



Resolution No. 04-366

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

Commissioner Howells moved adoption of the following Resolution:

WHEREAS, The Landhuis Company did file an application with the Planning Department of El Paso County, Colorado, pursuant to §32-1-204(2), C.R.S., for the review of the Consolidated Service Plan for Lorson Ranch Metropolitan District Nos. 1 through 7; and

WHEREAS, a public hearing was held by the El Paso County Planning Commission on July 20, 2004, upon which date the Planning Commission did by formal resolution recommend approval of the subject Consolidated Service Plan with conditions and notations; and

WHEREAS, a public hearing was held by this Board on Thursday, September 2, 2004; 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 Planning 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 Districts 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 Districts 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 Districts 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 approves the Consolidated Service Plan submitted by The Landhuis Company for the Lorson Ranch Metropolitan District Nos. 1 through 7, Title 32 Metropolitan Districts, 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. As stated in the Service Plan, the mill levy for retirement of general obligation debt shall not exceed fifty (50.0) mills (Gallagher adjusted) for any property within these seven (7) proposed Districts 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.

The Districts shall also be limited to any additional operational mill levy cap of not more than ten (10) mills, which may not be Gallagher adjusted unless such operational debt has been "de-TABORED."

2. Any future annexation of territory by either of these seven (7) districts which encompasses territory more than five (5) miles from any of the currently proposed District boundary lines shall be considered a material modification of the Service Plans and shall require prior Board of County Commissioners' approval.
3. These Districts shall not have the authority to apply for or utilize any Conservation Trust ("Lottery") funds without the express prior consent of both the Board of County Commissioners and the Widefield School District. The Districts shall have the authority to apply for and use any other grant funds including, but not limited to, Great Outdoors Colorado (COCO) discretionary grants.
4. The Districts shall agree to formation of a Board of County Commissioners-approved Citizens' Advisory Council to be comprised of five (5) property owners within the service area of the Lorson Ranch Metropolitan Districts 1-7. Council membership shall be open to otherwise qualifying directors of any of the Lorson Ranch Metropolitan District No. 2-7. Meetings will be held at times and locations convenient to the property owners and such meetings will be supported by the Districts. The elected Chair of the Council will be given a position as an *ex officio* Board member as such position is defined in the District Service Plan during their tenure as Chair.

Formation of the Council shall not occur until there are at least one hundred (100) dwelling units constructed within the Districts. The Lorson Ranch Metropolitan District No. 1 shall be responsible for supporting the function of the Council. Creation and continuance of the Council shall be at the sole discretion of the County Commissioners, and Council may be disbanded if there is insufficient interest on the part of area residents.

5. After legal formation and prior to final platting of any properties within any of the proposed Districts, the applicant shall prepare a notice acceptable to Development Services Department staff informing all purchasers of property within the Districts of the non-traditional nature of this District arrangement and the consequent limitations on future representative participation. Such notice shall be recorded in the public record against all properties to be included in any of these districts.

6. Prior to funding any Local Public Improvements, the service plans and/or any subdivision agreements shall be structured in order to prevent a loss of use tax revenue to the County and other local government entities.

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. The applicants are put on notice that the creation of parcels for the purpose of qualifying electors for Districts 1-7 does not create a separate interest in the land pursuant to subdivision under C.R.S. 30-28-101 *et. seq.*

DONE THIS 2nd day of September 2004 at Colorado Springs, Colorado.

BOARD OF COUNTY COMMISSIONERS
EL PASO COUNTY, COLORADO

BY: 

Chairman


Deputy County Clerk

Commissioner Williams seconded the adoption of the foregoing Resolution. The roll having been called, the vote was as follows:

Commissioner Williams	nay
Commissioner Huffman	aye
Commissioner Howells	aye
Commissioner Bensberg	aye
Commissioner Brown	aye

The Resolution was adopted by 4-1 vote of the Board of County Commissioners of the County of El Paso, State of Colorado.

CONSOLIDATED SERVICE PLAN
FOR
LORSON RANCH METROPOLITAN DISTRICTS NOS. 1-7
EL PASO COUNTY, COLORADO

Prepared For

Lorson Ranch Metropolitan Districts Nos. 1-7

By

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June 10, 2004

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Exhibit A – Legal Description and Map of Initial Boundaries

Exhibit A-1 – Map of Expanded District Boundaries

Exhibit B – Financing Plan

Exhibit C - Underwriter Letter

Exhibit D – Market Study

Exhibit E – Public Improvements and Costs

Exhibit F – General Counsel Opinion

I. EXECUTIVE SUMMARY

The Lorson Ranch Metropolitan Districts Nos. 1-7 (collectively, the “Districts”) are being organized for the purpose of acquiring, constructing and providing essential public infrastructure to support the needs of a new community known as “Lorson Ranch at Jimmy Camp” (hereafter the “Project”). The territory to be located within the proposed Districts includes approximately 1,361 acres, and is planned for primarily residential uses, along with a small amount of commercial development. Lorson Ranch is generally located east of the intersection of Marksheffel Road and Fontaine Boulevard, west of Meridian Road and one-half mile north and south of the proposed extension of Fontaine Boulevard. The approved Sketch Plan for the Project permits a total of 6,985 single family residential units of varying densities, and includes approximately 29 acres of commercial development.

The Districts are being organized to provide public improvements consisting of water, wastewater, streets, bridges, traffic controls and signage, drainage improvements, mosquito control, and park and recreation facilities, as more fully described within. This Consolidated Service Plan (“Service Plan”) establishes a coordinated plan for the delivery of necessary public infrastructure at the lowest cost to permit the development of the Project. The Service Plan proposes a multiple district structure that includes a specialized working relationship between District No. 1 (also referred to as the “Service District”) and District Nos. 2-7 (referred to as the “Financing Districts”).

The Service District is responsible for managing the construction, acquisition, installation and operation of facilities and improvements needed for the Project. The Financing Districts are responsible for providing the funding and tax base needed to support the Financing Plan for the provision of the capital improvements and for operation, maintenance and administrative costs. The Financing Plan discussed throughout this Service Plan refers to a consolidated financial plan for the Districts.

