

SERVICE PLAN
FOR
HIGH PLAINS RANCH METROPOLITAN DISTRICT
EL PASO COUNTY, COLORADO

Prepared by

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EXHIBITS

- Exhibit A: Legal Descriptions and Maps of Initial District
- Exhibit B: Financing Plan
- Exhibit C: Water System Construction Cost Estimate
- Exhibit C-1: Non-Water Construction Cost Estimate
- Exhibit D: Water System Operational Expense Projection
- Exhibit E: Water Rates
- Exhibit F: Market Study
- Exhibit G: General Counsel Opinion
- Exhibit H: Board of County Commissioners Resolution of Approval

I. EXECUTIVE SUMMARY

<u>Type of Development:</u>	Residential with some commercial
<u>Improvements:</u>	Mainly a central water system and related improvements such as wells, pipelines, distribution and treatment facilities, pumping stations, storage tanks, fire hydrants, along with other Special District Act authorized improvements such as wastewater, streets, bridges, traffic controls and signage, drainage and storm water improvements, mosquito control, and park and recreation facilities.
<u>Projected Water Rate/Charges:</u>	\$31.36/month average at build-out assumptions
<u>Projected Operations Mill Levy:</u>	5 mills
<u>Projected Debt Service Mill Levy:</u>	35 mills
<u>Maximum Aggregate Mill Levy:</u>	60 mills (50 Debt Service plus 10 Operations)
<u>Gallagher Adjustment of Mill Levy Caps:</u>	The mill levies and respective caps may be adjusted to take into account any change in law with respect to the assessment of property for taxation purposes, any change in the ratio for determining assessed valuation changes, or any similar change.
<u>Maximum General Obligation Debt Limit:</u>	\$25,000,000

The High Plains Ranch Metropolitan District (the "District") is organized for the primary purpose of acquiring, installing, constructing, operating, maintaining, financing and otherwise providing central water system facilities and other key public infrastructure such as streets, drainage, and sewer to support certain needs and bring public services to an area consisting initially of approximately 1,830 acres +/- and roughly 1,113 residential lots ranging in size from 0.5 acres to 2.5 acres, commercial and open space (hereafter the "Project"). The Project, located in unincorporated El Paso County (the "County"), is generally south and west of where Falcon Highway, Peyton Highway and North Peyton Highway intersect and south and east of where Falcon Highway and Murr Road intersect. The initial District boundaries are described in **Exhibit A** attached hereto. The organization of the District stems from a cooperative effort by and between Marksheffel-Woodmen Investments, LLC and Mid-Colorado Investment Co. Inc. (the "Developers").

Mid-Colorado Investment Co., Inc. ("MCI"), currently supplies water on a wholesale basis to the Sage Water Users Association ("SWUA"), which encompasses an area adjacent to the Project. In turn, SWUA provides the water to homes in the Sage Creek North, Sage Creek South and Blue Sage subdivisions. SWUA also provides or is obligated to provide in the future, the water to a few small parcels in the immediate area. The District expects to initially lease, and eventually purchase water, and then supply such water to the Project, and to the SWUA in place of MCI. Additionally, through mutual agreement, SWUA may arrange for the District to assist SWUA, regardless of any inclusion discussed herein, with fire hydrant installation and improvements and upgrades to its existing storage, piping and other water system and distribution infrastructure on a fee or payment in lieu of tax basis. SWUA may also include into the District should the property owners determine to seek inclusion into the District by means of an inclusion petition.

The Developers have substantial holdings of Denver Basin Groundwater rights. Water right determinations make it possible to utilize the water to support the District and residents and property owners of the Project, in addition to the existing water being supplied to the SWUA.

The District is organized to provide within and without its boundaries public infrastructure and provide services related thereto as permitted under the Special District Act, Section 32-1-101, *et seq.*, C.R.S., as it exists today and in the future including, but not limited to, water improvements, fire hydrants, wastewater, streets, bridges, traffic controls and signage, drainage and storm water improvements, mosquito control, and park and recreation facilities. The primary infrastructure consists of a central water system, street, signalization, drainage and sewer improvements along with related facilities, equipment, appurtenances and the like for the Project. Approval of this Service Plan shall not be construed as the County's approval of any particular development within the Project, or substitute for any required County approval of future development in this area.

The District will manage the construction, acquisition, installation, financing and operation of public infrastructure needed for the Project. The District will provide funding and the tax base needed to support the Financing Plan for the provision of the capital improvements, debt service on indebtedness and for its operation, maintenance and administrative costs. The District may obtain financing for the improvements contemplated herein through available means under applicable law, including loans and reimbursement agreements from private entities, through the issuance of general obligation bonds and/or revenue bonds, contractual indebtedness, and through any other legal sources available to the District, such as from the receipt of development and tap fees, water rates, charges and the like.

The District's financial forecast ("Financing Plan") is contained in **Exhibit B** attached hereto. The Financing Plan is based on buildout assumptions furnished by the Developer. The Financing Plan demonstrates the District's estimated debt capacity for meeting the financial requirements associated with the provision of public infrastructure through property tax and fee based revenues. The indebtedness projected in the Financing Plan is reasonably believed to be attainable within the assumptions presented.

II. INTRODUCTION

A. Statutory Matters.

This Service Plan is in accordance with the requirements of the Special District Act, Section 32-1-101, *et seq.*, Colorado Revised Statutes (the "Act"), and is in substantial compliance with the El Paso County Special District Guidelines and Requirements, as supplemented by the El Paso County Special District Policies approved on September 2, 2004, and amended September 22, 2005. The following information is included and or otherwise addressed in this Service Plan in accordance with Part II of the Act:

1. A description of the proposed purpose and proposed services, along with an evaluation of the need for forming the District and consideration of alternatives to doing so;
2. General financial information about how the District anticipates financing the public improvements;
3. A market study supporting the projected demand and need for the proposed services, and a sensitivity analysis is provided;
4. Basic and preliminary engineering information is discussed herein relative to how the proposed services are to be provided;
5. A map and description of the District's boundaries and an estimate of the District's population and valuation for assessment;
6. A general description of the facilities to be constructed and the standards of such construction;
7. A general estimate of the cost of acquiring land, engineering, legal and administrative services and other major expenses related to the organization and initial operation of the District; and
8. A general description of any arrangements and agreements with other political subdivisions for the performance of services between the District and such political subdivisions, if any.

B. Initial Boundaries/ Boundary Expansion

1. Initial Boundaries/Expansions. A map and legal description of the initial District's boundaries is set forth on **Exhibit A**, which also depicts potential future inclusion areas. Due to the potential need to respond to development and land use patterns, the pace of growth, and to accommodate future financing dynamics, adjustments to the boundaries may be necessary or appropriate from time to time. Therefore, if property owners seek inclusion into the District, the District may include such additional land, but the District shall not be permitted to expand its boundaries beyond a five (5) mile radius from its initial boundaries nor include land

that has been annexed to the City of Colorado Springs without prior County approval, which may be deemed a material modification of this Service Plan. Notice of all inclusions or exclusions shall be provided to County pursuant to the annual reporting requirements set forth herein.

2. Sage Water Users Association. Property located within the Sage Water Users Association, which is adjacent to the Project and contains roughly 1,200 acres, could potentially be included into the District if the property owners within the SWUA seek inclusion and the District's board of directors determines that inclusion is in the best interest of the District after cost-benefit and other analysis occurs.

C. District Powers

The District anticipates providing certain essential public infrastructure for the use and benefit of future property owners and residents within its boundaries. The District is empowered to provide all public infrastructure and services authorized to be provided by special districts under the Special District Control Act, Section 32-1-101 *et seq.*, C.R.S., except to the extent limited by this Service Plan. Subject to the limitation and prohibition conditions contained in this Service Plan, the District shall have the following miscellaneous powers with respect to activities to be conducted pursuant to this Service Plan.

1. Legal Powers. The improvements and services contemplated herein, along with all other activities permitted by law, will be undertaken in accordance with, and pursuant to, the procedures and conditions contained in the Special District Act, other applicable statutes and this Service Plan, as any or all of the same may be amended from time to time.

2. Other. In addition to the powers enumerated herein, the District shall also have the following authority:

a. To forego, reschedule, or restructure the payment and construction of certain improvements and facilities in order to better accommodate the pace of growth, resource availability and potential inclusions of property within the District; and

b. To exercise all necessary and implied powers under Title 32, C.R.S. in the reasonable discretion of the District as might be necessary to implement the specific provisions of this Service Plan.

3. Enterprises. The District may exercise any of its powers through enterprises established in accordance with Article X, Section 20 of the Colorado Constitution (TABOR).

D. Local Improvements

To the extent the District provides Local Public Improvements (as the term is defined in the County's Special District Policy), which are tied to the County's subdivision process, the District shall not cause a loss of sales tax revenue from the sales of construction materials relative to the public improvements financed by the District which would otherwise

accrue to the County or other local governmental taxing entities. To the extent the cost of all District eligible public improvements exceeds the District's financing capacity, the additional costs are expected to become a Developer contribution.

E. Needs Analysis

In order to establish compliance with the standards for Service Plan approval set forth in Sections 32-1-203(2) and (2.5), C.R.S., the Needs Analysis required by the El Paso County Regulations pertaining to special districts is expressed in terms of those standards:

1. There is Sufficient Existing and Projected Need for Organized Service. Approximately 995 to 1,113 residential lots and 22 acres of commercial development are expected within the Project at build-out. Currently there is no other active urban density project in the surrounding area, and the land immediately adjacent to the Project is undeveloped. There are currently no other governmental entities, including the County, located in the immediate vicinity that consider it desirable, feasible or practicable to undertake the financing and provision of all the public improvements contemplated for the Project. Accordingly, the demand for the services and facilities to be provided by the District is demonstrable and formation thereof allows for the improvements to be provided in an economical manner.

2. The Existing Service in the Area to be Served is Inadequate for Present and Projected Needs/Adequate Service Through Other Governmental Entities Will Not Be Available Within a Reasonable Time and on a Comparable Basis. The facilities and services to be provided by the District will not be provided by the County or any municipal or quasi-municipal corporations, including existing special districts such as the Santa Fe Springs and Sunset districts. None of these entities has either the debt capacity or practical capability of providing all of the facilities and services needed to serve the Project. It is not in the best interests of the orderly development of the Project that the decision making on the timing of construction of facilities serving the Project be placed in other existing entities, in particular due to the financial risk the Project sponsors will be undertaking during the development phase and that different ownership interests have different investment timing and strategies that make joining existing districts problematic. Further, the needs of this Project are driven by a development plan that is separate and distinct from any development or infrastructure program in place within any other special district. Additionally, complexities and differences in water augmentation plans and aquifers in the area further add to the difficulties of utilizing existing special districts. Also the Project is in close proximity to undeveloped areas, and it is undesirable and impracticable to include the Project into an existing district and place an unnecessary burden on neighboring property owners and residents to pay for the Project's improvements and services. Neither the County, nor any existing special district has expressed plans to provide the facilities required for the development of the Project. Therefore, provision of all planned facilities will not be available through other institutions.

3. District is Capable of Providing Economical and Sufficient Service/The District Will Have the Financial Ability to Discharge Proposed Indebtedness on a Reasonable Basis. The District intends to provide an economical and efficient means of ownership and operation of essential public improvements that are not conveyed to other entities. The Financing

Plan generally discusses the feasibility of providing the improvements and services proposed herein on an economical basis. The District can facilitate the financing of the proposed public improvements with tax-exempt financing that is not available to private entities.

4. The Creation of the District is in the Best Interests of the Area to be Served. The creation of the District is in the best interest of the area to be served to meet the Project's demand for public improvements that will otherwise be unmet by other governmental entities and offer the advantage of obtaining public financing to fund these improvements.

F. Alternatives Analysis

As required by El Paso County Special District Guidelines, the Developer has conducted an analysis of alternatives to the formation of the proposed District. It concluded that the District provides a viable means of meeting the present and future demands for the Project on a cost effective basis. In considering District formation, alternatives were considered such as the Santa Fe Springs and Sunset districts as noted above, and the Developer determined use of new special district to be a reasonable course of action to meet the particular needs of the Project. Service through a homeowners association is not a viable means of delivering the services proposed to be provided by the District. The nature, extent and variety of public improvements required are not within the capability of homeowners associations to deliver. Significantly, a homeowners association would not have access to tax-exempt financing.

Provision of improvements through another public entity (such as other special districts, El Paso County or nearby municipalities) is also not a viable option as none has plans to assume the financing and construction obligations planned for the District. Additionally, such an approach during the development phase of the project would not be appropriate inasmuch as the specific needs of this area are driven by a development plan that is separate and distinct from any development or infrastructure program in place within any other special district or municipal entity that might be empowered to provide the types of improvements being furnished by the District.

G. Compliance with Master Plan

The sketch plan for the Project is expected to be in accordance with the El Paso County Master Plan, Falcon and Payton Comprehensive Plan and Major Transportation Corridors Plan, as each may be applicable to the Project.

III. DEVELOPMENT ANALYSIS

A. Preliminary Engineering

The facilities expected to be provided by the District are described in the Section of this Service Plan entitled "Infrastructure Analysis." The District will provide for the planning, design, acquisition, construction, installation, relocation, operation, maintenance and financing of certain public improvements needed for the Project within and without its boundaries. The preliminary construction cost of the major water system improvements needed for the Project is

depicted in **Exhibit C**. In addition to the water system, non-water improvements are needed by the Project such as road, drainage, sewer and other non-water public improvements. **Exhibit C-1** depicts preliminary estimated costs for the significant non-water costs like roadways, road crossings/drainage, signalization and sewer improvements.

B. Population Estimate and Assessed Value

Currently, the territory within the District is undeveloped, and therefore there are presently no residents. The total projected population at buildout is estimated to be approximately 2,500 to 2,800 persons (based on 2.5 persons per household).

The initial year and annual projected assessed value of the property located within the initial District boundaries is described in the Financing Plan.

C. Market Study

A market study prepared by David Bamberger and Associates is attached hereto as **Exhibit F**. The market study includes a worst case scenario.

IV. FINANCIAL PLAN ANALYSIS

A. Financing of Proposed Facilities and Services

The Financial Plan for the District's provision of capital facilities and operation costs will be to fund such costs from a combination of property taxes and non-tax revenues. For its funding, the District may authorize, issue, sell, and deliver general obligation and revenue bonds, notes, contracts, reimbursement agreements, or other indebtedness and obligations evidencing or securing a borrowing (collectively, "Obligations") as permitted by law. Obligations may be payable from any and all legally available revenues of the District in any form or combination of forms that may be permitted by applicable law. All or any portion of the proceeds of the Obligations issued may be used to fund previously incurred expenses for public improvements via reimbursement to and/or acquisition from the entity incurring or advancing the costs for such improvements. Further, it is expected that the costs advanced for the organization and initial operations of the District will be similarly reimbursable to the entity advancing such costs.

The District may also issue the Obligations, subject to reimbursement, directly to the Developer or other private party advancing funds or furnishing facilities on behalf of and benefiting the District from time to time, to reimburse funds advanced for formation, capital and operation, maintenance and administrative costs and/or to acquire facilities so constructed at reasonably competitive interest rates when compared to a likely interest rate on similar indebtedness sold on the open market. Other than with respect to the Mill Levy Cap and Debt Limits (defined below), the District shall be permitted to modify the nature, amount, timing, structure, security enhancements, or type of financing used from that shown in the Financing Plan's initial projections to respond to then current District financing needs and circumstances, so long as such modifications are not considered a material modification of the Service Plan. The

funds and assets of El Paso County shall not be pledged as security for the repayment of any Obligations issued by the District.

1. General Obligation Debt. As used in this Service Plan, the term "General Obligation Debt", means the principal amount of any Obligation (other than those represented by Revenue Obligations as herein defined) payable in whole or in part from a pledge of ad valorem property taxes revenue imposed by the District. General Obligation Debt may be issued in an amount approved by the District's Board of Directors for improvements or services eligible for funding in accordance with applicable law, subject to the limitations set forth herein. The District expects that General Obligation Debt will be issued to fund non-water system related public infrastructure such as road, drainage, sewer and other improvements. However, the District may fund water system construction costs with General Obligation Debt, but revenue based debt is the expected manner for which to finance the water system.

In order to respond to future contingencies, potential inclusion of land, funding of water and non-water infrastructure, and increases in costs, the District's new money General Obligation Debt issuance limit will be \$25,000,000 (the "Debt Limit"). The issuance of the General Obligation Debt shall not exceed the Debt Limit without obtaining approval of an amendment to this Service Plan. The maximum voted interest rate for bonds will be 18%. The proposed maximum underwriting discount will be 5%. The term of each revenue bond or General Obligation Debt issued shall be limited to thirty (30) years from date of such issuance without express, prior County approval. Such approval, although required, may or may not be considered by the County to be a material modification hereof. Any increase in the period of maturity of bonds would required prior approval of the Board of County Commissioners of El Paso County, but would not be considered a material modification requiring an amendment to the Service Plan. Within the maturity term limitation, bond repayment periods could be extended if actual cash flow revenues pledged for debt service are received at slower than expected rates. General Obligation Debt that has been paid, refunded or defeased shall not be counted against the Debt Limit, nor shall increases in principal necessary to accomplish a refunding, reissuance or restructuring of General Obligation Debt count against the Debt Limit.

The District may authorize, issue, sell, and deliver such Obligations as are permitted by law; provided that the debt service property tax mill levy imposed to pay General Obligation Debt shall not initially exceed fifty (50) mills, subject to adjustment to take into account any change in law with respect to assessment of property for taxation purposes, any change in the ratio for determining assessed valuation, or any similar change, using the 2005 ratio of assessment for residential property of 7.96% as the base year for calculating any such adjustments in such ratio. This debt service mill levy cap may be increased and/or removed upon approval of the Board of County Commissioners at a public hearing held for such purpose.

2. Operating Mill Levy Cap. The District's operating mill levy shall be initially capped at ten (10) mills, and, subject to approval of an election question or questions authorizing the collection of operating revenues as a voter-approved revenue change under TABOR, shall be subject to adjustment to take into account any change in law with respect to assessment of property for taxation purposes, any change in the ratio for determining assessed valuation, or any similar change, using the 2005 ratio of assessment for residential property of

7.96% as the base year for calculating any such adjustments in such ratio. This operations mill levy cap may be increased and/or removed upon approval of the Board of County Commissioners at a public hearing held for such purpose.

3. Revenue Obligations. The District shall also be permitted to issue revenue bonds or other revenue obligations (collectively, the “Revenue Obligations”) in such amount and payable from non-ad valorem sources as the District may determine. Amounts issued in the form of Revenue Obligations shall not be subject to the Debt Limit. Revenue Obligations are expected to be issued to fund water system improvements paid from water fees/charges such as tap fees.

4. Enterprises. The District may exercise any of its powers through enterprises established in accordance with Article X, Section 20 of the Colorado Constitution (TABOR).

5. Rates and Charges. The District shall have the power to derive revenue from and pledge any other legally-available revenue source, including but not limited to those derived from fees, rates, tolls, penalties or charges as provided by Section 32-1-1001(1), C.R.S., as it may be amended from time to time. Estimated monthly water rates are described on **Exhibit E**. Facility development fees and tap fees are described in the Financing Plan.

V. INFRASTRUCTURE ANALYSIS

A. General

This section describes the key public improvements expected to be provided by the District within and without its boundaries as necessary, which may be funded depending on debt limitations and the amount of actual debt capacity that develops within the District. Cost estimates for public infrastructure are construction cost estimates only, and are exclusive of non-construction related costs such as debt issuance, including but not limited to bond issuance expenses, debt service reserves, capitalized interest, underwriter’s discount, legal fees, as well as organizational costs. Notwithstanding cost estimate allocations among particular categories and types of improvements, the District shall be permitted to allocate its actual debt capacity within the Debt Limit among such categories and types of improvements as necessary to serve the Project as determined by the District’s Board of Directors. The Financing Plan conservatively projects the issuance of bonds to fund various eligible public improvements, and those improvements which the District lacks actual debt capacity to fund are expected to be funded by the Developer as a Developer contribution.

The District is being organized with the authority to provide all public improvements and services permitted under the Special District Act, Section 32-1-101, *et seq.*, C.R.S., including but not limited to water, wastewater, streets, bridges, traffic controls and signage, drainage improvements, storm drainage, mosquito control, and park and recreation facilities.

B. Central Water System Facilities

One of the District's main purposes is to implement (finance and operate) the central water system for the Project. The Developers have substantial holdings of Denver Basin Groundwater rights. Water right determinations allow the water to be utilized throughout Project area. The non-tributary Arapahoe and Laramie Fox Hills wells/aquifers will be utilized to serve the water needs of the Project including fire protection and residential and commercial development daily flow needs. Other not non-tributary aquifers, including the use of alluvial return flows from the non-tributary water may also be available. The District is expected to undertake the following services and facilities: the operation and maintenance, design, acquisition, installation and construction of a water system, including but not limited to water, wells, tanks, storage, treatment, disinfection, pumping and booster stations, transmission and distribution systems (gravity-fed and pressurized systems and raw water lines), together with all necessary and proper facilities, equipment and appurtenances incident thereto which may include, but shall not be limited to, transmission lines, distribution mains and laterals, together with extensions of and improvements to said systems, but excluding private on-site development.

C. Improvement Dedication – Ownership, Operation and/or Maintenance

MCI currently employs a Colorado Class A Water Operator. The District will utilize a licensed water system operator and a distribution system operator as appropriate. **Exhibit D** contains an estimate of probable annual water system operation and maintenance expenses. During the initial development period, MCI is expected to provide potable water to the Project. As the Project develops, the Developers may convey and transfer some or all of the water assets to the District, or they may retain such assets like their water rights or sell or lease the water rights to the District. Any conveyance of water rights will be done in a manner so as not to infringe upon the County's subdivision water supply process. In addition to the District supplying water to the Project, should the MCI water assets that currently serve the SWUA be conveyed to the District, the District would likely become the wholesale water supplier to SWUA. Asset conveyance may occur regardless of SWUA's inclusion into the District.

The District expects to dedicate or cause to be dedicated to the County or other appropriate governmental entity, all other public improvements that are eligible and acceptable to such entities for dedication and upon such dedication for ongoing ownership, operations and/or maintenance as may be appropriate. All such improvements not accepted by the County or other appropriate governmental entity for ongoing ownership, operations and/or maintenance, may be owned, operated and/or maintained by the District.

The District will require operating funds necessary to operate and maintain the improvements financed which are not dedicated to other entities, and will require funds to pay District annual administrative costs. Formation costs and initial year operating budget, along with estimated costs of acquiring land, engineering services, legal services and administrative services, are anticipated to be approximately \$150,000.

D. Non-Water Infrastructure

Construction, installation, acquisition, finance, and maintenance of roadways, road crossings/drainage, signalization, and sewer account for the other main purposes of the District. Other non-water improvements such as landscape, fencing, park and recreation amenities may also be provided by the District.

E. Construction Standards

The District will require that the public improvements are designed and constructed in accordance with the applicable regulations, ordinances, standards and specifications of the County and/or other applicable jurisdictions

VI. AGREEMENTS

The District will enter into agreements with private entities and public entities as appropriate for the provision, financing and conveyance of public improvements. MCI may assign its water service agreement with the Sage Water Users Association to the District. Agreements with Sunset Metropolitan District may be necessary relative to sanitary sewer improvement ownership, operations and service. Should the District secure water by contract or lease to supply the Project and the SWUA, the District will provide detailed information to the Office of the County Attorney relative how the District will meet its water supply commitments.

VII. MISCELLANEOUS

A. Sage Water Users Association. As of the date of this Service Plan, MCI supplies water on a wholesale basis to the Sage Water Users Association ("SWUA"). SWUA then provides water to homes within the Sage Creek North, Sage Creek South and Blue Sage subdivision, as well as to other small parcels in the area. MCI currently owns and maintains the wells, treatment equipment, storage reservoir, pressure booster station, and pipelines connecting these facilities. MCI also owns and maintains the pipeline to the entry point of the SWUA distribution system where a master meter is located. MCI may transfer and assign some or all of its water provision assets/facilities to the District. The District could become the water provider for the SWUA, and possibly finance upgrades and replacements to its existing water distribution system. The distribution system within the named subdivisions is owned and maintained by the SWUA. SWUA may, after District formation, volunteer to be included into the District.

B. Condemnation. The District does not have any current plans or need for any condemnation action, and shall only exercise powers of eminent domain and dominate eminent domain for public purposes. The District's use of such power shall be limited to the acquisition of property that intends to be owned, controlled or maintained by the District and/or another government entity and is for the material use or benefit of the general public, and which term "material use or benefit for the general public" shall never include as a material purpose the acquisition of property for the furtherance of an economic development plan and which term shall also never include as a purpose an intent to convey such property or to make such property available to a private entity for economic development purposes. The phrase "furtherance of an

economic development plan” does not include condemnation of property to facilitate public infrastructure that is necessary for the development of the project.

C. Disclosure. After District formation a disclosure notice shall be prepared that is acceptable to the Development Services Department staff, which shall inform future purchasers of property with the District of the District’s existence, purpose and debt and taxing powers and limitations. The disclosure obligation shall be deemed satisfied by recording such notice with this Service Plan, and each final plat associated with the Project.

D. Subdistricts. The District shall not create a separate subdistrict except upon prior notice to the Board of County Commissioners, and subject to the Board of County Commissioner’s right to declare such subdistrict creation to be a material modification of this Service Plan as set forth in Section 32-1-1101(1)(f)(I), C.R.S.

E. Other. The District shall not apply for or utilize any Conservation Trust (“Lottery”) funds without County consent. The District may apply for and use other grant funds such as Great Outdoors Colorado.

