

Service Plan Amendment

For The

Cuchares Ranch Metropolitan District

July 2008

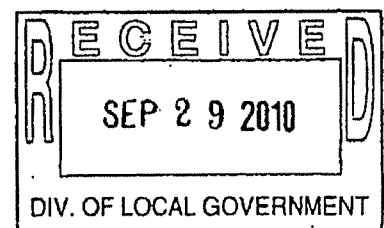


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LIST OF EXHIBITS

1. District Service Boundary Map
2. Legal Description of District Service Boundary Area
3. Marketing Analysis
4. Financial Plan/Infrastructure Capital Costs
5. Operations and Maintenance Cost
6. IGA - Service Agreement with CCMD and amended IGA
7. Annual Report and Disclosure Form

SUMMARY

Proposed District:	Cuchares Ranch Metropolitan District ("District")
Property Owner:	Fountain Mesa Investments II, LLC
Developer:	Fountain Mesa Investments II, LLC
Development:	Residential project on approximately 100 acres of real property located immediately north of the Colorado Centre Metropolitan District ("Colorado Centre") service area, in El Paso County.
Proposed Improvements:	Water, wastewater, storm sewer and drainage, fire protection, streets, street lights, traffic signals, bridges, parks and recreation, mosquito control and safety protection.
Infrastructure	
Capital Costs:	\$5,000,000
Debt Authorization:	\$20,000,000
Proposed Mill Levy:	20 mills for operation & maintenance 3 mills for fire protection 2 mills for parks and recreation 20 mills for debt service on private bonds
Proposed Mill Levy Cap:	45 mills total
Facilities Fees:	\$10,000 per single-family unit (sewer) \$10,000 per single-family unit (water)
Owner/Developer functions:	Except for debt related to capital costs, the Owner/Developer will meet the obligations of operations, maintenance, and funding of infrastructure and organizational costs subject to reimbursement as provided by law.

District Functions:	The District will confirm that all infrastructure is designed and constructed to appropriate County or Colorado Centre standards. All roads will be dedicated to and maintained by the County. Public parks will be owned and maintained by the District. The Owner/Developer will provide funding for initial construction and maintenance; later maintenance funding will come through assessments and fees.
Material Modifications:	Modification of this Service Plan will be required if there is a change in the mill levy cap or a change in the basic services provided by the District, including the addition of any types of services provided and for any other matter described as a material modification by state law.
Current population:	Two
Estimated Valuation at Build-out:	\$100,000,000

The following is a summary of general information regarding the proposed District provided for the convenience of the reviewers of this Service Plan. Please note that the following information is subject in all respects to the more complete descriptions contained elsewhere in this Service Plan.

I. INTRODUCTION

The Cuchares Ranch Metropolitan District ("District") intends to provide the necessary public services and/or facilities to a new residential development located on approximately 100 acres known as Cuchares Ranch. These services are intended to be provided for up to 420 single-family residences within the District's service area. The services and/or facilities to be provided include water, wastewater, storm sewer and drainage, fire protection, streets, street lights, traffic signals, bridges, parks and recreation, mosquito control and safety protection. Many of these services shall be provided pursuant to a service agreement with the Colorado Centre Metropolitan District ("Colorado Centre") as noted below.

The District's functions will include, but not be limited to: (a) ensuring the developer designs and constructs all water, wastewater and drainage infrastructure as required by applicable standards; (b) accepting dedication of the infrastructure as constructed by the developer; (c) coordinating with Colorado Centre on service agreement issues (e.g., fee collection from delinquent customer accounts); (d) maintaining park facilities per the service agreement; (e) working with other district or municipal entities on issues of common concern; and (f) carrying out the other duties and responsibilities of the District pursuant to the powers granted under the Colorado Special District Act, Article I, Title 32, Colorado Revised Statutes, as amended ("Act"), not otherwise addressed by the service agreement.

The District shall have no debt upon formation, as the Owner/Developer of the Cuchares Ranch project will construct and finance all necessary improvements related to the above services and/or facilities. To pay for Colorado Centre's services under the service agreement, the District shall adopt fees, rates, tolls and other charges that are identical to those in place for Colorado Centre residents and as otherwise necessary for the efficient and sound management of the District.

El Paso County shall be the approving authority under the Colorado Special District Act, Article I, Title 32, Colorado Revised Statutes, as amended ("Act") for any approvals required under the Act. Except as otherwise described herein, the new District shall own all facilities. Construction and installation of the facilities and the provision of services in the District shall comply with all applicable standards, requirements and regulations, including but not limited to Colorado Centre rules and regulations.

The creation of the District will be in the best interests of the property proposed to receive service. The District will possess the flexibility and statutory authority to provide long-term services to residents and property owners.

This Service Plan is submitted in accordance with the Act and includes a financial plan and a preliminary engineering survey showing how the proposed services will be provided and financed.

The drawings and design exhibits provided with this Service Plan are for illustrative purposes only, since final design details are likely to be different from the exhibits provided. Any changes reflected in the final design drawings shall not constitute a change to the Service Plan.

The services and facilities are as follows:

Water

The District will design and construct facilities for a water distribution system, including but not limited to storage structures, transmission lines, distribution mains, laterals, pumping facilities, and associated easements and appurtenant facilities, all for providing potable water for drinking purposes as well as for fire protection. The physical water supply will be provided by Colorado Centre pursuant to the services agreement. Under this agreement, the District will purchase potable water and distribution maintenance service, including direct billing service, from Colorado Centre. The sizing of the water distribution system is based on an average day usage of 0.4 acre-feet per year per single-family unit and fire flows of 1500 gpm for one hour with a residual pressure of 20 psi.

Wastewater

The District will design and construct facilities for a sewage collection system, including but not limited to collection mains, transmission lines, laterals, pumping facilities, and all necessary associated easements and appurtenant facilities, for providing sewage collection and disposal service within the District. All wastewater lines within the District will be under its jurisdiction. However, no wastewater treatment plant is planned within the District boundaries. Instead, the proposed district will receive water and wastewater services through the Colorado Centre pursuant to the services agreement.

The wastewater collection, interceptor and sanitary sewer line connection to Colorado Centre's wastewater collection system will be designed and sized consistent with the City of Colorado Springs Sanitary Sewer Design Criteria. These criteria currently set forth population densities of 3.5 people per single family unit, five (5) single-family units per acre and 20 multi-family cluster housing or condominiums per acre. The per capita flows are established at 100 gallons per capita per day. The flows required for the sizing of submains and laterals are 400 gallons per capita per day and those for interceptor and line connection are 250 gallons per capita per day. Allowances of 100 gallons per inch diameter per mile per manhole run for infiltration were made. Public use, park and open space are rated at 1,000 gallons per day with a peak factor of 2. The minimum size sanitary sewer is eight (8) inches. Minimum slopes are maintained as set forth within the city's criteria to hold a velocity of two (2) feet per second minimum.

Storm Water & Drainage Structures

The District will design and construct a portion of the necessary storm sewers and drainage systems in conjunction with the construction and installation of streets and the platting of the property. These facilities may include, but are not limited to, detention ponds, culverts, pipes, channels, swales, and weirs. It is anticipated that drainage fees will be assessed by El Paso County in amounts to be determined. Operation and maintenance of the drainage facilities will be the responsibility of the County.

Criteria established by the County were used in sizing of the drainage structures. These criteria require that drainage structures be sized for the 100-year storm if the storm runoff volume for the 100-year event exceeds 500 cubic feet per second. If the flow is less than 500 cubic feet per second, a five-year storm event is used. A storm water detention facility will be provided within the development if necessary. Minor drainage structures and culverts may be required in several locations through the development. These will be sized for a five-year storm event.

Street Improvements & Transportation

The District will design and construct street improvements consisting of a coherent system of minor arterials, residential collectors and local streets, including but not limited to bridges, fencing, trails, lighting, landscaping, traffic and safety controls and devices. The District plans to dedicate the streets to El Paso County after they are constructed, otherwise street operation and maintenance will be managed by the District through assessments and contracting for repair and maintenance on an as-needed basis.

Parks and Recreation

The District will design, acquire and construct recreational facilities upon lands dedicated for park use, including but not limited to pocket parks, open spaces, trails, fencing and landscaping. The District will own these facilities and maintain them initially, while Colorado Centre will have operational and maintenance responsibility under the services agreement for those facilities that meet the County's requirements for a park when sufficient revenue from the park mill levy for the District can fund these expenses.

Mosquito Control

In coordination with the County, the District will provide for eradication and control of mosquitoes, including but not limited to elimination or treatment of breeding grounds and the purchase, lease, contracting for or use of necessary equipment or supplies.

Safety & Public Health Protection

The development will receive law enforcement through the El Paso County Sheriff's Office. Fire protection and garbage service will be provided through Colorado Centre under the service agreement; Colorado Centre currently uses private waste disposal companies for garbage collection service.

Other Powers

In addition to the above powers, the District shall have authority to: (1) amend this Service Plan as needed, subject to appropriate statutory procedures with prior Board of County Commissioners approval; (2) without amending this Service Plan, defer, forego, reschedule or restructure the financing and construction of certain improvements and facilities to better accommodate the pace of growth and resource availability; and (3) to provide such additional services and exercise such powers, both express or implied, granted by Colorado law, unless specifically limited by express limiting conditions imposed by the Board of County Commissioners in approving this Service Plan.

Relationship to Other Districts or Municipalities

Currently there are no water, wastewater, transportation, park and recreation, safety protection, or drainage districts in existence or pending formation located within, or partially within, the proposed District boundaries. There are no municipalities located within, or partially within, the proposed District. The City of Colorado Springs is adjacent to the District on the north side but has not been contacted about providing any utility services. Instead, representatives of the proposed District have negotiated a proposed service agreement with Colorado Centre, which is located immediately south of the District.

