

SWEETGRASS METROPOLITAN DISTRICT NO. 1

2010 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

In accordance with its Service Plan, Sweetgrass Metropolitan District No. 1 (the "District") was formed to finance, construct and (unless and until the obligation is assumed by another unit of government or homeowners' association) own and operate public roadway, drainage, and park services and facilities for the "Sweetgrass" P.U.D., located in Dacono, Colorado. The Service Plan of the District limits the debt and general mill levy of the District.

In 2009, the District voters approved debt authorization of \$28,450,000 in general obligation bonds for District No. 2 and \$9,450,000 in general obligation bonds for District No. 3, to be used for district formation costs and costs of infrastructure. The District has issued its Bond Anticipation Notes to Dacono Properties, LLC, the Developer in the District, and to Sweetgrass Investors, LLC, a landowner in the District, in reimbursement for monies expended by them on behalf of the District.

The District prepares its budget on the modified accrual basis of accounting, and the budget has been adopted after proper postings, publications and public hearing.

Revenue

Transfers

The only significant sources of revenue for the District in 2009 will be transfers from Sweetgrass Metropolitan District Nos. 2 and 3, which are expected to total \$246,000.

Property Taxes

The District does not impose a mill levy for the collection of ad valorem taxes.

Expenditures

Administrative

Administrative expenditures have been estimated based upon the level of expenditures incurred by the District in prior years.

Capital Outlay

The District does not expect to perform any construction in 2010.

Debt Service

The District has made provision for a limited payment of interest on Developer Advances.

Leases

The District has no operating or capital leases.