The grant of authority contained in this Service Plan does not constitute the agreement or binding commitment of the District enforceable by third parties to undertake the activities described, or to undertake such activities exactly as described.

The District will coordinate with the Mountain View Electric Association, Inc., (“MVEA”) and the County as reasonably necessary concerning the location of public infrastructure constructed by the District, and for the reasonable relocation and related cost thereof for impacted MVEA’s facilities prior to such construction.

VIII. COMPLIANCE

The District shall submit an annual report as described in Section 32-1-207(3)(d), C.R.S. within one hundred and twenty (120) days after the conclusion of the District’s fiscal year on December 31 of each year commencing December 31, 2007, unless waived by the County.

The District may be subject to dissolution in the event that the anticipated public improvement development within the District ceases and/or the District fails to provide any services and the District is deemed to be inactive as defined in §32-1-710, C.R.S., and if the District has no financial obligations or if the District fails to comply with the anticipated complete Service Plan Amendment condition described herein. In such events the authorized purposes and powers of the District may be curtailed and expressly limited to taking actions reasonably necessary to dissolve and the board of the District will be deemed to have agreed with the County to dissolve if reasonable measures are not promptly taken to avoid dissolution.

Material modifications of this Service Plan, except as contemplated herein, shall be subject to approval by the County in accordance with the provisions of Section 32-1-207, C.R.S. 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. A substantial change in the District's purpose as stated herein, and increases in the Debt Limit and Mill Levy Cap (as each term is defined herein) shall constitute a material modification requiring County approval at a public hearing.

Approval by the County shall not be required for mechanical modifications to this Service Plan necessary for the execution of the Financing Plan for public improvements previously outlined herein. Specifically, County approval shall not be required for minor language changes, adjustments or revisions to the Service Plan or any of its Exhibits that do not rise to the level of a material modification as defined herein.

IX. CONCLUSION

It is submitted that this Service Plan for the proposed District required by Section 32-1-203(2), C.R.S. has established that:

A. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed District;

B. The existing service in the area to be served by the proposed District is inadequate for present and projected needs;

C. The proposed District is capable, and will further demonstrate its capability in the complete Service Plan Amendment, of providing economical and sufficient service to the area within its proposed boundaries;

D. The area to be included in the proposed District does have, and will have the financial ability to discharge the proposed indebtedness on a reasonable basis;

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

F. The facility and service standards of the proposed District are compatible with the applicable facility and service standards of El Paso County or other existing municipal or quasi-municipal corporations, to the extent applicable, within which the proposed District is to provide service;

G. The proposal is in substantial compliance with a master plan adopted pursuant to Section 30-28-108, C.R.S.;

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

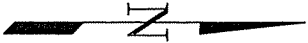
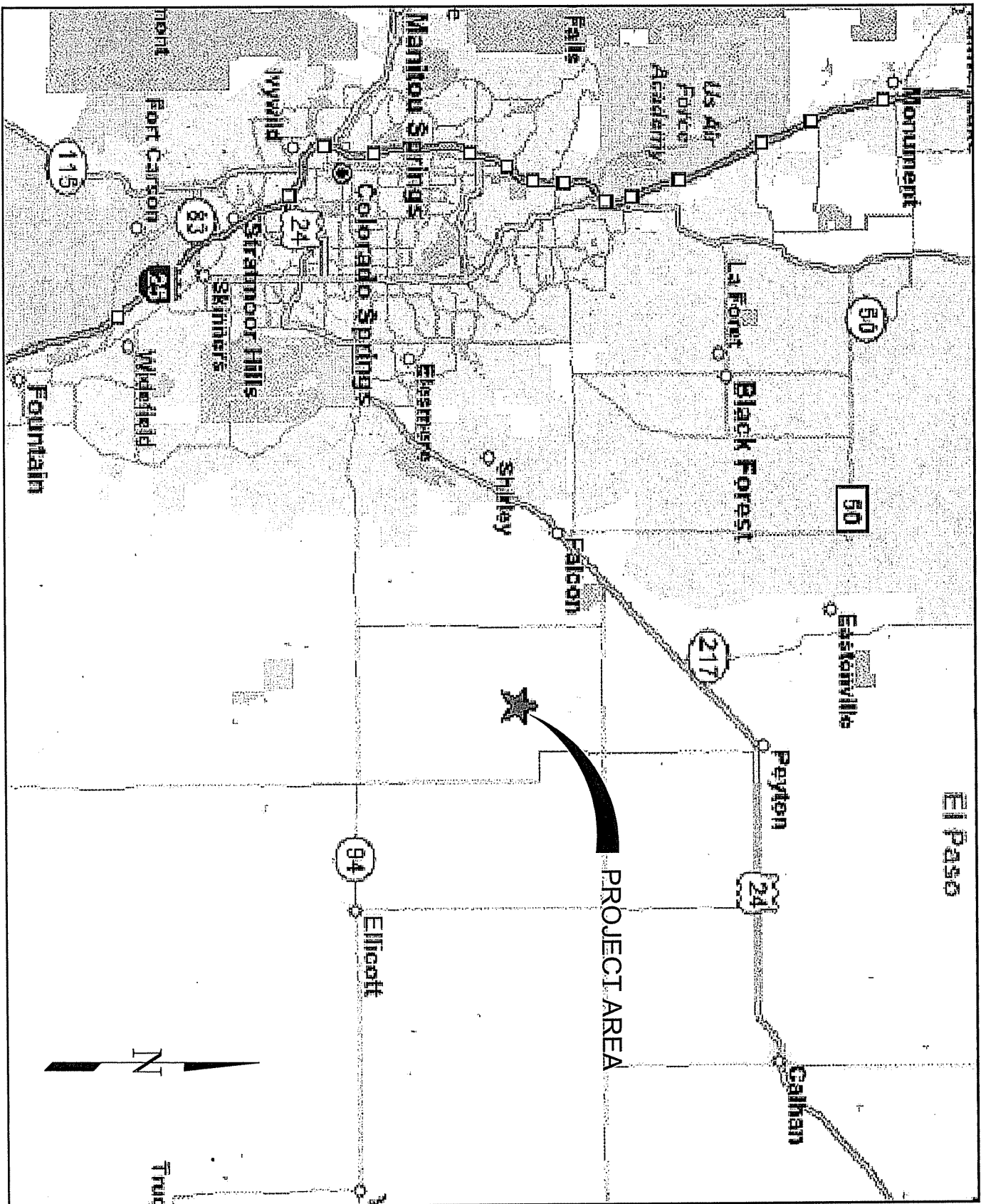
I. The creation of the proposed District is in the best interests of the area proposed to be served.

Therefore, it is requested that the Board of County Commissioners of El Paso County, Colorado, which has jurisdiction to approve this Service Plan by virtue of Section 32-1-202, C.R.S., adopt a resolution which approves this Service Plan for the District.

HPRMDSPLAN/KSA SEPT12 2006
0930.0003

EXHIBIT A

Legal Description and Maps of Initial District



HIGH PLAINS RANCH METRO DISTRICT
VICINITY MAP 1

JDS-HYDRO CONSULTANTS, INC.
545 East Pikes Peak Ave. Suite 300
Colorado Springs, Colorado 80903
(719) 227-0072

Project No.: 11803
Scale: N.T.S.
Date: 11/04/05
Design: SFS
Drawn: GSA
Check: JPH
Revisions:

HIGH PLAINS RANCH METRO DISTRICT
LEGAL DESCRIPTIONS FOR INITIAL SERVICE AREA

-A parcel of land located in Section 7, Township 13 South, Range 63 West of the 6th P.M., El Paso County, Colorado, being more particularly described by metes and bounds as follows:

Beginning at the SE corner of this parcel, also being the centerline intersection of Falcon Highway and Peyton Highway in El Paso County, Colorado, also being the SE corner of said Section 7, marked by a 3-1/4" aluminum cap stamped "PE-LS 9583" as per monument record filed April 4, 1994 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;

Thence S89°27'20"W along the South line of said Section 7, also being along the centerline of said Falcon Highway, a distance of 1294.07 feet to the SW corner of this parcel;

Thence N00°52'10"W along the West line of this parcel, a distance of 2621.27 feet to the NW corner of this parcel, marked by a 1-1/2" yellow cap stamped "PLS 11624" per monument record deposited May 7, 2003 at reception #20390061 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;

Thence N89°22'02"E along the North line of this parcel, a distance of 1316.39 feet to the NE corner of this parcel, also being a point on the centerline of said Peyton Highway, also being the E 1/4 corner of said Section 7, marked by a 3-1/2" aluminum cap in valve box stamped "LS 17496" as per monument record filed November 22, 1996 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;

Thence S00°22'55"E along the East line of this parcel, also being along the centerline of said Peyton Highway, a distance of 2623.27 feet to the Point of Beginning of this description, containing 78.573 acres, more or less.

-Together with the west 1/2 of the southwest 1/4 and the west 1/2 of the east 1/2 of the southwest 1/4 of Section 17, Township 13 south, Range 63 west of the 6th P.M., containing 120.0 acres, more or less.

-Together with the east 1/2 of the east 1/2 of the southwest 1/4 and the southeast 1/4 of Section 17, Township 13 south, Range 63 west of the 6th P.M., containing 204.0 acres, more or less.

-Together with a parcel of land located in Section 14, Township 13 South, Range 64 West of the 6th P.M., El Paso County, Colorado, being more particularly described by metes and bounds as follows:

Beginning at the NE corner of this tract, also being the centerline intersection of Falcon Highway and Slocum Road in El Paso County, Colorado, also being the NE corner of said Section 14, marked by a 2-1/2" aluminum cap stamped "PLS 30130"

Thence S00°30'19"W along the East line of this parcel, also being along the centerline of said Slocum Road, also being along the East line of said Section 14, a distance of 2605.66 feet to the SE corner of this tract, also being the E 1/4 corner of said Section 14, marked by a 2-1/2" aluminum cap stamped "PLS 20681";

Thence S89°33'05"W along the South line of this tract, a distance of 1313.04 feet to the SW corner of this tract;

Thence N00°33'53"E along the West line of this tract, a distance of 2610.55 feet to the NW corner of this tract, also being a point on the centerline of said Falcon Highway;

Thence N89°45'46"E along the North line of this tract, also being along the centerline of said Falcon Highway, also being along the North line of said Section 14, a distance of 1310.26 feet to the Point of Beginning of this description, containing 78.52 acres, more or less.

-Together with a tract of land in Sections 13 and 24, Township 13 south, Range 64 west of the 6th P.M., El Paso County, Colorado, being more particularly described as follows:

Commencing at the northwest corner of Section 13;

Thence S00°31'50"W, 1015.40 feet to the Point of Beginning;

Thence S89°28'10"E, 1779.86 feet;

Thence N00°38'28"W, 81.31 feet;

Thence N89°21'32"E, 352.76 feet;

Thence S00°38'28"E, 617.41 feet;

Thence S11°53'40"E, 61.18 feet;

Thence S00°38'28"E, 639.04 feet;

Thence S89°21'32"W, 598.91 feet;

Thence S01°20'42"W, 1453.26 feet;

Thence S88°39'18"E, 719.96 feet;
Thence S01°20'42"W, 2177.60 feet;
Thence S89°14'47"E, 1123.05 feet;
Thence S00°45'13"W, 603.76 feet;
Thence S89°34'44"W, 3404.70 feet more or less to the southwest corner of the northwest 1/4 of the northwest 1/4 of Section 24;
Thence N00°31'50"E, 5700 feet more or less to the Point of Beginning, containing 283.25 acres, more or less.

-Together with a tract of land located in Section 18 and the west one-half of Section 19, Township 13 south, Range 63 west of the 6th P.M., County of El Paso, State of Colorado, described as follows:
Beginning at the southwest corner of said Section 19, thence along the west line of the southwest quarter of said Section 19, N00°00'24"W, 2651.42 feet to the west one-quarter corner of said Section 19;
Thence along the west line of the southwest one-quarter of the northwest one-quarter of said Section 19, N00°00'31"W, 1325.49 feet to the northwest corner of the southwest one-quarter of the northwest one-quarter of said Section 19;
Thence along the west line of the northwest one-quarter of the northwest one-quarter of said Section 19, N00°00'05"E, 1325.28 feet to the southwest corner of said Section 18;
Thence along the west line of the south one-half of said Section 18, N00°15'32"E, 2612.86 feet to the northwest corner thereof;
Thence along the north line of the south one-half of said section 18, N89°09'02"E, 30.01 feet to a point on a line 30.00 feet easterly and parallel to the west line of said Section 18;
Thence along the line 30.00 feet easterly and parallel to the west line of said Section 18, N00°15'32"E, 19.03 feet;
Thence N89°34'17"E, 2590.40 feet to the center one-quarter corner of said Section 18;
Thence along the north line of the south one-half of said Section 18, N89°34'28"E, 2607.99 feet to the northeast corner thereof;
Thence along the east line of the south one-half of said Section 18, S00°10'15"E, 2637.54 feet to the southeast corner thereof;
Thence S89°43'36"W, 3918.39 feet;
Thence S00°07'17"W, 5297.43 feet to the southeast corner of the west one-half of the west one-half of said Section 19;
Thence along the south line of the west one-half of the west one-half of said Section 19, N89°08'53"W, 1318.11 feet to the Point of Beginning, containing 477.515 acres, more or less.

-Together with a parcel of land located in Section 18, Township 13 South, Range 63 West of the 6th P.M., El Paso County, Colorado, being more particularly described by metes and bounds as follows:
Beginning at the NW corner of this parcel, also being the centerline intersection of Murr Road and Falcon Highway in El Paso County, Colorado, also being the NW corner of said Section 18, marked by a 2-1/2" aluminum cap stamped "PLS 32822" per land survey plat deposited at reception #202900126 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;
Thence N89°27'20"E along the North line of said Section 18, also being along the centerline of said Falcon Highway, a distance of 2588.11 feet to the N 1/4 corner of said Section 18, marked by a 2" aluminum cap stamped "PLS 11624" per monument record filed September 23, 2003 in the records of the Clerk and Recorder's Office, El Paso County Colorado;
Thence continuing N89°27'20"E along the centerline of said Falcon Highway, a distance of 1294.12 feet to the NE corner of this parcel;
Thence S00°00'27"W along the East line of this parcel, a distance of 2631.32 feet to the SE corner of this parcel, marked by a #4 rebar with aluminum cap stamped "LS 1094 AAH";
Thence S89°34'28"W, a distance of 652.36 feet to a point marked by a #4 rebar with aluminum cap stamped "LS1094 AAH";
Thence continuing S89°34'28"W, a distance of 651.70 feet to the Center 1/4 corner of said Section 18, marked by a 2-1/2" aluminum cap stamped "PLS 32822" per land survey plat deposited at reception #202900126 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;
Thence S89°34'14"W, a distance of 2604.98 feet to the SW corner of this parcel, also being a point on the centerline of said Murr Road, also being the W 1/4 corner of said Section 18, marked by a 2-1/2" aluminum cap stamped "PLS 32822" per land survey plat deposited at reception #202900126 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;

Thence N00°35'40"E along the West line of this parcel, also being along the centerline of said Murr Road, also being along the West line of said Section 18, to the Point of Beginning of this description, containing **234.958 acres**, more or less.

-Together with a parcel of land located in Section 18, Township 13 South, Range 63 West of the 6th P.M., El Paso County, Colorado, being more particularly described by metes and bounds as follows:

Beginning at the NE corner of this parcel, also being the centerline intersection of Falcon Highway and Peyton Highway in El Paso County, Colorado, also being the NE corner of said Section 18, marked by a 3-1/4" aluminum cap stamped "PE-LS 9583" as per monument record filed April 4, 1994 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;

Thence S00°13'03"E along the East line of this parcel, also being along the centerline of said Peyton Highway, also being along the East line of said Section 18, a distance of 1316.91 feet to the SE corner of this parcel, marked by a #4 rebar with aluminum cap stamped "LS1094 AAH";

Thence S89°30'48"W along the South line of this parcel, a distance of 1269.23 feet to the SW corner of this parcel, marked by a #5 rebar with aluminum cap stamped "MATRIX P.L.L. 32822";

Thence N00°00'27"E along the West line of this parcel, a distance of 1315.67 feet to the NW corner of this parcel, also being a point on the centerline of said Falcon Highway;

Thence N89°27'20"E along the North line of this parcel, also being along the centerline of said Falcon Highway, a distance of 1264.07 feet to the Point of Beginning of this description, containing **38.275 acres**, more or less.

-Together with the north 1/2 with mineral rights of the existing road in Section 17, Township 13 south, Range 63 west of the 6th P.M., containing **315.71 acres**, more or less.

Total acreage of the above described tracts of land is **1830.80 acres**, more or less.

EXHIBIT B
Financing Plan

**High Plains Ranch Metropolitan District
Forecasted Statement of Sources
and Uses of Cash**

**For the Years Ending
December 31, 2006 through 2040**



To the Petitioners of the Proposed
High Plains Metropolitan District
El Paso County, Colorado

We have compiled the accompanying forecasted statements of sources and uses of cash of the High Plains Ranch Metropolitan District (Exhibit I), the related projected debt service schedules (Exhibits II through IV) and the analysis of absorption, development fees, tap fees and assessed values (Exhibits V) for the years ending December 31, 2006 through 2040, in accordance with 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 management 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. 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.

PRELIMINARY DRAFT....SUBJECT TO CHANGE

September 11, 2006

High Plains Ranch Metropolitan District

Summary of Significant Assumptions and Accounting Policies December 31, 2006 through 2040

The foregoing forecast presents, to the best of the Developer's knowledge and belief, the expected cash receipts and disbursements for the forecast period. Accordingly, the forecast reflects its judgment as of September 11, 2006. The assumptions disclosed herein are those that management believes are significant to the forecast. 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.

The purpose of this forecast is to show the amount of funds available for the future construction of infrastructure from the issuance of general obligation and revenue bonds, the available revenues for the repayment of the debt from a debt mill levy of 35.000 mills and tap fees, the revenues and related costs associated with the proposed water distribution system and the available funds for operating costs from the imposition of a 5.000 mill operating levy. The District anticipates the use of four funds. A General Fund will be utilized to account for administrative costs paid by the 5.000 mill operating levy, a Water Enterprise Fund will account for all water related activities, a Capital Project Fund to account for District street and sewer improvements funded by general obligation debt and a Debt Service Fund to account for the repayment of the general obligation debt.

Note 1: Ad Valorem Taxes

The primary source of revenue for the District will be the collection of ad valorem taxes. Residential property in the District is forecasted to be assessed at 7.96% of market values. Market values for 1,040 single family homes are forecasted to range from \$200,000 to \$375,000 as of 2006. Finished lots are forecasted at 10% of final home values per lot. Commercial property in the District is forecasted to be assessed at 29% of market values. Market values for 22,400 square feet of commercial property is estimated to be \$150 per finished square foot. Market values for residential and commercial property are forecasted to inflate at 2% per year. All property is assumed to inflate at 2% biennially thereafter. Exhibit V details the forecasted absorption, market values and related assessed values for the District.

Property is assumed to be assessed annually as of January 1st. Property included in this forecast is assumed to be assessed on the January 1st subsequent to completion. The forecast recognizes the related property taxes as revenue in the subsequent year.

The County Treasurer currently charges a 1.5% fee for the collection of property taxes. These charges are reflected in the accompanying forecast as a reduction to the property tax revenue.

The mill levy imposed by the District is proposed to equal 5.000 mills for the General Fund and 35.000 mills for the Debt Service Fund. The mill levies are subject to adjustment for changes in the ratio of assessed values to market values, provided that the total levy for each District is subject to a cap of 60.000 mills. It is forecasted that the General Fund mill levy will decrease to 3.000 mills in 2022 and 2.500 mills thereafter and the Debt Service Fund levy will decrease to 30.000 mills in 2024.

The forecast assumes that Specific Ownership Taxes collected on motor vehicle registrations will be 8% of property taxes collected.

High Plains Ranch Metropolitan District

Summary of Significant Assumptions and Accounting Policies December 31, 2006 through 2040

Note 2: Interest Income

Interest income is assumed to be earned at 3.0% per annum. Interest income is based on the year's beginning cash balance and an estimate of the timing of the receipt of revenues and the outflow of disbursements during the course of the year.

Note 3: Tap and Development Fees

It is forecasted that District will impose tap fees of \$13,200 and development fees of \$3,000 for each residential home and each single family equivalent of commercial property. It is forecasted that the commercial property will equate to 201 single family equivalents. Exhibit V details the collection of the above fees by year. The tap fees are pledged to the repayment of the water revenue bonds and the development fees are anticipated to be pledged for the repayment of the general obligation bonds.

Note 4: Bond Assumptions

The District forecasts the issuance of general obligation bonds totaling \$11,800,000 on June 1, 2008 and 2014. The bonds are forecasted to have a maturity of 30 years from the date of issuance and are forecasted to carry a coupon rate of 7.25% on the Series 2008 Bonds and 7.00% on the Series 2014 Bonds. The net proceeds of the bonds after issuance costs of \$472,400 and capitalized interest of \$855,500 are forecasted to be available for street and sewer capital improvements and the repayment of developer advances. Exhibits II and III reflect the proposed repayment of the Series 2008 and 2014 Bonds. The bonds are anticipated to be secured by a limited mill levy not to exceed 50.000 mills. The development fees described in Note 3 are pledged for debt service.

The District also forecasts the issuance of water revenue bonds totaling \$11,810,000 on December 1, 2010. The bonds are forecasted to have a maturity of 13 years from the date of issuance and are forecasted to carry a coupon rate of 7.50%. The net proceeds of the bonds after issuance costs of \$472,400 and capitalized interest in the amount of \$177,486 are forecasted to be available for water improvements in the amount of \$11,160,114. The bonds are anticipated to be repaid from the collection of the tap fees described above in Note 3. Exhibit IV reflects the anticipated repayment of the water revenue bonds based on the forecasted collection of tap fees.

Note 5: District Improvements

Construction costs for district improvements for the District are forecasted to total \$11,160,114 for water improvements and \$13,312,500 for street and sewer improvements. Due to the timing of the issuance of the general obligation bonds, it is estimated that the primary developer will need to advance funds to pay for the street and sewer improvements. These advances will be repaid from the proposed general obligation bonds described in Note 4. As indicated in Exhibit I, \$2,840,000 of the street and sewer improvements will not be paid from bond proceeds but a developer contribution.

High Plains Ranch Metropolitan District

Summary of Significant Assumptions and Accounting Policies December 31, 2006 through 2040

Note 6: Operating and Maintenance Expenses

The District is forecasted to incur operating costs in the amount of \$50,000 per year. Operating expenses are forecasted to inflate at 2% per annum. It is expected that the developer will advance funds to the Districts until such time as the 5.000 mill levy forecasted to be imposed by the District is sufficient to cover the operating expenses. It is forecasted that the developer will be repaid the advances without interest.

Note 7: Water Treatment and Delivery

The District is forecasted to operate a water treatment and distribution system to serve the residents and the commercial property within the boundaries of the District. The estimated costs per year are those described in the Engineer's report. Costs at build-out are forecasted to inflate at 5% per annum. The District intends to impose a monthly charge for potable water at a forecasted average rate of \$31.00 per month. This rate is estimated to inflate at 5% per annum.