This structure is necessary and appropriate for a project of the size and length of development such as that contemplated by the Sketch Plan for the Project. By consolidating the major decision-making into the Service District, execution of an overall plan for development of public infrastructure in coordination with the demands of development will be promoted. Further, this structure facilitates a better match between the costs of improvements and the areas being benefited, and also permits the allocation of costs among the Districts for improvements that benefit more than one area.

As described in later sections, following full buildout of the Project, which would be determined by a Resolution adopted by the Service District, it is proposed that the Service District coordinate the process by which some or all of the Districts could be consolidated. In this fashion, the twin goals of maximizing the ability of the Districts to deliver necessary public improvements at least cost, and reducing administrative burdens for District residents and the County, are achieved.

The anticipated costs of all contemplated improvements necessary to provide access to and appropriate services within the Districts are shown in Exhibit E attached hereto. The

Districts may obtain financing for the improvements contemplated herein through any means available under applicable law, including developer loans or reimbursement agreements, through the issuance of general obligation bonds and/or revenue bonds, contractual indebtedness, and through any other legal revenue sources available to the Districts, such as fees and rates.

As described in later sections, each of the Financing Districts is to be authorized to issue General Obligation Debt (as hereafter defined) in an amount not to exceed \$80,000,000 for each District, and not to exceed \$300,000,000 in total for all Districts. A mill levy cap of 50 mills is proposed for each District in connection with its General Obligation Debt, subject to certain adjustments and the eventual release of the cap as further described in the Financial Plan section of this Service Plan. The Districts are also expected to enter into multiple year intergovernmental agreements with each other and with other governmental entities to provide the public improvements and services and/or allocate the costs thereof among the Districts (collectively the “IGAs” which includes the “Master IGA” as hereinafter defined), which agreements may be funded from any legally available source of revenue, and which do not count against the limits established for issuance of General Obligation Debt.

The financial forecast (“Financing Plan”) for the Districts is contained in Exhibit B attached hereto. The Financing Plan is consistent with buildout assumptions derived from a Market Study prepared for the project per the County’s Special District Guidelines and Requirements publication, and demonstrates the capability of each District to meet the financial requirements associated with their activities and obligations. The Financing Plan has been prepared with the advice of a qualified underwriter, which has furnished a letter (Exhibit C) stating that the issuance of bonds as set forth in the Financing Plan is attainable within the assumptions presented.

II. INTRODUCTION

A. Statutory and Regulatory Matters

This Service Plan is submitted for the Districts in accordance with the requirements of the Special District Act, Section 32-1-101, et seq., Colorado Revised Statutes (the “Act”), and in accordance with the El Paso County Special District Guidelines and Requirements. As such, the Districts shall have the power and authority to engage in all activities permissible under the Act, and otherwise in accordance with this Service Plan. This Service Plan consists of a financial analysis and engineering plan showing how the Districts’ facilities and services will be provided and financed. The following information is included in the Service Plan in accordance with Part II of the Act, and applicable El Paso County Regulations:

1. A description of the proposed services;
2. A financial plan showing how the proposed services are to be financed;
3. A market study supporting the projected demand and need for the proposed services;

4. A preliminary engineering survey showing how the proposed services are to be provided;
5. A map and legal 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 description of the estimated cost of the 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.

B. Multiple District Structure/Initial Boundaries/ Boundary Expansion

1. Multiple District Structure. This Service Plan sets forth the general parameters for the working relationship between Lorson Ranch Metropolitan District No. 1 (the "Service District") and Lorson Ranch Metropolitan District Nos. 2-7 (the "Financing Districts"). The Service District and the Financing Districts are sometimes collectively referred to as "the Districts."

The Service District is responsible for managing the construction, acquisition, installation and operation of facilities and improvements needed for the Project. The Financing Districts are responsible for providing the funding and tax base needed to support the Financing Plan for the provision of the capital improvements and for operation, maintenance and administrative costs. The Financing Plan discussed throughout this Service Plan refers to a consolidated financial plan for the Districts.

The Service District shall be authorized to provide improvements and services to and for the benefit of the entire area of the Project, including but not limited to acquisition of completed improvements. Each Financing District will be authorized to provide improvements and services, including but not limited to acquisition of completed improvements, to the property within and without their respective legal boundaries, as they may be amended from time to time. The Service District will have power to impose taxes only within its legal boundaries, but will be permitted to impose fees and charges in all or any portion of the area within the Districts, as well as to property outside of the Districts based upon services provided to such property. It is currently anticipated that no residential units will be located within the Service District. District Nos. 2 – 6 are expected to contain all of the residential development, and District No. 7 is expected to contain the commercial development. Bonds or other financial obligations may be issued by either the Service District and/or the Financing Districts as appropriate to deliver the improvements and services to the property within the Project.

Due to the interrelationship between the Districts, various agreements, in addition to the Master IGA described further herein, are expected to be executed by the Districts clarifying the respective responsibilities and the nature of the functions and services to be provided by each District. The agreements will be designed to help assure the orderly development of essential services and facilities resulting in a community that is aesthetic and an economic asset to the County.

2. Benefits of Multiple District Structure. The creation of Lorson Ranch Metropolitan District No. 1 as the Service District, which is expected to own and operate the public facilities throughout the Project, and the creation of Lorson Ranch Metropolitan District Nos. 2-6 as the residential districts and District No. 7 as the commercial district, is expected to generate the tax revenue to pay the costs of the capital improvements, administration and operations and maintenance, as well as create benefits for the inhabitants of the community. In general, those benefits are: (a) coordinated administration of construction and operation of public improvements, and delivery of those improvements in a timely manner; and (b) assurance that improvements required by the County are constructed in a timely and cost effective manner.

a. Coordinated Services. As presently planned, development of the Project will proceed in phases, which will require the extension of public services and facilities. The multiple district structure will assure that the construction and operation of each phase of public facilities will be administered consistent with a long-term construction and operations program. Use of the Service District as the entity responsible for construction, acquisition and installation of improvements and for management of operation and maintenance needs will facilitate a well planned financing effort through all phases of construction, which will assist in the coordinated extension of services.

b. Debt Allocation. Allocation of the responsibility for paying debt for capital improvements will be managed through development of a unified financing plan for these improvements and through development of an integrated operating plan for long-term operations and maintenance for those improvements that are not dedicated to and accepted by the County, but retained by the Districts as appropriate. Use of the Service District to manage these functions will help assure that no area within the Project becomes obligated for more than its share of the costs of capital improvements and operations. Neither high nor low-density areas will bear a disproportionate burden of debt and operating costs.

c. Bond Interest Rates. The use of the Service District and/or the Financing Districts to issue bonds to provide for the cost of infrastructure in the Project will allow for the issuance of bonds at competitive interest rates. The use of a multiple district structure allows the Service District to coordinate with the Financing Districts the timing and issuance of bonds in such a way as to assure that improvements required by the County are constructed in conformance with the time requirements, and in the manner desired by the County and the Districts. The combination of appropriate management and control of the timing of financing and the ability of the Districts to obtain attractive interest rates will benefit residents and property owners.

