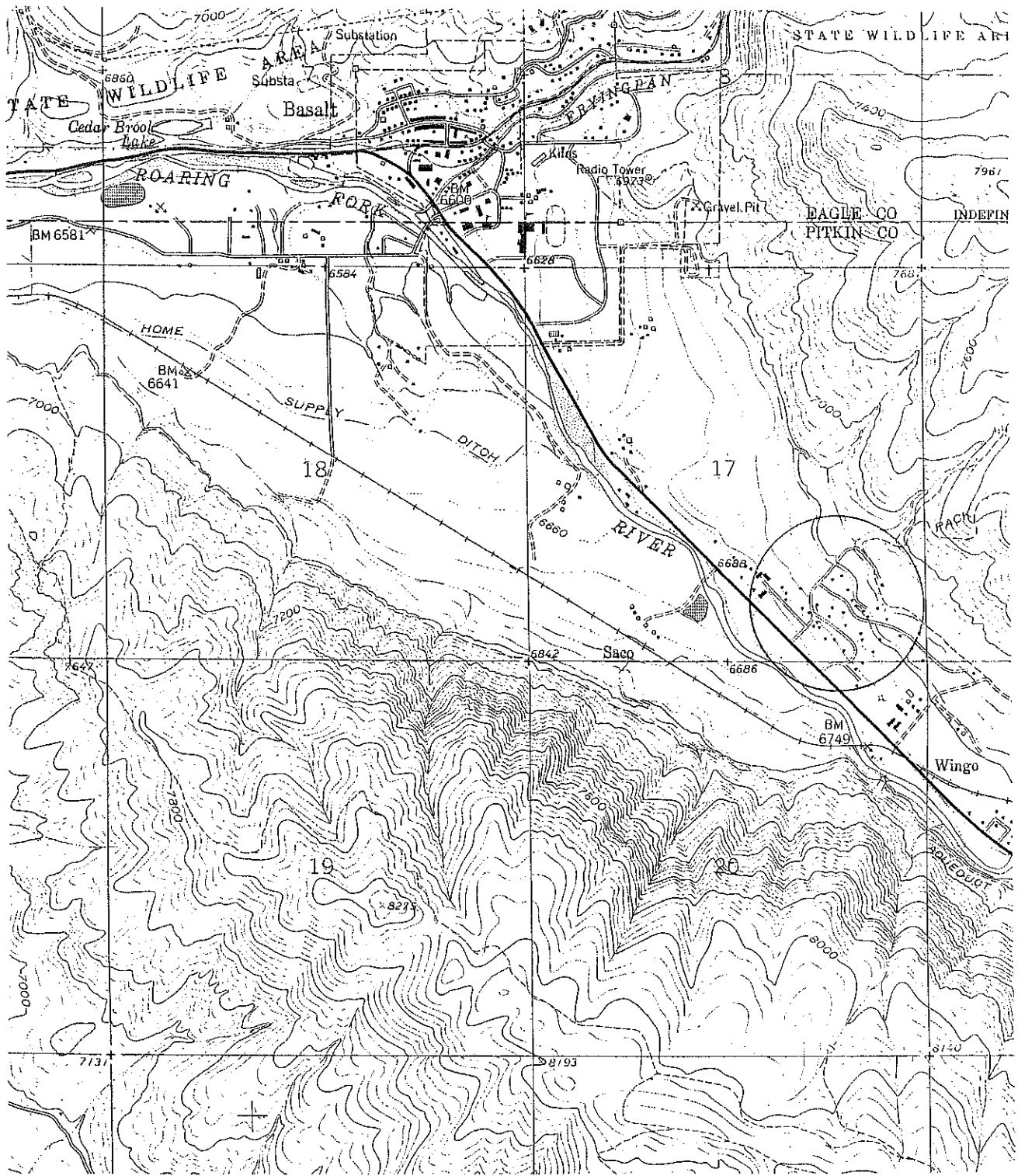
A TRACT OF LAND SITUATED IN SECTIONS 16, 17, 20 AND 21, TOWNSHIP 8 SOUTH, RANGE 86 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF PITKIN, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

HOLLAND HILLS AT BASALT SUBDIVISION AS RECORDED MARCH 29, 1972 IN THE OFFICE OF THE PITKIN COUNTY CLERK AND RECORDER IN PLAT BOOK 4 AT PAGE 252 AS RECEPTION NO. 150696.

LESS LOTS 1, 2 AND 58 IN SAID HOLLAND HILLS AT BASALT SUBDIVISION.