II. DEVELOPMENT ANALYSIS

Proposed Service Area

The service area for the proposed district is located in the unincorporated portion of El Paso County, southeast of and adjoining the City of Colorado Springs. Marksheffel Boulevard is located west of the site and Drennan Road is located north. The area to be included within the proposed district contains approximately 100 acres. The legal description for this property and a boundary map are included exhibits. The District reserves the right, but does not anticipate the need, to provide extra-territorial service.

Proposed Land Uses

The land use within the area of the proposed District is the construction of up to 420 single-family dwelling units, including open space and park amenities. This Service Plan application was provided prior to approval of the underlying land use applications on the basis that there is limited risk in the event the approvals might not be granted by the County. The District will not have any authority to impose debt until a later time.

Population and Development Projections

Using a baseline, average occupancy of 3.5 people per dwelling, the anticipated population of the proposed district is 1575. The price range for each residential unit is expected to be \$200,000 - \$300,000. As urban development continues to spread into land areas traditionally used for agricultural and ranching purposes, the demand for single-family housing in the area of the District is anticipated to increase. The market analysis excerpted from the December 2006 property appraisal (Exhibit 3) supports this view.

Because of the limited area of the District, the phased development approach to be taken, and other local commercial, leisure and transportation amenities, full development within the District is expected to be ten (10) years or less from the start of site construction. Marksheffel Boulevard and Powers Boulevard provide major north-south thoroughfares in the immediate vicinity, with the Colorado Springs Municipal Airport located within five (5) miles. Significant commercial and industrial development is anticipated along Powers Boulevard north of Drennan Road in close proximity to the District. The District is also located close to several military installations: Fort Carson, Peterson AFB and NORAD. It is reported that Fort Carson is expected to increase active duty personnel over the next five years, which could drive housing demand significantly in the District's area.

Because of the phased development, the lack of any debt being authorized by this District and limitation on mill levies, the Owner/Developer bears a majority of the financial risks.

Assessed Valuation

The present assessed valuation of the property to be included within the proposed district is \$100,000. Based on the projected land use, the assessed valuation of the property in the proposed district is estimated to be \$10,000,000, with a market value of \$100,000,000 when including the value of all the land and 420 new homes. This estimate is based on comparison with those for newer residential developments located near the proposed district's property.

Overview of Proposed Facilities and Services

The facilities to be constructed, installed or acquired by the proposed district are described in Exhibit 4 (Financial Plan). This exhibit includes master plans for water, wastewater, drainage and streets for the entire project.

FINANCIAL PLAN ANALYSIS

Exhibit 4 describes the financial plan for the proposed District. The District did not issue bonds or other debt or levy any tax to fund its operations upon initial start-up, but reserved the right to issue debt or assess taxes to the extent allowed by law and within the maximum combined mill levy cap, of up to 25 mills, to fund future improvements or facilities, including replacement facilities, associated with the services provided. After its formation, the District discovered that certain upfront infrastructure expenses could not be met without some type of long-term debt financing. The District thus needs to establish a debt service mill levy for up to 50 mills so that it can cover such expenses during the first several years and over the long term. Further, the District intends to issue private bonds to cover the more immediate capital expenses and to set the debt service mill levy at 20 mills to effect bond repayment within a reasonable time. The operations mill levy would remain at 25 mills, for a total adjusted mill levy of 45 mills.

Pursuant to the services agreement, the District will provide services through Colorado Centre for water, wastewater, storm sewer and drainage, fire protection, street lights, parks and recreation and safety protection. To fund these services, the District will assess and collect from each residence monthly and/or annual charges and fees as required to reimburse Colorado Centre and to cover the District's own administration costs. For purposes of park operation and maintenance, the District may apply for Conservation Trust Funds generated through the Colorado Lottery. In turn, the District will pay Colorado Centre pursuant to the services agreement for all fees then due and payable. It is anticipated that each residence will also pay the developer, who in turn will pay the District, the tap fees for wastewater upon plat approval, and tap fees for water upon issuance of a building permit, for each phase of the subdivision. Upon collection, the District will pay these funds to Colorado Centre as system improvement charges. Any other services provided by the District outside of the services agreement will be paid for by separate fees and assessments set by the District to cover the costs of those services.

Initial Organizational & Operational Cost Estimates

The cost for land acquisition, engineering services, legal services, administrative services, and other major expenses related to the organization and initial operation of the district will be paid by the Owner/Developer. Except as described above, the District will have no initial organizational or operating costs but it will need to issue bonds to cover certain upfront capital costs. Therefore, the estimated values for the initial costs are the following:

Land acquisition:	\$0.00
Engineering:	\$0.00
Legal:	\$0.00
Administration:	\$0.00
Debt & interest rate:	\$2 million at 6% interest
Other:	\$0.00

The estimated costs are described further in Exhibit 6. These costs are anticipated to include those associated with receiving water, wastewater, fire protection, street lighting, trash collection, parks and recreation services from Colorado Centre pursuant to the draft service agreement. Other operational costs are also anticipated for Board member compensation, hiring a District Manager and office personnel for administrative matters, retaining professional services to handle accounting and legal matters, and hiring contractors and/or employees to provide services not included under the draft service agreement with Colorado Centre.

The Owner/Developer will give land or interests in land to the District as reasonably necessary, without charge, for construction, installation and operation of the facilities needed to provide District services.

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Disclosure

Adequate notice and disclosure shall be provided to the initial and subsequent purchasers and users of the property within the proposed district regarding the existence, operation and cost of the District.

INFRASTRUCTURE ANALYSIS

The following describes generally the facilities to be constructed and the standards for construction to be used to demonstrate they are compatible with those of Colorado Centre and the County, as appropriate.

Water

A complete water distribution system will be constructed and include transmission lines, distribution mains, laterals, pumping facilities, hydrants and associated easements and appurtenant facilities. Exhibits are included for the water system. Per the services agreement with Colorado Centre, these facilities will be designed and constructed in coordination with Colorado Centre to meet its requirements for water pressure and fire protection. Water quality will meet all standards set by the Colorado Department of Public Health and Environment (CDPHE), including other applicable laws and regulations. The water system overall will comply with all applicable legal requirements. The sizing of the water distribution system is based on an average day usage of 0.4 acre-feet per year per single-family unit.

Wastewater

The sewage collection system will include collection mains, transmission lines, laterals, pumping facilities, and all necessary associated easements and appurtenant facilities. Exhibits are included for the sanitary sewer system. A complete system will be designed and constructed in coordination with Colorado Centre and based on applicable standards established by the CDPHE, Colorado Centre and the City of Colorado Springs.

The wastewater collection, interceptor and sanitary sewer line connection to Colorado Centre's wastewater collection system will be designed and sized consistent with the City of Colorado Springs Sanitary Sewer Design Criteria. This criteria sets forth population densities of 3.5 people per single family unit, five (5) single-family units per acre and 20 multi-family cluster housing or condominiums per acre. The per capita flows are established at 100 gallons per capita per day. The flows required for the sizing of submains and laterals are 400 gallons per capita per day and those for interceptor and line connection are 250 gallons per capita per day. Allowances of 100 gallons per inch diameter per mile per manhole run for infiltration were made. Public use, park and open space are rated at 1,000 gallons per day with a peak factor of 2. The minimum size

sanitary sewer is eight (8) inches. Minimum slopes are maintained as set forth within the city's criteria to hold a velocity of two (2) feet per second minimum.

Storm Water & Drainage Structures

The storm sewers and drainage systems may include detention ponds, culverts, pipes, channels, swales, and weirs. Exhibits are included for storm water and drainage. These will be designed and constructed to County standards, and ultimately become the County's responsibility for operation and maintenance.

Criteria established by the County were used in sizing of the drainage structures. These criteria require that drainage structures be sized for the 100-year storm if the storm runoff volume for the 100-year event exceeds 500 cubic feet per second. If the flow is less than 500 cubic feet per second, a five-year storm event is used. A storm water detention facility will be provided within the development if necessary. Minor drainage structures and culverts may be required in several locations through the development. These will be sized for a five-year storm event.

Street Improvements & Transportation

Streets will consist of minor arterials and residential collectors, including but not limited to bridges, fencing, trails, lighting and landscaping. Exhibits are included which show street layout and construction. Appropriate traffic and safety controls and devices will be installed as required. All streets and traffic controls will be constructed or installed pursuant to applicable County and other legal requirements. Construction of streets and traffic control devices will occur as needed in conjunction with the phased development.

Parks and Recreation; Mosquito Control

Park and recreational facilities would include pocket parks, open spaces, trails, fencing and landscaping. Colorado Centre will operate and maintain these facilities under the services agreement. As with streets and traffic controls, park facilities will be phased in consistent with property development. The District will provide mosquito control as needed in coordination with the County.

Other Facilities

To the extent other facilities are constructed and installed, such as entrance features or median landscaping, the District will operate and maintain those facilities. These costs are included within the financial plan to the extent appropriate.

MISCELLANEOUS

a. The services to be provided are under the jurisdiction of the Special District Control Act and not the Public Utilities Commission.

b. The Owner/Developer intends to meet all requirements of El Paso County for land development as required.

c. There are no plans to exercise the power of eminent domain; however, the power shall be available for use by the District as allowed by law.

d. Except as provided in the services agreement, the Owner/Developer shall not be reimbursed for any land, easements, licenses, water, water rights or other property that the Owner/Developer will dedicate.

e. The District will not change its territorial boundaries without the consent of Colorado Centre and El Paso County.

f. The District will not consolidate with any other district without the consent of Colorado Centre and El Paso County.

COMPLIANCE

The District agrees that:

1. An annual report and disclosure form will be required and submitted as described in C.R.S. § 32-1-207(3)(d) and further addressed by County resolution.

2. The District may be dissolved in accordance with statutory procedures in the event development activity ceases and the District is failing to provide any services.

3. Should material modifications occur as described in C.R.S. § 32-1-207(2), the District shall apply for approval of such modifications to El Paso County in advance of the modification occurring.