3. Initial Boundaries/Expansions. In order to implement the multiple district structure, the boundaries of the Service District and the Financing Districts need to be carefully configured. At the time of submittal of this Service Plan, the Developer owns a portion of the total area proposed to be included within the legal boundaries of the Districts. The Developer has an option to purchase the balance of the property. Closing on this additional property is not expected to occur sufficiently in advance of the November 2004 election to permit the additional property to be formally included in the Districts' legal boundaries as of the organizational election date. Accordingly, the initial boundaries of the Districts will be expanded and adjusted via the inclusion/exclusion process to incorporate the balance of the property being acquired by the Developer in this manner.

The initial boundaries of the Districts, as well as the ultimate boundaries as they are expected to exist following the purchase of the balance of the property by the Developer are described and depicted in Exhibits A and A-1. Following acquisition of all of the property proposed to be included within the Districts, the combined area of the Districts is expected to consist of 1,361 acres.

Due to the long-term nature of the Project, and the potential need to respond to development patterns, the pace of growth, and to accommodate future financing dynamics, adjustments to the Districts' boundaries may be necessary or appropriate from time to time. Therefore, the Districts shall be permitted to make boundary adjustments with respect to the property located within the boundaries of any of the Financing Districts or Service District without prior County approval. Additionally, the Districts shall be permitted to include additional property within a five (5) mile radius from the Districts without County approval, however, notice of all inclusions or exclusions shall be provided to County if required pursuant to the annual reporting requirements set forth in Section VII, herein.

4. Debt Restriction Until Boundary Expansion. The Districts shall not issue General Obligation Debt (as defined hereafter) until substantially all of the anticipated boundary inclusions identified Exhibit A-1 have been completed and the order(s) of inclusion are recorded. The term "substantially all" shall mean not less than 85% of the total acreage proposed for inclusion into the combined boundaries of the Districts.

C. Purpose of the Districts

It is proposed that the Districts will provide certain essential public improvements for the use and benefit of future property owners and residents within the boundaries of the Districts. The specific powers of the Districts shall include:

1. Streets. The design, financing, acquisition, construction, installation, completion, operation and maintenance of offsite and onsite street and roadway improvements, including but not limited to grading, paving, curbs, gutters, culverts, storm sewers and other drainage facilities, retaining walls, identification signage, as well as sidewalks, bridges, parking facilities, street lighting, and landscaping, together with all necessary, incidental, and appurtenant facilities, land and easements, and together with extensions, improvement or replacement of such facilities.

2. Traffic and Safety Controls. The design, financing, acquisition, construction, installation, completion, operation and maintenance of offsite and onsite traffic and safety protection facilities and services through traffic and safety controls and devices on streets and highways, as well as other facilities and improvements including but not limited to, access controls and gating, signalization, traffic signage, area identification signs, directional assistance and driver information signs, together with all necessary, incidental and appurtenant facilities, land and easements, and together with extensions, improvement or replacement of such facilities.

3. Parks and Recreation. The design, financing, acquisition, construction, installation, completion, operation and maintenance of onsite public park and recreation facilities or programs including but not limited to, joint use park facilities associated with schools, bike paths, hiking trails, pedestrian trails and walkways, common area landscaping and weed control, outdoor lighting, together with all necessary, incidental and appurtenant facilities, land and easements, and together with extensions, improvement or replacement of such facilities.

4. Water. The design, financing, acquisition, construction, installation, completion, operation and maintenance of an offsite and onsite water and/or irrigation system, including but not limited to water rights, transmission and distribution systems together with all necessary and proper piping, valveing, operational controls, and environmental compliance, together with all necessary, incidental and appurtenant facilities, land and easements, and together with extensions, improvement or replacement of such facilities. The Districts shall be authorized to enter into one or more intergovernmental agreements with the Widefield Water and Sanitation District (“Widefield”) through which water service is supplied, including but not limited to operations and maintenance of water infrastructure improvements constructed by the Districts (See discussion in Sections V and VI).

5. Sanitation. The design, financing, acquisition, construction, installation, completion, operation and maintenance of offsite and onsite sanitary sewers and/or storm sewers, flood and surface drainage, detention and retention, wastewater treatment and disposal works and facilities, together with all necessary, incidental and appurtenant facilities, land and easements, and together with extensions, improvement or replacement of such facilities. The Districts shall be authorized to enter into one or more intergovernmental agreements with Widefield through which sewer service is supplied, including but not limited to operations and maintenance of sanitary sewer infrastructure improvements constructed by the Districts (See discussion in Sections V and VI).

6. Mosquito Control. The power to provide for the eradication and control of mosquitoes, including but not limited to elimination or treatment of breeding grounds, and the purchase, lease, contracting or other use of equipment, supplies or services for mosquito control.

7. Other. In addition to the specific powers enumerated above and in addition to other powers and authorities provided for in this Service Plan or under applicable law, the Districts shall have the power to provide such additional services and exercise such other powers as are incidental to or implied from the specific powers set forth herein, and/or utilize any method, mechanism or institutional structure permitted at law to exercise said powers and/or deliver such services.

D. Needs Analysis

In order to establish compliance with the standards for Service Plan approval set forth in Section 32-1-203(1), 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. As stated in this Service Plan, the Market Study projects a total of 5,900 units to be constructed within the area served by the Districts between 2005 and 2027, representing a projected population of 14,750 persons. Accordingly, the demand for the services and facilities to be provided by the Districts is demonstrable.