High Plains Ranch Metropolitan District
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2006 through 2040

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Totals	0	0	0	0	0	0	(0)	(0)	0	0	(0)
General Fund											
Beginning cash available	0	0	0	0	0	0	(0)	(0)	0	0	0
Revenues											
Property taxes	2,305,689	0	0	2,621	10,158	17,792	26,080	34,661	44,575	55,969	68,711
Specific ownership taxes	184,455	0	0	210	813	1,423	2,086	2,773	3,566	4,478	5,497
Developer advances	284,430	50,000	51,000	49,229	42,242	35,173	27,430	19,394	9,962	0	0
	2,774,575	0	50,000	52,060	53,212	54,388	55,596	56,828	58,103	60,447	74,208
Expenditures											
Administrative costs	2,401,690	50,000	51,000	52,020	53,060	54,122	55,204	56,308	57,434	58,583	59,755
Repay developer advances	284,430	0	0	0	39	152	267	391	520	669	1,024
County treasurer fees	34,585	0	0	0	0	0	0	0	0	0	840
	2,720,705	0	50,000	52,059	53,213	54,388	55,595	56,828	58,103	60,447	74,207
Ending cash available	53,869	0	0	0	(0)	(0)	(0)	0	0	(0)	0
Mill levy	0.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Water Enterprise Fund											
Beginning cash available	0	0	2,943	3,043	7,885	7,985	10,386	7,886	9,309	8,607	7,561
Revenues											
Water service fees	20,174,935	0	25,802	52,636	80,533	111,538	154,841	164,841	228,443	304,828	383,990
Developer advances	699,381	95,623	103,079	110,017	116,431	113,522	98,819	54,347	7,544	0	0
Revenue Bond proceeds	11,810,000	4,500,000	3,625,000	3,685,000	3,685,000	3,685,000	3,685,000	3,685,000	3,685,000	3,685,000	3,685,000
Tap fees	17,542,800	0	897,600	897,600	897,600	963,600	1,320,000	2,221,548	2,221,548	2,209,704	1,122,000
	50,227,116	4,500,000	993,223	4,651,481	1,060,253	4,945,564	1,545,060	2,475,208	2,504,338	2,522,176	1,505,990
Expenditures											
Water treatment & delivery expense	19,754,904	0	95,623	128,881	162,653	196,964	225,060	253,660	282,790	312,472	342,793
Repay developer advances	699,381	0	0	0	0	0	0	0	0	0	41,257
Issuance costs	472,400	180,000	145,000	145,000	147,400	147,400	147,400	147,400	147,400	147,400	147,400
Water improvements	11,160,114	4,146,307	3,476,321	3,476,321	3,535,486	3,535,486	3,535,486	3,535,486	3,535,486	3,535,486	3,535,486
Debt service - Revenue Bonds Series 2007	17,580,125	168,750	897,500	896,438	897,500	963,313	1,322,500	2,220,125	2,222,250	2,210,750	1,121,000
	49,666,925	4,497,057	993,123	4,646,640	1,060,153	4,843,163	1,547,560	2,473,785	2,505,040	2,523,222	1,504,990
Ending cash available	560,191	0	2,943	3,043	7,885	7,985	10,386	7,886	9,309	8,607	7,561

High Plains Ranch Metropolitan District
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2006 through 2040

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Totals	0	0	0	0	0	0	0	0	0	0	0
Beginning cash available	0	0	0	0	0	0	0	0	0	0	0
Revenues											
Bond proceeds - Series 2008	11,800,000		5,000,000						6,800,000		
Developer advance	6,472,500	5,000,000	0	1,472,500							
Developer contribution	2,840,000		2,840,000								
Interest income	0										
Expenditures											
Issuance costs	472,000		200,000						272,000		
Transfer to Debt Service (Cap Int)	855,500		362,500						493,000		
Repay developer advances	6,472,500		437,500						6,035,000		
Capital improvements	13,312,500	5,000,000	4,000,000	4,312,500							
Totals	21,112,500	5,000,000	5,000,000	4,312,500	0	0	0	0	6,800,000	0	0
Ending cash available	0	0	0	0	0	0	0	0	0	0	0
Beginning cash available	0	0	0	0	0	0	0	0	0	0	0
Revenues											
Property taxes	22,792,548	0	0	18,346	71,104	124,544	182,557	242,627	312,022	391,784	480,976
Specific ownership taxes	1,823,404	0	0	1,468	5,688	9,953	14,605	19,410	24,962	31,343	38,478
Tap fees	3,164,800	0	204,000	204,000	219,000	234,000	252,000	252,000	251,800	255,000	270,000
Transfer from Capital Projects Fund	855,500	0	362,500						493,000		
Interest income	677,978	17,554	7,581	17,454	14,285	12,082	12,087	14,217	15,647	27,259	22,913
Totals	29,314,229	204,000	574,081	241,268	310,078	380,589	461,259	528,255	1,097,431	705,385	812,367
Expenditures											
Debt service - GO Debt Series 2007	12,339,900	181,250	362,500	362,500	422,500	423,150	423,438	423,363	422,925	422,125	420,963
Debt service - GO Debt Series 2014	16,091,450	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Paying agent fees	99,000	0	0	275	1,067	1,868	2,738	3,639	4,680	5,877	7,215
County treasurer fees	341,888	0	0	0	0	0	0	0	0	0	0
Totals	28,872,238	184,250	365,775	365,775	426,567	428,018	429,176	430,002	422,605	420,002	411,178
Ending cash available	441,991	204,000	593,831	469,324	352,835	305,406	337,489	435,742	864,568	662,952	543,141
Mill levy	0.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000
Total Mill Levy	0.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000
Assessed valuation (000's)											
Beginning	0	0	0	0	524	2,032	3,558	5,216	6,932	8,915	11,194
New construction	27,214	0	0	524	1,497	1,527	1,586	1,716	1,844	2,279	2,324
Inflation (1.0% per annum)	7,366				10	71			139		224
Ending	34,580	0	0	524	2,032	3,558	5,216	6,932	8,915	11,194	13,742

Debt Service Fund

High Plains Ranch Metropolitan District
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2006 through 2040

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Beginning cash available	0	(0)	0	0	0	0	5,588	13,988	22,556	29,723	37,034	42,889
Revenues							General Fund					
Property taxes	80,866	93,823	105,737	120,004	132,530	86,805	72,337	73,784	73,784	75,260	75,260	76,765
Specific ownership taxes	6,469	7,506	8,459	9,600	10,602	6,944	5,787	5,903	5,903	6,021	6,021	6,141
Developer advances												
	87,335	101,329	114,196	129,604	143,132	93,749	78,124	79,687	79,687	81,280	81,280	82,906
Expenditures												
Administrative costs	60,950	62,169	65,412	64,680	65,974	67,293	68,639	70,012	71,412	72,841	74,297	75,783
Repay developer advances	25,173	37,753	49,198	63,124	75,170	19,566						
County treasurer fees	1,213	1,407	1,586	1,800	1,988	1,302	1,085	1,107	1,107	1,129	1,129	1,151
	87,336	101,329	114,196	129,604	143,132	88,161	69,724	71,119	72,519	73,969	75,426	76,935
Ending cash available	(0)	0	0	0	0	5,588	13,988	22,556	29,723	37,034	42,889	48,860
Mill levy	5.000	5.000	5.000	5.000	5.000	3.000	2.500	2.500	2.500	2.500	2.500	2.500
						Water Enterprise Fund						
Beginning cash available	8,561	8,311	10,186	9,061	10,161	10,161	78,746	192,823	294,685	383,383	457,916	517,225
Revenues												
Water service fees	429,459	478,860	530,065	583,127	639,544	652,334	665,381	678,689	692,263	706,108	720,230	734,635
Developer advances	0	0	0	0	0							
Revenue Bond proceeds	1,188,000	1,188,000	1,188,000	1,227,600								
Tap fees	1,617,459	1,666,860	1,718,065	1,810,727	639,544	652,334	665,381	678,689	692,263	706,108	720,230	734,635
Expenditures												
Water treatment & delivery expense	373,598	405,096	437,256	470,108	503,682	525,941	551,304	576,827	603,564	631,575	660,921	691,668
Repay developer advances	55,861	73,764	92,809	243,019	135,862	56,808	0					
Issuance costs												
Water improvements												
Debt service - Revenue Bonds Series 2007	1,188,250	1,186,125	1,189,125	1,096,500								
	1,617,709	1,664,985	1,719,190	1,809,627	639,544	583,749	551,304	576,827	603,564	631,575	660,921	691,668
Ending cash available	8,311	10,186	9,061	10,161	10,161	78,746	192,823	294,685	383,383	457,916	517,225	560,191

High Plains Ranch Metropolitan District
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2006 through 2040

	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Beginning cash available	48,860	53,315	57,860	60,828	63,855	65,242	66,656	66,364	66,065	65,991	61,875	57,912
Revenues												
Property taxes	76,765	78,300	78,300	79,866	79,866	81,464	81,464	83,093	83,093	84,755	84,755	86,450
Specific ownership taxes	6,141	6,264	6,264	6,389	6,389	6,517	6,517	6,647	6,647	6,780	6,780	6,916
Developer advances												
	82,906	84,564	84,564	86,255	86,255	87,981	87,981	89,740	89,740	91,535	91,535	93,366
Expenditures												
Administrative costs	77,299	78,845	80,422	82,030	83,671	85,344	87,051	88,792	90,568	92,379	94,227	96,112
Repay developer advances	1,151	1,175	1,175	1,198	1,198	1,222	1,222	1,246	1,246	1,271	1,271	1,297
County treasurer fees	78,450	80,019	81,596	83,228	84,869	86,566	88,273	90,039	91,814	93,651	95,498	97,408
	53,315	57,860	60,828	63,855	65,242	66,656	66,364	66,065	63,991	61,875	57,912	53,869
Ending cash available	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Mill levy												
	560,191	560,191	560,191	560,191	560,191	560,191	560,191	560,191	560,191	560,191	560,191	560,191
Beginning cash available												
Revenues												
Water service fees	723,883	757,637	793,007	830,069	868,907	909,607	952,259	996,960	1,043,807	1,092,908	1,147,553	1,204,931
Developer advances												
Revenue Bond proceeds												
Tap fees												
	723,883	757,637	793,007	830,069	868,907	909,607	952,259	996,960	1,043,807	1,092,908	1,147,553	1,204,931
Expenditures												
Water treatment & delivery expense	723,883	757,637	793,007	830,069	868,907	909,607	952,259	996,960	1,043,807	1,092,908	1,147,553	1,204,931
Repay developer advances												
Issuance costs												
Water improvements												
Debt service - Revenue Bonds Series 2007												
	723,883	757,637	793,007	830,069	868,907	909,607	952,259	996,960	1,043,807	1,092,908	1,147,553	1,204,931
Ending cash available	560,191	560,191	560,191	560,191	560,191	560,191	560,191	560,191	560,191	560,191	560,191	560,191

Water Enterprise Fund

High Plains Ranch Metropolitan District
Forecasted Sources and Uses of Cash
For the Years Ended December 31, 2006 through 2040

	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Beginning cash available	0	0	0	0	0	0	0	0	0	0	0	0
Revenues												
Bond proceeds - Series 2008												
Developer advance												
Developer contribution												
Interest income												
Expenditures												
Issuance costs												
Transfer to Debt Service (Cap Int)												
Repay developer advances												
Capital improvements												
Ending cash available	0	0	0	0	0	0	0	0	0	0	0	0
Capital Projects Fund												
Beginning cash available	607,424	588,257	586,581	585,474	602,787	621,581	665,567	707,483	772,069	869,320	714,180	559,089
Revenues												
Property taxes	921,179	939,602	939,602	958,394	958,394	977,562	977,562	997,113	997,113	678,037	678,037	691,598
Specific ownership taxes	73,694	75,168	75,168	76,672	76,672	78,205	78,205	79,769	79,769	54,243	54,243	55,328
Tap fees												
Transfer from Capital Projects Fund												
Interest income	23,678	23,435	23,382	23,698	24,229	25,207	26,487	28,123	30,425			
Expenditures	1,018,551	1,038,205	1,038,163	1,058,764	1,059,295	1,080,975	1,082,254	1,105,006	1,107,308	732,280	732,280	746,926
Debt service - 60 Debt Series 2007	420,750	424,438	421,675	422,825	422,525	420,775	422,575	422,563	394,150			
Debt service - 60 Debt Series 2014	600,150	598,350	600,500	601,250	600,600	598,550	600,100	599,900	597,950	874,250	874,200	850,650
Paying agent fees	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
County treasurer fees	13,818	14,094	14,094	14,376	14,376	14,663	14,663	14,957	14,957	10,171	10,171	10,374
Ending cash available	1,037,718	1,039,882	1,039,269	1,041,451	1,040,501	1,036,988	1,040,338	1,040,419	1,010,067	887,421	887,371	864,024
Debt Service Fund												
Ending cash available	588,257	586,581	585,474	602,787	621,581	665,567	707,483	772,069	869,320	714,180	559,089	441,991
Mill levy	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	20,000	20,000	20,000
Total Mill Levy	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	22,500	22,500	22,500
Assessed valuation (000's)												
Beginning	30,706	30,706	31,320	31,320	31,946	31,946	32,565	32,565	33,237	33,237	33,902	33,902
New construction												
Inflation (1.0% per annum)	614	614	626	626	639	639	652	652	665	665	678	678
Ending	30,706	31,320	31,320	31,946	31,946	32,585	32,585	33,237	33,237	33,902	33,902	34,580

**High Plains Ranch Metropolitan District
Schedule of General Obligation Debt - Series 2008
For the Years Ended December 31, 2008 to 2037**

Year	Principal	Coupon	Interest	Annual Total	Balance
					5,000,000
2008					5,000,000
2008			181,250	181,250	5,000,000
2009			181,250		5,000,000
2009			181,250	362,500	5,000,000
2010			181,250		5,000,000
2010	60,000	7.25%	181,250	422,500	4,940,000
2011			179,075		4,940,000
2011	65,000	7.25%	179,075	423,150	4,875,000
2012			176,719		4,875,000
2012	70,000	7.25%	176,719	423,438	4,805,000
2013			174,181		4,805,000
2013	75,000	7.25%	174,181	423,363	4,730,000
2014			171,463		4,730,000
2014	80,000	7.25%	171,463	422,925	4,650,000
2015			168,563		4,650,000
2015	85,000	7.25%	168,563	422,125	4,565,000
2016			165,481		4,565,000
2016	90,000	7.25%	165,481	420,963	4,475,000
2017			162,219		4,475,000
2017	100,000	7.25%	162,219	424,438	4,375,000
2018			158,594		4,375,000
2018	105,000	7.25%	158,594	422,188	4,270,000
2019			154,788		4,270,000
2019	110,000	7.25%	154,788	419,575	4,160,000
2020			150,800		4,160,000
2020	120,000	7.25%	150,800	421,600	4,040,000
2021			146,450		4,040,000
2021	130,000	7.25%	146,450	422,900	3,910,000
2022			141,738		3,910,000
2022	140,000	7.25%	141,738	423,475	3,770,000
2023			136,663		3,770,000
2023	150,000	7.25%	136,663	423,325	3,620,000
2024			131,225		3,620,000
2024	160,000	7.25%	131,225	422,450	3,460,000
2025			125,425		3,460,000
2025	170,000	7.25%	125,425	420,850	3,290,000
2026			119,263		3,290,000
2026	185,000	7.25%	119,263	423,525	3,105,000
2027			112,556		3,105,000
2027	195,000	7.25%	112,556	420,113	2,910,000
2028			105,488		2,910,000
2028	210,000	7.25%	105,488	420,975	2,700,000
2029			97,875		2,700,000
2029	225,000	7.25%	97,875	420,750	2,475,000
2030			89,719		2,475,000
2030	245,000	7.25%	89,719	424,438	2,230,000
2031			80,838		2,230,000
2031	260,000	7.25%	80,838	421,675	1,970,000
2032			71,413		1,970,000
2032	280,000	7.25%	71,413	422,825	1,690,000
2033			61,263		1,690,000
2033	300,000	7.25%	61,263	422,525	1,390,000
2034			50,388		1,390,000
2034	320,000	7.25%	50,388	420,775	1,070,000
2035			38,788		1,070,000
2035	345,000	7.25%	38,788	422,575	725,000
2036			26,281		725,000
2036	370,000	7.25%	26,281	422,563	355,000
2037			12,869		355,000
2037	355,000	7.25%	12,869	394,150	0
	<u>5,000,000</u>		<u>7,326,488</u>	<u>12,339,900</u>	

High Plains Ranch Metropolitan District Schedule of General Obligation Debt - Series 2014 For the Years Ended December 31, 2008 to 2037
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Year	Principal	Coupon	Interest	Annual Total	Balance
2014					6,800,000
2014			238,000	238,000	6,800,000
2015			238,000		6,800,000
2015			238,000	476,000	6,800,000
2016			238,000		6,800,000
2016	25,000	7.00%	238,000	501,000	6,775,000
2017			237,125		6,775,000
2017	25,000	7.00%	237,125	499,250	6,750,000
2018			236,250		6,750,000
2018	25,000	7.00%	236,250	497,500	6,725,000
2019			235,375		6,725,000
2019	75,000	7.00%	235,375	545,750	6,650,000
2020			232,750		6,650,000
2020	75,000	7.00%	232,750	540,500	6,575,000
2021			230,125		6,575,000
2021	140,000	7.00%	230,125	600,250	6,435,000
2022			225,225		6,435,000
2022	150,000	7.00%	225,225	600,450	6,285,000
2023			219,975		6,285,000
2023	160,000	7.00%	219,975	599,950	6,125,000
2024			214,375		6,125,000
2024	170,000	7.00%	214,375	598,750	5,955,000
2025			208,425		5,955,000
2025	180,000	7.00%	208,425	596,850	5,775,000
2026			202,125		5,775,000
2026	195,000	7.00%	202,125	599,250	5,580,000
2027			195,300		5,580,000
2027	210,000	7.00%	195,300	600,600	5,370,000
2028			187,950		5,370,000
2028	225,000	7.00%	187,950	600,900	5,145,000
2029			180,075		5,145,000
2029	240,000	7.00%	180,075	600,150	4,905,000
2030			171,675		4,905,000
2030	255,000	7.00%	171,675	598,350	4,650,000
2031			162,750		4,650,000
2031	275,000	7.00%	162,750	600,500	4,375,000
2032			153,125		4,375,000
2032	295,000	7.00%	153,125	601,250	4,080,000
2033			142,800		4,080,000
2033	315,000	7.00%	142,800	600,600	3,765,000
2034			131,775		3,765,000
2034	335,000	7.00%	131,775	598,550	3,430,000
2035			120,050		3,430,000
2035	360,000	7.00%	120,050	600,100	3,070,000
2036			107,450		3,070,000
2036	385,000	7.00%	107,450	599,900	2,685,000
2037			93,975		2,685,000
2037	410,000	7.00%	93,975	597,950	2,275,000
2038			79,625		2,275,000
2038	715,000	7.00%	79,625	874,250	1,560,000
2039			54,600		1,560,000
2039	765,000	7.00%	54,600	874,200	795,000
2040			27,825		795,000
2040	795,000	7.00%	27,825	850,650	0
	<u>6,800,000</u>		<u>9,291,450</u>	<u>16,091,450</u>	

High Plains Ranch Metropolitan District Schedule of Revenue Bond Debt For the Years Ended December 31, 2007 to 2020
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<u>Year</u>	<u>Available Tap Fees</u>	<u>Principal Additions</u>	<u>Principal Retirement</u>	<u>Coupon</u>	<u>Interest</u>	<u>Annual Total</u>	<u>Outstanding Balance</u>
2007		4,500,000					4,500,000
2007	0		0	7.50%	168,750	168,750	4,500,000
2008		0			168,750		4,500,000
2008	897,600		560,000	7.50%	168,750	897,500	3,940,000
2009		3,625,000			147,750		7,565,000
2009	897,600		465,000	7.50%	283,688	896,438	7,100,000
2010		0			266,250		7,100,000
2010	897,600		365,000	7.50%	266,250	897,500	6,735,000
2011		3,685,000			252,563		10,420,000
2011	963,600		320,000	7.50%	390,750	963,313	10,100,000
2012					378,750		10,100,000
2012	1,320,000		565,000	7.50%	378,750	1,322,500	9,535,000
2013					357,563		9,535,000
2013	2,221,548		1,505,000	7.50%	357,563	2,220,125	8,030,000
2014					301,125		8,030,000
2014	2,221,548		1,620,000	7.50%	301,125	2,222,250	6,410,000
2015					240,375		6,410,000
2015	2,209,704		1,730,000	7.50%	240,375	2,210,750	4,680,000
2016					175,500		4,680,000
2016	1,122,000		770,000	7.50%	175,500	1,121,000	3,910,000
2017					146,625		3,910,000
2017	1,188,000		895,000	7.50%	146,625	1,188,250	3,015,000
2018					113,063		3,015,000
2018	1,188,000		960,000	7.50%	113,063	1,186,125	2,055,000
2019					77,063		2,055,000
2019	1,188,000		1,035,000	7.50%	77,063	1,189,125	1,020,000
2020					38,250		1,020,000
2020	1,227,600		1,020,000	7.50%	38,250	1,096,500	0
	<u>17,542,800</u>	<u>11,810,000</u>	<u>11,810,000</u>		<u>5,770,125</u>	<u>17,580,125</u>	

**High Plains Ranch Metropolitan District
Forecasted Schedules of Absorption, Tap Fees, Market Values and Assessed Values
For the Years Ended December 31, 2005 through 2017**

Schedule of Absorption

Property description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Single Family Equivalent																
Single Family 1/2 acre lots	0	0	27	27	27	32	32	32	32	32	320	37	37	37	279	420
Single Family 1 acre lots	0	27	27	27	27	32	32	32	32	32	32	32	32	32	36	400
Single Family 2 1/2 acre lots	0	14	14	14	14	14	14	15	15	15	21	21	21	21	21	220
Total Single Family Units	0	0	68	68	68	73	78	79	79	79	85	90	90	90	93	1,040
Finished Lots																
Single Family 1/2 acre lots	0	27	0	0	5	0	0	0	0	0	5	0	0	(1)	(36)	0
Single Family 1 acre lots	0	27	0	0	0	5	0	0	0	0	0	0	0	4	(36)	0
Single Family 2 1/2 acre lots	0	14	0	0	0	0	1	0	0	6	0	0	0	0	(21)	0
Commercial (Sq feet)																
								7,500	7,500	7,400						22,400

Commercial SFE's (including school, church Equestrian etc)

Schedule of Absorption for Development and Tap Fees

Absorption Residential (SFE's)	0	0	68	68	68	73	78	79	79	79	85	90	90	90	93	1,040
Development fee rate residential	3,000	0	204,000	204,000	204,000	219,000	234,000	237,000	237,000	237,000	255,000	270,000	270,000	270,000	279,000	3,120,000
Development fee rate commercial (SF)	2.00	0	0	0	0	0	0	15,000	15,000	14,800	0	0	0	0	0	44,800
Total Development fees	0	0	204,000	204,000	204,000	219,000	234,000	252,000	252,000	251,800	255,000	270,000	270,000	270,000	279,000	3,164,800
Tap fees - Residential	0	0	68	68	68	73	78	79	79	79	85	90	90	90	93	1,040
Tap fees - Commercial	0	0	0	0	0	0	0	67	67	66	0	0	0	0	0	201
Tap fees - School / Church / Equestrian Ctr	0	0	0	0	0	0	22	22	22	22	22	22	22	22	22	88
Total SFE's	0	0	68	68	68	73	100	168	168	167	85	90	90	90	93	1,329
Tap fee rate	13,200	0	897,600	897,600	897,600	963,600	1,320,000	2,221,548	2,221,548	2,209,704	1,122,000	1,188,000	1,188,000	1,188,000	1,227,600	17,542,800

**High Plains Ranch Metropolitan District
Forecasted Schedules of Absorption, Tap Fees, Market Values and Assessed Values
For the Years Ended December 31, 2005 through 2017**

Schedule of Market Values

Market Value	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Single Family 1/2 acre lots	200,000	0	5,618,160	5,790,523	5,845,134	7,066,117	7,207,439	7,351,588	7,498,620	7,648,592	7,801,564	9,200,970	9,384,989	9,572,689	9,560,247	99,426,634
Single Family 1 acre lots	275,000	0	7,724,970	7,879,469	8,037,059	8,197,800	9,910,229	10,108,434	10,310,603	10,516,815	10,727,151	10,941,694	11,160,528	11,383,738	13,062,840	129,961,329
Single Family 2 1/2 acre lots	375,000	0	5,462,100	5,571,342	5,682,769	5,796,824	5,912,353	6,028,357	6,145,584	6,262,996	6,381,581	9,791,573	9,987,404	10,187,152	10,390,695	98,155,930
Finished Lots																
Single Family 1/2 acre lots	20,000	540,000	0	0	100,000	0	0	0	0	0	100,000	0	0	(20,000)	(720,000)	0
0	27,500	742,500	0	0	0	137,500	0	0	0	0	0	0	0	110,000	(890,000)	0
Commercial (Sq feet)	37,500	525,000	0	0	0	0	37,500	0	0	225,000	0	0	0	0	(787,500)	0
Commercial (per sq foot)	150.00	0	0	0	0	0	0	1,292,271	1,318,117	1,326,553	0	0	0	0	0	3,936,941
Totals	0	1,807,500	18,805,230	19,181,335	19,664,961	21,197,841	23,067,521	25,213,650	25,717,923	26,439,355	28,228,296	29,934,236	30,532,921	31,233,580	30,456,482	331,480,834

Schedule of Assessed Valuation

Assessment to Market Ratio	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Residential	7.96%	0	1,496,896	1,526,834	1,557,371	1,676,403	1,833,190	1,904,142	1,942,225	1,981,069	2,239,012	2,382,765	2,430,421	2,479,029	2,623,137	26,072,494
Finished Lots	29.00%	524,175	0	0	29,000	39,875	10,875	0	0	65,250	29,000	0	0	26,100	(724,275)	0
Commercial	29.00%	0	0	0	0	0	0	374,759	382,254	384,700	0	0	0	0	0	1,141,713
Totals	0	524,175	1,496,896	1,526,834	1,586,371	1,716,278	1,844,065	2,278,900	2,324,478	2,431,019	2,268,012	2,382,765	2,430,421	2,505,129	1,898,862	27,214,207
Cumulative	0	524,175	2,021,071	3,547,906	5,134,276	6,850,555	8,694,619	10,973,520	13,297,998	15,729,018	17,997,030	20,379,795	22,810,216	25,315,345	27,214,207	
Collection Yr	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	

EXHIBIT C
Water System Cost Estimate

IMPLEMENTATION OF FACILITIES

Cost of Facilities:
potential costs of construction.