Exhibit "B"

Vicinity Map



Beach Resource Management, LLC
Aspen, Colorado

Holland Hills Metropolitan District
Vicinity Map
July 2000

SCALE: Not to Scale

Holland Hills Subdivision

Exhibit "C"

District Boundary Maps

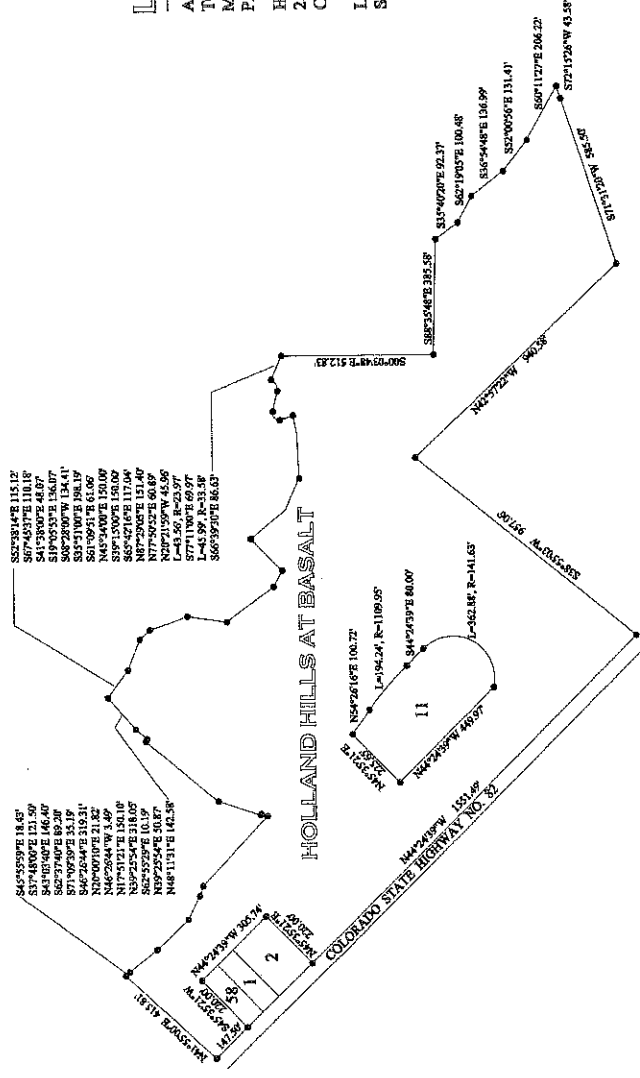
MAP OF HOLLAND HILLS METRO DISTRICT

SITUATED IN SECTIONS 16, 17, 20 & 21, TOWNSHIP 8 SOUTH, RANGE 86 WEST OF THE 6TH P.M., PITKIN COUNTY, COLORADO

- S27°38'14"E 115.12'
- S77°45'37"E 101.18'
- S87°50'00"E 100.00'
- S1°00'33"E 156.00'
- S86°28'00"W 134.41'
- S33°51'00"E 98.19'
- S81°09'31"E 61.00'
- S39°15'00"E 150.00'
- S85°42'16"E 117.04'
- N87°20'00"E 131.40'
- N20°11'50"W 44.50'
- L=43.56', R=23.97'
- S77°11'00"E 69.97'
- N43°39'43"E 33.33'
- S69°39'50"E 80.00'
- S45°55'00"E 18.45'
- S17°48'00"E 131.50'
- S44°05'00"E 146.40'
- S62°37'00"E 83.70'
- S42°28'00"E 117.00'
- S42°28'00"E 319.31'
- N2°00'00"E 21.82'
- N46°29'00"W 3.49'
- N82°25'54"E 31.00'
- N82°25'54"E 10.19'
- N89°25'54"E 30.87'
- N48°11'31"E 142.38'

LEGAL DESCRIPTION

A TRACT OF LAND SITUATED IN SECTIONS 16, 17, 20 AND 21, TOWNSHIP 8 SOUTH, RANGE 86 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF PITKIN, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:
 HOLLAND HILLS AT BASALT SUBDIVISION AS RECORDED 28 OCTOBER 1970 IN THE OFFICE OF THE PITKIN COUNTY CLERK AND RECORDER IN PLAT BOOK 4 AT PAGE 252.
 LESS LOTS 1, 2, 11 AND 58 IN SAID HOLLAND HILLS AT BASALT SUBDIVISION.