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 proposed Districts will not be provided by any county, municipal or quasi-municipal corporations, including existing special districts (other than to the extent provided in one or more intergovernmental agreements with Widefield providing for permanent water and sewer service through facilities constructed by the Districts (See discussion in Sections V and VI)). The Districts' boundaries do not overlap the legal boundaries of any existing special district with the power to provide the same services that the Districts propose to provide. Neither the City of Colorado Springs, El Paso County, nor any existing special district plans to provide the facilities required for the development of the Project. Therefore, provision of facilities will not be available through other institutions.

3. The Districts are Capable of Providing Economical and Sufficient Service/The Districts Will Have the Financial Ability to Discharge Proposed Indebtedness on a Reasonable Basis. The proposed Districts are necessary in order to provide the most economical and efficient means of ownership and operation of essential improvements to serve existing and future residents within their respective boundaries. The Financing Plan attached as Exhibit B demonstrates the feasibility of providing the improvements and services proposed herein on an economical basis. The formation of the Districts will facilitate the financing of the proposed public improvements at least cost, as the Districts will have access to tax-exempt financing that is not available to private entities.

4. The Creation of the Districts is in the Best Interests of the Area to be Served/Multiple District Structure. The matters described in items 1 through 3 of this Section establish that the creation of the Districts is in the best interests of the area to be served, in that they establish a 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. In addition, the use of a multiple district structure is beneficial, as it permits: a) the phasing of improvements to occur according to logical development modules, resulting in a more specific association of cost with benefit and less incentive to initiate public improvements programs too far in advance of development; b) the ability to arrange for delivery of public infrastructure in a manner that will conform to the approved development plans that will be associated with the Project in the future, thus permitting development of the Project in accordance with County expectations; and c) maintenance of a reasonably uniform mill levy and fee structure through coordinated planning and financing for construction of public improvements.

E. Alternatives Analysis

As required by El Paso County Special District Guidelines, the organizers of the Districts have conducted an analysis of alternatives to the formation of the proposed Districts. They have concluded that the proposed Districts are the only viable means of meeting the present and future demands for the Project on a cost effective basis. In considering the formation of the Districts, several alternatives were considered, each of which was determined to have serious weaknesses in comparison with the proposed Districts.

Service through a homeowners association is not a viable means of delivering the services proposed to be provided by the Districts. The nature, extent and variety of public improvements required is not within the capability of homeowners associations to deliver. Significantly, a homeowners association would not have access to tax-exempt financing, and thus would fail to provide the essential economic benefit offered by a special district structure.

Provision of improvements through another public entity (such as other special districts, El Paso County or nearby municipalities) is also not a viable option. First, none has plans to assume the financing and construction obligations of the proposed Districts. 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 Districts. As such, the essential advantage offered by the proposed structure - which permits a close coordination between the needs and timing of the development with its associated public infrastructure needs - would be lost.

The proposed structure does, however, minimize the potential for administrative inefficiencies associated with the creation of new districts. First, the opportunity to consolidate the Districts is proposed following the development phase. Second, where possible, the dedication of completed public improvements to other governmental entities will help to consolidate ownership and operational elements in an efficient manner.

F. Assumptions in Service Plan

The Service Plan contains various assumptions regarding costs of providing the public improvements; projected costs and cash-flows related to the issuance of Bonds and other obligations by the Districts; and general administration and overhead. Costs of financing and construction of the public improvements were based upon a combination of construction cost estimates provided by the developer; projected future property tax and non-tax revenues based upon anticipated future growth as set forth in the Market Study attached to this Service Plan; and anticipated financing costs furnished by the underwriter.

G. Compliance with Master Plan

The Sketch Plan for the Project has been approved in accordance with applicable El Paso County Master Plan. Each development filing will similarly be subject to compliance with the El Paso County Master Plan.

III. DEVELOPMENT ANALYSIS

A. Preliminary Engineering Survey

The facilities expected to be acquired, constructed and/or operated by the proposed District are described in the Section of this Service Plan entitled "Infrastructure Analysis."

B. Population Estimate and Assessed Value

Currently, the territory within the Districts is undeveloped, and therefore there are presently no residents. The total projected population within the Districts at buildout is estimated to be 14,750 persons (based on 2.5 persons per household).

The 2004 assessed value of the property located within the boundaries of the proposed Districts is \$550.00.

C. Market Study

Attached to this Service Plan as Exhibit D, is a Market Study prepared by David Bamberger & Associates, dated April 2004, which reflects absorption of 5,900 single family units over the period from 2005-2027. The Financing Plan attached as Exhibit B is consistent with the results of the Market Study.

IV. FINANCIAL PLAN ANALYSIS

A. Financing of Proposed Facilities and Services

Capital facilities and operations costs of the Districts will be funded by the Service District and/or the Financing Districts from a combination of property taxes and non-tax revenues as described further below. The Districts may authorize, issue, sell, and deliver such bonds, notes, contracts, reimbursement agreements, or other obligations evidencing or securing a borrowing (collectively, "Obligations") as are permitted by law. Obligations may be payable from any and all legally available revenues of the Districts in any form or combination of forms that may be permitted by applicable law, and nothing in this Service Plan shall be construed to limit the type, structure, timing or other elements of specific Obligations issued by the Districts. All or any portion of the proceeds of the Obligations issued may be used to fund such previously incurred expenses for public improvements via reimbursement to and/or acquisition from the entity advancing the costs for such improvements. Further, it is expected that the costs advanced for the organization and initial operations of the Districts will be similarly reimbursable to the entity advancing such costs.

The Districts may also issue the Obligations directly to the Developer or other private party advancing funds or furnishing facilities on behalf of the Districts from time to time, to reimburse funds advanced and/or acquire facilities so constructed. Other than with respect to the mill levy cap and Debt Limits (defined below), the Districts shall be permitted to modify the nature, amount, timing, structure, security enhancements, or type of financing used from that shown in the Financing Plan to respond to current needs and circumstances, such modifications not being considered a material modification of the Service Plan, as it applies to any individual District, or collectively to all the Districts.

Exhibit B to this Service Plan consists of a Financing Plan prepared by the organizers which sets forth certain assumptions, and estimated revenues, expenses, and debt service requirements with respect to each District. The Financing Plan contains one illustration of a financing structure by which the improvements would be financed, including the estimated costs of engineering services, legal services, administrative services, proposed bond issuances, estimated maximum proposed interest rates and discounts, land or facilities to be acquired, and other major expenses relating to the organization and operation of the Districts. A commitment letter from a qualified underwriter is included as Exhibit C. Also included within Exhibit B is a "Worst Case" financial plan scenario that is provided for informational and comparison purposes only.