Summaries of the costs for each phase are tabulated on the following pages:

Table 3. Phase I / II /III Project Costs

**Cost Estimate for Phase I Central Water Facilities
Project: High Plains Ranch Metro District**

Item	Item Total
<i>Wells</i>	\$675,335
<i>Raw Water Pipeline</i>	\$301,900
<i>Treatment/Pumping</i>	\$438,500
<i>Storage Tank</i>	\$580,000
Construction Total	\$1,995,735
10 % Construction Contingency	\$199,574
Design/Bidding Engineering	\$175,625
Well Engineering (Curt Wells)	\$9,000
Construction Engineering	\$43,906
PROJECT TOTAL	\$2,423,839

**Cost Estimate for Phase I Distribution Facilities
Project: High Plains Ranch Metro District**

Item	Item Total
<i>Distribution</i>	\$1,506,822
Construction Total	\$1,506,822
10 % Construction Contingency	\$150,682
Design/Bidding Engineering	\$33,150
Construction Engineering (2%)	\$33,813
PROJECT TOTAL	\$1,724,467

TOTAL Phase I: \$4,148,307

Cost Estimate for Phase II Central Water Facilities

Project: High Plains Ranch Metro District

Item	Item Total
<i>Wells</i>	\$616,035
<i>Treatment/Pumping</i>	\$105,000
Construction Total	\$721,035
10 % Construction Contingency	\$72,104
Design/Bidding Engineering	\$63,451
Well Engineering (Curt Wells)	\$9,000
Construction Engineering	\$15,863
PROJECT TOTAL	\$881,452

Cost Estimate for Phase II Distribution Facilities

Project: High Plains Ranch Metro District

Item	Item Total
<i>Distribution</i>	\$2,267,370
Construction Total	\$2,267,370
10 % Construction Contingency	\$226,737
Design/Bidding Engineering	\$49,882
Construction Engineering (2%)	\$50,880
PROJECT TOTAL	\$2,594,869

TOTAL Phase II: \$3,476,321

**Cost Estimate for Phase III Central Water Facilities
Project: High Plains Ranch Metro District**

Item	Item Total
<i>Wells</i>	\$601,835
<i>Raw Water Pipeline</i>	\$128,440
Construction Total	\$730,275
10 % Construction Contingency	\$73,028
Design/Bidding Engineering	\$64,264
Well Engineering (Curt Wells)	\$9,000
Construction Engineering	\$16,066
PROJECT TOTAL	\$892,633

**Cost Estimate for Phase III Distribution Facilities
Project: High Plains Ranch Metro District**

Item	Item Total
<i>Distribution</i>	\$2,309,298
Construction Total	\$2,309,298
10 % Construction Contingency	\$230,930
Design/Bidding Engineering	\$50,805
Construction Engineering (2%)	\$51,821
PROJECT TOTAL	\$2,642,853

TOTAL Phase III: \$3,535,486

CENTRAL WATER SYSTEM TOTAL: \$11,160,114

Table 4: Allocation of Phase I Costs to Phase II & III

**Allocation of Phase I Costs to Phase II & III Development
Project: High Plains Ranch Metro District**

Prorated Pumping/Treatment Costs	
<i>Phase II owes Phase I</i>	\$ 370,606
Prorated Tank Costs	
<i>Phase II owes Phase I</i>	\$ 355,595
<i>Phase III owes Phase I</i>	\$ 284,843
Phase I - 10" Raw Water Line+Valves	
<i>Phase II owes Phase I</i>	\$ 97,456
<i>Phase III owes Phase I</i>	\$ 97,456
Phase II - 10" Gravity Distr. Line + Valves	
<i>Phase III owes Phase II</i>	\$ 174,714

Cost Estimate for Phase I Central Water Facilities
Project: High Plains Ranch Metro District

Item	Unit	Quan.	Unit Cost	Item Total
<i>Wells</i>				
1 Arapahoe	LF	1,106	\$135.00	\$149,310
2 Arap. Completion	LS	1	\$79,000.00	\$79,000
3 Laramie Fox Hills	LF	1,615	\$135.00	\$218,025
4 LFH Completion	LS	1	\$102,000.00	\$102,000
5 Metering Vault	LS	2	\$31,500.00	\$63,000
6 Site/Grading	LS	2	\$17,000.00	\$34,000
7 Power	LS	1	\$30,000.00	\$30,000
8 Unused	LS	0	\$0.00	\$0
9 Unused	LS	0	\$0.00	\$0
			<i>Subtotal</i>	<i>\$675,335</i>
<i>Raw Water Pipeline</i>				
10 8 Inch PVC Water Line from existing wells	LF	5,300	\$24.00	\$127,200
11 8 Inch Valves	EA	2	\$1,150.00	\$2,300
12 8 inch piping from new A and LFH wells		200	\$24.00	\$4,800
13 10 Inch PVC Water Line	LF	6,100	\$26.00	\$158,600
14 10 Inch Valves	EA	4	\$1,750.00	\$7,000
15 Unused	LF	1	\$2,000.00	\$2,000
			<i>Subtotal</i>	<i>\$301,900</i>
<i>Treatment/Pumping</i>				
16 Superstructure	SF	650	\$180.00	\$117,000
17 Footer/Foundation	LS	1	\$35,000.00	\$35,000
18 Sodium Hypochlorite	LS	1	\$9,500.00	\$9,500
19 Yard Piping	LS	1	\$38,000.00	\$38,000
20 Controls	LS	1	\$25,000.00	\$25,000
21 Electrical	LS	1	\$65,000.00	\$65,000
22 Direct feed VFD Booster System	LS	1	\$77,000.00	\$77,000
23 Control Valves/Meters	LS	1	\$12,000.00	\$12,000
24 Misc	LS	1	\$15,000.00	\$15,000
25 Fencing	LS	1	\$15,000.00	\$15,000
26 Power	LS	1	\$30,000.00	\$30,000
27 Unused	LS	0	\$0.00	\$0
			<i>Subtotal</i>	<i>\$438,500</i>
<i>Storage Tank</i>				
28 650,000 Gal Tank	LS	1	\$550,000.00	\$550,000
29 Foundation	LS	1	\$20,000.00	\$20,000
30 Earthwork	LS	1	\$10,000.00	\$10,000
31 Unused	LS	0	\$0.00	\$0
			<i>Subtotal</i>	<i>\$580,000</i>
Construction Total				\$1,995,735
10 % Construction Contingency				\$199,574
Design/Bidding Engineering				\$175,625
Well Engineering (Curt Wells)				\$9,000
Construction Engineering				\$43,906
PROJECT TOTAL				\$2,423,839

Since the Engineer has no control over the cost of labor, materials or equipment, or over the Contractor's method of determining prices, or over competitive bidding or market conditions, his opinions of probable construction cost provided for herein are made on the basis of his experience and qualifications. These opinions represent his best judgement as a design professional familiar with the construction industry. However, the Engineer cannot and does not guarantee that proposals, bids, or the construction cost will not vary from opinions of probable cost prepared by him.

Cost Estimate for Phase I Distribution Facilities
Project: High Plains Ranch Metro District

Item	Unit	Quan.	Unit Cost	Item Total
<i>Distribution</i>				
1 8 Inch PVC Water Lines	LF	43,900	\$24.00	\$1,053,600
2 8 Inch Valves	EA	23	\$1,150.00	\$26,450
3 12 Inch PVC Water Lines	EA	5,988	\$37.00	\$221,556
4 12 Inch Valves	EA	13	\$2,000.00	\$26,000
5 1" Services	EA	118	\$500.00	\$59,000
6 Fire Hydrants	EA	28	\$3,222.00	\$90,216
7 Lowerings	EA	5	\$4,000.00	\$20,000
8 Misc	LS	1	\$10,000.00	\$10,000
9 Unused	LS	0	\$0.00	\$0
10 Unused	LS	0	\$0.00	\$0
11 Unused	LS	0	\$0.00	\$0
Subtotal				\$1,506,822
Construction Total				\$1,506,822
10 % Construction Contingency				\$150,682
Design/Bidding Engineering				\$33,150
Construction Engineering (2%)				\$33,813
PROJECT TOTAL				\$1,724,467

Since the Engineer has no control over the cost of labor, materials or equipment, or over the Contractor's method of determining prices, or over competitive bidding or market conditions, his opinions of probable construction cost provided for herein are made on the basis of his experience and qualifications. These opinions represent his best judgement as a design professional familiar with the construction industry. However, the Engineer cannot and does not guarantee that proposals, bids, or the construction cost will not vary from opinions of probable cost prepared by him.

Cost Estimate for Phase II Central Water Facilities
Project: High Plains Ranch Metro District

Item	Unit	Quan.	Unit Cost	Item Total
<i>Wells</i>				
1 Arapahoe	LF	1,066	\$135.00	\$143,910
2 Arap. Completion	LS	1	\$79,000.00	\$79,000
3 Laramie Fox Hills	LF	1,575	\$135.00	\$212,625
4 LFH Completion	LS	1	\$102,000.00	\$102,000
5 Metering Vault	LS	1	\$31,500.00	\$31,500
6 Site/Grading	LS	1	\$17,000.00	\$17,000
7 Power	LS	1	\$30,000.00	\$30,000
8 Unused	LS	0	\$0.00	\$0
9 Unused	LS	0	\$0.00	\$0
			<i>Subtotal</i>	<i>\$616,035</i>
<i>Pumping</i>				
10 Piping	LS	1	\$10,000.00	\$10,000
11 Controls	LS	1	\$5,000.00	\$25,000
12 Electrical	LS	1	\$25,000.00	\$25,000
13 Direct feed VFD Booster System	LS	1	\$35,000.00	\$35,000
14 Control Valves	LS	1	\$5,000.00	\$5,000
15 Misc	LS	1	\$5,000.00	\$5,000
16 Unused	LS	0	\$0.00	\$0
			<i>Subtotal</i>	<i>\$105,000</i>
Construction Total				\$721,035
10 % Construction Contingency				\$72,104
Design/Bidding Engineering				\$63,451
Well Engineering (Curt Wells)				\$9,000
Construction Engineering				\$15,863
PROJECT TOTAL				\$881,452

Since the Engineer has no control over the cost of labor, materials or equipment, or over the Contractor's method of determining prices, or over competitive bidding or market conditions, his opinions of probable construction cost provided for herein are made on the basis of his experience and qualifications. These opinions represent his best judgement as a design professional familiar with the construction industry. However, the Engineer cannot and does not guarantee that proposals, bids, or the construction cost will not vary from opinions of probable cost prepared by him.

Cost Estimate for Phase II Distribution Facilities
Project: High Plains Ranch Metro District

Item	Unit	Quan.	Unit Cost	Item Total	
<i>Distribution</i>					
1	8 Inch PVC Water Lines	LF	72,149	\$24.00	\$1,731,576
2	8 Inch Valves	EA	35	\$1,150.00	\$40,250
3	10 Inch PVC Water Line	LF	5,440	\$26.00	\$141,440
4	10 Inch Valves	EA	4	\$1,750.00	\$7,000
5	1" Services	EA	428	\$500.00	\$214,000
6	Fire Hydrants	EA	32	\$3,222.00	\$103,104
7	Lowerings	EA	5	\$4,000.00	\$20,000
8	Misc	LS	1	\$10,000.00	\$10,000
9	Unused	LS	0	\$0.00	\$0
10	Unused	LS	0	\$0.00	\$0
11	Unused	LS	0	\$0.00	\$0
				<i>Subtotal</i>	\$2,267,370
				Construction Total	\$2,267,370
				10 % Construction Contingency	\$226,737
				Design/Bidding Engineering	\$49,882
				Construction Engineering (2%)	\$50,880
PROJECT TOTAL					\$2,594,869

Since the Engineer has no control over the cost of labor, materials or equipment, or over the Contractor's method of determining prices, or over competitive bidding or market conditions, his opinions of probable construction cost provided for herein are made on the basis of his experience and qualifications. These opinions represent his best judgement as a design professional familiar with the construction industry. However, the Engineer cannot and does not guarantee that proposals, bids, or the construction cost will not vary from opinions of probable cost prepared by him.

Cost Estimate for Phase III Central Water Facilities
Project: High Plains Ranch Metro District

Item	Unit	Quan.	Unit Cost	Item Total
<i>Wells</i>				
1 Arapahoe	LF	1,106	\$135.00	\$149,310
2 Arap. Completion	LS	1	\$79,000.00	\$79,000
3 Laramie Fox Hills	LF	1,615	\$135.00	\$218,025
4 LFH Completion	LS	1	\$102,000.00	\$102,000
5 Metering Vault	LS	1	\$31,500.00	\$31,500
6 Site/Grading	LS	1	\$17,000.00	\$17,000
7 Power	LS	1	\$5,000.00	\$5,000
8 Unused	LS	0	\$0.00	\$0
9 Unused	LS	0	\$0.00	\$0
			<i>Subtotal</i>	<i>\$601,835</i>
<i>Raw Water Pipeline</i>				
10 8 Inch PVC Water Line	LF	5,160	\$24.00	\$123,840
11 8 Inch Valves	EA	4	\$1,150.00	\$4,600
			<i>Subtotal</i>	<i>\$128,440</i>
			Construction Total	\$730,275
			10 % Construction Contingency	\$73,028
			Design/Bidding Engineering	\$64,264
			Well Engineering (Curt Wells)	\$9,000
			Construction Engineering	\$16,066
PROJECT TOTAL				\$892,633

Since the Engineer has no control over the cost of labor, materials or equipment, or over the Contractor's method of determining prices, or over competitive bidding or market conditions, his opinions of probable construction cost provided for herein are made on the basis of his experience and qualifications. These opinions represent his best judgement as a design professional familiar with the construction industry. However, the Engineer cannot and does not guarantee that proposals, bids, or the construction cost will not vary from opinions of probable cost prepared by him.

Cost Estimate for Phase III Distribution Facilities
Project: High Plains Ranch Metro District

Item	Unit	Quan.	Unit Cost	Item Total	
<i>Distribution</i>					
1	8 Inch PVC Water Lines	LF	74,242	\$24.00	\$1,781,808
2	8 Inch Valves	EA	50	\$1,150.00	\$57,500
3	1" Services	EA	590	\$500.00	\$295,000
4	Fire Hydrants	EA	45	\$3,222.00	\$144,990
5	Lowerings	EA	5	\$4,000.00	\$20,000
6	Misc	LS	1	\$10,000.00	\$10,000
7	Unused	LS	0	\$0.00	\$0
8	Unused	LS	0	\$0.00	\$0
9	Unused	LS	0	\$0.00	\$0
				<i>Subtotal</i>	\$2,309,298
				Construction Total	\$2,309,298
				10 % Construction Contingency	\$230,930
				Design/Bidding Engineering	\$50,805
				Construction Engineering (2%)	\$51,821
PROJECT TOTAL					\$2,642,853

Since the Engineer has no control over the cost of labor, materials or equipment, or over the Contractor's method of determining prices, or over competitive bidding or market conditions, his opinions of probable construction cost provided for herein are made on the basis of his experience and qualifications. These opinions represent his best judgement as a design professional familiar with the construction industry. However, the Engineer cannot and does not guarantee that proposals, bids, or the construction cost will not vary from opinions of probable cost prepared by him.

**Allocation of Phase I Costs to Phase II & III Development
Project: High Plains Ranch Metro District**

Calculation Based on Appendix G Estimates on Previous Pages

Phase I Treatment/Pump	\$438,500
Phase II Treatment/Pump	\$105,000
<i>Total Treat/Pump</i>	<i>\$543,500</i>
TOTAL Incl Cont/soft costs	\$ 639,700

Prorated Pumping/Treatment Costs

Phase I Allocation	\$ 67,894	11% based on percent of Max Day Use
Phase II Allocation	\$ 571,805	89% based on percent of Max Day Use

Phase II owes Phase I \$ 370,606 Phase I paid minus Phase II allocated

Phase I Tank	\$580,000
TOTAL Incl Cont/soft costs	\$ 682,660

Prorated Tank Costs

Phase I Allocation	\$ 42,222	6% based on percent of Max Day Use
Phase II Allocation	\$ 355,595	52% based on percent of Max Day Use
Phase III Allocation	\$ 284,843	42% based on percent of Max Day Use

Phase II owes Phase I \$ 355,595
Phase III owes Phase I \$ 284,843

Phase 1 - 10" Raw Water Line+Valves	\$165,600
TOTAL Incl Cont/soft costs	\$ 194,911

Prorated Line Costs

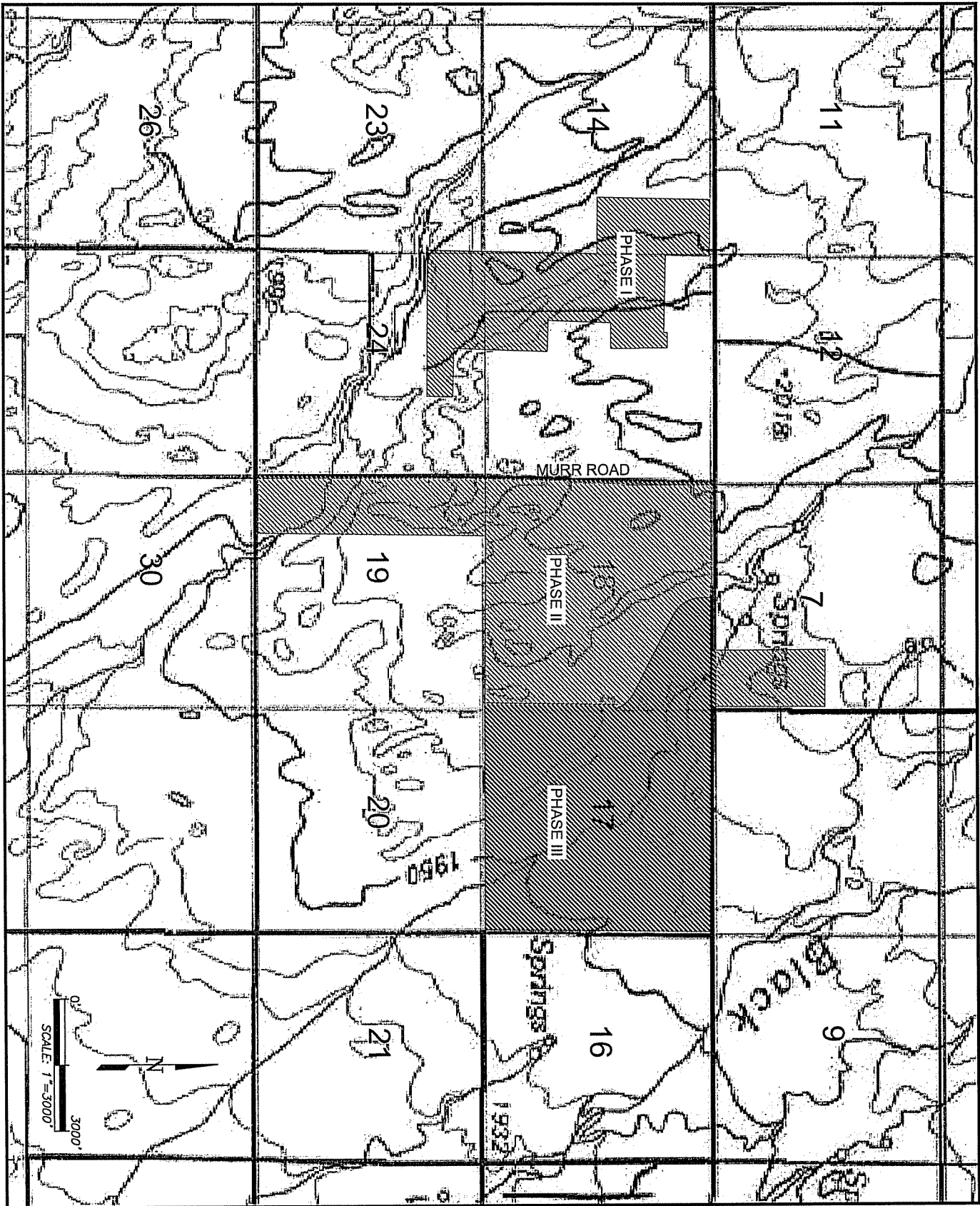
Phase II Allocation	\$ 97,456	50%
Phase III Allocation	\$ 97,456	50%

Phase II owes Phase I \$ 97,456
Phase III owes Phase I \$ 97,456

Phase II - 10" Gravity Distr. Line + Valves	\$148,440
TOTAL Incl Cont/soft costs	\$ 174,714

Phase III owes Phase II \$ 174,714

Since the Engineer has no control over the cost of labor, materials or equipment, or over the Contractor's method of determining prices, or over competitive bidding or market conditions, his opinions of probable construction cost provided for herein are made on the basis of his experience and qualifications. These opinions represent his best judgement as a design professional familiar with the construction industry. However, the Engineer cannot and does not guarantee that proposals, bids, or the construction cost will not vary from opinions of probable cost prepared by him.



HIGH PLAINS RANCH METRO DISTRICT
PHASING DIAGRAM

JDS-HYDRO CONSULTANTS, INC.
545 East Pikes Peak Ave. Suite 300
Colorado Springs, Colorado 80903
(719) 227-0072

Project No. 118.03
Scale: AS SHOWN
Date: 1/10/03
Designer: SFS
Director: GSH
Checker: JPH
Reviewer:

EXHIBIT C-1

Major Non-Water Infrastructure Cost Estimate

High Plains Sketch Plan
 Summary of Roadway and Drainage Costs

ROADWAY NAME	TYPE	LENGTH (FT)	UNIT COST/LF	TOTAL COST
Falcon Highway	MINOR ART.	10400	\$200.00	\$2,080,000.00
Peyton Highway	MINOR ART.	6400	\$200.00	\$1,280,000.00
Murr Road	Collector	10600	\$120.00	\$1,272,000.00
Jones Road	MINOR ART.	1320	\$290.00	\$382,800.00
SUB -TOTAL ROADS				\$5,014,800.00
SIGNALIZATION		6	\$180,000.00	\$1,080,000.00
SUB-TOTAL SIGNALIZATION				\$1,080,000.00
TOTAL ROADWAYS AND SIGNALIZATION				\$6,094,800.00
20% CONT. AND ENGR				\$1,218,960.00
TOTAL				\$7,313,760.00

ROADWAY CROSSING	STRUCTURE	SIZE	UNIT COST	TOTAL COST
Falcon Highway	60-FOOT BRIDGE	3120	\$175.00	\$546,000.00
Murr Road	6' x10' cbc	90	\$700.00	\$63,000.00
Murr Road	6' x 20' cbc	90	\$1,000.00	\$90,000.00
SUB -TOTAL				\$699,000.00
20% CONT. AND ENGR				\$139,800.00
TOTAL CROSSINGS				\$838,800.00
TOTAL ROADWAY AND DRAINAGE				\$8,152,560.00

Sage Creek South Filing No. 2
 Summary of Roadway and Drainage Costs

ROADWAY NAME	TYPE	LENGTH (FT)	UNIT COST/LF	TOTAL COST
Falcon Highway	MINOR ART.	1200	\$80.00	\$96,000.00
Slocum Road	COLLECTOR	7450	\$120.00	\$894,000.00
SUB -TOTAL ROADS				\$990,000.00
SIGNALIZATION		0	\$180,000.00	\$0.00
SUB-TOTAL SIGNALIZATION				\$0.00
TOTAL ROADWAYS AND SIGNALIZATION				\$990,000.00
20% CONT. AND ENGR				\$198,000.00
TOTAL				\$1,188,000.00

Subdivider or Developer Case/Hagedorn

Subdivision Name High Plains Ranch Metro District

Item	Units	Per Unit	SubTotal
Major Public Improvements			
Gravity sewer	94,413	\$ 24	\$2,265,912
Manholes	236	\$ 3,000	\$708,098
Subtotal			\$2,974,010

EXHIBIT D
Water System Operational Expense Projection

Projected Annual Operation and Maintenance Costs through 2038
Project: High Plains Ranch Metro District

Year	Salary Cost	Billing /Admin	Power Wells	Power Booster Site	Chemicals	Repairs /Replace	Legal	Insurance	Leased Water	Annual O/M Cost
2008	\$ 24,000	\$ 12,000	\$ 14,520	\$ 4,250	\$ 5,280	\$ 6,000	\$ 18,000	\$ 6,000	\$ 5,573	\$ 95,623
2009	\$ 25,200	\$ 12,600	\$ 29,040	\$ 8,501	\$ 10,560	\$ 6,300	\$ 18,900	\$ 6,300	\$ 11,480	\$ 128,881
2010	\$ 26,460	\$ 13,230	\$ 43,560	\$ 12,751	\$ 15,840	\$ 6,615	\$ 19,845	\$ 6,615	\$ 17,737	\$ 162,653
2011	\$ 27,783	\$ 13,892	\$ 58,080	\$ 17,002	\$ 21,120	\$ 6,946	\$ 20,837	\$ 6,946	\$ 24,359	\$ 196,964
2012	\$ 29,172	\$ 14,586	\$ 69,354	\$ 20,302	\$ 25,220	\$ 7,293	\$ 21,879	\$ 7,293	\$ 29,960	\$ 225,060
2013	\$ 30,631	\$ 15,315	\$ 80,629	\$ 23,602	\$ 29,320	\$ 7,658	\$ 22,973	\$ 7,658	\$ 35,875	\$ 253,660
2014	\$ 32,162	\$ 16,081	\$ 91,903	\$ 26,903	\$ 33,419	\$ 8,041	\$ 24,122	\$ 8,041	\$ 42,119	\$ 282,790
2015	\$ 33,770	\$ 16,885	\$ 103,177	\$ 30,203	\$ 37,519	\$ 8,443	\$ 25,328	\$ 8,443	\$ 48,704	\$ 312,472
2016	\$ 35,459	\$ 17,729	\$ 114,452	\$ 33,503	\$ 41,619	\$ 8,865	\$ 26,594	\$ 8,865	\$ 55,647	\$ 342,733
2017	\$ 37,232	\$ 18,616	\$ 125,726	\$ 36,803	\$ 45,719	\$ 9,308	\$ 27,924	\$ 9,308	\$ 62,962	\$ 373,598
2018	\$ 39,093	\$ 19,547	\$ 137,000	\$ 40,104	\$ 49,818	\$ 9,773	\$ 29,320	\$ 9,773	\$ 70,667	\$ 405,096
2019	\$ 41,048	\$ 20,524	\$ 148,275	\$ 43,404	\$ 53,918	\$ 10,262	\$ 30,786	\$ 10,262	\$ 78,777	\$ 437,256
2020	\$ 43,101	\$ 21,550	\$ 159,549	\$ 46,704	\$ 58,018	\$ 10,775	\$ 32,325	\$ 10,775	\$ 87,310	\$ 470,108
2021	\$ 45,256	\$ 22,628	\$ 170,824	\$ 50,005	\$ 62,118	\$ 11,314	\$ 33,942	\$ 11,314	\$ 96,284	\$ 503,682
2022	\$ 47,518	\$ 23,759	\$ 179,365	\$ 52,505	\$ 65,224	\$ 11,880	\$ 35,639	\$ 11,880	\$ 99,172	\$ 526,941
2023	\$ 49,894	\$ 24,947	\$ 188,333	\$ 55,130	\$ 68,485	\$ 12,474	\$ 37,421	\$ 12,474	\$ 102,147	\$ 551,304
2024	\$ 52,389	\$ 26,194	\$ 197,750	\$ 57,887	\$ 71,909	\$ 13,097	\$ 39,292	\$ 13,097	\$ 105,212	\$ 576,827
2025	\$ 55,008	\$ 27,504	\$ 207,637	\$ 60,781	\$ 75,504	\$ 13,752	\$ 41,256	\$ 13,752	\$ 108,368	\$ 603,564
2026	\$ 57,759	\$ 28,879	\$ 218,019	\$ 63,820	\$ 79,280	\$ 14,440	\$ 43,319	\$ 14,440	\$ 111,619	\$ 631,575
2027	\$ 60,647	\$ 30,323	\$ 228,920	\$ 67,011	\$ 83,244	\$ 15,162	\$ 45,485	\$ 15,162	\$ 114,968	\$ 660,921
2028	\$ 63,679	\$ 31,840	\$ 240,366	\$ 70,362	\$ 87,406	\$ 15,920	\$ 47,759	\$ 15,920	\$ 118,417	\$ 691,668
2029	\$ 66,863	\$ 33,432	\$ 252,384	\$ 73,880	\$ 91,776	\$ 16,716	\$ 50,147	\$ 16,716	\$ 121,969	\$ 723,883
2030	\$ 70,206	\$ 35,103	\$ 265,003	\$ 77,574	\$ 96,365	\$ 17,552	\$ 52,655	\$ 17,552	\$ 125,628	\$ 757,637
2031	\$ 73,717	\$ 36,858	\$ 278,254	\$ 81,452	\$ 101,183	\$ 18,429	\$ 55,287	\$ 18,429	\$ 129,397	\$ 793,007
2032	\$ 77,402	\$ 38,701	\$ 292,166	\$ 85,525	\$ 106,242	\$ 19,351	\$ 58,052	\$ 19,351	\$ 133,279	\$ 830,069
2033	\$ 81,273	\$ 40,636	\$ 306,775	\$ 89,801	\$ 111,554	\$ 20,318	\$ 60,954	\$ 20,318	\$ 137,277	\$ 868,907
2034	\$ 85,336	\$ 42,668	\$ 322,113	\$ 94,291	\$ 117,132	\$ 21,334	\$ 64,002	\$ 21,334	\$ 141,396	\$ 909,607
2035	\$ 89,603	\$ 44,801	\$ 338,219	\$ 99,006	\$ 122,989	\$ 22,401	\$ 67,202	\$ 22,401	\$ 145,638	\$ 952,259
2036	\$ 94,083	\$ 47,042	\$ 355,130	\$ 103,956	\$ 129,138	\$ 23,521	\$ 70,562	\$ 23,521	\$ 150,007	\$ 996,960
2037	\$ 98,787	\$ 49,394	\$ 372,886	\$ 109,154	\$ 135,595	\$ 24,697	\$ 74,090	\$ 24,697	\$ 154,507	\$ 1,043,807
2038	\$ 103,727	\$ 51,863	\$ 391,531	\$ 114,612	\$ 142,375	\$ 25,932	\$ 77,795	\$ 25,932	\$ 159,142	\$ 1,092,908

← Used to set rates

Since the Engineer has no control over the cost of labor, materials or equipment, or over the Contractor's method of determining prices, or over competitive bidding or market conditions, his opinions of probable construction cost provided for herein are made on the basis of his experience and qualifications. These opinions represent his best judgement as a design professional familiar with the construction industry. However, the Engineer cannot and does not guarantee that proposals, bids, or the construction cost will not vary from opinions of probable cost prepared by him.