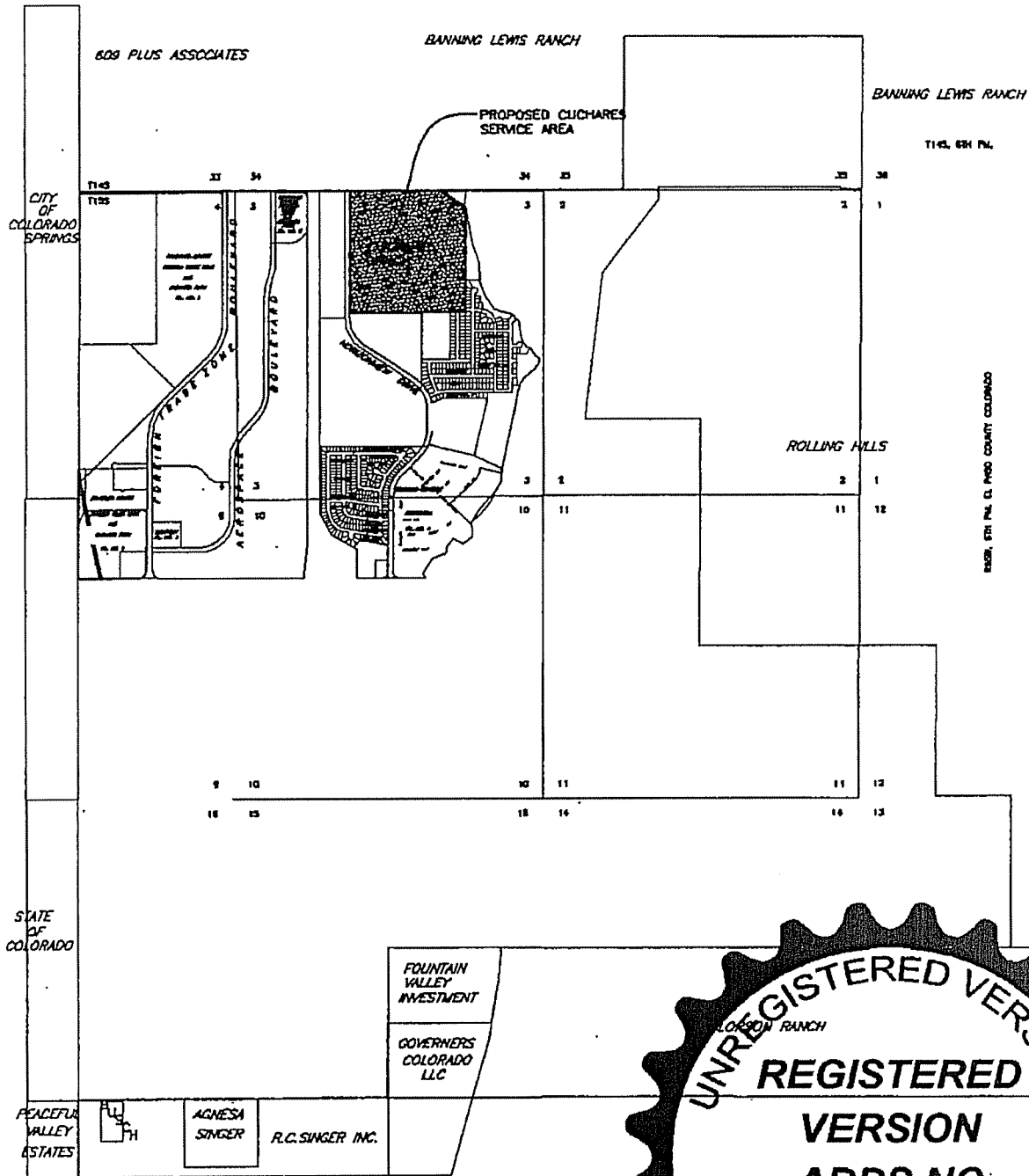
CONCLUSION

To meet the long-term public improvement and service needs of the future residents of Cuchares Ranch, it is proposed that the District perform the municipal functions that are described in this Service Plan by itself or through the services agreement with Colorado Centre.

It is submitted that this Service Plan for the proposed District establishes that:

- There is sufficient existing and projected need for organized service in the area to be served by the proposed District
- The existing service in the area to be served by the proposed District is inadequate for present and projected needs
- The proposed District is capable of providing economical and sufficient service to the Cuchares Ranch development
- Except through the services agreement with Colorado Centre, adequate service is not, and will not be, available to the area through the County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time on a comparative basis
- The facility and service standards of the proposed District are compatible with the facility and service standards of Colorado Centre
- The proposal is in substantial compliance with the master plan adopted by the County
- The proposal is in compliance with any duly adopted water quality management plans for the area
- The creation of the proposed District is in the best interests of the area proposed to be served

CUCHARES RANCH SERVICE BOUNDARY



Legal Description – District Service Area

That part of the North half of Section 3, Township 15 South, Range 65 West of the 6th P.M. in El Paso County, Colorado, being more particularly described as follows:

Commencing at the Northeast corner of said Section 3; thence S 89° 53' 55" W (said bearing and all others used in this legal description are relative to the North line of the Northeast Quarter of said Section 3 which is assumed to bear S 89° 53' 55" W) along the North line of the Northeast Quarter of said Section 3, 1682.84 feet to the TRUE POINT OF BEGINNING, said point being on the boundary of Parcel A as described in that Deed to L-P Associates, recorded June 3, 1985 in Book 5016 at Page 1013; [the following five (5) courses are along the boundary of said L-P Associates parcel]

Thence S 00° 00' 00" W, 85.18 feet;

Thence S 58° 00' 07" E, 386.30 feet;

Thence S 00° 00' 00" W, 1637.18 feet;

Thence S 89° 24' 57" W, 1958.02 feet;

Thence N 00° 05' 44" E, 2143.97 feet to a point on the North line of the Northwest Quarter of said Section 3;

Thence N 89° 53' 06" E along said North line of the Northwest Quarter, 678.90 feet to the North Quarter corner of said Section 3;

Thence N 89° 53' 55" E along said North line of the Northeast Quarter, 947.84 feet to the Point of Beginning.

Market Analysis

Excerpted text from "Summary Appraisal Report – Proposed Cuchares Ranch Subdivision" by CB Richard Ellis, Inc. dated December 15, 2006

PROPOSED CUCHARS RANCH SUBDIVISION

SFC of Drennon and Horizon View Roads
Colorado Springs, Unincorporated El Paso County, Colorado 80925
CBRE File No. 06-277DN-0964

**Summary
Appraisal Report**

Prepared for:

Mr. Mike Till
Vice President
COLORADO EAST BANK & TRUST - PUEBLO
1515 Fortino Boulevard
Pueblo, Colorado 81008

VALUATION & ADVISORY SERVICES

CBRE
CB RICHARD ELLIS

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MARKET ANALYSIS

In preparing this analysis, we have relied on local market reports prepared by Hanley Wood (August 2006) and the Pikes Peak Association of Realtors/MLS (October/November 2006). The Hanley Wood reports are customized property information abstracts, detailing sales rates, price points, lot sizes, etc. In addition to the Hanley Wood data, we have performed primary research and interviewed brokers, developers, and builders on current market conditions regarding the metro-Colorado Springs residential housing market. The subject is located in the Fountain Valley submarket of Colorado Springs.

The Hanley Wood housing market study is considered the most comprehensive housing data available in the Colorado Springs area. Numerous influences impact demand for residential lots. The most significant of these are population trends, job growth and mortgage rates. Highlights of the Southern Colorado Economic Forum and statistics provided by the Colorado Springs Economic Development Corporation detailing business trends in 2004-2006 are provided below:

- On an overall basis, job growth continues to be positive.
- Colorado Springs jobs are more diversified today versus the military and defense foundation of a decade ago. The military and defense contractor presence is forecasted to continually expand in the future, helping to off-set the continual downsizing of local high-tech firms.
- Population continues to increase in Colorado Springs. Approximately 10,000 new military personnel are expected to be relocated to Fort Carson by early 2008. The economic impact is projected at \$500 million in annual direct and induced new payroll. An estimated 70% to 75% of the new military residents are projected to live off-base, most within a 10-mile radius of Fort Carson.
- Net-migration was over 6,000 in 2001 despite the economic downturn.
- In spite of past job losses, builders pulled 5,254 single-family building permits in 2001 (a new record at that time).
- Single-family permits totaled 4,999 in 2002 and 5,060 in 2003. According to the Pikes Peak Association of Realtors, there were 6,175 permits issued in 2004 and 6,230 in 2005.
- Single-family attached housing product continues to be in demand with increasing average and median prices, albeit at lower rates than previous years.
- Speculative housing inventories have been increasing over the past several months.
- Continued low mortgage rates have allowed many first time buyers into the market.
- The ratio of permits for new single-family homes to job growth increased beginning in 2001, although year-to-date 2006 data indicates a decrease in activity.
- Average annual appreciation for residential properties remains above historic inflation rates.
- Throughout the downturn that occurred from March 2001 through March/April 2003, many homeowners had refinanced their properties. Over the short-term, reduced mortgage payments allowed consumers to spend on other items in the economy. However as energy prices have increased above 50% since late 2004, further realignment of discretionary spending is anticipated.

A recent article in the Colorado Springs Gazette (September 2006) states that "Home sales in the Colorado Springs area declined last month by the most in four years as the supply of homes on the

market hit an 18-year high". Home sales declined by 12.8% in August of 2006, in comparison to the same period in 2005. However, the article also includes a quote from Fred Crowley (Senior Economist for the Southern Colorado Economic Forum of the University of Colorado at Colorado Springs) that "I see this as a temporary market correction, an adjustment in the market that will be over by the middle of next year". In addition, the Gazette indicates that despite slowing sales and a growing inventory of homes, median prices for residential homes continue to increase.