The Financing Plan assumes no revenues from Conservation Trust Funds, and the Districts shall request such funds only if separately approved by the County. The funds and assets of El Paso County shall not be pledged as security for the repayment of any Obligations issued by the Districts.

1. General Obligation Debt. As used in this Consolidated Service Plan, the term "General Obligation Debt", means the principal amount of any Obligation (other than those represented by the IGAs and Revenue Obligations as herein defined) payable in whole or in part

from ad valorem property taxes to be imposed by any of the Financing Districts. General Obligation Debt may be issued in an amount approved by the Boards of Directors of the Financing Districts for improvements or services eligible for funding in accordance with applicable law, subject to the limitations set forth herein.

In order to respond to future contingencies and increases in costs, each Financing District's new money General Obligation Debt issuance limit will be \$80,000,000 (the "Individual Debt Limit"), and the total General Obligation Debt issuance limit for all Financing Districts combined shall be \$300,000,000 (the "Combined Debt Limit") (the Individual Debt Limit and Combined Debt Limit are referred to herein collectively as the "Debt Limits"). The issuance of the General Obligation Debt by each Financing District shall count both against that District's Individual Debt Limit, and also against the Combined Debt Limit, neither of which may be exceeded by the District issuing the General Obligation Debt without obtaining approval of an amendment to this Consolidated Service Plan. In this fashion, the Districts will have reasonable flexibility to adjust the actual amount of General Obligation Debt to be issued, to respond to changing development dynamics, economic conditions within the Districts, the potential for District boundary adjustments as described previously, and changing capital costs.

The obligations of the Districts in IGAs (including the Master IGA) concerning the funding and/or operations of the Districts' public improvements and services, for which voter approval has been obtained to the extent required by law, will not count against the Debt Limits, nor shall any Revenue Obligations payable from rates, fees, tolls and charges issued by the Districts. Increases necessary to accomplish a refunding, reissuance or restructuring of General Obligation Debt shall also not count against the Debt Limits.

The District may authorize, issue, sell, and deliver such Obligations as are permitted by law; provided that the following limitations shall apply to General Obligation Debt except where waived by the County or as is otherwise provided herein:

a. For that portion of each District's General Obligation Debt which exceeds 50% of the District's assessed valuation, the maximum mill levy the District can promise to impose for the payment of such General Obligation Debt shall be: fifty (50) mills reduced by the number of mills necessary to pay unlimited mill levy General Obligation Debt described in B below; provided however, that in the event the method of calculating assessed valuation is changed after the date of the approval of this Service Plan, the mill levy limitation applicable to such General Obligation Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

b. For that portion of the District's General Obligation Debt which is equal to or less than 50% of the District's assessed valuation, either on the date of issuance or at any time thereafter, the maximum mill levy the District can promise to impose for the payment of such General Obligation Debt shall be such amount as may be necessary to pay the debt

service on such General Obligation Debt, without limitation of rate.

For purposes of the foregoing, (i) a District's assessed valuation shall include all taxable real and personal property upon which the District is permitted to impose its debt service mill levy; and (ii) once General Obligation Debt has been determined to be within B above so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such General Obligation Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in the ratio of General Obligation Debt to assessed valuation.

2. Revenue Obligations. The Districts shall also be permitted to issue revenue bonds or other obligations (collectively, the "Revenue Obligations") in such amount and payable from such sources as the Districts may determine. The Service District may issue Revenue Obligations payable from the pledge of funds from the Financing Districts under the Master IGA. Amounts issued in the form of Revenue Obligations shall not be subject to the Debt Limits established above.

3. Master IGA Obligations. The Master IGA is expected to provide that the obligation of the Financing Districts to pay the Service District for capital and general operating expenses of the Districts shall constitute "contractual debt" of the Financing Districts, but shall not count against the Debt Limits. Accordingly, mill levies certified to make necessary payments to the Service District may be characterized as debt service or operation mill levies notwithstanding that they are imposed in part to pay contractual obligations for debt service and operations and maintenance services provided by the Service District.

4. Intergovernmental Agreements for Water and Wastewater Service/Enterprises. As also described in Sections V and VI, the Districts expect to receive water treatment and supply and wastewater treatment capacity, together with long-term operations and maintenance services, from Widefield, and/or other entities through which Widefield may from time to time deliver water and/or wastewater services. The Districts shall be authorized to enter into one or more IGAs with Widefield which will establish the terms under which water and wastewater capacity and long-term operations and maintenance services is to be provided. (See the additional discussion under Sections V and VI.) The Districts 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. In connection with the IGAs described above, and as necessary to supplement revenues from property taxes for purposes of either meeting debt service or operating expenses, the Districts 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. The Financing Plan therefore assumes revenues from various sources in addition to property taxes, and may include in the future such other revenues as the Districts may legally generate.

6. Development Fees/Development Agreements. The County presently imposes drainage fees, road/bridge fees and park fees at the time of subdivision plat (the “Development Fees”). The County has a process by which payment of such fees may be deferred and ultimately satisfied by the construction of qualifying facilities by the subdivider or by special districts. The public improvements planned to be provided by the Districts include facilities that are anticipated to qualify for such deferral of payment of fees. The Service District expects to submit a list of proposed improvements to qualify for such deferral and concurrence by appropriate County staff. To the extent the Service District and/or the Financing Districts provide adequate commitments to secure the construction of those improvements jointly agreed by the Service District and County staff to be qualifying improvements, collection of the Development Fees shall be deferred, and to the extent such qualifying improvements are actually constructed, such Development Fees shall be deemed satisfied. Further, to the extent the Service District and/or the Financing Districts provide adequate commitments to secure construction of those public improvements that would otherwise be the responsibility of the subdivider to guaranty through development or subdivision improvements agreements with the County, the subdivider may be relieved of the obligation to guaranty such improvements.

The Financing Plan demonstrates that the Districts will have the financial capability to discharge the proposed indebtedness with reasonable mill levies assuming reasonable increases in assessed valuation and assuming the rate of build-out estimated in the Financing Plan.