Note 1: Water lease rate based on:
 LFH 2008 value of \$201/AF-yr;—2/3 of water used is LFH
 Arapahoe 2008 value of \$158/AF-yr)—1/3 of Water used is Arap
 \$1000 per AF is paid up front and distributed to Owner as taps come on-line
 Lease Rate starts at 30 year—6%; Lease Rate increases at 3%/Year

Absorption Assumptions

Total Potential SFEs in Metro		1402			
Assumed					
End of Year	Absorption	SFEs	Cum SFEs	% Increase	
2008	8.5%	119	119	0%	
2009	8.5%	119	238	100%	
2010	8.5%	119	358	50%	
2011	8.5%	119	477	33%	
2012	6.6%	93	569	19%	
2013	6.6%	93	662	16%	
2014	6.6%	93	754	14%	
2015	6.6%	93	847	12%	
2016	6.6%	93	939	11%	
2017	6.6%	93	1032	10%	
2018	6.6%	93	1124	9%	
2019	6.6%	93	1217	8%	
2020	6.6%	93	1309	8%	
2021	6.6%	93	1402	7%	
Total	100%	1402			

Based on August 28th, 2006 Marketing Study Addendum
 Full res+comm buildout assumed in 2021 for simplicity; although a small portion of rural res will occur after 2021.

EXHIBIT E
Water Rates/Fees

**Inverted Block Rate Model - Water
High Plains Ranch Metro District**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Monthly use (gal)	4322	4116	4904	5909	8349	10059	11172	9937	7849	5909	4469	4469	81,463
Base	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	0.25 AF/yr
Tier 1	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 12.00
Tier 2	\$ 1.29	\$ 0.46	\$ 3.62	\$ 7.64	\$ 17.40	\$ 24.00	\$ 24.00	\$ 23.75	\$ 15.40	\$ 7.64	\$ 1.87	\$ 1.87	\$ 1.87
Tier 3					\$ 0.35	\$ 7.03							
Total	\$ 21.29	\$ 20.46	\$ 23.62	\$ 27.64	\$ 37.40	\$ 44.35	\$ 51.03	\$ 43.75	\$ 35.40	\$ 27.64	\$ 21.87	\$ 21.87	\$ 376.31
													Total
													\$ 31.36
													AVG
													1402 Build-out SFE's
													\$ 527,592.34
													Annual Revenue (5% cushion)
													\$ 503,682
													2021 Target O&M
													\$ 528,866.10
													2021 Target with 5% cushion

Assumptions: Build-out SFE's and corresponding 2021 O&M costs.

	Monthly	Annual
Domestic Use	4302	51624
Irrigation Use		29839

26%

Base	\$ 8.00	1	\$ 8.00
Tier 1	\$ 3.00	4000 (ie 0-4)	\$ 12.00
Tier 2	\$ 4.00	10000 (ie 4-10)	\$ 24.00
Tier 3	\$ 6.00	15000 (ie 10-15)	\$ 30.00

EXHIBIT F
Market Study

Peer into the future before it becomes the present



Applied Economics

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MEMORANDUM

Date: August 28, 2006

To: High Plains Ranch Metropolitan District Project Team

From: Dave Bamberger

Subject: High Plains Ranch Market Study Addendum – Updated rural density residential unit projections to include additional 118 lots in Sagecreek South Filing 2

Revised Projections Summary

The June 8, 2006 High Plains Ranch Market Study included 175 rural density lots in the proposed High Plains Ranch development. Sagecreek South Filing 2 with a total of 353 acres and 118 lots is planned to be added to the Metro District.

This memo presents documentation of the revisions to the rural density residential unit absorption projections for the proposed High Plains Ranch Metropolitan District to now include the 118 rural density lots in Sagecreek South Filing 2.

The projections of urban density absorption and commercial building square footage remain unchanged as presented in the market study dated June 8, 2006.

***REVISED* Normal Case Projected Build-out Residential Units and Commercial Square Feet High Plains Ranch Metropolitan District**

<u>Year</u>	<u>Urban Density Residential Units</u>	<i>REVISED</i> <u>Rural Density Residential Units</u>	<u>Commercial Square Feet</u>
2007-2011	250	70	11,700
2012-2016	290	70	5,600
<u>2017-2021</u>	<u>280</u>	<u>80</u>	<u>5,100</u>
Total	820	220	22,400

**REVISED Worst Case Projected Build-out
Residential Units and Commercial Square Feet
High Plains Ranch Metropolitan District**

Year	<i>REVISED</i>		Commercial Square Feet
	Urban Density Residential Units	Rural Density Residential Units	
2007-2011	60	16	2,900
2012-2016	70	18	1,400
<u>2017-2021</u>	<u>70</u>	<u>20</u>	<u>1,300</u>
Total	260	54	5,600

Detailed Revised Calculations

Market Fair Share - Adding the 118 lots in Sagecreek South Filing 2 to the 175 rural lots included in the High Plains Ranch Market study (June 8, 2006) brings the rural lot supply for the proposed High Plains Ranch Metro District up to a total of 293 lots. This increases the project's market fair share to 16.3%.

High Plains Ranch Rural Density Market Share	
High Plains Ranch Lot Supply	293
Total Lot Supply in CMA (less Powers Corridor)	2,063
High Plains Ranch Fair Share	14.2%
Location, Product Choice, and Price	2.1%
Final Adjusted Fair Share	16.3%
Source: David Bamberger & Associates.	
File: High Plains / High Plains Rural Share	

Revised Rural Density Build-out Projections - Presented in the table below.

Residential Absorption Projections, Rural Densities, High Plains Ranch, 2007-2021					
Normal Case					
Years	CMA Projected Total Units	High Plains Ranch Share of CMA Market	High Plains Ranch Projected Total Units Absorbed	High Plains Ranch Projected Cumulative Units Absorbed	High Plains Ranch Projected Annual # of Units Absorbed
2001-2005	325				
2007-2011	400	16.3%	70	70	14
2012-2016	450	16.3%	70	140	14
2017-2021	500	16.3%	80	220	16
Worst Case					
2007-2011	200	8.2%	16	16	3
2012-2016	225	8.2%	18	34	4
2017-2021	250	8.2%	20	54	4

Source: David Bamberger & Associates

File: High Plains Ranch/ High Plains Ranch Rural Projections

Market Research

Residential and Commercial Build-out Projections

High Plains Ranch El Paso County, Colorado

Prepared by
David Bamberger & Associates

Prepared for
High Plains Ranch Metropolitan District
June 9, 2006

Final Report

© David Bamberger & Associates, June 2006

GENERAL LIMITING CONDITIONS

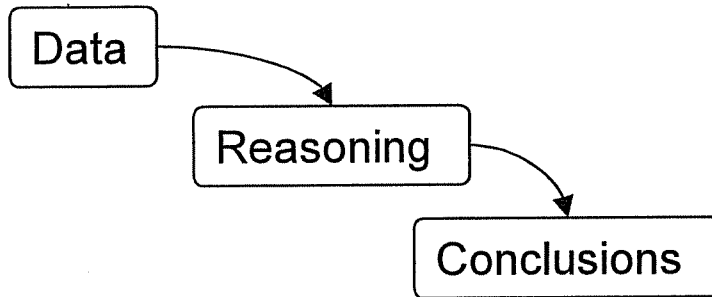
This report contains information believed to be reliable. No responsibility, however, is assumed for inaccuracies in reporting by any source. Market conditions can change very rapidly. The data and conclusions contained in this report are valid for a short period of time following their publication. Caution should be used in relying on any information contained herein to make important decisions without verifying current market conditions. The forecasts contained in this report represent a reasonable estimate of likely future activity. They are, however, subject to a variety of uncertainties. Consequently, anyone using them should realize their limitations and perform their own independent analysis of the assumptions contained herein. None of the material contained in this report may be used in any type of prospectus for any type of securities offering without prior written authorization.

Peer into the future before it becomes the present



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EXECUTIVE SUMMARY

This section of our report provides a brief summary of our findings and conclusions. Detailed discussion of our research and findings is presented in subsequent sections of this report.

High Plains Ranch is a 1,500 acre planned development containing a mix of residential, commercial, equestrian, church, school and open space uses. The project is located southeast and southwest of the intersection of Falcon Highway and Murr Road, about 6 miles east of Falcon, in rural El Paso County.

The residential portion of the development will consist of a total of 420 one half acre lots, 400 one acre lots, and 175 two and one half acre lots, for a total of 995 residential lots. A total of 15 acres of shopping and 7 acres of business park are also planned, along with lots for a church, an equestrian center, schools, parks and open space and right of ways.

High Plains Ranch will compete with a number of developments in the Falcon area, as well as the Banning-Lewis Ranch and other developments in eastern El Paso County. The potential supply of urban density lots totals over 50,000, while the known potential supply of rural lots totals over 2,400. The Banning-Lewis Ranch, which is expected to come on line in late 2006, makes up about 75% of the urban supply in the Competitive Market Area.

Our research shows that the affordable market, with single family homes priced from \$150,000 to \$200,000, is in relative short supply and would provide High Plains Ranch a viable market opportunity. The only projects in the Competitive Market Area (Zips 80831, 80922 and 80915) that can deliver urban product in the affordable range are located in the area just north of Platte Avenue, Constitution Heights and Claremont Ranch. Santa Fe Springs may also provide product in this price range. In addition, there is also demand for higher priced residential product in the Competitive Market Area.

The area in the vicinity of the intersection of Highway 24, Woodmen Road and Meridian Road, about 5 miles west northwest of High Plains Ranch, has emerged as a major commercial hub. Commercial

development currently consists of about 200,000 square feet of space. In addition, Wal-Mart is planning to build a 200,000 super-center in the area. Opening is scheduled for late 2006 or early 2007.

Our research indicates that there will be an opportunity for a small shopping center at High Plains Ranch over the next 15 years. The center would serve the convenience needs of the residents of High Plains Ranch and the surrounding area.

We do find that there is a potential for significant residential absorption over the next 10 to 15 years. Our projections for High Plains Ranch residential and commercial development under normal case assumptions are as follows:

Normal Case Projected Build-out
Residential Units and Commercial Square Feet
High Plains Ranch

<u>Year</u>	Urban Density Residential <u>Units</u>	Rural Density Residential <u>Units</u>	<u>Commercial Square Feet</u>
2007-2011	250	40	11,700
2012-2016	290	50	5,600
<u>2017-2021</u>	<u>280</u>	<u>50</u>	<u>5,100</u>
Total	820	140	22,400

With a total number of urban density lots of 820, full build-out of this supply is anticipated to occur around 2021. The 175 rural density lots are not expected to achieve full build-out until after 2021.

Homes prices in High Plains Ranch are anticipated to be mostly in the high \$100's and low \$200's for the .5 acre lots, \$250,000 to \$300,000 on the 1.0 acre lots, and \$300,000 plus for the 2.5 acre lots. The average value of commercial construction is projected to be \$150 per square foot including land (2006 dollars).

Projections of High Plains Ranch residential and commercial build-out under worst case assumptions are as follows:

Worst Case Projected Build-out
Residential Units and Commercial Square Feet
High Plains Ranch

<u>Year</u>	Urban Density Residential <u>Units</u>	Rural Density Residential <u>Units</u>	<u>Commercial Square Feet</u>
2007-2011	60	11	2,900
2012-2016	70	12	1,400
<u>2017-2021</u>	<u>70</u>	<u>13</u>	<u>1,300</u>
Total	180	36	5,600

The worst case is based on the assumptions of (1) a 50% drop from the normal case in countywide total residential and commercial space construction, (2) a 50% drop in High Plains Ranch' capture of Competitive Market Area construction, and (3) a reduction in the potential capture of High Plains resident retail purchases.

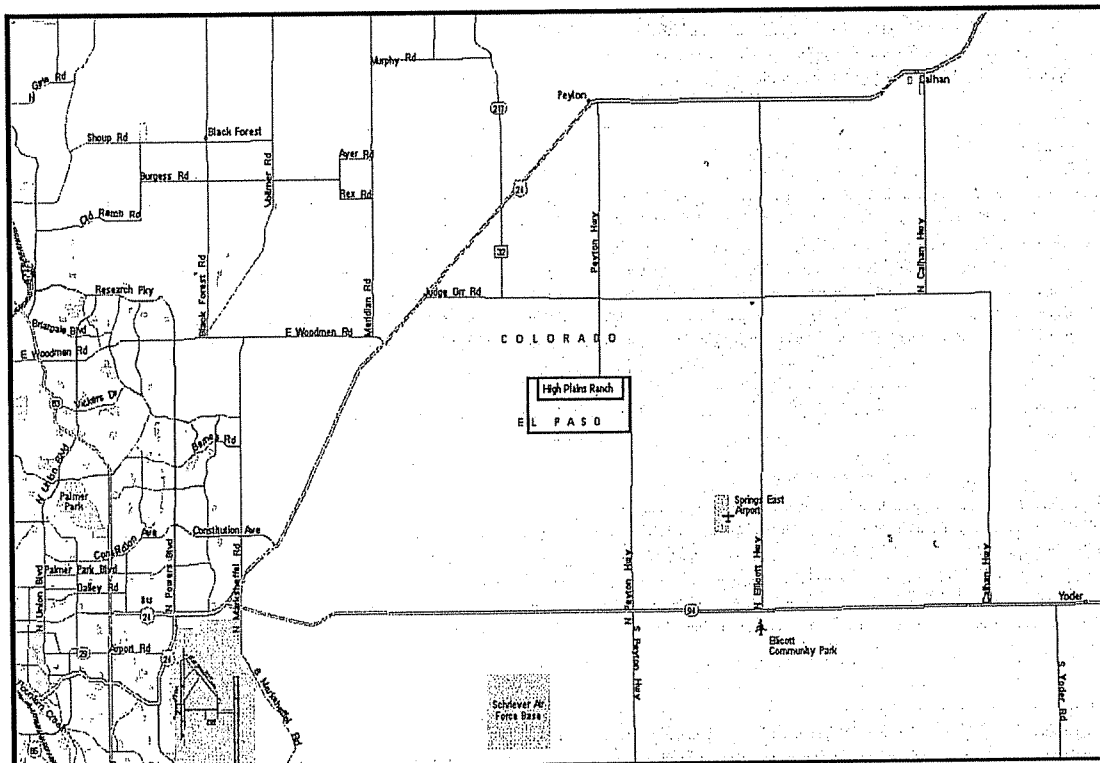
INTRODUCTION

Purpose

This report presents build-out projections for the planned High Plains Ranch development. Projections were prepared for residential and commercial build-out. The report is designed to support the application for the creation of a Metropolitan District. The projections cover the 15-year period 2007 - 2021.

Description of High Plains Ranch

High Plains Ranch is a planned development containing a mix of residential, commercial and open space uses on about 1,500 acres. The project is located southeast and southwest of the intersection of Falcon Highway and Murr Road, about 6 miles east of Falcon, in rural El Paso County



The sketch plan provides for 995 residential units and 22 acres of commercial use. The planned residential land uses are shown below.

Proposed Land Use
High Plains Ranch

Land Use Category - New	Units	Approximate Acreage
Residential Rural - 2.5 acre	175	440
Residential Urban Low - 1.0 acre	400	458
Residential Urban Medium - .5 acre	420	217
Business Park		7
Shopping Center		15
Church		69
Equestrian Center		36
Floodplain/Open Space/Preservation		137
Schools		10
R.O.W.		103
Total	995	1,500

Source: High Plains Ranch Developer

High Plains Ranch is located in unincorporated El Paso County. The majority of the project lies within the Falcon School District 49. The eastern most 320 acres is located in the Ellicott School District 23.

Water and sewer service will be provided by the High Plains Metropolitan District. Electric service will be provided by Mountain View Electric. Gas service will be provided by Aquila.

Primary access to the High Plains Ranch project will be from Falcon Highway (East and West), and Murr Road (north-south). Major access to the Colorado Springs urban area is provided by Woodmen Road to the northwest and Highway 24 to the south west. For this study, it is assumed that some improvements will be made to Falcon Highway.

Most of High Plains Ranch is bounded on the north by Falcon Highway and on the remaining three sides by scattered rural subdivisions with lot sizes of 2.5 acres, or more, and agricultural land.

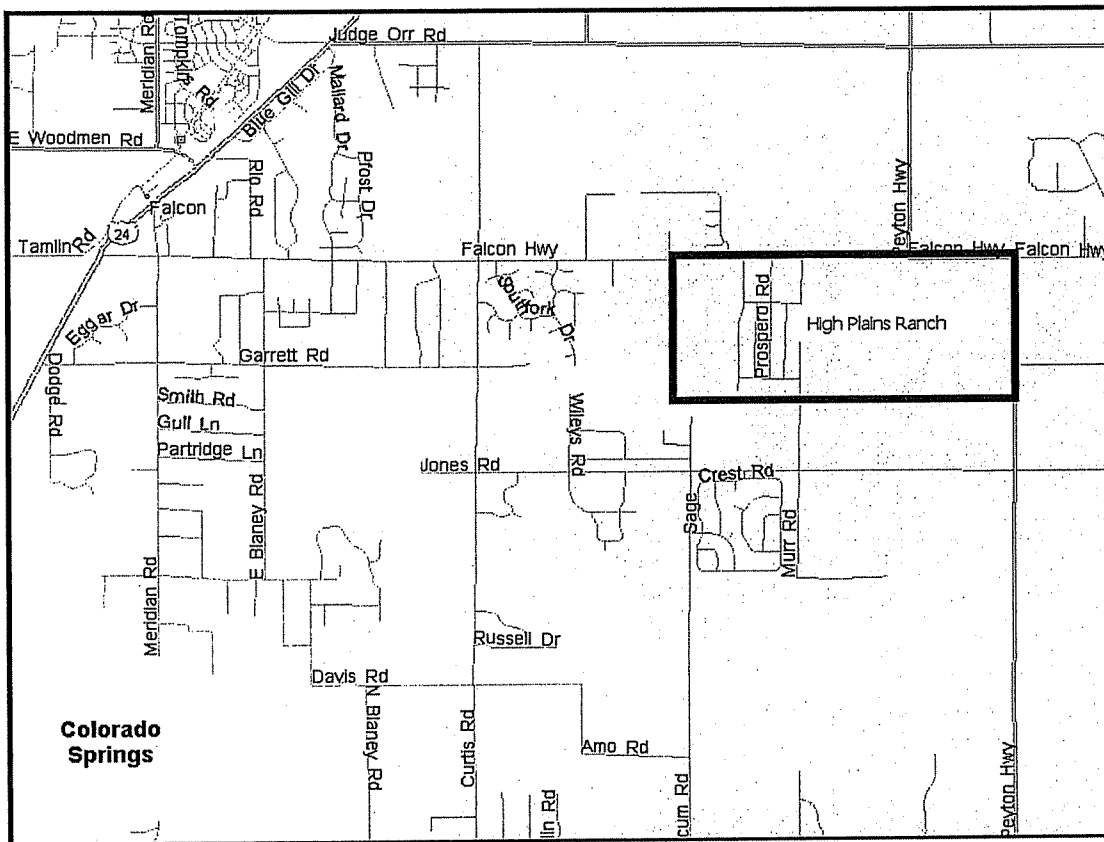
An equestrian center and church site will be located on the north side of Falcon Highway. Approximately ½ mile north of the development begins the planned Santa Fe Springs Development.

The topography is gently rolling, with an intermittent stream drainage feature running diagonally from northwest to southeast through the property. The drainage is planned to remain as open space.

High Plains Ranch is located in a rural setting, but still provides relatively good access to schools, urban services, shopping and employment centers. Distances from the project to selected destinations are as follows:

- 7 miles from a Safeway supermarket and the Falcon Town Center shopping center
- 7 miles from a proposed (open in 2007) Wal-Mart supercenter to be located in Falcon Highland shopping center
- 13 miles from the First and Main Town Center shopping center
- 23 miles from downtown Colorado Springs
- 11 miles from Schriever Air Force Base
- 13 miles from Peterson Air Force Base
- 16 miles from Chapel Hills regional mall
- 22 miles from the Colorado Springs Municipal Airport
- 6 miles to Falcon High School,
- 4 miles to Falcon Middle School
- 3 miles to Falcon Elementary school

A more detailed location map is shown on the next page.



Development Targets

The High Plains Ranch sketch plan is designed to target three broad markets.

- (1) The detached rural residential market - Product targeting the needs of consumers that want adequate acreage to experience a non crowded lifestyle. Many of them may want horses, to use their land for outdoor vehicle or camper storage, or for other non urban land uses. High Plains Ranch will provide 175 2.5 acre lots.
- (2) The detached semi-urban residential market - This product targets those that want a blend of the space provided by a rural lifestyle, with the advantages of being close to urban amenities. This segment seeks a balance between cost and space. High Plains Ranch will provide 400 one acre lots and 420 half acre lots.
- (3) The commercial market - Developers of High Plains Ranch also plan to provide 22 acres for a range of commercial and shopping

uses to meet the needs of the residents of High Plains Ranch and the surrounding area.

Construction of development infrastructure such as roads and utility lines is planned to take place during 2007. Residential lot development and new home construction is planned to start towards the second half of 2007.

Key Assumptions

The following are a set of key assumptions behind the High Plains Ranch build-out projections presented in this report. It is assumed that all of the elements necessary to support rural density development will be put in place in the High Plains Ranch development in the future.