Overall, most builders, developers and local real estate professionals continue to be optimistic about the residential market in Colorado Springs. However, developers have been cautious with regard to purchasing large numbers of vacant lots and are focusing on reducing their current inventories.

Historic Residential Construction Activity

For the Colorado Springs MSA, population trends increased at higher rates from 1990 through 2000. This has resulted in positive demand for housing units since 1994. A slight decrease in annual demand occurred in 2002. A larger decrease occurred in 2003 due to the significant decline in attached townhome and condominium housing developments, while single-family activity remained strong. The table below illustrates trends in residential building permits over the previous 10-year period.

BUILDING PERMIT ACTIVITY			
Year	Single-Family	All Others	Annual % Change
1996	4,033	1,259	10.7%
1997	3,797	998	-10.4%
1998	4,234	719	3.2%
1999	4,375	1,162	10.5%
2000	5,086	1,178	11.6%
2001	5,254	1,862	12.0%
2002	4,999	1,828	-4.2%
2003	5,060	177	-30.4%
2004	6,175	286	18.9%
2005	6,250	532	4.7%
October-05	5,397	408	...
October-06	3,772	269	-43.7%

Source: US Bureau of the Census & Real Estate Center at Texas A&M

It is noted that the year-over-year indication for October 2005 and 2006 indicates a notable decline in permit activity. This trend appears to match nationwide forecasts and developer's reports of the larger regional and national residential building markets.

Production Built New Home Price Trends

The chart below details price trending for 2004 and year-to-date totals for 2005 and 2006 for all residential housing types in the larger Colorado Springs market:

RESIDENTIAL MEDIAN BASE PRICE TRENDS				
Year	Condominium	Townhome & Duplex	Single-Family Detached	Housing Market Totals
2004	\$154,900	\$175,400	\$210,495	\$199,950
2005	\$164,900	\$176,995	\$231,950	\$213,995
Annual % Change	6.1%	0.9%	9.2%	6.6%
Annual \$ Change	\$10,000	\$1,595	\$21,455	\$14,045
August 2005	\$155,900	\$175,995	\$228,990	\$215,000
August 2006	\$169,500	\$187,036	\$244,950	\$228,950
Annual % Change	8.7%	6.3%	7.0%	6.5%
Annual \$ Change	\$13,600	\$11,041	\$15,960	\$13,950
Source: Hanley Wood				

Median base price trends have increased continually since 2002 for all categories of residential housing product types. As detailed in the above chart, price trends for condominiums have experienced the highest rate increases among all housing products over the past year.

Production Home Lot Sales (Demand) & Inventory (Supply)

The table below illustrates data provided by Hanley Wood regarding year-end statistics for production home lot inventories and standing lot supplies for Colorado Springs. The year-end 2004, 2005 and year-to-date 2005 and 2006 statistics indicate a decrease in the sales activity for attached and detached product. Slight increases are noted in the inventory for standing (completed) product and speculative lots. Unsold attached housing inventories have also experienced an increase from the August 2006 year-over-year period. However, unsold single-family detached inventories are significantly lower than those reported in August of 2005. This is primarily attributed to the lower number of building permits issued in 2006.

LOT INVENTORY & ABSORPTION - PRODUCTION HOUSING

Housing & Lot Inventory				
Year	# of Sales	Standing	Speculative	Total Unsold
Single-Family Detached Housing				
2004	3,500	286	313	5,073
2005	3,808	307	394	4,516
August 2005 (YTD)	2,371	279	371	5,309
August 2006 (YTD)	1,926	264	486	4,394
Attached Housing Units (Condominiums, Townhomes, Duplex, Tri-Plex & Four-Plex)				
2004	680	105	125	1,581
2005	898	175	184	2,295
August 2005 (YTD)	499	124	160	2,770
August 2006 (YTD)	626	206	343	2,364
Standing Inventory = unsold completed lots and lots within 30 days of completion				
Speculative Inventory = standing and under construction inventory				
Total Unsold Lots = speculative plus future construction inventory				
Source: Hanley Wood				

SUBMARKET TRENDS

Of the data sources available, the Real Estate Information Service (REIS) published by the Colorado Springs Realtor Services Corp., Inc. is the only known source that provides statistical data by market area. It is noted that this data is reflective primarily of home re-sales.

The median sale price for single-family homes in the Fountain Valley submarket was below the indication for the larger metro area in 2005 and YTD 2006, though it continues on an upward trend. The table below illustrates sales activity for single-family detached housing by submarket in El Paso County.

PROPOSED CUCHARS RANCH SUBDIVISION

MARKET ANALYSIS

SALES ACTIVITY BY HOUSING SUBMARKET - YEAR END 2004, 2005 & 3RD QUARTER 2006									
Submarket	# of Units Sold			Avg. Days on Market			Median Sales Price		
Product Sample	2004	2005	3Q 2006	2004	2005	3Q 2006	2004	2005	3Q 2006
Black Forest	408	832	138	68	97	104	\$280,000	\$311,591	\$328,982
Briargate	829	985	251	41	58	59	\$239,900	\$286,712	\$309,000
Calhan/Ramah	36	40	16	97	50	118	\$149,450	\$136,900	\$177,450
Central	678	802	198	43	51	60	\$146,400	\$152,500	\$155,700
Drennon/Truckee/Edison	32	52	17	85	83	149	\$85,700	\$112,000	\$65,000
East	822	904	214	46	48	66	\$167,250	\$177,250	\$180,000
Ellicott/Yoder/Rush	73	68	17	95	178	71	\$151,400	\$141,375	\$158,900
Fountain Valley	1,349	1,447	341	52	54	60	\$156,000	\$173,000	\$176,000
Falcon	247	287	105	66	78	65	\$188,671	\$208,000	\$217,500
Manitou Springs	82	80	20	61	75	69	\$230,950	\$225,000	\$296,500
Midway	12	16	1	148	154	63	\$125,875	\$140,000	\$45,000
Northeast	1,253	1,311	291	50	56	64	\$192,900	\$210,000	\$216,900
Northwest	546	531	123	44	64	77	\$282,759	\$306,375	\$335,000
Northgate	344	389	119	69	54	67	\$317,466	\$369,950	\$376,900
Old Colorado City	238	295	60	55	62	73	\$151,500	\$171,500	\$168,750
Peyton	67	64	18	66	76	158	\$203,007	\$210,000	\$289,450
Powers	1,262	1,531	388	50	60	65	\$186,514	\$216,000	\$216,250
Rock Creek	19	15	3	115	142	108	\$420,000	\$375,500	\$600,000
Southeast	744	879	202	49	46	51	\$139,900	\$149,900	\$157,250
Southwest	752	801	168	53	68	88	\$235,000	\$270,000	\$284,500
Tri-Lakes	673	672	210	67	81	87	\$340,000	\$387,500	\$421,200
Ute Pass	52	52	11	74	47	52	\$215,000	\$262,500	\$260,000
West	204	241	67	52	69	51	\$192,200	\$195,000	\$220,000
El Paso County Totals	10,722	12,294	2,978	69	62	69	\$182,800	\$210,000	\$222,000

Source: Pikes Peak Multiple Listing Services

As shown above, the subject's Fountain Valley submarket has experienced increasing median sales prices over the most recent two full years, with days-on-market indications below the market-wide historical averages.

OUTLOOK

Over the past several years, the housing market for the Colorado Springs area has been exceptionally strong. All the factors that made for strong demand were in alignment. These factors include:

- Mortgage rates below 7% for the past four years.
- The historic unemployment rate in Colorado ranged from 3.2% to 4.8% from 1993 to 2000. In 2002, unemployment had increased to a 10-year high indication of 6.6%, though the current indication has decreased notably to 4.4% (10/06). Overall job creation has been positive, with approximately 5,900 new jobs added since August 2003. Several larger companies currently have expansion plans, including select high-tech companies that had previously scaled back following the economic downturn. The placement of additional military personnel to the Fort Carson Post will increase demand significantly within an anticipated 10-mile radius of the base.
- Strong growth in median family income. Since 1999, median family incomes in Colorado Springs have increased from \$48,000 to \$53,714 for fiscal year 2005.

- Strong population migration. Despite a net loss in jobs to the Colorado Springs economy in 2001, the in-migration of residents has continued and total employment has returned to pre-recessionary levels. In 2006, El Paso County is expected to surpass Denver County in population.

These factors remain positive, although the level of sales volumes of new homes has decreased over the short-term. During the last few years, some builders (in selected submarkets) reported a lot shortage and many builders have experienced sales in the pre-construction to framing stages. This indicated that demand was exceeding supply. Statistically, interest rates do affect homebuyers, especially first time and entry-level purchasers. However, anecdotal evidence suggests that this segment of the Colorado Springs market has not been negatively impacted and that local builders and economists are sensitive to prospective interest rate increases. It appears that job and wage will serve to offset further federal interest rate increases. However, it is important to note that the volume of overall residential development activity is expected to slow from the record highs experienced in 2004 and 2005.