V. INFRASTRUCTURE ANALYSIS

A. General

This section describes the key public improvements expected to be provided by the Districts, general descriptions and estimated costs which are set forth in Exhibit E. The following general descriptions of improvements, as well as the cost estimates provided are preliminary and will be subject to modification and revision by the Districts without the need for an amendment to this Service Plan, as necessary or appropriate based on development plans or approvals, engineering, financial factors, County requirements and construction scheduling. Improvements not specifically described herein shall be permitted as long as they are generally identified in this Service Plan and/or expressly or impliedly granted by Colorado law.

The total estimated cost of the improvements that the Districts assume will be financed is approximately \$195,000,000, inclusive of engineering and construction contingencies, but exclusive of other soft costs and all costs of 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 the cost estimate allocations among particular categories of improvements, the Districts shall be permitted to reallocate costs among such categories of improvements as necessary to best serve the Project.

B. Description of Types of Public Improvements

1. Street Improvements. The Districts are expected to construct or cause the construction of portions of various streets, bridges, and any necessary curbs, gutters, culverts, drainage ditches, sidewalks, box culverts, bridges, tunnels, paving, lighting, landscaping and other road, street and drainage facility improvements which the project will require, as well as necessary traffic and safety protection devices and controls.

2. Storm Drainage Facilities. The Districts expect to construct or cause the construction of culverts, drainage ditches, box culverts, channels, tributary outfalls, tunnels, detention and drainage facility improvements, including but not limited to detention ponds and water quality ponds as necessary. Only those regional storm drainage facilities dedicated to and accepted by the County will be operated and maintained by the County.

3. Street Landscaping. The major streets are anticipated to have landscaping along curbing/sidewalk areas and along any medians. This landscaping may consist of required fencing, identification markers, landscape buffers, shrub and flower beds, mulch beds, irrigated and non-irrigated turf and native grasses, subdivision identification markers, trees, and other landscape features commonly associated with streetscape design.

4. Signals and Signage. Traffic and safety signals and signage may be installed by the Districts in accordance with applicable County or other agency requirements. Traffic controls and signage may be provided as necessary to enhance the flow of traffic within the project.

5. Water System

a. Overall Plan. The water system is expected to consist of a water distribution system comprised of buried water mains, fire hydrants, pump houses and related appurtenances located within and without the Districts' boundaries as necessary. The Districts may enter into one or more intergovernmental agreements with Widefield relating to the dedication of such facilities to Widefield, and the subsequent operations and maintenance of such facilities.

b. Design Criteria. The water system components will be installed in accordance with the applicable standards of the Colorado Department of Public Health and Environment, and Widefield, as appropriate.

6. Sanitary Sewer Collection Systems

a. Overall Plan for Sanitary Sewer. The sanitary sewer collection system is expected to include buried sewer mains, manholes and related appurtenances located outside and within the Districts' boundaries. The Districts may enter into one or more intergovernmental agreements with Widefield relating to the dedication of such facilities to Widefield, and the subsequent operations and maintenance of such facilities.

b. Design Criteria for Sanitary Sewer. The sewer system components will be designed and installed in accordance with the applicable standards of the Colorado Department of Public Health and Environment and Widefield, as appropriate.

7. Park and Recreation Improvements; Landscaping. The open space and park improvements that may be constructed by the Districts may include, but shall not be limited to, open space, neighborhood parks, common area landscaping, an irrigation system, monumentation and trail improvements. Landscaping improvements may include, but shall not be limited to, irrigated turf, hardscape, walkways, shrubs, planting beds, amenity features such as picnic tables, and playgrounds, signage, and other uses consistent with neighborhood parks.

8. Mosquito and Pest Control. The Districts shall be permitted to construct, acquire, install various systems and equipment, as well as employ appropriate methods for the elimination and control of mosquitoes, rodents and other pests.

9. County Construction Standards. To the extent design and construction responsibilities are within their control, the Districts shall ensure that any proposed improvements set forth in this Service Plan will be designed and constructed in accordance applicable County established standards and specifications.

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

The Districts expect to dedicate or cause to be dedicated to the County or other appropriate governmental entity, all public improvements that are eligible for dedication and ongoing ownership, operations and/or maintenance. All such improvements not accepted by the County or other appropriate governmental entity for ongoing ownership, operations and/or maintenance, shall be owned, operated and/or maintained by the Districts.

D. Water and Sanitation Services

The Developer is presently negotiating the terms under which water and sanitary sewer service would be provided to the Project, and/or other entities through which Widefield may from time to time deliver water or sanitary sewer services. Therefore, one or more intergovernmental agreements may be executed among the Districts and Widefield (or agreements between the Developer and Widefield may be assigned to the Districts) establishing the nature and terms of service between Widefield and the Districts (discussed further in Section VI “Agreements,” below).

VI. AGREEMENTS

A. Master Intergovernmental Agreement

As noted in this Service Plan, the relationship between the Service District and the Financing Districts, including the means for approving, financing, constructing, and operating the public services and improvements needed to serve the Project will be established by means of a

Master IGA to be executed by the Districts after organization. The Master IGA is expected to generally provide that the Financing Districts will pay to the Service District over a period of years the costs of (1) the construction, acquisition, and equipping of certain public facilities and services, and (2) the operation and maintenance of the facilities . The Master IGA is expected to state that the obligation to pay the amounts required thereunder is a contractual General Obligation Debt of the Financing Districts subject to certain limitations, and as such the question of whether the Financing Districts should enter into the Master IGA would require approval by the electorate of the Districts.

Under the Master IGA, the Financing District is expected to covenant to levy the taxes necessary, together with other available funds, to meet the payment obligations set forth in the agreement. In return for the payment under the agreement, the Service District would agree to (1) acquire, construct and equip the facilities, (2) provide for their operation and maintenance, and (3) provide service to the property within the Districts or convey facilities to other appropriate entities who will provide service. The total obligation of the Financing Districts represented by the Master IGA would be limited to the costs of construction and operations and maintenance as set forth in this Consolidated Service Plan.