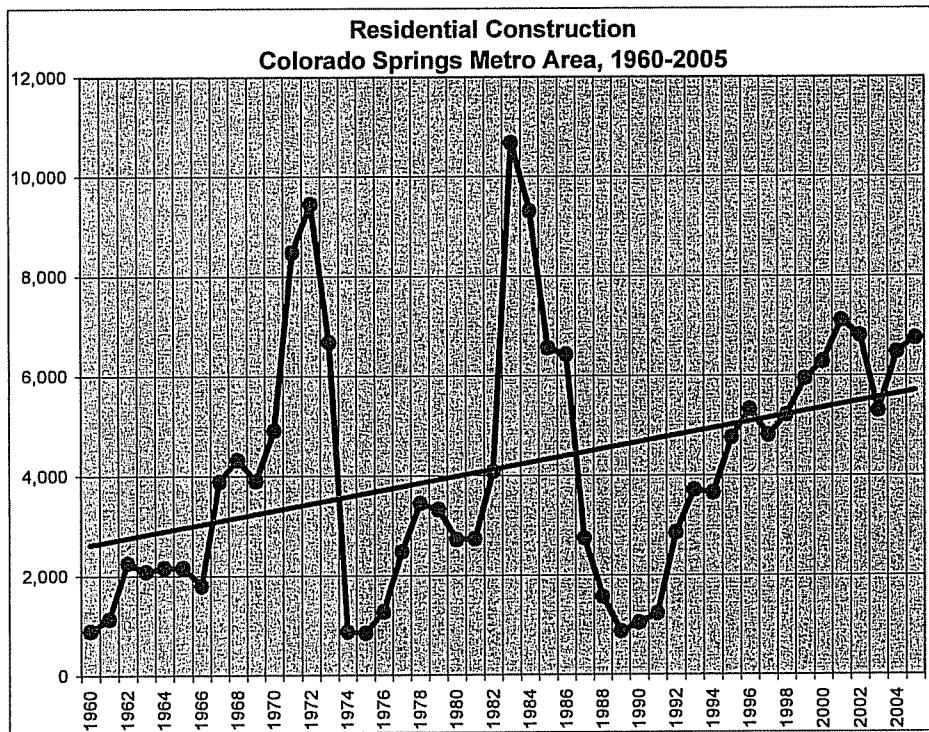
1. Water, sewer, electric and natural gas service is available to support the planned density development during the full duration of build-out.
2. Adequate water resources are available to serve the development over the long term.
3. At least two high volume production homebuilders build and sell homes in the development.
4. Homebuilders offer at least two product types designed to reach the needs of a wide range of buyers.
5. Product offered in the project will include some affordable single family homes priced from \$150,000 to \$200,000 (2006 \$)
6. Builders use high saturation mass media to market their product.
7. Land development is financially feasible.
8. The developer delivers superpads or finished lots to builders in a timely manner.
9. Lots and superpads in the development are priced such that some entry-level and first-time move-up homes can be built and sold for prices that are competitive with other residential projects.
10. Residential and commercial property taxes and utility rates are competitive with other areas in El Paso County.

11. Adequate school facilities including elementary, middle and high schools are available in the area.
12. School crowding does not become a problem that hampers marketing of new homes in the development.
13. Adequate job opportunities continue to be available within a normal commuting distance from the development.
14. Planning, entitlement and building permit approvals are given in a timely manner so as not to interrupt or slow build-out.

FINDINGS

Residential Construction Trends

Residential construction in the Colorado Springs metro area (El Paso County) over the long term has been very strong, but cyclical. Since 1960, 191,359 new homes have been built in the metro area. Peaks in annual production have reached over 10,600 units and the troughs have fallen to fewer than 900 units.



There is strong evidence to suggest that a big drop in housing production will not occur in the current cycle for two reasons:

1. Apartment construction has remained close to demand-driven levels and is not overbuilt as in past cycles. Current apartment occupancy is about 92% and there was almost zero apartment construction in 2004 and 2005 and little, if any, expected next year. It is estimated that there is about one-year's worth of excess apartment units at current absorption rates

2. The new for-sale market is also demand-driven at the present time, with less than 500 spec units finished, or under construction, representing about one month's supply which is significantly less than the

5-6 months construction lead time. Thus, about 80% of the units currently under construction are already under contract.

New Home Construction Trends in the CMA

New housing construction in the Colorado Springs metro area has averaged 6,386 units per year since 1999. The peak year was 2001, with over 7,100 new units. Since the peak, new home construction has remained relatively high, in spite of the recent recession. New home construction totaled 6,754 units in 2005.

The Competitive Market Area (CMA) for this study includes the Powers Corridor (zip 80922), the Marksheffel Corridor (zip 80915) and Falcon area (zip 80831). Some minor additional competition will come from existing developments east of High Plains Ranch (zip 80808)

The CMA has seen a significant amount of new home construction over the past 15 years. Over 19,200 units have been built in the CMA since 1990. Over the past three years the CMA has captured between 37% to 41% of the market for new homes.

New Housing Permits (Units) and Share of Total Market
Colorado Springs Metro Area and Competitive Market Area, 1990 - 2005

Year	Competitive Market Area			Competitive Market Area Total	Colorado Springs Metro Area Total	Competitive Market Area Percent Share
	Falcon Area 80831	Marksheffel Corridor 80915	Powers Corridor 80922			
1990	18	21	0	39	1,049	3.7%
1991	11	27	0	38	1,232	3.1%
1992	78	27	7	112	2,855	3.9%
1993	127	4	352	483	3,710	13.0%
1994	241	22	501	764	3,655	20.9%
1995	267	23	459	749	4,758	15.7%
1996	229	21	483	733	5,326	13.8%
1997	198	68	512	778	4,807	16.2%
1998	277	93	613	983	5,214	18.9%
1999	279	68	856	1,203	5,941	20.2%
2000	390	220	1,045	1,655	6,286	26.3%
2001	519	504	1,103	2,126	7,111	29.9%
2002	430	243	1,699	2,372	6,813	34.8%
2003	556	166	1,472	2,194	5,302	41.4%
2004	588	247	1,681	2,516	6,476	38.9%
2005	887	314	1,261	2,462	6,754	36.5%
Total	5,095	2,068	12,044	19,207	77,289	24.9%

Source: David Bamberger & Associates. Raw data from Regional Building Department

Note: Data includes single and multi-family units

File: High Plains Ranch / CMA Permit History

Active Builder Projects in the CMA

Falcon Area Active Projects - Our research found four developments with active production building currently underway: Falcon Hills, Meridian Ranch, Falcon Highland (Gables) and Woodmen Hills. There are 13 builders active in these projects. New home sales in the area totaled 887 in 2005. Prices average \$256,000 for a 2,060 square foot home. Typical lot sizes range from 7,000 square feet to about 20,000 square feet. All active projects are single family detached. These developments will compete with High Plains Ranch primarily for the planned 0.5 acre lots.

Additionally, Santa Fe Springs will likely begin development in 2007, and will start developing some 5,370 new residential lots.

Powers Corridor Active Projects - Our research found six developments with active production building currently underway: Indigo Ranch, Stetson Hills, Pronghorn, Ridgeview, Dublin and Springs Ranch. There are 14 builders active in these projects. New home sales in the corridor totaled 1,261 in 2005. Prices average \$216,000 for a 1,750 square foot home. Single family lot sizes range from 5,500 square feet to 9,500 square feet. Of the total 25 active builder projects, four are condo or townhome product and 21 are single family detached product. These developments will also compete with High Plains Ranch primarily for the planned .5 acre lots.

Marksheffel Corridor Active Projects - Our research found one development with active production building currently underway: Claremont Ranch. There are four builders active in this project. New home sales totaled 314 in 2005. Prices average \$188,860 for a 1,630 square foot home. Single family lot sizes range from 5,300 square feet to over 6,000 square feet. Of the total four active builder projects, one is townhome product and three are single family detached product.

More detailed data on active builder projects in the CMA is presented in the Attachment on page 30.

Residential Build-out Capacity in the CMA

There are a number of active and planned developments in the Competitive Market Area offering urban density lots. These developments will provide the capacity for about 52,000 additional housing units at full build-out.

Estimated Remaining Urban Lot Build-out Capacity
Falcon, Marksheffel and Powers Areas

Zip	Project	Units Remaining to Build Out
80915	Claremont Ranch	500
80915	Constitution Heights	700
80915	Banning Lewis Ranch Village 1 & 2	38,000
Total		39,200
80831	Falcon Highland	650
80831	Falcon Hills / Paintbrush Hills	800
80831	Falcon Vista	90
80831	Meridian Ranch	2,770
80831	Santa Fe Springs	5,370
80831	Woodmen Hills	600
80831	High Plains Ranch	820
Total		11,100
80922	Indigo Ranch	100
80922	Pronghorn Meadows	50
80922	Ridgeview	900
80922	Springs Ranch	300
80922	Stetson Hills	100
80922	Stetson Ridge South	100
Total		1,550
Grand Total		51,850
Total Less Powers Corridor		50,300

Source: David Bamberger & Associates estimates.

File: High Plains Ranch / CMA Lot Supply

The largest development projects and the number of units remaining to build out are the Banning-Lewis Ranch Villages 1 and 2 (38,000 units), Santa Fe Springs (5,370 units), Meridian Ranch (2,770 units), Powers corridor projects (1,550 units), High Plains Ranch (820 units), Woodmen Hills (600 units), and Falcon Hills / Paintbrush Hills (800 units). All of these projects provide for housing at urban densities.

The Falcon area also has a large number of development projects offering large 2.5 to 35 acre lots. New home construction on rural den-

sity lots has ranged between 45 and 95 units per year over the past four years.

Projects in the CMA offering rural density lots include the Trails, Meridian Ranch, Eastbrook, Elkhorn Estates, Santa Fe Springs and several others. There are about 2,000 lots remaining to build out in these rural subdivisions.

Estimated Remaining Rural Lot Build-out Capacity
Falcon, Marksheffel and Powers Areas

Zip	Project	Units Remaining to Build Out
80106	Elkhorn Estates	194
80106	Antlers Ridge	59
80106	Latigo Trails	550
Total		803
80831	Falcon Highland	62
80831	Meridian Ranch	408
80831	Santa Fe Springs	78
80831	Eastbrook	377
80831	High Plains Ranch	175
80831	All Other (Heritage, Lucky Acres, Sunnyslope)	100
Total		1,200
80808	All Other (Denmark, Antelope Park)	20
80930	All Other (Toy Ranches, Engleby Moors, Rolling Hills)	20
80908	All Other (Raygor, Indian Wells, Stapleton)	20
Grand Total		2,063

Source: David Bamberger & Associates estimates.

File: High Plains Ranch / CMA Rural Lot Supply

Competitive Position of High Plains Ranch

New home construction, especially the 0.5 and 1.0 acre lots, in High Plains Ranch will have to compete head-to-head with several major developments in the Competitive Market Area. Our research indicates that competition will include Santa Fe Springs, Meridian Ranch, Woodmen Hills, Falcon Highlands, Paint Brush / Falcon Hills and Falcon Vista, the Banning-Lewis Ranch and Constitution Heights and Claremont Ranch.

The Powers corridor will be very close to 100% built out in 2007, Woodmen Hills will be built out in 2007. This will leave close to 2,500 units per year to be absorbed by accelerated sales in existing projects or by new projects.

Our research indicates that the Banning-Lewis Ranch will emerge over the next 18 to 24 months as a major competitor to other developments in the CMA. Discussions with the developer indicate they are moving forward. Platting of the first phase of development is complete. Phase one dirt work is underway and the developer is currently in discussions with five major builders. This study assumes that 3,000 lots will be made available in the next five years, followed by 10,000 lots in each of the next 2 five year periods.

Only one major public approval stands in the way of moving the Banning-Lewis Ranch project forward – finalizing the agreement with Colorado Springs Utilities for financing and phasing of the necessary wastewater facilities needed to serve the project. Banning-Lewis reports that those agreements are expected to be finalized in the next several months.

The Banning-Lewis Ranch developer indicates that new home construction will start in the fall of 2006. Prices of homes will range from about \$200,000 to \$400,000 in the initial phases of development. Specific builders will be plugged into specific price points and product type. Lot prices are expected to approximate about 20% to 21% of final home sales price.

Banning-Lewis Ranch plans call for about 200 homes to be constructed in 2006, 800 homes in 2007 and 1,400 homes in 2008. After 2008 the number of homes constructed is expected to exceed 2,000 per year. The average lot sizes will range from 5,000 to 6,000 square feet, significantly smaller than the 21,000 square foot size of High Plains' smallest lots.

With five major national builders in place, a strong location and Colorado Springs city services and utilities, the Banning-Lewis Ranch will be in a strong competitive position to deliver new single family homes at and above the \$200,000 price point. The Banning-Lewis Ranch is

likely to dominate the housing market on the east side of Colorado Springs in the future as did the Powers corridor in the past 10 years.

With few active development projects in the Colorado Springs metro area able to deliver new homes priced from \$150,000 to \$200,000 and a significant amount of untapped demand, it is suggested that the High Plains Ranch project target the affordable housing market with some single family homes priced from \$150,000 to the low \$200,000s.

We estimate that there are about 31,000 households in the Colorado Springs metro area with incomes ranging from about \$45,000 to \$60,000 that would qualify to purchase homes in the \$150,000 to \$200,000 price range. About one-third of these households are renters and two-thirds are owners, and 30% to 40% of home buyers have a preference for a new home. More detail is presented in the Attachment on page 29.

Residential Construction Projections for the Metro Area

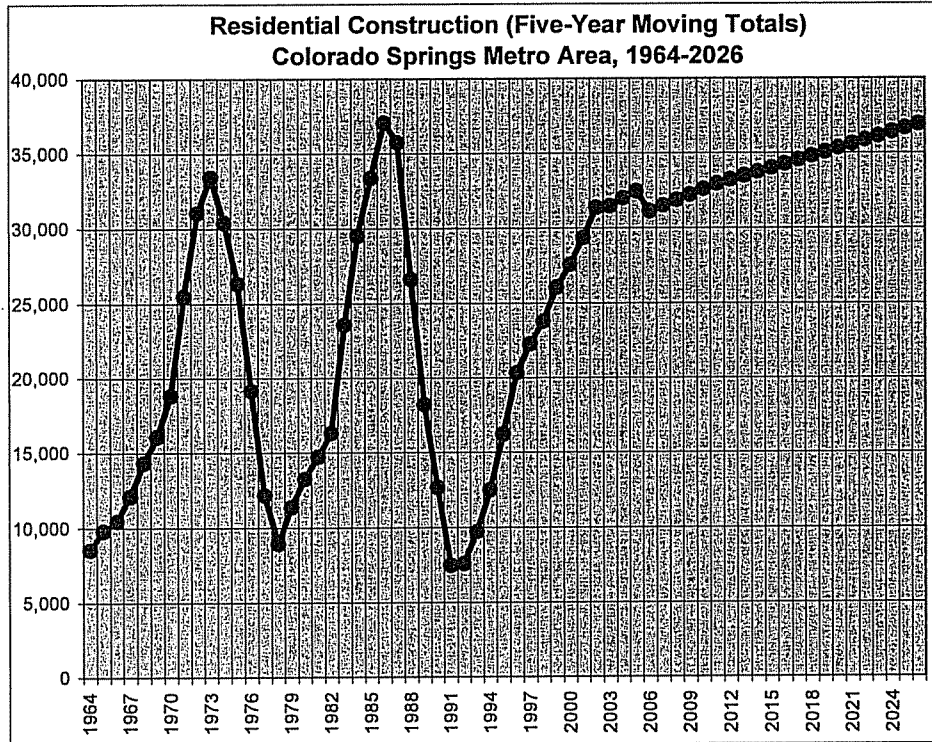
In the 1970s and 1980s the Colorado Springs housing market experienced massive cyclical swings in the level of construction activity. Peak to trough variation ranged from an annual figure of about 900 to over 10,000 units.

The level of construction of new single family homes is expected to be much more stable in future years. In the recent past the real estate markets in Colorado Springs appear to not be as prone to overbuilding as they were in the 1970s and 1980s.

Residential construction has been strong over the past five years, totaling almost 32,500 units. Much of the recent strength can be attributed to exceptionally low borrowing rates. While rates are expected to rise, local job growth should fuel continued strong demand for housing in Colorado Springs. For example, expansion at Fort Carson over the next several years will be a significant factor boosting housing demand.

Projected Total Residential Construction Colorado Springs Metro Area, 2007-2021

<u>Years</u>	<u>Units</u>	<u>Annual % Change</u>
2007 - 2011	32,960	-
2012 - 2016	34,280	0.5%
2017 - 2021	35,600	0.6%



Residential Construction Projections for the CMA

Projects in the CMA are expected to remain in a strong market position in the future. Over the next several years, the CMA's share of the metro area new home market will likely drop some from about 40% to about 30% as a result of the Powers corridor building out.

After a few years of losing share, the CMA will likely see an increase. As the massive Banning-Lewis Ranch project gains traction in the Colorado Springs market place, the CMA will begin to increase market share and will likely return to or exceed the 40% it enjoyed over the past several years. The market share used for this study ranges from 40% to 42.5% over the next ten years.

Projected Total Residential Construction
Competitive Market Area, 2007 - 2021

<u>Years</u>	<u>Units</u>
2007-2011	12,800
2012-2016	14,330
2017-2021	15,070

High Plains Ranch Residential Build-out Projections

Our projections of High Plains Ranch residential build-out are based on two sources of demand:

- (1) Competitive capture - Capturing demand based on the project's competitive position in the CMA.
- (2) Affordable product - Reaching into an untapped market by providing new home product at a lower price level than most of the competition.

Planned lot supply in High Plains Ranch makes up 5.4% of total urban density planned lots in the CMA (excluding Banning-Lewis Ranch lots not planned until after 2011). Assuming High Plains Ranch is equally competitive with all other developments in the CMA it should expect to absorb 5.4% of new home construction, i.e. its "fair share".

However, development projects are not equally competitive, so an adjustment to fair-share is necessary. The adjustment is based on an assessment of several unquantifiable factors including, proximity to the urban area, existing market and sales momentum, project amenities, target pricing, cost per acre, surrounding home types and values, access to urban services, schools and developer track record.

Adjusting High Plains Ranch fair share for the intangible factors mentioned above yields a 2.0% share. We expect High Plains "fair share" to remain the same over the full period of absorption .

The chart on the following page illustrates the "fair share" calculations.

High Plains Ranch Market Share of Urban Density Lots			
	2007-2011	2012-2016	2017-2021
High Plains Ranch Lot Supply	820	820	820
Total Lot Supply in CMA* (less Powers Corridor)	15,300	18,908	28,241
High Plains Ranch Fair Share	5.4%	4.3%	2.9%
Adjustment (adjusted down for more remote location)	-3.4%	-2.3%	-0.9%
Adjusted Fair Share	2.0%	2.0%	2.0%

* Adjusted for Banning Lewis Ranch Phasing

Source: David Bamberger & Associates. File: High Plains / High Plains Urban Share

Urban Density Buildout Projections

Given the estimated size of market in the CMA and the adjusted fair share, High Plains Ranch urban residential build-out is projected as follows:

Normal Case - High Plains Ranch Projected Urban Density Residential Build-out

<u>Years</u>	<u>Units</u>
2007-2011	250
2012-2016	290
<u>2017-2021</u>	<u>280</u>
Total	820

Full absorption urban density lots is expected around 2021.

We have prepared estimates of a worst-case build-out scenario. The worst case is based on the assumption that countywide single family production would drop by 50% and High Plains Ranch's market share would drop by 50% from the normal case projections.

Worst Case - High Plains Ranch Projected Urban Density Residential Build-out

<u>Years</u>	<u>Units</u>
2007-2011	60
2012-2016	70
<u>2017-2021</u>	<u>70</u>
Total	180

Detailed calculations are presented below:

Residential Absorption Projections, High Plains Ranch, 2007-2021									
Normal Case									
Years	El Paso County Projected Total Units	CMA Share %	CMA Proj. Total Units	Less Units Built at Rural Densities in the CMA	CMA Projected Total Units at Urban Densities	High Plains Ranch Share of CMA Market	High Plains Ranch Projected Total Units Absorbed	High Plains Ranch Projected Cumm. Units Absorbed	High Plains Ranch Projected Average Annual Rate of Units Absorbed
2001-2005	32,456	36.0%	11,670						
2007-2011	32,960	40.0%	13,184	400	12,784	2.0%	250	250	50
2012-2016	34,280	42.5%	14,569	450	14,119	2.0%	290	540	58
2017-2021	35,600	42.5%	15,130	500	14,630	2.0%	280	820	56
Worst Case									
2007-2011	16,480	40.0%	6,592	200	6,392	1.0%	60	60	12
2012-2016	17,140	42.5%	7,285	225	7,060	1.0%	70	130	14
2017-2021	17,800	42.5%	7,565	250	7,315	1.0%	70	200	14

Source: David Bamberger & Associates

File: High Plains Ranch/ High Plains Ranch Projections

Rural Density Buildout Projections

Planned rural density (2.5 acre) lot supply in High Plains Ranch makes up 8.5% of total rural density planned lots in the CMA. As with the rural density market, an adjustment to fair-share is necessary. The adjustment is based on an assessment of similar unquantifiable factors used for the urban density lots.

Adjusting High Plains Ranch fair share for the factors mentioned above, the adjusted fair share is anticipated to be approximately 10.6%, based on offering an affordably priced product and a better price/value relationship.

Given the estimated size of market in the CMA and the adjusted fair share, High Plains Ranch rural residential build-out is as follows:

Normal Case - High Plains Ranch
Projected Rural Density
Residential Build-out

<u>Years</u>	<u>Units</u>
2007-2011	40
2012-2016	50
<u>2017-2021</u>	<u>50</u>
Total	140

The worst case is based on the assumption that countywide single family production would drop by 50% and High Plains Ranch's market share would drop by 50% from the normal case projections.

**Worst Case - High Plains Ranch
Projected Rural Density
Residential Build-out**

<u>Years</u>	<u>Units</u>
2007-2011	11
2012-2016	12
<u>2017-2021</u>	<u>13</u>
Total	36

Detailed calculations are presented below:

Residential Absorption Projections, Rural Densities, High Plains Ranch, 2007-2021					
Normal Case					
Years	CMA Projected Total Units	High Plains Ranch Share of CMA Market	High Plains Ranch Projected Total Units Absorbed	High Plains Ranch Projected Cumulative Units Absorbed	High Plains Ranch Projected Annual # of Units Absorbed
2001-2005	325				
2007-2011	400	10.6%	40	40	8
2012-2016	450	10.6%	50	90	10
2017-2021	500	10.6%	50	140	10
Worst Case					
2007-2011	200	5.3%	11	11	2
2012-2016	225	5.3%	12	23	2
2017-2021	250	5.3%	13	36	3

Source: David Bamberger & Associates

File: High Plains Ranch/ High Plains Ranch Rural Projections

High Plains Ranch Commercial Build-out Projections

The primary hub for commercial development in the Falcon area is in the vicinity of Highway 24 and Woodmen Road. Over the past eight years about 200,000 square feet of commercial space has been built there. Major anchors include a Safeway supermarket (56,000 square feet) built in 1999 in the Woodmen Hills Town Center and a Walgreens Drug (14,700 square feet) was built in 2004. County commissioners approved plans in December 2005 for a 200,000 square

foot Wal-Mart supercenter in the Falcon Highlands Market Center, which is planned to come on line in late 2006 or early 2007.

Our research indicates that the Falcon area is currently well served by commercial and shopping center uses. Thus, our projections focus on the convenience needs of the residents of the High Plains Ranch project and the surrounding area.

The projections of commercial absorption are based on build-out of residential units in the High Plains Ranch project, but include about 400 existing households living in the area. We assume that each home will contain 3.0 people and each person will support a total of 36 square feet of commercial space, of which 24 square feet is for retail uses. The projections show an expected total of 22,400 square feet of commercial space absorbed by 2021. This is the size of a small neighborhood shopping center anchored with a convenience store, gas station and a half dozen other smaller sized retail businesses.

Normal Case - Projected Build-out of Commercial Space
High Plains Ranch

<u>Years</u>	<u>Square Feet</u>
2007-2011	11,700
2012-2016	5,600
<u>2017-2021</u>	<u>5,100</u>
Total	22,400

We have also prepared a worst-case projection for commercial build-out. It is based on the same assumptions used for the worst case residential build-out projection of a 50% drop in new home construction in High Plains and a 50% drop in High Plains Ranch market capture.

Worst Case - Projected Build-out of Commercial Space
High Plains Ranch

<u>Years</u>	<u>Square Feet</u>
2007-2011	2,900
2012-2016	1,400
<u>2017-2021</u>	<u>1,300</u>
Total	5,600

Detailed calculations are presented below.

Commercial Space Absorption Projections High Plains Ranch, 2007-2021			
	2007 to 2011	2012 to 2016	2017 to 2021
Total Households, New and 420 Existing	720	1,070	1,380
Population per Household	3.0	3.0	3.0
Total Population	2,160	3,210	4,140
Retail Space Supported Per Capita (Sq. Ft.)	24	24	24
Total Retail Space Supported (Sq. Ft.)	51,840	77,040	99,360
Potential Capture	15%	15%	15%
Total Project Capture (Sq. Ft.)	7,776	11,556	14,904
Factor to Adjust to Total Commercial Uses	1.5	1.5	1.5
Total Commercial Space Absorbed (Sq. Ft.)	11,700	17,300	22,400
Increase in Commercial Space Absorbed (Sq. Ft.)	11,700	5,600	5,100
Acres Absorbed at Floor to Area (F.A.R) Ratio of .2	1.3	2.0	2.6

Source: David Bamberger & Associates. File: High Plains / Commercial Projections

Commercial Space Absorption Projections - Worst Case High Plains Ranch, 2007-2021			
	2007 to 2011	2012 to 2016	2017 to 2021
Total Households, New and 420 Existing	360	535	690
Population per Household	3.0	3.0	3.0
Total Population	1,080	1,605	2,070
Retail Space Supported Per Capita (Sq. Ft.)	24	24	24
Total Retail Space Supported (Sq. Ft.)	25,920	38,520	49,680
Potential Capture	8%	8%	8%
Total Project Capture (Sq. Ft.)	1,944	2,889	3,726
Factor to Adjust to Total Commercial Uses	1.5	1.5	1.5
Projected Commercial Space Absorbed (Sq. Ft.)	2,900	4,300	5,600
Projected Cumulative Commercial Space Absorbed (Sq. Ft.)	2,900	1,400	1,300
Acres Absorbed at Floor to Area (F.A.R) Ratio of .2	0.3	0.5	0.6

Source: David Bamberger & Associates. File: High Plains / Commercial Projections

The market value per square foot for shopping center development is estimated to be about \$150 per finished square foot (2006 dollars) including land.