ABSORPTION

As previously discussed, although we have not performed a Subdivision Development Approach in this appraisal, we have provided a hypothetical estimate with regard to the absorption of the subject lots for utility planning purposes. There are a number of existing and developing single-family detached developments in the eastern portions of Colorado Springs and northern areas of Fountain. We have analyzed Hanley Wood data and surveyed sales associates within active subdivisions. The surveyed participants have indicated positive demand for available product. The results of our interviews are provided in the table below:

SUMMARY OF COMPARABLE RESIDENTIAL SUBDIVISIONS - ABSORPTION/SELLOUT					
Subdivision	Base Home Price Range	Total Inventory	Units Sold	Sale Begin Date	Overall Absorption/ * PTD
Soaring Eagles/Classic	\$150,250 - \$238,500	366	366	03/15/01	6.36
Claremont Ranch/Richmond	\$165,995 - \$238,282	466	395	05/15/01	6.22
Claremont Ranch/Melody	\$199,450 - \$238,450	335	119	01/01/05	5.95
Cumberland Green/Oakwood	\$210,000 - \$240,000	235	28	04/05/06	5.75
Claremont Ranch/John Laing	\$188,990 - \$202,990	114	114	04/01/02	3.26
Cheyenne Ridge/Rocky Mountain Homes	\$175,450 - \$266,950	94	90	01/26/04	2.89
Claremont Ranch/Beaver	\$205,900 - \$249,900	103	46	01/15/05	2.35
High Gate Farms/Creekside	\$255,900 - \$309,900	40	27	06/22/05	1.89
Average Absorption Overall		1,753	1,185		4.33
* PTD: Project To Date					
Compiled by CBRE from Hanley Wood Data					

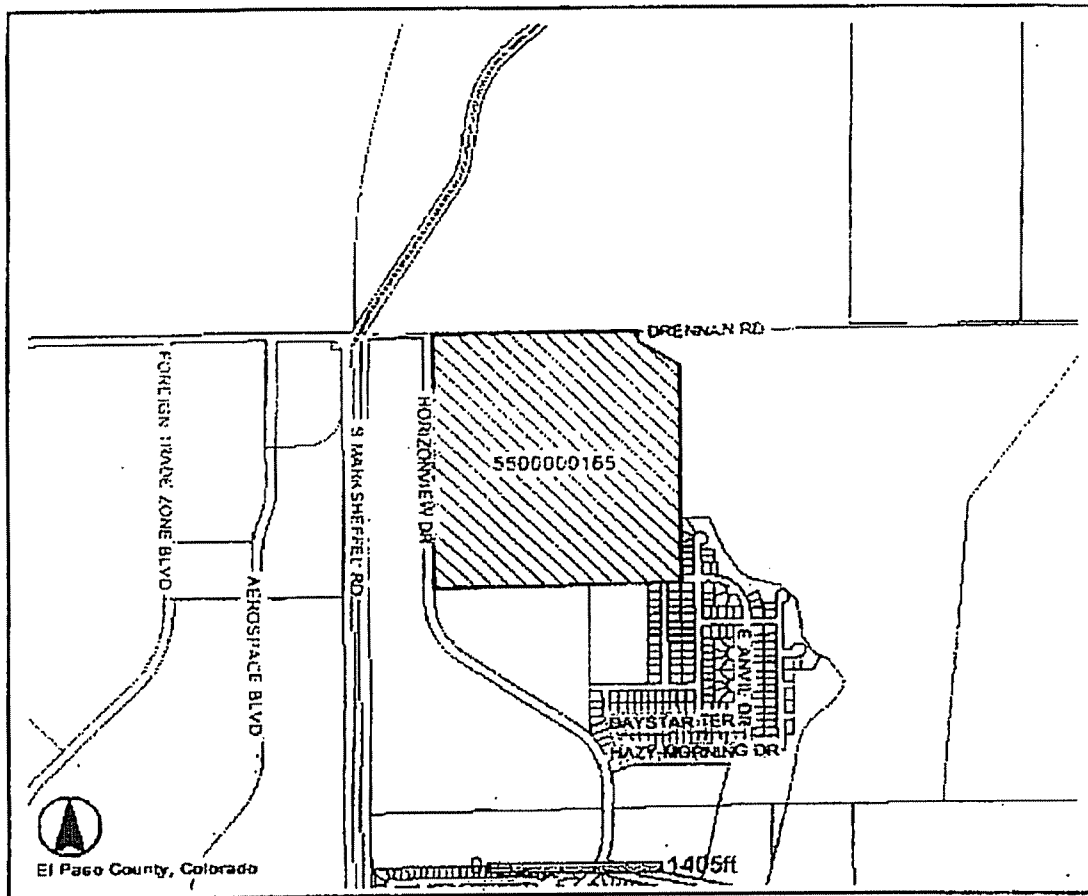
The communities cited above are considered the best available in the local market and indicate actual overall project-to-date absorption/sellout rates of 1.89 to 6.36-lots per month, with a simple average of 4.33-lots per month. The prospective buyer indicated that a majority of the future homes would

likely contain base price points ranging from \$210,000 to \$250,000, with some below \$200,000. Based upon the above data, we would expect the subject units to have an absorption rate ranging between four to six lots per month.

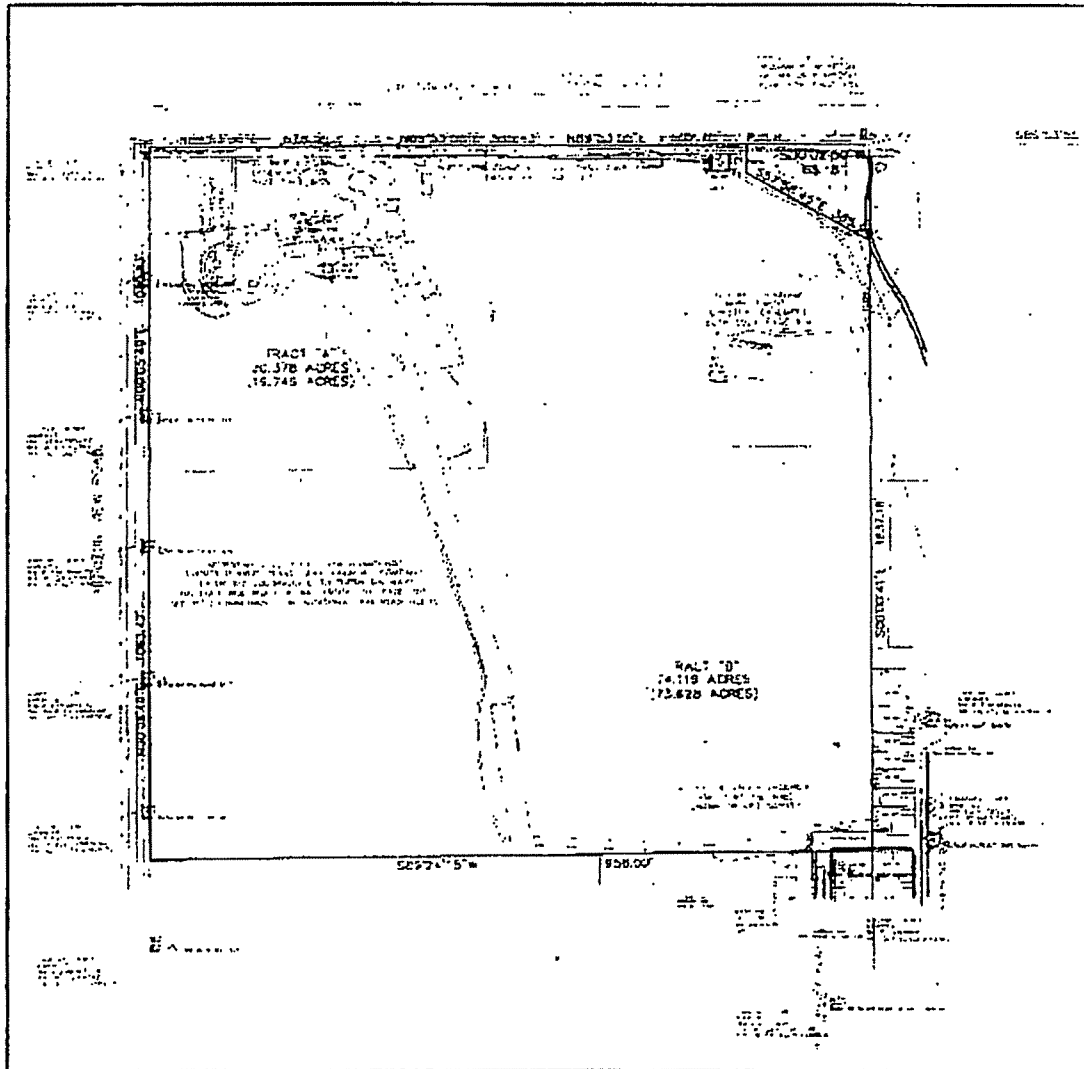
CONCLUSIONS

The Colorado Springs housing market is constantly changing in response to evolving consumer preferences and purchasing power. The local market has been quite strong over the past five years as prices have appreciated, job growth has been positive, interest rates have remained at historic lows and new homes have sold at healthy rates. However, recent residential home sales have slowed and lot inventories are increasing. The addition of approximately 10,000 troops at Fort Carson is expected to increase demand for available housing in close proximity to the base over the next several years. The Fountain Valley residential submarket contains housing products which are slightly below average in terms of pricing in comparison to the larger Colorado Springs area. However, this trend is likely to reverse in the future, as the subject submarket is currently being developed with average to above average product.

PLAT MAP



ALTA SURVEY



Financial Plan Analysis

All development costs will be funded by an Acquisition and Development (A&D) loan obtained by the developer, Fountain Mesa Investments II, LLC. The A&D loan will be repaid by Fountain Mesa from lot sales revenue.

The Cuchares District initially planned to have no debt, bonded or otherwise and to incur no costs of development, *i.e.*, Fountain Mesa assumed all risks associated with the property development. However, capital costs associated with acquiring augmentation water requires debt financing for the District to remain solvent. Debt financing in the amount of \$2 million will be issued in the form of 20-year private bonds, and a debt service mill levy established at 20 mills to repay the bonds. Proformas for the 20-year bond period are attached.

The anticipated infrastructure costs are described below: These costs are based on compliance with applicable state, county or local requirements:

Storm Sewer/Drainage:	\$225,000
Sanitary Sewer:	\$1,190,000
Water Distribution:	\$1,260,000
Water:	\$500,000
Electrical:	\$180,000
Gas:	\$360,000
<u>Phone & Cable:</u>	<u>\$210,000</u>
Total:	\$3,925,000

Fountain Mesa assumed responsibility for and otherwise has paid for all costs associated with initial establishment and operation of the new Cuchares Ranch Metropolitan District.