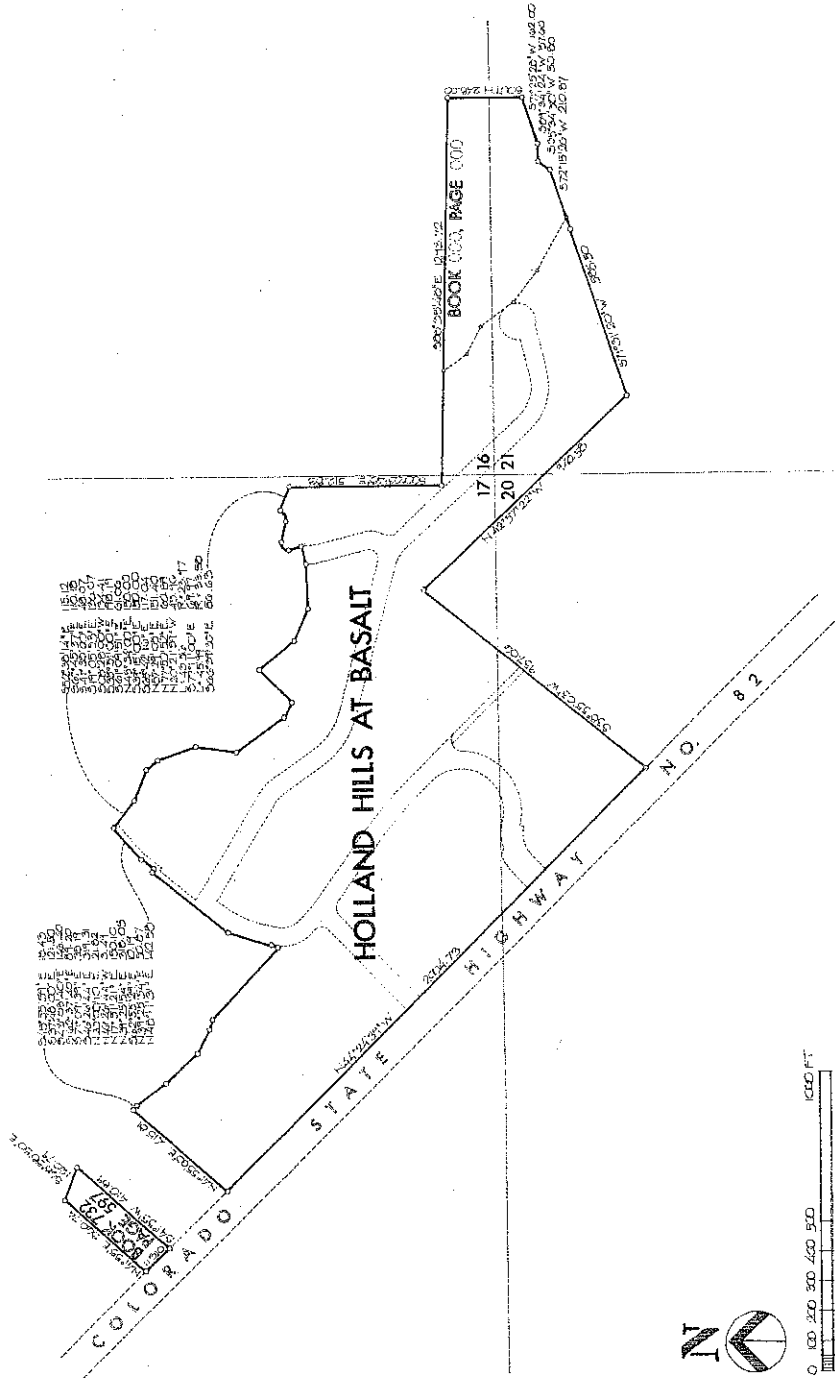
SURVEY BY:		BEACH RESOURCE MANAGEMENT LLC	
ALPINE SURVEYORS INC.		MAP OF HOLLAND HILLS METRO DISTRICT SITUATED IN SECTIONS 16, 17, 20 AND 21 TOWNSHIP 8 SOUTH, RANGE 86 WEST OF THE 6TH P.M., PITKIN COUNTY, COLORADO	
DATE	SCALE	DATE	SCALE
11	1"=200'	11	1"=200'
D	1	D	1
0	0	0	0

Exhibit "D"

Service Area Map

MAP OF HOLLAND HILLS METRO DISTRICT SERVICE AREA

SITUATED IN SECTIONS 16, 17, 20 & 21, TOWNSHIP 8 SOUTH, RANGE 85 WEST OF THE 6TH P.M., PITKIN COUNTY, COLORADO



LEGAL DESCRIPTION

A TRACT OF LAND SITUATED IN SECTIONS 16, 17, 20 AND 21, TOWNSHIP 8 SOUTH, RANGE 85 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF PITKIN, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

HOLLAND HILLS AT BASALT SUBDIVISION AS RECORDED IN THE OFFICE OF THE PITKIN COUNTY CLERK AND RECORDER IN PLAT BOOK _____ AT PAGE _____ AS RECEPTION NO. _____

A PARCEL OF LAND IN DEED TO RAGER RECORDED IN BOOK _____ AT PAGE _____ AS RECEPTION NO. _____, AND

A PARCEL OF LAND IN DEED TO BOOTHE RECORDED IN BOOK 752 AT PAGE 597 AS RECEPTION NO. 363733.

The MAP OF HOLLAND HILLS METRO DISTRICT SERVICE AREA SITUATED IN SECTIONS 16, 17, 20 AND 21 TOWNSHIP 8 SOUTH, RANGE 85 WEST OF THE 6TH P.M., PITKIN COUNTY, COLORADO

Job No. _____
Client: BEACH RESORTS MANAGEMENT LLC

Alpine Surveys, Inc.
Post Office Box 1710
970 925 2688

Surveyed
Dated

Revisions