B. Water and Sewer Service

As previously stated, the Districts, either individually or jointly, shall be authorized to enter into one or more IGAs with Widefield, or other entities through which Widefield may from time to time deliver water and/or sanitation services, to secure a permanent water supply and sanitary sewer service. Alternatively, the Districts may take an assignment of any agreement entered into between the Developer or other owners of property within the Project, and Widefield, pertaining to such services. The terms of these agreements will not be finalized until after the Districts are organized. However, it is expected that the service commitment will provide that water and sewer service is made available on a permanent basis to property within the Districts, in connection with the payment of certain monies for supply and/or treatment capacity (in the form of tap fees, system development fees, or similar charges intended to represent payment for the use of capacity (the “Capacity Charges”), and the payment of ongoing rates and charges for monthly services thereafter to defray the operational costs of Widefield in providing water and sewer service to the Project. It is also expected that the IGAs will provide for the long-term operations and maintenance of facilities constructed by the Districts by Widefield, and for the dedication of such facilities to Widefield in connection therewith.

C. Other Agreements

The Districts may enter into additional intergovernmental and private agreements when it is in the best interest of the Districts to better ensure long-term provision of improvements, services and effective management.

VII. MISCELLANEOUS

Attached as Exhibit F to this Service Plan is a letter from counsel for the Districts’ petitioners/organizers stating that the services contemplated herein will be provided under the

jurisdiction of the Special District Control Act.

The Districts shall cooperate in the holding of an election of the qualified electors of the territory contained within their respective boundaries to propose the consolidation of the Districts into a single consolidated District, or such other number or configuration as the Districts may then agree upon, at such time as District No. 1 has adopted a Resolution declaring that full buildout of the property within the Districts has occurred.

No District shall include additional territory not otherwise included within the boundaries of any of the Districts within its legal boundaries that is located more than five miles from the closest points of the property proposed to be included and the existing legal boundary of the District seeking the inclusion, without obtaining approval from the County Community Development Department, or such other department as may have responsibility for oversight of special districts.

The Districts shall submit an annual report as described in Section 32-1-207(3)(d), C.R.S.

The Service District will take steps to cause the developers of property within the Districts to provide written notice at the time of closing to initial purchasers of land in the Districts regarding the existence of any taxes, charges or assessments which may be imposed in connection with the activities undertaken by the Districts, including disclosure pertaining to the multiple district structure.

VIII. COMPLIANCE

The Districts shall be subject to administrative dissolution by the Division of Local Government, as set forth in Section 32-1-710, C.R.S., in the event the requirements of said statute are met.

The Districts shall be empowered to undertake all activities authorized by this Service Plan, including all powers necessary or implied therefrom, in accordance with the Special District Act. The grant of authority contained in this Service Plan does not constitute the agreement or binding commitment of the Districts enforceable by third parties to undertake the activities described, or to undertake such activities exactly as described.

In addition to the powers enumerated above, the Board of Directors of the Districts shall also have the following authority:

A. To amend this Service Plan as needed, subject to the appropriate statutory procedures, including, by written notice to El Paso County pursuant to § 32-1-207, C.R.S., of actions which the Districts believe are permitted by this Service Plan but which may be unclear. The Districts shall have the right to amend this Service Plan independent of participation of the other District or Districts; provided that a District shall not be permitted to amend those portions of this Service Plan which affect, impair, or impinge upon the rights or powers of another District without such other District's consent. In the event the County elects not to seek to enjoin any such activities under said statute, such election shall constitute agreement by the County that

such activities are within the scope of this Service Plan.

B. To forego, reschedule, or restructure the financing, including the security therefore, and/or the operation and maintenance of improvements and facilities in order to better accommodate the pace of growth, resource availability, and financial interests of property of the Districts; and

C. To provide all such additional services and exercise all such powers as are expressly or impliedly granted by Colorado law and which the Districts are required to provide or exercise or, in their discretion, choose to provide or exercise;

D. To exercise all necessary and implied powers under Title 32, C.R.S. in the reasonable discretion of the Boards of Directors of the Districts; and

E. Subject to the limitation set forth in Section VII, to amend their respective legal boundaries from time to time to add property whose owners request service from the Districts in accordance with then-applicable terms and conditions, to delete territory which is not being served by the Districts, or to reconfigure the boundaries as among or between the individual Districts to better suit the needs of the financing plan, the plan or timing of development, or as otherwise to be determined in the interests of the residents and property owners of the Districts by their respective Boards of Directors.

IX. CONCLUSION

It is submitted that this Service Plan for the proposed Districts required by § 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 Districts;

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

C. The proposed Districts are capable of providing economical and sufficient service to the area within its proposed boundaries;

D. The area to be included in the proposed Districts 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 Districts are compatible with the applicable facility and service standards of the State of Colorado, El Paso County or other existing municipal or quasi-municipal corporations, to the extent applicable, within which the proposed Districts is to provide service;

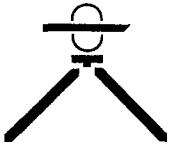
G. The proposal is in substantial compliance with a master plan adopted pursuant to § 30-28-108, C.R.S.;

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 Districts 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 § 32-1-202, C.R.S., adopt a resolution which approves this Service Plan for the Districts, as submitted.

EXHIBIT A
Legal Description and Map of Initial District Boundaries



Drexel, Barrell & Co.

Engineers/Surveyors

Boulder,
Colorado Springs,
Greeley

June 4, 2004

4840 Pearl East Circle
Suite 114
Boulder, Colorado 80301-2475

303 442 4338
303 442 4373 Fax

LEGAL DESCRIPTION

PARCEL 1

A parcel of land located in the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, County of El Paso, State of Colorado, being more particularly described as follows;

Basis of Bearings is the North line of the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, with the line assumed to bear S89°42'03"W.

Commencing at the Northeast corner of said South one-half of Section 14, thence S89°42'03"W, 3258.27 feet along the North line of said South one-half of Section 14 to the Point of Beginning.

Thence the following three (3) courses;

1. S00°17'57"E, 466.69 feet;
2. S89°42'03"W, 466.69 feet;
3. N00°17'57"W, 466.69 feet to a point on said Northerly line of the South one-half of Section 14;

Thence N89°42'03"E, 466.69 feet along said Northerly line of the South one-half of Section 14 to the Point of Beginning.

Containing 5.00 Acres

Legal description prepared by:

Mathew E. Selders
P.L.S. 27275
Drexel, Barrell & Co.
4840 Pearl East Circle
Suite 114
Boulder, CO 80301
(303) 442-4338



Drexel, Barrell & Co.