Services for water, sewer and park maintenance are to be through a service agreement with the Colorado Centre Metropolitan District (CCMD). Fees associated with providing these services shall be paid by the homeowners within the Cuchares Ranch development directly to CCMD upon billings or invoices sent by CCMD to the homeowners. With agreement of CCMD, the Cuchares District will retain one mill to cover expenses incurred for other operations that are not included within the services provided by CCMD.

CUCHARS RANCH METROPOLITAN DISTRICT
SERVICE PLAN AMENDMENT

PROFORMA – 2% VALUATION INCREASE

2% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2008		2009		2010		2011	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	0	0	2	16	20	26	26	28
Valuation:								
Market Value per SF adjusted at 1.0% semi-annual Increases			\$225,000	\$227,250	\$229,523	\$231,818	\$234,136	\$236,477
Market Value of sold homes			\$450,000	\$3,636,000	\$4,590,450	\$6,027,261	\$6,087,533	\$6,621,363
Cumm. Market Value of homes (Inc. at 1.0% semi-annually for existing homes)			\$450,000	\$4,090,500	\$8,721,855	\$14,836,334	\$21,072,231	\$27,804,317
Cumm. Assessed Value			\$35,820	\$325,604	\$694,260	\$1,180,972	\$1,677,350	\$2,221,184
Beginning Balance:			(\$698,357)		\$797,644		\$513,478	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)					\$36		\$694	
Revenue per 20 mills (CRMD)					\$716		\$13,885	
Revenue per 24 mills (CCMD IGA)					\$860		\$16,662	
Bond/Loan Funding			\$2,000,000					
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)					\$21,960		\$56,120	
Total Revenue:	\$0		\$2,000,000		\$23,572		\$87,362	
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs	\$72,357							
FMIC Shares and Water Aug. Costs	\$500,000							
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$121,000		\$124,630		\$128,369		\$132,220	
Debt - Origination Costs:								
Debt - I/O Payments (20 yr at 6% APR):	\$5,000		\$200,000		\$174,369		\$174,369	
Reserve	\$698,357		\$5,000		\$5,000		\$5,000	
Total Expenses:	(\$698,357)		\$503,999		\$307,738		\$311,589	
Current Year (Deficit)/Surplus			\$797,644		\$513,478		\$289,250	

DEBT FINANCING: APR 6.00% TERM (YRS): 20 FACTOR: 0.08718

CRMD'S AVG. ANNUAL TAX PER SFE ONLY: \$806 \$822

2% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cucharas Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2012		2013		2014		2015	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually								
Cumulative Existing SF Homes	32	34	38	40	40	41	39	28
	150	184	222	262	302	343	382	410
Valuation:								
Market Value per SF adjusted at 1.0% semi-annual increases	\$238,842	\$241,230	\$243,643	\$246,079	\$248,540	\$251,025	\$253,536	\$256,071
Market Value of sold homes	\$7,642,945	\$8,201,835	\$9,258,425	\$9,843,167	\$9,941,599	\$10,282,040	\$9,887,890	\$7,169,988
Cumm. Market Value of homes (Inc. at 1.0% semi-annually for existing homes)	\$35,826,305	\$44,386,404	\$54,088,692	\$64,472,747	\$75,059,073	\$86,101,705	\$96,850,611	\$104,989,105
Cumm. Assessed Value	\$2,851,774	\$3,533,158	\$4,305,460	\$5,132,031	\$5,974,702	\$6,853,696	\$7,709,308	\$8,357,133
Beginning Balance:	\$289,250		\$115,055		\$4,264		(\$30,680)	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)	\$1,677		\$2,852		\$4,305		\$5,975	
Revenue per 20 mills (CRMD)	\$33,547		\$57,035		\$86,109		\$119,494	
Revenue per 24 mills (CCMD IGA)	\$40,256		\$68,443		\$103,331		\$143,393	
Bond/Loan Funding								
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$65,880		\$80,520		\$95,160		\$99,820	
Total Revenue:	\$141,361		\$208,850		\$288,906		\$367,682	
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs								
FMIC Shares and Water Aug. Costs								
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$136,187		\$140,272		\$144,480		\$148,815	
Debt - Origination Costs:								
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000		\$5,000	
Total Expenses:	\$315,556		\$319,641		\$323,849		\$328,184	
Current Year (Deficit)/Surplus	\$115,055		\$4,264		(\$30,680)		\$8,818	
DEBT FINANCING:								
CRMD'S AVG. ANNUAL TAX PER SFE ONLY:	\$839		\$856		\$873		\$890	

2% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2016		2017		2018		2019	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	410	410	410	410	410	410	410	410
Valuation:								
Market Value per SF adjusted at 1.0% semi-annual Increases	\$256,632	\$261,218	\$263,830	\$266,468	\$269,133	\$271,825	\$274,543	\$277,288
Market Value of sold homes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumm. Market Value of homes (Inc. at 1.0% semi-annually for existing homes)	\$106,038,996	\$107,099,386	\$108,170,380	\$109,252,084	\$110,344,605	\$111,448,051	\$112,562,531	\$113,688,156
Cumm. Assessed Value	\$8,440,704	\$8,525,111	\$8,610,362	\$8,696,466	\$8,783,431	\$8,871,265	\$8,959,977	\$9,049,577
Beginning Balance:	\$8,818		\$73,084		\$70,970		\$70,413	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)	\$7,709		\$8,441		\$8,610		\$8,783	
Revenue per 20 mills (CRMD)	\$154,186		\$168,814		\$172,207		\$175,669	
Revenue per 24 mills (CCMD IGA)	\$185,023		\$202,577		\$206,649		\$210,802	
Bond/Loan Funding			\$0		\$0		\$0	
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$81,740		\$379,832		\$387,466		\$395,254	
Total Revenue:	\$428,659							
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs								
FMIC Shares and Water Aug. Costs								
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$185,023		\$202,577		\$208,654		\$214,914	
Debt - Origination Costs:								
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000		\$5,000	
Total Expenses:	\$364,393		\$381,946		\$388,023		\$394,283	
Current Year (Deficit)/Surplus	\$73,084		\$70,970		\$70,413		\$71,384	
DEBT FINANCING:								
CRMD'S AVG. ANNUAL TAX PER SFE ONLY:	\$908		\$926		\$945		\$964	

DEBT FINANCING:

CRMD'S AVG. ANNUAL TAX PER SFE ONLY:

2% APR Increase In Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2020		2021		2022		2023	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	410	410	410	410	410	410	410	410
Valuation:								
Market Value per SF adjusted at 1.0% semi-annual Increases	\$280,061	\$282,862	\$285,690	\$288,547	\$291,433	\$294,347	\$297,290	\$300,263
Market Value of sold homes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumm. Market Value of homes (Inc. at 1.0% semi-annually for existing homes)	\$114,825,038	\$115,973,288	\$117,133,021	\$118,304,352	\$119,487,395	\$120,682,269	\$121,889,092	\$123,107,983
Cumm. Assessed Value	\$9,140,073	\$9,231,474	\$9,323,788	\$9,417,026	\$9,511,197	\$9,606,309	\$9,702,372	\$9,799,395
Beginning Balance:	\$71,384		\$73,853		\$77,785		\$83,144	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)	\$8,960		\$9,140		\$9,324		\$9,511	
Revenue per 20 mills (CRMD)	\$179,200		\$182,801		\$186,476		\$190,224	
Revenue per 24 mills (CCMD IGA)	\$215,039		\$219,362		\$223,771		\$228,269	
Bond/Loan Funding	\$0		\$0		\$0		\$0	
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$403,199		\$411,303		\$419,570		\$428,004	
Total Revenue:								
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs								
FMIC Shares and Water Aug. Costs								
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$221,361		\$228,002		\$234,842		\$241,887	
Debt - Origination Costs:								
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000		\$5,000	
Total Expenses:	\$400,730		\$407,371		\$414,211		\$421,257	
Current Year (Deficit)/Surplus	\$73,853		\$77,785		\$83,144		\$89,892	

DEBT FINANCING:

CRMD'S AVG. ANNUAL TAX PER SFE ONLY:

\$983

\$1,003

\$1,023

\$1,044

2% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2024		2025		2026		2027	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	410	410	410	410	410	410	410	410
Valuation:								
Market Value per SF adjusted at 1.0% semi-annual Increases	\$303,266	\$306,299	\$309,362	\$312,455	\$315,580	\$318,736	\$321,923	\$325,142
Market Value of solid homes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumm. Market Value of homes (Inc. at 1.0% semi-annually for existing homes)	\$124,339,062	\$125,582,453	\$126,838,278	\$128,106,660	\$129,387,727	\$130,681,604	\$131,988,420	\$133,308,304
Cumm. Assessed Value	\$9,897,369	\$9,996,363	\$10,096,327	\$10,197,280	\$10,299,263	\$10,402,256	\$10,508,278	\$10,611,341
Beginning Balance:	\$89,892		\$97,985		\$107,380		\$118,029	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)	\$9,702		\$9,897		\$10,096		\$10,299	
Revenue per 20 mills (CRMD)	\$194,047		\$197,948		\$201,927		\$205,985	
Revenue per 24 mills (CCMD IGA)	\$232,857		\$237,537		\$242,312		\$247,182	
Bond/Loan Funding	\$0		\$0		\$0		\$0	
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$436,607		\$445,363		\$454,335		\$463,467	
Total Revenue:								
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs								
FMIC Shares and Water Aug. Costs								
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$249,144		\$256,818		\$264,317		\$272,246	
Debt - Origination Costs:								
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000		\$5,000	
Total Expenses:	\$428,513		\$435,987		\$443,686		\$451,616	
Current Year (Deficit)/Surplus	\$97,985		\$107,380		\$118,029		\$129,880	
DEBT FINANCING:								
CRMD'S AVG. ANNUAL TAX PER SFE ONLY:	\$1,085		\$1,086		\$1,108		\$1,130	