Attachments

Active Builder Projects, Falcon (80831), Claremont (80915), and Powers Corridor (80922), 3rd Quarter 2005																					
Project Name	Builder Name	Area	Zip Code	Planned	Released	Project Total Units	Sold	Project Unsold	Project Inventory - Under Construction	Project Inventory - Standing	Project Inventory - Total	Project Sales Rate	Year-to-date	Overall	Lowest Min Price	Average Min Asking Price	Highest Min Price	Lowest Square Feet	Average Square Feet	Highest Square Feet	Typical Lot Size
CLAREMONT	Beazer	Claremont	80915	47	35	22	25	0	9	9	9	2.9	2.9	2.9	\$202,900	\$222,900	\$243,900	1,524	1,981	2,472	6,000
CLAREMONT	Beazer	Claremont	80915	103	0	0	103	0	0	0	0	0.0	0.0	0.0	\$139,900	\$156,233	\$176,900	1,151	1,460	1,795	5,500
CLAREMONT	D.R. Horton	Claremont	80915	335	40	31	304	0	3	3	3	3.9	3.9	3.9	\$194,950	\$215,368	\$233,950	1,362	1,817	2,198	5,500
CLAREMONT	Pulte	Claremont	80915	94	67	27	3	8	11	4.6	3.4	3.4	3.4	3.4	\$153,995	\$168,995	\$178,995	1,173	1,248	1,564	4,000
CLAREMONT	Richmond	Claremont	80915	466	400	357	109	3	0	3	9.4	6.9	6.9	6.9	\$165,995	\$180,785	\$204,995	1,083	1,538	2,193	5,500
Totals/Average				1,045	569	477	568	9	17	17	23	20.8	17.1	17.1	\$171,548	\$188,862	\$207,748	1,259	1,629	2,044	4,740
FALCON HILLS	Anthony	Falcon	80831	85	65	46	39	0	3	3	3	0.8	0.8	1.1	\$225,900	\$299,621	\$368,900	1,584	2,102	2,659	21,000
FALCON HILLS	Campbell	Falcon	80831	21	21	3	18	3	0	3	3	0.6	0.6	0.6	\$285,572	\$317,810	\$350,768	1,652	1,894	2,775	21,175
MERIDIAN RANCH	Classic	Falcon	80831	225	225	172	53	3	5	8	8.5	5.3	5.3	5.3	\$177,000	\$241,560	\$329,500	1,068	1,723	3,123	7,700
MERIDIAN RANCH	Creekstone	Falcon	80831	65	65	37	28	0	5	5	2.3	1.3	1.3	1.3	\$218,900	\$247,614	\$264,900	1,427	2,105	2,410	7,000
WOODMEN HILLS	D.R. Horton	Falcon	80831	355	355	339	16	0	3	4.8	4.7	4.7	4.7	4.7	\$238,990	\$253,733	\$284,450	1,449	2,307	3,009	10,000
FALCON HILLS	Gendron	Falcon	80831	24	24	12	12	0	0	1.4	1.1	1.1	1.1	1.1	\$194,630	\$277,131	\$464,995	1,020	2,213	3,758	21,780
GABLES	John Laing	Falcon	80831	100	50	9	91	0	0	7.0	7.0	7.0	7.0	7.0	\$289,990	\$289,740	\$307,990	1,781	2,281	2,428	20,000
GABLES	John Laing	Falcon	80831	100	50	6	94	0	0	4.7	4.7	4.7	4.7	4.7	\$319,990	\$333,993	\$357,990	2,192	2,677	3,056	21,780
MERIDIAN RANCH	John Laing	Falcon	80831	131	131	88	43	0	0	3.6	3.2	3.2	3.2	3.2	\$201,990	\$223,419	\$243,990	1,328	1,873	2,175	8,000
MERIDIAN RANCH	Premier	Falcon	80831	82	35	16	66	2	8	10	2.5	2.5	2.5	2.5	\$201,990	\$224,733	\$251,500	1,295	2,206	2,576	8,000
WOODMEN HILLS	Pulte	Falcon	80831	146	146	46	100	7	1	8	3.6	3.8	3.8	3.8	\$161,995	\$174,662	\$186,995	856	1,219	1,538	4,000
WOODMEN HILLS	Pulte	Falcon	80831	248	248	167	81	12	3	15	5.3	8.4	8.4	8.4	\$206,995	\$255,995	\$302,995	1,400	2,129	3,098	10,000
WOODMEN HILLS	Richmond	Falcon	80831	428	325	306	120	4	0	4	5.3	5.0	5.0	5.0	\$153,995	\$209,880	\$282,995	1,083	1,732	2,798	6,000
FALCON HILLS	Today's	Falcon	80831	31	31	1	20	0	1	1	0.0	0.6	0.6	0.6	\$192,990	\$205,600	\$217,400	1,406	1,664	1,914	7,000
MERIDIAN RANCH	U.S. Home	Falcon	80831	159	65	50	109	0	5	3	2.9	1.7	1.7	1.7	\$210,950	\$284,669	\$311,950	1,665	2,717	3,300	8,000
MERIDIAN RANCH	Vantage	Falcon	80831	75	75	56	19	0	3	2.9	1.8	1.8	1.8	1.8	\$234,900	\$275,943	\$402,900	1,504	2,172	2,838	8,000
Totals/Average				2,273	1,931	1,354	1,909	33	37	68	66.0	22.6	22.6	22.6	\$218,472	\$266,008	\$308,139	1,419	2,083	2,716	11,808
PRONGHORN	Campbell	Powers	80922	105	105	41	64	2	0	2	2	2.3	1.8	1.8	\$219,799	\$252,215	\$284,159	1,048	1,957	2,362	8,000
INDIGO RANCH	Classic	Powers	80922	167	90	82	85	1	3	4	6.3	5.1	5.1	5.1	\$176,000	\$185,143	\$199,000	1,064	1,564	1,708	3,055
INDIGO RANCH	Classic	Powers	80922	182	182	155	27	3	2	5	5.4	3.8	3.8	3.8	\$213,000	\$303,641	\$360,000	1,610	2,388	3,168	9,500
INDIGO RANCH	Classic	Powers	80922	365	365	327	38	10	4	14	9.3	7.7	7.7	7.7	\$133,500	\$223,478	\$273,500	855	1,685	2,302	7,000
SPRINGS RANCH	Classic	Powers	80922	272	272	270	2	0	1	1	3.8	5.6	5.6	5.6	\$195,000	\$200,453	\$235,500	855	1,393	2,289	6,000
STETSON HILLS	Cottonwood	Powers	80922	148	38	17	131	0	0	2.3	2.3	2.3	2.3	2.3	\$135,000	\$153,060	\$169,500	1,017	1,295	1,540	5,500
SPRINGS RANCH	Derek Brown	Powers	80922	242	150	104	138	0	0	3.6	4.8	4.8	4.8	4.8	\$131,900	\$160,820	\$189,900	1,066	1,366	1,733	5,500
SPRINGS RANCH	Engle	Powers	80922	83	57	26	0	3	3	3	2.2	2.2	2.2	2.2	\$188,950	\$245,150	\$313,950	1,238	2,076	3,281	6,500
SPRINGS RANCH	Hallmark	Powers	80922	100	100	90	10	0	0	1.9	3.3	3.3	3.3	3.3	\$147,450	\$179,604	\$236,950	968	1,576	2,394	8,500
RIDGEVIEW	John Laing	Powers	80922	168	168	168	0	0	0	5.3	4.4	4.4	4.4	4.4	\$212,990	\$243,643	\$250,950	1,415	2,023	2,175	6,000
SPRINGS RANCH	John Laing	Powers	80922	121	74	74	47	0	0	7.5	6.8	6.8	6.8	6.8	\$186,990	\$200,657	\$211,990	1,390	1,963	1,677	5,000
SPRINGS RANCH	John Laing	Powers	80922	120	64	64	56	0	0	5.4	5.8	5.8	5.8	5.8	\$221,990	\$233,490	\$243,990	1,476	1,834	2,082	5,000
SPRINGS RANCH	Keller	Powers	80922	47	47	38	9	1	7	8	1.8	1.9	1.9	1.9	\$210,600	\$266,745	\$333,000	1,348	1,902	2,855	6,495
STETSON HILLS	Lennar	Powers	80922	76	8	0	76	0	0	0	0.0	0.0	0.0	0.0	\$214,950	\$230,360	\$230,950	1,238	1,532	1,891	6,000
DUBLIN	Pulte	Powers	80922	302	302	257	45	6	5	11	6.0	6.1	6.1	6.1	\$176,745	\$183,345	\$195,745	1,173	1,353	1,564	1,275
STETSON HILLS	Pulte Homes	Powers	80922	140	140	91	49	9	1	10	8.3	6.7	6.7	6.7	\$173,995	\$195,279	\$208,990	1,003	1,329	1,500	5,800
RIDGEVIEW	Pulte Homes	Powers	80922	197	197	173	24	7	4	11	1.5	4.0	4.0	4.0	\$189,995	\$236,395	\$233,995	1,403	1,879	2,096	6,000
SPRINGS RANCH	Richmond	Powers	80922	55	55	55	0	0	0	2.3	2.8	2.8	2.8	2.8	\$243,995	\$268,424	\$290,995	1,713	2,644	2,788	9,000
SPRINGS RANCH	Richmond	Powers	80922	100	100	96	4	1	1	2	2.9	2.8	2.8	2.8	\$143,995	\$213,086	\$285,995	1,107	2,013	2,788	9,000
STETSON HILLS	Richmond	Powers	80922	68	34	21	47	4	0	4	4.6	4.6	4.6	4.6	\$175,995	\$193,495	\$202,995	1,059	1,575	2,193	3,500
STETSON HILLS	U.S. Home	Powers	80922	362	362	342	14	0	3	3	2.6	2.6	2.6	2.6	\$214,950	\$274,284	\$323,950	1,665	2,375	3,300	5,500
STETSON HILLS	U.S. Home	Powers	80922	956	956	944	12	0	4	4	2.5	7.1	7.1	7.1	\$183,950	\$208,263	\$217,950	1,540	1,928	2,165	6,500
STETSON HILLS	U.S. Home	Powers	80922	956	900	865	91	0	16	16	3.4	6.6	6.6	6.6	\$183,950	\$186,278	\$195,950	930	1,421	1,955	6,500
STETSON HILLS	U.S. Home	Powers	80922	261	38	13	248	0	17	17	2.4	2.4	2.4	2.4	\$193,950	\$215,950	\$239,950	1,305	1,448	1,565	3,800
SPRINGS RANCH	Yellow-Leach	Powers	80922	32	32	31	1	0	0	0	0.8	0.8	0.8	0.8	\$169,900	\$191,183	\$205,400	1,194	1,750	1,750	8,500
Totals/Average				5,626	4,862	4,381	5,124	44	74	146	97.2	30.2	30.2	30.2	\$181,962	\$216,626	\$245,169	1,226	1,760	2,208	6,141

Source: Meyers Group

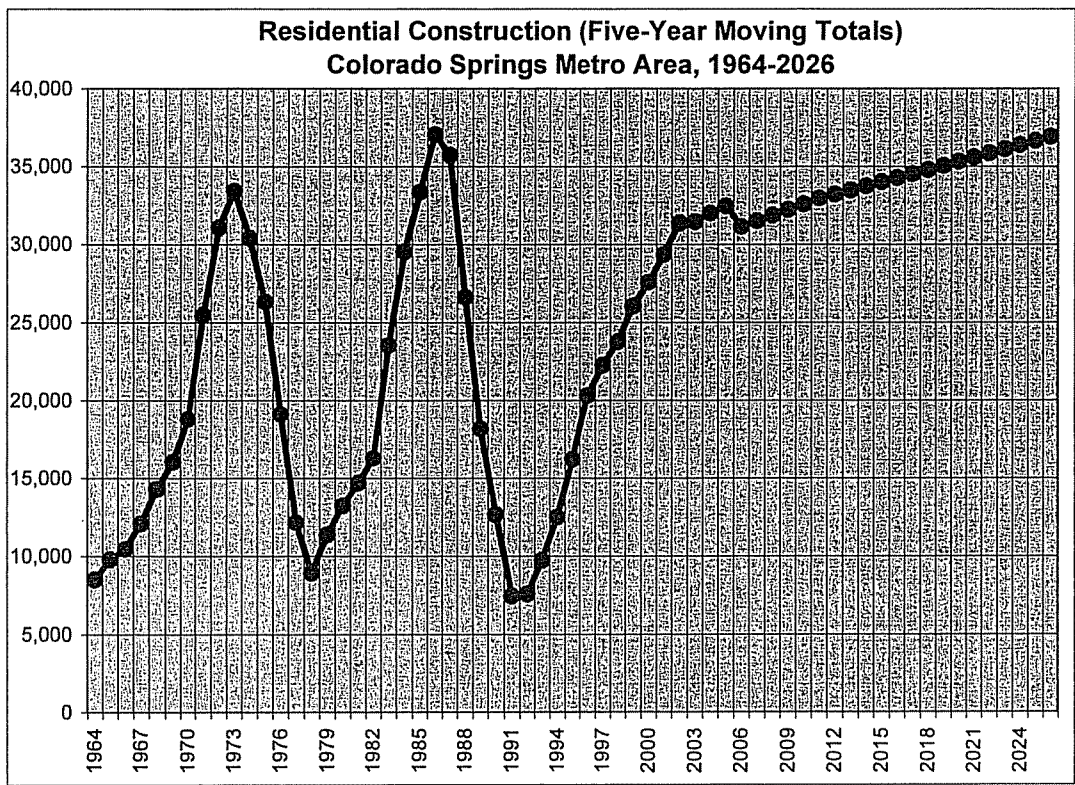
Estimate of Number of Households that Qualify
Price Ranging Between \$150,000 and \$200,000
Colorado Springs Metro Area, 2006

Total Households						
Household Income		Age Group				
From	To	18-24	25-44	45-64	65 and Over	Total
\$0	\$5,000	393	1,547	1,000	755	3,695
\$5,000	\$10,000	760	1,539	1,454	1,872	5,624
\$10,000	\$15,000	973	2,302	1,795	2,518	7,588
\$15,000	\$20,000	1,189	3,067	2,108	2,259	8,623
\$20,000	\$25,000	1,403	3,872	2,344	1,539	9,159
\$25,000	\$30,000	1,416	5,227	2,288	2,070	11,001
\$30,000	\$35,000	1,303	5,717	2,925	1,609	11,554
\$35,000	\$40,000	874	4,832	2,607	1,089	9,402
\$40,000	\$45,000	707	5,392	2,712	2,660	11,470
\$45,000	\$50,000	550	5,828	2,979	1,915	11,272
\$50,000	\$60,000	839	11,074	6,187	1,627	19,727
\$60,000	\$75,000	686	14,459	9,907	3,113	28,165
\$75,000	\$100,000	312	14,796	11,822	3,812	30,742
\$100,000	\$999,999	305	17,469	21,498	4,707	43,979
Total Households		11,709	97,119	71,627	31,546	212,001

Income Needed to Qualify											
	Home Price	% Down	Down Payment	Amount Financed	Mortgage Rate	Monthly PI	Monthly TI	Total Monthly Payment	% PITI to Income to Qualify	Monthly Income to Qualify	Annual Income to Qualify
Cost	\$150,000	5%	\$7,500	\$142,500	6.50%	\$901	\$164	\$1,065	28%	\$3,803	\$45,641
Cost	\$200,000	5%	\$10,000	\$190,000	6.50%	\$1,201	\$219	\$1,420	28%	\$5,071	\$60,854

	Number of Households Able to Qualify Before and After Rate Change					Percent of Households Able to Qualify Before and After Rate Change					
	Age Group					Age Group					
	18-24	25-44	45-64	65 and Over	Total		18-24	25-44	45-64	65 and Over	Total
Number of Hslds that Qualify Before	2,621	62,880	52,011	14,930	132,442	Percent of Hslds that Qualify Before	22.4%	64.7%	72.6%	47.3%	62.5%
Number of Hslds that Qualify After	1,263	45,901	42,664	11,456	101,284	Percent of Hslds that Qualify After	10.8%	47.3%	59.6%	36.3%	47.8%
Change	-1,358	-16,979	-9,348	-3,474	-31,158	Change	-11.6%	-17.5%	-13.1%	-11.0%	-14.7%

Source: David Bamberger & Associates. Income and household data is from the Colorado Division of Housing.
File: Santa Springs Affordability / Affordability.xls



Year	Total Residential Units	Year	Total Residential Units
1964	8,523	1987	35,716
1965	9,788	1988	26,608
1966	10,454	1989	18,181
1967	12,086	1990	12,668
1968	14,322	1991	7,471
1969	16,061	1992	7,581
1970	18,806	1993	9,723
1971	25,484	1994	12,501
1972	31,051	1995	16,210
1973	33,415	1996	20,304
1974	30,394	1997	22,256
1975	26,337	1998	23,760
1976	19,131	1999	26,046
1977	12,162	2000	27,574
1978	8,926	2001	29,359
1979	11,376	2002	31,365
1980	13,245	2003	31,453
1981	14,707	2004	31,988
1982	16,312	2005	32,456
1983	23,539	2006	31,130
1984	29,517	2007-2011	32,955
1985	33,363	2012-2016	34,279
1986	37,055	2017-2021	35,603
		2022-2026	36,928

Source: Regional Building Department 1960-2006. Projections for 2006-2025 are from David Bamberger & Associates. File:Projections Metro Area / New Construction Projections

EXHIBIT G
General Counsel Opinion

July 27, 2006

Board of County Commissioners
El Paso County, Colorado
27 E. Vermijo Avenue
Colorado Springs, CO 80903

Re: High Plains Ranch Metropolitan District

Honorable Board of County Commissioners:

This firm serves as general counsel to the petitioners of the proposed High Plains Ranch Metropolitan District (the "District"). Pursuant to Section IV.F.1.a of the El Paso County Special District Guidelines and Requirements, this letter shall serve as confirmation that the District contemplated services are and will be provided under the jurisdiction of the Special District Control Act, Section 32-1-101, *et. seq.*, Colorado Revised Statutes.

Respectfully,

WHITE, BEAR & ANKELE
PROFESSIONAL CORPORATION

EXHIBIT H

Board of County Commissioners Resolution of Approval

Office of County Clerk and Recorder
El Paso County, State of Colorado
Certified to be a full, true and Correct
Copy of record in my Office.

ROBERT C. "BOB" BALINK
10/05/2006 02:39:56 PM
Doc \$0.00 Page
Rec \$0.00 1 of 17

El Paso County, CO



206148395

206148395 Book..... Page.....
Date 10-5-06
Robert C. Balink :::
County Clerk & Recorder
El Paso County, Colorado
By *Michelle M...* Deputy

Resolution No. 06-349

**BOARD OF COUNTY COMMISSIONERS
COUNTY OF EL PASO, STATE OF COLORADO**

RESOLUTION TO APPROVE THE TITLE 32 HIGH PLAINS RANCH METROPOLITAN DISTRICT SERVICE PLAN, -MARKSHEFFEL-WOODMEN INVESTMENTS, LLC, AND MID-COLORADO INVESTMENT CO., INC. (ID-05-009)

WHEREAS, Marksheffel-Woodmen Investments, LLC, and Mid-Colorado Investment Co., Inc., did file an application with the Development Services Department of El Paso County, Colorado, pursuant to 32-1-202 et. seq., C.R.S., as amended, for the review of the Service Plan for the High Plains Ranch Metropolitan District (the "District"); and

WHEREAS, a public hearing was held by the El Paso County Planning Commission on August 15, 2006, upon which date the Planning Commission did by formal resolution recommend approval of the subject Service Plan with conditions and notations; and

WHEREAS, on August 31, 2006, the Board ordered a public hearing to be held on the Service Plan on September 28, 2006; and

WHEREAS, notice of the hearing before the Board was duly published in *The El Paso County Advertiser and News* on September 6, 2006, as required by law; and

WHEREAS, on September 8, 2006, notice of the hearing before the Board was duly mailed by first class mail, to interested persons, defined as: The owners of record of all property within the proposed Title 32 district as such owners of record are listed in the proposed service plan; and the governing body of any municipality or special district which has levied an ad valorem tax within the next preceding tax year, and which has boundaries within a radius of three (3) miles of the proposed district's boundaries; and notice was provided to the division of local government on August 31, 2006; and

WHEREAS, pursuant to the provisions of Title 32, Article 1, C.R.S., as amended, the Board held a public hearing on the Service Plan for the District on September 28, 2006; and

WHEREAS, said special district matter was subsequently continued to October 5, 2006; and

WHEREAS, based on the evidence, testimony, exhibits, study of the master plan for the unincorporated area of the County, study of the proposed service plan, recommendations of the El Paso County Planning Commission, comments of the El Paso County Development Services Department, comments of public officials and agencies, and comments from all interested parties, this Board finds as follows:

1. That proper publication and public notice were provided as required by law for the hearings before the Planning Commission and the Board of County Commissioners of El Paso County.
2. That the hearings before the Planning Commission and the Board of County Commissioners of El Paso County were extensive and complete, that all pertinent facts, matters and issues were submitted and that all interested parties were heard at those hearings.
3. There is sufficient existing and projected need for organized service in the area to be served by the proposed Special District.
4. Existing service in the area to be served by the proposed Special District is inadequate for present and projected needs.
5. The proposed Special District is capable of providing economical and sufficient service to the area within the proposed boundaries.
6. The area to be included in the proposed Special District has or will have the financial ability to discharge the proposed indebtedness on a reasonable basis.
7. Adequate service is not or will not be available to the area through the County, other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.
8. The facility and service standards of the proposed Special District are compatible with the facility and service standards of each county within which the proposed Special District is to be located and each municipality which is an interested party.
9. The proposal is in substantial compliance with a Master Plan adopted pursuant to C.R.S. §30-28-106.

10. The proposal is in compliance with any duly adopted county, regional or state long-range water quality management plan for the area.
11. The creation of the proposed Special District will be in the best interests of the area proposed to be served.

NOW, THEREFORE, BE IT RESOLVED the Board of County Commissioners of El Paso County, Colorado, hereby determines that the requirements of Sections 32-1-202(1), (2) and (3), C.R.S., relating to the filing of a service plan for the High Plains Ranch Metropolitan District and the requirements of Sections 32-1-204(1) and (1.5), C.R.S., relating to notice of the hearing by the Board, have been fulfilled in a timely manner;

BE IT FURTHER RESOLVED the Board hereby approves the Service Plan submitted by Marksheffel-Woodmen Investments, LLC, and Mid-Colorado Investment Co., Inc., for the High Plains Ranch Metropolitan District, for property more particularly described in Exhibit A, which is attached hereto and incorporated by reference;

AND BE IT FURTHER RESOLVED that the following conditions shall be placed upon this approval:

1. Approval of this Service Plan shall allow, among other things, organization and formation of this District, initial authorization of maximum bonded indebtedness and establishment of initial mill levy caps, and taking of ownership of water rights, all pursuant and subject to applicable provisions of C.R.S. Title 32. However, the District shall be precluded from any of the following activities until and unless a Sketch Plan for the High Plains Ranch project is approved by the Board of County Commissioners in a manner that substantially conforms with the land use and financial assumptions of this Service Plan:

- Issuance of any bonds or other form of indebtedness
- Certification of any mill levy
- Construction of any facilities
- Condemnation or acquisition of any real property
- Apply for or use any State or federal funds specifically including any Colorado Conservation Trust Funds.
- Engage in any other activity which would likely present an obstacle to potential dissolution of the District in the event the requisite land uses are not approved.

In the event a Sketch Plan for the High Plains Ranch project is approved by the Board of County Commissioners, but with significant deviations from the land uses and/or densities assumed in this Service Plan (as determined by the Development Services Department Director subject to appeal to the Board of County Commissioners), an amended Service Plan shall be required to be submitted and processed in accordance with normal County procedures prior to the District engaging in any of the above-referenced activities.

2. In the event a Sketch Plan for the High Plains Ranch project is not approved by the Board of County Commissioners on or before June 30, 2007, the District shall initiate dissolution of the District, with dissolution to occur prior to December 31, 2007.

3. In the event an amended Service Plan, as contemplated in Condition 1 above, is either not applied for, or is not ultimately approved by the Board of County Commissioners, the District shall initiate dissolution of the District, with dissolution to occur prior to June 30, 2008.

4. As stated in the Service Plan, the combined debt service and operational mill levy shall not exceed sixty (60.0) mills (Gallagher-adjusted) for any property within this District, with no more than fifty (50) mills devoted to debt service and ten (10.0) mills devoted to operations and maintenance until and unless the Board of County Commissioners subsequently determines to remove the mill levy cap in a manner consistent with State Statutes at a subsequent public hearing. Such approval, although required, may or may not be considered by the Board of County Commissioners to be a material modification which would trigger the need to revise the complete Service Plan in conjunction with such a request.

5. As stated in the Service Plan, the maximum, authorized indebtedness for this District shall be \$25 million (twenty-five million dollars) Gallagher-adjusted without express, prior authorization of the Board of County Commissioners. Any increase in authorized debt beyond this amount shall constitute a material modification of the Service Plan and require additional applications, review and approvals.

6. As stated in the Service Plan, the period of maturity for each bond issue shall be limited to no more than thirty (30) years without express, prior approval of the Board of County Commissioners. Such approval, although required, may or may not be considered by the Board of County Commissioners to be a material modification which would trigger the need to revise the Service Plan at the time of the request.

7. As stated in the Service Plan, any future annexation of territory by this District (any territory more than five (5) miles from any of the currently proposed District boundary lines) shall be considered a material modification of the Service Plan and shall require prior Board of County Commissioners' approval.