Engineers/Surveyors

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LEGAL DESCRIPTION

PARCEL 2

A parcel of land located in the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, County of El Paso, State of Colorado, being more particularly described as follows;

Basis of Bearings is the North line of the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, with the line assumed to bear S89°42'03"W.

Commencing at the Northeast corner of said South one-half of Section 14, thence S89°42'03"W, 2791.58 feet along the North line of said South one-half of Section 14 to the Point of Beginning.

Thence the following three (3) courses;

1. S00°17'57"E, 466.69 feet;
2. S89°42'03"W, 466.69 feet;
3. N00°17'57"W, 466.69 feet to a point on said Northerly line of the South one-half of Section 14;

Thence N89°42'03"E, 466.69 feet along said Northerly line of the South one-half of Section 14 to the Point of Beginning.

Containing 5.00 Acres

Legal description prepared by:

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LEGAL DESCRIPTION

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PARCEL 3

A parcel of land located in the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, County of El Paso, State of Colorado, being more particularly described as follows;

Basis of Bearings is the North line of the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, with the line assumed to bear S89°42'03"W.

Commencing at the Northeast corner of said South one-half of Section 14, thence S89°42'03"W, 2324.89 feet along the North line of said South one-half of Section 14 to the Point of Beginning.

Thence the following three (3) courses;

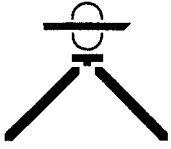
1. S00°17'57"E, 466.69 feet;
2. S89°42'03"W, 466.69 feet;
3. N00°17'57"W, 466.69 feet to a point on said Northerly line of the South one-half of Section 14;

Thence N89°42'03"E, 466.69 feet along said Northerly line of the South one-half of Section 14 to the Point of Beginning.

Containing 5.00 Acres

Legal description prepared by:

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LEGAL DESCRIPTION

PARCEL 4

A parcel of land located in the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, County of El Paso, State of Colorado, being more particularly described as follows;

Basis of Bearings is the North line of the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, with the line assumed to bear S89°42'03"W.

Commencing at the Northeast corner of said South one-half of Section 14, thence S89°42'03"W, 1858.20 feet along the North line of said South one-half of Section 14 to the Point of Beginning.

Thence the following three (3) courses;

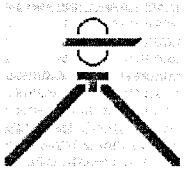
1. S00°17'57"E, 466.69 feet;
2. S89°42'03"W, 466.69 feet;
3. N00°17'57"W, 466.69 feet to a point on said Northerly line of the South one-half of Section 14;

Thence N89°42'03"E, 466.69 feet along said Northerly line of the South one-half of Section 14 to the Point of Beginning.

Containing 5.00 Acres

Legal description prepared by:

Mathew E. Selders
P.L.S. 27275
Drexel, Barrell & Co.
4840 Pearl East Circle
Suite 114
Boulder, CO 80301
(303) 442-4338



Drexel, Barrell & Co.

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Colorado Springs,

4840 Pearl East Circle
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Boulder, CO 80301-2475

303.442.4338
303.442.4373 Fax

June 4, 2004

LEGAL DESCRIPTION

PARCEL 5

A parcel of land located in the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, County of El Paso, State of Colorado, being more particularly described as follows;

Basis of Bearings is the North line of the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, with the line assumed to bear S89°42'03"W.

Commencing at the Northeast corner of said South one-half of Section 14, thence S89°42'03"W, 1391.51 feet along the North line of said South one-half of Section 14 to the Point of Beginning.

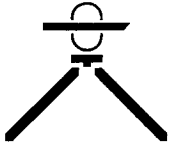
Thence the following three (3) courses;

1. S00°17'57"E, 466.69 feet;
2. S89°42'03"W, 466.69 feet;
3. N00°17'57"W, 466.69 feet to a point on said Northerly line of the South one-half of Section 14;

Thence N89°42'03"E, 466.69 feet along said Northerly line of the South one-half of Section 14 to the Point of Beginning.

Legal description prepared by:

Mathew E. Selders
P.L.S. 27275
Drexel, Barrell & Co.
4840 Pearl East Circle
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June 4, 2004

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LEGAL DESCRIPTION

PARCEL 6

A parcel of land located in the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, County of El Paso, State of Colorado, being more particularly described as follows;

Basis of Bearings is the North line of the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, with the line assumed to bear S89°42'03"W.

Commencing at the Northeast corner of said South one-half of Section 14, thence S89°42'03"W, 924.82 feet along the North line of said South one-half of Section 14 to the Point of Beginning.

Thence the following three (3) courses;

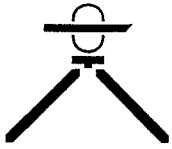
1. S00°17'57"E, 466.69 feet;
2. S89°42'03"W, 466.69 feet;
3. N00°17'57"W, 466.69 feet to a point on said Northerly line of the South one-half of Section 14;

Thence N89°42'03"E, 466.69 feet along said Northerly line of the South one-half of Section 14 to the Point of Beginning.

Containing 5.00 Acres

Legal description prepared by:

Mathew E. Selders
P.L.S. 27275
Drexel, Barrell & Co.
4840 Pearl East Circle
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Boulder, CO 80301
(303) 442-4338



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Engineers/Surveyors

Boulder,
Colorado Springs,
Greeley

June 4, 2004

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Boulder, Colorado 80301-2475

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LEGAL DESCRIPTION

PARCEL 7

A parcel of land located in the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, County of El Paso, State of Colorado, being more particularly described as follows;

Basis of Bearings is the North line of the South one-half of Section 14, Township 15 South, Range 65 West of the 6th Principal Meridian, with the line assumed to bear S89°42'03"W.

Commencing at the Northeast corner of said South one-half of Section 14, thence S89°42'03"W, 458.13 feet along the North line of said South one-half of Section 14 to the Point of Beginning.

Thence the following three (3) courses;

1. S00°17'57"E, 466.69 feet;
2. S89°42'03"W, 466.69 feet;
3. N00°17'57"W, 466.69 feet to a point on said Northerly line of the South one-half of Section 14;

Thence N89°42'03"E, 466.69 feet along said Northerly line of the South one-half of Section 14 to the Point of Beginning.

Containing 5.00 Acres

Legal description prepared by:

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