8. Prior to funding any Local Public Improvements, the District shall provide assurances that El Paso County, and any other eligible taxing entity, will be held harmless with respect to the potential loss of Sales Tax Revenue associated with the purchase of construction materials associated with these Local Public Improvements, had they been privately funded.

9. As also stated in the Service Plan, this District shall not have the authority to apply for, or utilize any, Conservation Trust ("Lottery") funds without the express, prior consent of the Board of County Commissioners and with specific input from the Ellicott Metropolitan District. This District shall have the authority to apply for and use any other grant funds including, but not limited to, Great Outdoors Colorado (GOCO) discretionary grants. Such approval, although required, is not considered to be a major modification which would trigger the need to revise the Service Plan.

10. The District agrees, to the extent that the Service Plan approved by the Board of County Commissioners includes the power of eminent domain and/or the power of dominant eminent domain, that its power of eminent domain and/or power of dominant eminent domain, regardless of the extent of the power granted to special districts and/or metropolitan districts under state law, shall be limited to the acquisition of property that the District intends to be owned, controlled or maintained by the District and/or another government entity and is for the material use or benefit of the general public, and which term "material use or benefit for the general public" shall never include as a material purpose the acquisition of property for the furtherance of an economic development plan and

which term shall also never include as a purpose an intent to convey such property or to make such property available to a private entity for economic development purposes. The phrase "furtherance of an economic development plan" does not include condemnation of property to facilitate public infrastructure that is necessary for the development of the project. The District shall not use its condemnation authority for the purpose of acquiring road rights-of-way without the express prior concurrence of El Paso County.

11. The District shall provide a disclosure form to future purchasers of property in a form consistent with Exhibit B to this Resolution. Such notice shall be recorded with this Service Plan and each Final Plat associated with this development. In conjunction with subsequent plat recordings applicable County staff are authorized to administratively approve updates of the disclosure form to reflect current contact information and calculations.

12. The applicant agrees that this District shall be obligated to adhere retroactively to any policies or standards specifically addressing the use and disposition of developer advances to the District provided these policies and/or standards are adopted by the Board of County Commissioners on or before December 31, 2006 and further provided that such policies and/or standards are applied uniformly to all new service plans, as applicable.

13. The District shall be expressly prohibited from creating separate sub-districts except upon prior notice to the Board of County Commissioners, and subject to the Board of County Commissioners' right to declare such creation to be a material modification of the Service Plan, as set forth in Section 32-1-1101 (1) (f) (I) C.R.S.

14. Approval of this Service Plan shall not obligate the County and/or the City-County Drainage Board to any deviation from their adopted procedures for administering drainage basin fees and funds, without express separate agreement between the applicable parties.

15. In conjunction with any subsequent subdivision process where this District will be the water supplier, applicant will provide detailed information to the Office of the County Attorney to clarify how the District will meet its water supply commitments if water is to be provided to the District by contract or lease.

16. Approval of this Service Plan shall in no way be construed to infer a requirement or obligation of the Board of County Commissioners to approve any future land use request for this property. The District specifically acknowledges this condition and agrees that neither it nor its land use applicants has any rights with respect to land use approvals arising from the approval of this service plan.

AND BE IT FURTHER RESOLVED that the following notations shall be placed upon this approval:

1. In the event revenues or reserves are insufficient to meet scheduled bond payments, unpaid interest may be carried forward as a subsequent year obligation. This may have the effect of extending the schedule of required bond payments.

2. In the event the El Paso County Development Services Department is requested to withhold authorization of building permits pending verification of payment of building permit fees, this arrangement may require a formal agreement, which, among other things, holds the County harmless in the event authorization is inadvertently issued without such proof of payment.

3. The district is strongly encouraged to become a member of the El Paso County Water Authority after formation.

AND BE IT FURTHER RESOLVED that the record and recommendations of the El Paso County Planning Commission be adopted.

AND BE IT FURTHER RESOLVED that a certified copy of this Resolution shall be filed in the records of the County and submitted to the petitioners for the purpose of filing in the District Court of El Paso County.

AND BE IT FURTHER RESOLVED that all resolutions or parts thereof, in conflict with the provisions hereof, are hereby repealed.

DONE THIS 5th day of October 2006, at Colorado Springs, Colorado.

ATTEST:
By: *[Signature]*
Deputy County Clerk

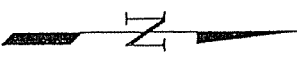
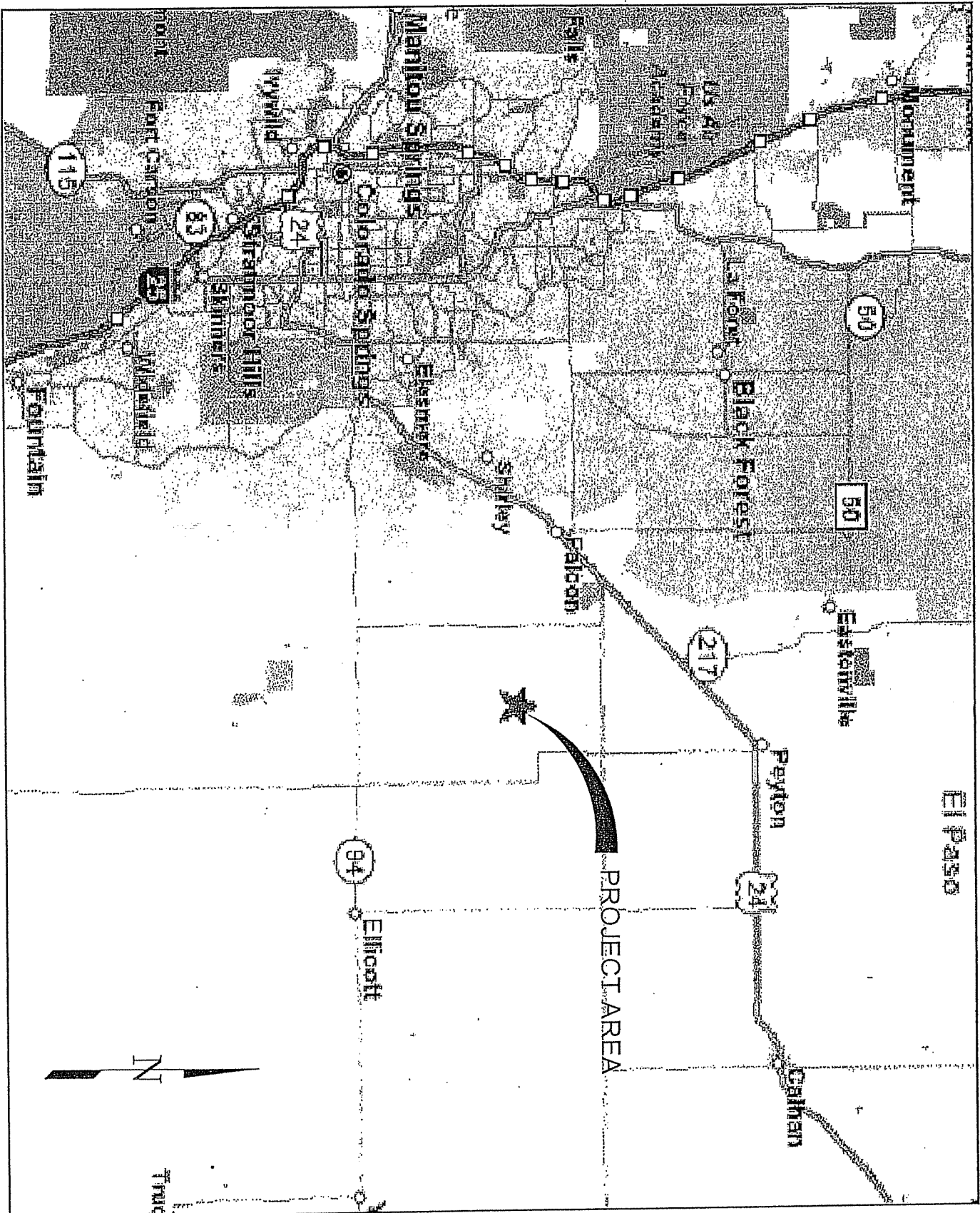
**BOARD OF COUNTY COMMISSIONERS
EL PASO COUNTY, COLORADO**

By: *[Signature]*
Chair

Resolution No. 06-349

EXHIBIT A

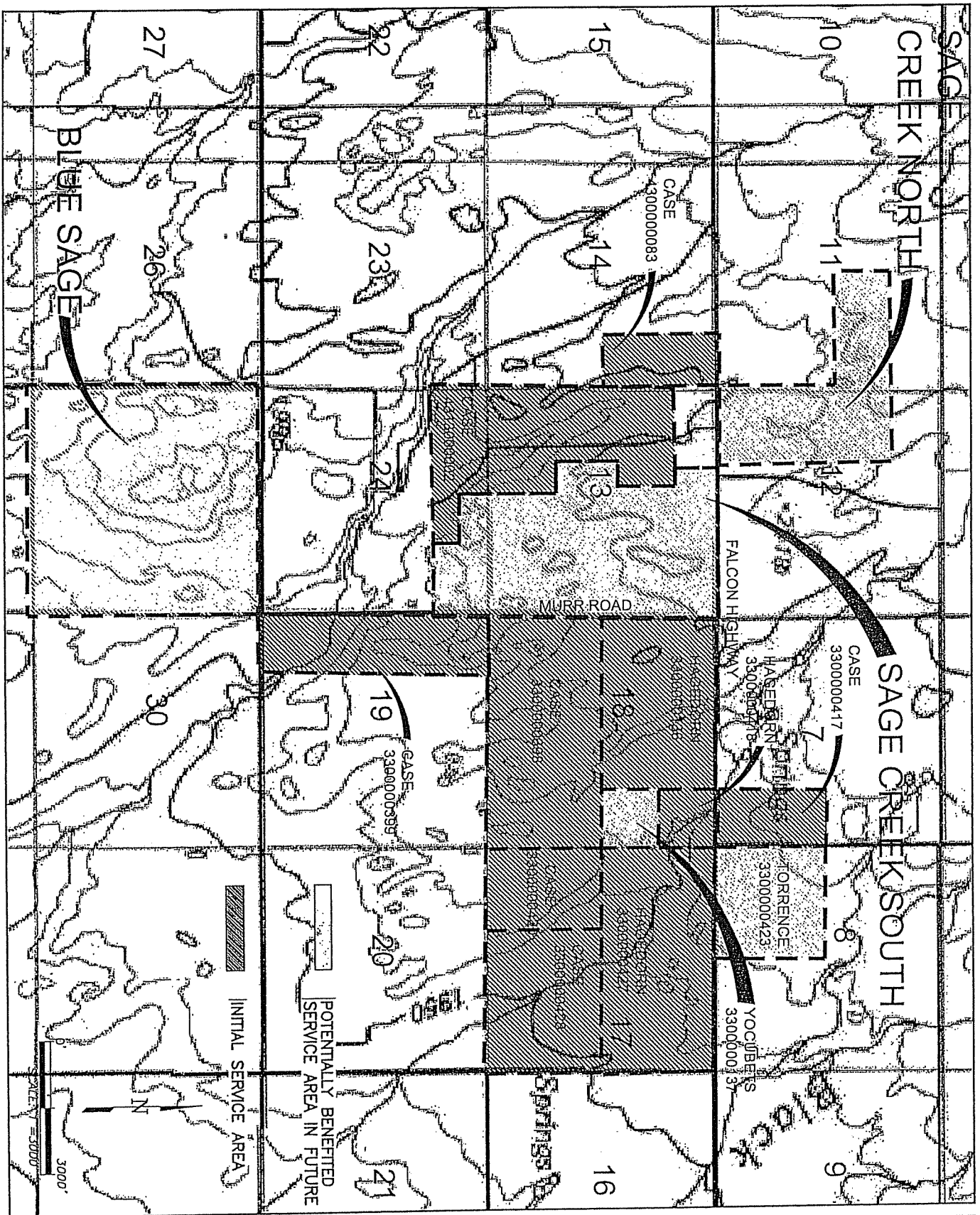
Legal Description and Maps of Initial District



HIGH PLAINS RANCH METRO DISTRICT
VICINITY MAP 1

JDS-HYDRO CONSULTANTS, INC.
545 East Pikes Peak Ave. Suite 300
Colorado Springs, Colorado 80903
(719) 227-0072

Project No.	118.03
Scale	N.T.S.
Date	11/09/05
Drawn By	STG
Checked By	GDJ
Reviewed	JRW



HIGH PLAINS RANCH METRO DISTRICT
POTENTIAL SERVICE AREA

JDS-HYDRO CONSULTANTS, INC.
545 East Pikes Peak Ave. Suite 300
Colorado Springs, Colorado 80903
(719) 227-0072

Project No. 11820
Scale: AS SHOWN
Date: 11/04/05
Drawn: S/S
Checked: GSD
Checked: JPL
Reviewed:

HIGH PLAINS RANCH METRO DISTRICT
LEGAL DESCRIPTIONS FOR INITIAL SERVICE AREA

-A parcel of land located in Section 7, Township 13 South, Range 63 West of the 6th P.M., El Paso County, Colorado, being more particularly described by metes and bounds as follows:

Beginning at the SE corner of this parcel, also being the centerline intersection of Falcon Highway and Peyton Highway in El Paso County, Colorado, also being the SE corner of said Section 7, marked by a 3-1/4" aluminum cap stamped "PE-LS 9583" as per monument record filed April 4, 1994 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;

Thence S89°27'20"W along the South line of said Section 7, also being along the centerline of said Falcon Highway, a distance of 1294.07 feet to the SW corner of this parcel;

Thence N00°52'10"W along the West line of this parcel, a distance of 2621.27 feet to the NW corner of this parcel, marked by a 1-1/2" yellow cap stamped "PLS 11624" per monument record deposited May 7, 2003 at reception #20390061 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;

Thence N89°22'02"E along the North line of this parcel, a distance of 1316.39 feet to the NE corner of this parcel, also being a point on the centerline of said Peyton Highway, also being the E 1/4 corner of said Section 7, marked by a 3-1/2" aluminum cap in valve box stamped "LS 17496" as per monument record filed November 22, 1996 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;

Thence S00°22'55"E along the East line of this parcel, also being along the centerline of said Peyton Highway, a distance of 2623.27 feet to the Point of Beginning of this description, containing 78.573 acres, more or less.

-Together with the west 1/2 of the southwest 1/4 and the west 1/2 of the east 1/2 of the southwest 1/4 of Section 17, Township 13 south, Range 63 west of the 6th P.M., containing 120.0 acres, more or less.

-Together with the east 1/2 of the east 1/2 of the southwest 1/4 and the southeast 1/4 of Section 17, Township 13 south, Range 63 west of the 6th P.M., containing 204.0 acres, more or less.

-Together with a parcel of land located in Section 14, Township 13 South, Range 64 West of the 6th P.M., El Paso County, Colorado, being more particularly described by metes and bounds as follows:

Beginning at the NE corner of this tract, also being the centerline intersection of Falcon Highway and Slocum Road in El Paso County, Colorado, also being the NE corner of said Section 14, marked by a 2-1/2" aluminum cap stamped "PLS 30130"

Thence S00°30'19"W along the East line of this parcel, also being along the centerline of said Slocum Road, also being along the East line of said Section 14, a distance of 2605.66 feet to the SE corner of this tract, also being the E 1/4 corner of said Section 14, marked by a 2-1/2" aluminum cap stamped "PLS 20681";

Thence S89°33'05"W along the South line of this tract, a distance of 1313.04 feet to the SW corner of this tract;

Thence N00°33'53"E along the West line of this tract, a distance of 2610.55 feet to the NW corner of this tract, also being a point on the centerline of said Falcon Highway;

Thence N89°45'46"E along the North line of this tract, also being along the centerline of said Falcon Highway, also being along the North line of said Section 14, a distance of 1310.26 feet to the Point of Beginning of this description, containing 78.52 acres, more or less.

-Together with a tract of land in Sections 13 and 24, Township 13 south, Range 64 west of the 6th P.M., El Paso County, Colorado, being more particularly described as follows:

Commencing at the northwest corner of Section 13;

Thence S00°31'50"W, 1015.40 feet to the Point of Beginning;

Thence S89°28'10"E, 1779.86 feet;

Thence N00°38'28"W, 81.31 feet;

Thence N89°21'32"E, 352.76 feet;

Thence S00°38'28"E, 617.41 feet;

Thence S11°53'40"E, 61.18 feet;

Thence S00°38'28"E, 639.04 feet;

Thence S89°21'32"W, 598.91 feet;

Thence S01°20'42"W, 1453.26 feet;

Thence S88°39'18"E, 719.96 feet;
Thence S01°20'42"W, 2177.60 feet;
Thence S89°14'47"E, 1123.05 feet;
Thence S00°45'13"W, 603.76 feet;
Thence S89°34'44"W, 3404.70 feet more or less to the southwest corner of the northwest 1/4 of the northwest 1/4 of Section 24;
Thence N00°31'50"E, 5700 feet more or less to the Point of Beginning, containing 283.25 acres, more or less.

-Together with a tract of land located in Section 18 and the west one-half of Section 19, Township 13 south, Range 63 west of the 6th P.M., County of El Paso, State of Colorado, described as follows:
Beginning at the southwest corner of said Section 19, thence along the west line of the southwest quarter of said Section 19, N00°00'24"W, 2651.42 feet to the west one-quarter corner of said Section 19;
Thence along the west line of the southwest one-quarter of the northwest one-quarter of said Section 19, N00°00'31"W, 1325.49 feet to the northwest corner of the southwest one-quarter of the northwest one-quarter of said Section 19;
Thence along the west line of the northwest one-quarter of the northwest one-quarter of said Section 19, N00°00'05"E, 1325.28 feet to the southwest corner of said Section 18;
Thence along the west line of the south one-half of said Section 18, N00°15'32"E, 2612.86 feet to the northwest corner thereof;
Thence along the north line of the south one-half of said section 18, N89°09'02"E, 30.01 feet to a point on a line 30.00 feet easterly and parallel to the west line of said Section 18;
Thence along the line 30.00 feet easterly and parallel to the west line of said Section 18, N00°15'32"E, 19.03 feet;
Thence N89°34'17"E, 2590.40 feet to the center one-quarter corner of said Section 18;
Thence along the north line of the south one-half of said Section 18, N89°34'28"E, 2607.99 feet to the northeast corner thereof;
Thence along the east line of the south one-half of said Section 18, S00°10'15"E, 2637.54 feet to the southeast corner thereof;
Thence S89°43'36"W, 3918.39 feet;
Thence S00°07'17"W, 5297.43 feet to the southeast corner of the west one-half of the west one-half of said Section 19;
Thence along the south line of the west one-half of the west one-half of said Section 19, N89°08'53"W, 1318.11 feet to the Point of Beginning, containing 477.515 acres, more or less.

-Together with a parcel of land located in Section 18, Township 13 South, Range 63 West of the 6th P.M., El Paso County, Colorado, being more particularly described by metes and bounds as follows:
Beginning at the NW corner of this parcel, also being the centerline intersection of Murr Road and Falcon Highway in El Paso County, Colorado, also being the NW corner of said Section 18, marked by a 2-1/2" aluminum cap stamped "PLS 32822" per land survey plat deposited at reception #202900126 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;
Thence N89°27'20"E along the North line of said Section 18, also being along the centerline of said Falcon Highway, a distance of 2588.11 feet to the N 1/4 corner of said Section 18, marked by a 2" aluminum cap stamped "PLS 11624" per monument record filed September 23, 2003 in the records of the Clerk and Recorder's Office, El Paso County Colorado;
Thence continuing N89°27'20"E along the centerline of said Falcon Highway, a distance of 1294.12 feet to the NE corner of this parcel;
Thence S00°00'27"W along the East line of this parcel, a distance of 2631.32 feet to the SE corner of this parcel, marked by a #4 rebar with aluminum cap stamped "LS 1094 AAH";
Thence S89°34'28"W, a distance of 652.36 feet to a point marked by a #4 rebar with aluminum cap stamped "LS1094 AAH";
Thence continuing S89°34'28"W, a distance of 651.70 feet to the Center 1/4 corner of said Section 18, marked by a 2-1/2" aluminum cap stamped "PLS 32822" per land survey plat deposited at reception #202900126 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;
Thence S89°34'14"W, a distance of 2604.98 feet to the SW corner of this parcel, also being a point on the centerline of said Murr Road, also being the W 1/4 corner of said Section 18, marked by a 2-1/2" aluminum cap stamped "PLS 32822" per land survey plat deposited at reception #202900126 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;

Thence N00°35'40"E along the West line of this parcel, also being along the centerline of said Murr Road, also being along the West line of said Section 18, to the Point of Beginning of this description, containing 234.958 acres, more or less.

-Together with a parcel of land located in Section 18, Township 13 South, Range 63 West of the 6th P.M., El Paso County, Colorado, being more particularly described by metes and bounds as follows:

Beginning at the NE corner of this parcel, also being the centerline intersection of Falcon Highway and Peyton Highway in El Paso County, Colorado, also being the NE corner of said Section 18, marked by a 3-1/4" aluminum cap stamped "PE-LS 9583" as per monument record filed April 4, 1994 in the records of the Clerk and Recorder's Office, El Paso County, Colorado;

Thence S00°13'03"E along the East line of this parcel, also being along the centerline of said Peyton Highway, also being along the East line of said Section 18, a distance of 1316.91 feet to the SE corner of this parcel, marked by a #4 rebar with aluminum cap stamped "LS1094 AAH";

Thence S89°30'48"W along the South line of this parcel, a distance of 1269.23 feet to the SW corner of this parcel, marked by a #5 rebar with aluminum cap stamped "MATRIX P.L.L. 32822";

Thence N00°00'27"E along the West line of this parcel, a distance of 1315.67 feet to the NW corner of this parcel, also being a point on the centerline of said Falcon Highway;

Thence N89°27'20"E along the North line of this parcel, also being along the centerline of said Falcon Highway, a distance of 1264.07 feet to the Point of Beginning of this description, containing 38.275 acres, more or less.

-Together with the north 1/2 with mineral rights of the existing road in Section 17, Township 13 south, Range 63 west of the 6th P.M., containing 315.71 acres, more or less.

Total acreage of the above described tracts of land is 1830.80 acres, more or less.

Resolution No. 06-349
EXHIBIT B

NOTICE OF SPECIAL DISTRICT DISCLOSURE

(to be provided to every purchaser of real property within the boundaries of the Districts)

Name of District(s):	High Plains Ranch Metropolitan District
Contact Information for District: K. Sean Allen, Esq. White Bear Ankele, Professional Corporation 1805 Shea Center Drive, Suite 100 Highlands Ranch, CO 80149	Phone: 303-858-1800 Fax: 303-858-1801 Email: sallen@wbapc.com
Type of District(s):	Metropolitan District
Identify District(s) Improvements Financed by Proposed Bonds	Mainly a central water system and related improvements such as wells, pipelines, distribution and treatment facilities, pumping stations, storage tanks, fire hydrants, along with other Special District Act authorized improvements such as wastewater, streets, bridges, traffic controls and signage, drainage and storm water improvements, mosquito control, and park and recreation facilities.
Identify Services/Facilities Operated/Maintained by District: The District expects to dedicate or cause to be dedicated to El Paso County or other appropriate governmental entity, all public improvements that are eligible and acceptable to such entities for dedication and ongoing ownership, operations and/or maintenance.	Operations and maintenance of a central water system is expected. Other public improvements not accepted by appropriate governmental entities for ongoing ownership, operations and/or maintenance, may be owned, operated and/or maintained by the District.
Mill Levy Cap: (Describe Procedure for any Adjustments to Mill Levy Cap) <i>(Note: This District may or may not be certifying a mill levy at the time of your purchase. Please verify by contacting the District.)</i>	Combined maximum debt service and operations levy shall not initially exceed sixty (60) mills, subject to adjustment to take into account any change in law with respect to assessment of property for taxation purposes, any change in the ratio for determining assessed valuation, or any similar change, using the 2005 ratio of assessment for residential property of 7.96% as the base year for calculating any such adjustments in such ratio.
Authorized Debt of the District per Service Plan:	\$25,000,000.00 is the maximum allowed general obligation debt limit under the Service Plan. The District may enter into loan agreements in advance of issuing bonded indebtedness, and such agreements may obligate the District to incur bonded indebtedness in the future. However, said obligations shall not cause the District to exceed its maximum mill levy caps or maximum allowable bonded indebtedness as established for the District by its Service Plan and voted authorization.
Voter Authorized Debt per Election:	Provided upon request

<p>District Boundaries:</p>	<p>Property within the District is in unincorporated El Paso County, and generally south and west of where Falcon Highway, Peyton Highway and North Peyton Highway intersect and south and east of where Falcon Highway and Murr Road intersect.</p>
<p>Sample Calculation of Mill Levy Cap for a Residential Property</p> <p>Assumptions: \$200,000.00 is the total <i>actual</i> value determined by El Paso County</p> <p>Maximum mill levy cap is 50 mills for debt service, 10 mills for operations, maintenance and other general fund and service costs (aggregate total 60 mills)</p> <p>Sample Metropolitan District Mill Levy Calculation:</p> <p>1. At Projected Mill Levies</p> <p>\$200,000 x .0796 = \$15,920 (Assessed Value) \$15,920 x .040 mills = \$716 per year in sample taxes owed solely to this Special District if the District imposes its projection debt service and operations mill levy.</p> <p>2. At Maximum Allowed Mill Levies</p> <p>\$200,000 x .0796 = \$15,920 (Assessed Value) \$15,920 x .060 mills = \$955 per year in sample taxes owed solely to this Special District if the District impose its full maximum allowed mill levy for both debt service and operations.</p>	