2% APR Increase In Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2028		2029		2030	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	410	410	410	410	410	410
Valuation:						
Market Value per SF adjusted at 1.0% semi-annual Increases	\$328,394	\$331,678	\$334,994	\$338,344	\$341,728	\$345,145
Market Value of sold homes	\$0	\$0	\$0	\$0	\$0	\$0
Cumm. Market Value of homes (Inc. at 1.0% semi-annually for existing homes)	\$134,641,388	\$135,987,801	\$137,347,679	\$138,721,156	\$140,108,368	\$141,509,451
Cumm. Assessed Value	\$10,717,454	\$10,824,629	\$10,932,875	\$11,042,204	\$11,152,626	\$11,264,152
Beginning Balance:	\$129,880		\$90,349		\$50,851	
Revenue:						
Revenue from 1 mill (CRMD Ops Only- IGA)	\$10,506		\$10,717		\$10,933	
Revenue per 20 mills (CRMD)	\$157,594		\$160,762		\$163,993	
Revenue per 24 mills (CCMD IGA)	\$252,151		\$257,219		\$262,369	
Bond/Loan Funding						
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$0		\$0		\$0	
Total Revenue:	\$420,251		\$428,698		\$437,315	
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.						
Expenses:						
District Creation and Startup Costs						
FMIC Shares and Water Aug. Costs						
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$280,414		\$288,826		\$297,491	
Debt - Origination-Costs:						
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000	
Total Expenses:	\$459,783		\$468,195		\$476,860	
Current Year (Deficit)/Surplus	\$90,349		\$50,851		\$11,306	
DEBT FINANCING:						
CRMD'S AVG. ANNUAL TAX PER SFE ONLY:	\$1,025		\$1,046		\$1,067	

CUCHARS RANCH METROPOLITAN DISTRICT
SERVICE PLAN AMENDMENT

PROFORMA – 3% VALUATION INCREASE

3% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2008		2009		2010		2011	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	0	0	2	16	20	26	26	28
			2	18	38	64	90	118
Valuation:								
Market Value per SF adjusted at 1.5% semi-annual increases			\$225,000	\$228,375	\$231,801	\$235,278	\$238,807	\$242,389
Market Value of sold homes			\$450,000	\$3,654,000	\$4,636,013	\$8,117,218	\$6,208,977	\$6,788,889
Cumm. Market Value of homes (Inc. at 1.5% semi-annually for existing homes)			\$450,000	\$4,110,750	\$8,808,424	\$15,057,769	\$21,492,612	\$28,601,890
Cumm. Assessed Value			\$35,820	\$327,216	\$701,151	\$1,198,598	\$1,710,812	\$2,276,710
Beginning Balance:			(\$698,357)		\$797,644		\$513,478	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)					\$36		\$701	
Revenue per 20 mills (CRMD)					\$716		\$14,023	
Revenue per 24 mills (CCMD IGA)					\$860		\$16,828	
Bond/Loan Funding			\$2,000,000					
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)					\$21,960		\$56,120	
Total Revenue:	\$0		\$2,000,000		\$23,572		\$87,672	
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs	\$72,357							
FMIC Shares and Water Aug. Costs	\$500,000							
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$121,000		\$124,630		\$128,369		\$132,220	
Debt - Origination Costs:			\$200,000		\$174,369		\$174,369	
Debt - I/O Payments (20 yr at 6% APR):	\$5,000		\$5,000		\$5,000		\$5,000	
Reserve	\$698,357		\$503,999		\$307,738		\$311,589	
Total Expenses:	(\$698,357)		\$797,644		\$513,478		\$289,580	
Current Year (Deficit)/Surplus								

DEBT FINANCING: APR 6.00% TERM (YRS): 20 FACTOR: 0.08718

CRMD'S AVG. ANNUAL TAX PER SFE ONLY:

\$806

\$830

3% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2012		2013		2014		2015	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	32 150	34 184	38 222	40 262	40 302	41 343	39 382	28 410
Valuation:								
Market Value per SF adjusted at 1.5% semi-annual Increases	\$246,025	\$249,715	\$253,461	\$257,263	\$261,122	\$265,039	\$269,014	\$273,049
Market Value of sold homes	\$7,872,792	\$8,490,314	\$9,631,512	\$10,290,510	\$10,444,867	\$10,866,579	\$10,491,549	\$7,645,380
Cumm. Market Value of homes (Inc. at 1.5% semi-annually for existing homes)	\$36,903,710	\$45,947,579	\$56,268,305	\$67,402,839	\$78,658,749	\$90,908,209	\$102,763,382	\$111,950,213
Cumm. Assessed Value	\$2,937,535	\$3,657,427	\$4,478,957	\$5,365,266	\$6,277,156	\$7,236,293	\$8,178,965	\$8,911,237
Beginning Balance:	\$289,560		\$116,871		\$9,939		(\$17,197)	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)	\$1,711		\$2,938		\$4,479		\$6,277	
Revenue per 20 mills (CRMD)	\$34,216		\$58,751		\$89,579		\$125,543	
Revenue per 24 mills (CCMD IGA)	\$41,059		\$70,501		\$107,495		\$150,652	
Bond/Loan Funding								
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$65,880		\$80,520		\$95,160		\$98,820	
Total Revenue:	\$142,867		\$212,709		\$296,713		\$381,292	
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs								
FIMC Shares and Water Aug. Costs								
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$136,187		\$140,272		\$144,480		\$150,652	
Debt - Origination Costs:								
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000		\$5,000	
Total Expenses:	\$315,556		\$319,641		\$323,849		\$330,021	
Current Year (Deficit)/Surplus	\$116,871		\$9,939		(\$17,197)		\$34,074	
DEBT FINANCING:								
CRMD'S AVG. ANNUAL TAX PER SFE ONLY:	\$855		\$881		\$908		\$935	

3% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cucharas Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2016		2017		2018		2019	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	410	410	410	410	410	410	410	410
Valuation:								
Market Value per SF adjusted at 1.5% semi-annual Increases	\$277,145	\$281,302	\$285,522	\$289,805	\$294,152	\$298,564	\$303,042	\$307,588
Market Value of sold homes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumm. Market Value of homes (Inc. at 1.5% semi-annually for existing homes)	\$113,629,466	\$115,333,908	\$117,063,917	\$118,819,876	\$120,602,174	\$122,411,206	\$124,247,374	\$126,111,085
Cumm. Assessed Value	\$9,044,906	\$9,180,579	\$9,318,288	\$9,458,062	\$9,599,933	\$9,743,932	\$9,890,091	\$10,038,442
Beginning Balance:	\$34,074		\$108,224		\$118,798		\$135,113	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)	\$8,180		\$9,045		\$9,318		\$9,600	
Revenue per 20 mills (CRMD)	\$163,599		\$180,898		\$186,366		\$191,999	
Revenue per 24 mills (CCMD IGA)	\$196,319		\$217,078		\$223,639		\$230,398	
Bond/Loan Funding								
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$81,740		\$0		\$0		\$0	
Total Revenue:	\$449,838		\$407,021		\$419,323		\$431,997	
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs								
FMIC Shares and Water Aug. Costs								
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$196,319		\$217,078		\$223,639		\$230,398	
Debt - Origination Costs:								
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000		\$5,000	
Total Expenses:	\$375,688		\$396,447		\$403,008		\$409,768	
Current Year (Deficit)/Surplus	\$108,224		\$118,798		\$135,113		\$157,342	
DEBT FINANCING:								
CRMD'S AVG. ANNUAL TAX PER SFE ONLY:	\$964		\$993		\$1,023		\$1,054	

DEBT FINANCING:

CRMD'S AVG. ANNUAL TAX PER SFE ONLY:

3% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2020		2021		2022		2023	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	410	410	410	410	410	410	410	410
Valuation:								
Market Value per SF adjusted at 1.5% semi-annual Increases	\$312,202	\$316,885	\$321,638	\$326,463	\$331,360	\$336,330	\$341,375	\$346,496
Market Value of sold homes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumm. Market Value of homes (Inc. at 1.5% semi-annually for existing homes)	\$128,002,751	\$129,922,793	\$131,871,634	\$133,849,709	\$135,857,455	\$137,895,316	\$139,963,746	\$142,083,202
Cumm. Assessed Value	\$10,189,019	\$10,341,854	\$10,486,982	\$10,654,437	\$10,814,253	\$10,976,467	\$11,141,114	\$11,308,231
Beginning Balance:	\$157,342		\$185,665		\$220,265		\$208,848	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)	\$9,890		\$10,189		\$10,497		\$10,814	
Revenue per 20 mills (CRMD)	\$197,802		\$203,780		\$157,455		\$162,214	
Revenue per 24 mills (CCMD IGA)	\$237,362		\$244,536		\$251,928		\$259,542	
Bond/Loan Funding	\$0		\$0		\$0		\$0	
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$445,054		\$458,506		\$419,879		\$432,570	
Total Revenue:								
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs								
FMIC Shares and Water Aug. Costs								
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$237,362		\$244,536		\$251,928		\$259,542	
Debt - Origination Costs:								
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000		\$5,000	
Total Expenses:	\$416,731		\$423,906		\$431,297		\$438,911	
Current Year (Deficit)/Surplus	\$185,665		\$220,265		\$208,848		\$202,507	
DEBT FINANCING:								
CRMD'S AVG. ANNUAL TAX PER SFE ONLY:	\$1,085		\$1,118		\$1,024		\$1,055	

3% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2028		2029		2030	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	410	410	410	410	410	410
Valuation:						
Market Value per SF adjusted at 1.5% semi-annual increases	\$396,180	\$402,122	\$408,154	\$414,276	\$420,491	\$426,798
Market Value of sold homes	\$0	\$0	\$0	\$0	\$0	\$0
Cumm. Market Value of homes (Inc. at 1.5% semi-annually for existing homes)	\$162,433,641	\$164,870,146	\$167,343,198	\$169,853,346	\$172,401,146	\$174,987,164
Cumm. Assessed Value	\$12,929,718	\$13,123,664	\$13,320,519	\$13,520,326	\$13,723,131	\$13,928,978
Beginning Balance:	\$170,134		\$128,819		\$91,877	
Revenue:						
Revenue from 1 mill (CRMD Ops Only- IGA)	\$12,550		\$12,930		\$13,321	
Revenue per 20 mills (CRMD)	\$125,504		\$129,297		\$133,205	
Revenue per 24 mills (CCMD IGA)	\$301,209		\$310,313		\$319,692	
Bond/Loan Funding	\$0		\$0		\$0	
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$439,263		\$452,540		\$466,218	
Total Revenue:						
<div> <div>GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.</div> <div>REDUCE CRMD'S MILLS TO 5 IN 2031</div> </div>						
Expenses:						
District Creation and Startup Costs						
FMIC Shares and Water Aug. Costs						
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$301,209		\$310,313		\$319,692	
Debt - Origination Costs:						
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000	
Total Expenses:	\$480,578		\$489,682		\$499,062	
Current Year (Deficit)/Surplus	\$128,819		\$91,877		\$58,834	
DEBT FINANCING:						
CRMD'S AVG. ANNUAL TAX PER SFE ONLY:	\$1,071		\$1,104		\$1,137	

CUCHARS RANCH METROPOLITAN DISTRICT
SERVICE PLAN AMENDMENT

PROFORMA – 4% VALUATION INCREASE

4% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cucharas Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2008		2009		2010		2011	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually	0	0	2	16	20	26	26	28
Cummulative Existing SF Homes			2	18	38	64	90	118
Valuation:								
Market Value per SF adjusted at 2.0% semi-annual increases			\$225,000	\$229,500	\$234,090	\$238,772	\$243,547	\$248,418
Market Value of sold homes			\$450,000	\$3,672,000	\$4,681,800	\$6,208,067	\$6,332,228	\$6,955,709
Cumm. Market Value of homes (Inc. at 2.0% semi-annually for existing homes)			\$450,000	\$4,131,000	\$8,895,420	\$15,281,395	\$21,918,251	\$29,313,345
Cumm. Assessed Value			\$35,820	\$328,828	\$708,075	\$1,216,399	\$1,744,772	\$2,333,342
Beginning Balance:			(\$698,357)		\$787,644		\$513,478	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)					\$36		\$708	
Revenue per 20 mills (CRMD)					\$716		\$14,162	
Revenue per 24 mills (CCMD IGA)					\$860		\$16,994	
Bond/Loan Funding			\$2,000,000					
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)					\$21,960		\$56,120	
Total Revenue:	\$0		\$2,000,000		\$23,572		\$87,983	
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs	\$72,357							
FMIC Shares and Water Aug. Costs	\$500,000							
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$121,000		\$124,630		\$128,369		\$132,220	
Debt - Origination Costs:			\$200,000					
Debt - I/O Payments (20 yr at 6% APR):			\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000		\$5,000	
Total Expenses:	\$698,357		\$503,999		\$307,738		\$311,589	
Current Year (Deficit)/Surplus	(\$698,357)		\$797,644		\$513,478		\$289,872	

DEBT FINANCING:

APR 6.00% TERM (YRS): 20 FACTOR: 0.08718

CRMD'S AVG. ANNUAL TAX PER SFE ONLY:

\$806 \$839

4% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2012		2013		2014		2015	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually	32	34	38	40	40	41	39	28
Cummulative Existing SF Homes	150	184	222	262	302	343	382	410
Valuation:								
Market Value per SF adjusted at 2.0% semi-annual increases	\$253,387	\$258,454	\$263,623	\$268,896	\$274,274	\$279,759	\$285,354	\$291,061
Market Value of sold homes	\$8,108,369	\$8,787,445	\$10,017,688	\$10,755,833	\$10,970,950	\$11,470,128	\$11,128,822	\$8,149,722
Cumm. Market Value of homes (Inc. at 2.0% semi-annually for existing homes)	\$38,007,982	\$47,555,587	\$58,524,386	\$70,450,707	\$82,830,671	\$95,957,412	\$108,005,382	\$119,335,212
Cumm. Assessed Value	\$3,025,435	\$3,785,425	\$4,658,541	\$5,607,876	\$6,593,321	\$7,638,210	\$8,676,828	\$9,499,083
Beginning Balance:	\$289,872		\$118,711		\$15,734		(\$3,321)	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)	\$1,745		\$3,025		\$4,659		\$6,593	
Revenue per 20 mills (CRMD)	\$34,895		\$60,509		\$93,171		\$131,866	
Revenue per 24 mills (CCMD IGA)	\$41,875		\$72,610		\$111,805		\$158,240	
Bond/Loan Funding								
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$65,880		\$80,520		\$95,160		\$98,820	
Total Revenue:	\$144,395		\$216,665		\$304,794		\$395,519	
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs								
FMIC Shares and Water Aug. Costs								
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$136,187		\$140,272		\$144,480		\$158,240	
Debt - Origination Costs:								
Debt - IO Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000		\$5,000	
Total Expenses:	\$315,556		\$319,641		\$323,849		\$337,609	
Current Year (Deficit)/Surplus	\$118,711		\$15,734		(\$3,321)		\$54,590	
DEBT FINANCING:								
CRMD'S AVG. ANNUAL TAX PER SFE ONLY:	\$872		\$908		\$944		\$982	

4% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2016		2017		2018		2019	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	410	410	410	410	410	410	410	410
Valuation:								
Market Value per SF adjusted at 2.0% semi-annual increases	\$296,883	\$302,820	\$308,877	\$315,054	\$321,355	\$327,783	\$334,338	\$341,025
Market Value of sold homes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumm. Market Value of homes (Inc. at 2.0% semi-annually for existing homes)	\$121,721,916	\$124,156,354	\$126,639,481	\$129,172,271	\$131,755,716	\$134,390,831	\$137,078,847	\$139,820,220
Cumm. Assessed Value	\$9,689,065	\$9,882,846	\$10,080,503	\$10,282,113	\$10,487,755	\$10,697,510	\$10,911,460	\$11,129,690
Beginning Balance:	\$54,590		\$95,790		\$71,446		\$53,365	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)	\$8,677		\$9,689		\$10,081		\$10,488	
Revenue per 20 mills (CRMD)	\$130,152		\$145,336		\$151,208		\$157,316	
Revenue per 24 mills (CCMD IGA)	\$208,244		\$232,538		\$241,932		\$251,706	
Bond/Loan Funding								
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$81,740		\$0		\$0		\$0	
Total Revenue:	\$428,813		\$387,563		\$403,220		\$419,510	
<div>REDUCE CRMD'S MILLS TO 15</div>								
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs								
FMIC Shares and Water Aug. Costs								
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$208,244		\$232,538		\$241,932		\$251,706	
Debt - Origination Costs:								
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000		\$5,000	
Total Expenses:	\$387,613		\$411,907		\$421,301		\$431,075	
Current Year (Deficit)/Surplus	\$95,790		\$71,446		\$53,365		\$41,800	

DEBT FINANCING:

CRMD'S AVG. ANNUAL TAX PER SFE ONLY:

\$909

\$945

\$983

\$1,023

4% APR Increase in Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2020		2021		2022		2023	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	410	410	410	410	410	410	410	410
Valuation:								
Market Value per SF adjusted at 2.0% semi-annual Increases	\$347,845	\$354,802	\$361,898	\$369,136	\$376,519	\$384,049	\$391,730	\$398,565
Market Value of sold homes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumm. Market Value of homes (Inc. at 2.0% semi-annually for existing homes)	\$142,616,625	\$145,468,957	\$148,378,336	\$151,345,903	\$154,372,821	\$157,460,277	\$160,609,483	\$163,821,673
Cumm. Assessed Value	\$11,352,283	\$11,578,329	\$11,810,916	\$12,047,134	\$12,288,077	\$12,533,838	\$12,784,515	\$13,040,205
Beginning Balance:	\$41,800		\$37,014		\$39,282		\$48,887	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)	\$10,911		\$11,352		\$11,811		\$12,288	
Revenue per 20 mills (CRMD)	\$163,672		\$170,284		\$177,164		\$184,321	
Revenue per 24 mills (CCMD IGA)	\$261,875		\$272,455		\$283,462		\$294,914	
Bond/Loan Funding	\$0		\$0		\$0		\$0	
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$436,458		\$454,091		\$472,437		\$491,523	
Total Revenue:								
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs								
FMIC Shares and Water Aug. Costs								
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$261,875		\$272,455		\$283,462		\$294,914	
Debt - Origination Costs:								
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000		\$5,000	
Total Expenses:	\$441,244		\$451,824		\$462,831		\$474,283	
Current Year (Deficit)/Surplus	\$37,014		\$39,282		\$48,887		\$66,127	

DEBT FINANCING:

CRMD'S AVG. ANNUAL TAX PER SFE ONLY:

\$1,065

\$1,108

\$1,152

\$1,199

4% APR Increase In Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

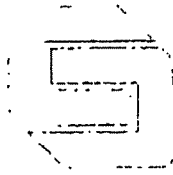
Description	2024		2025		2026		2027	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually Cumulative Existing SF Homes	410	410	410	410	410	410	410	410
Valuation:								
Market Value per SF adjusted at 2.0% semi-annual Increases	\$407,556	\$415,707	\$424,022	\$432,502	\$441,152	\$449,975	\$458,975	\$468,154
Market Value of sold homes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumm. Market Value of homes (Inc. at 2.0% semi-annually for existing homes)	\$167,098,106	\$170,440,068	\$173,848,870	\$177,325,847	\$180,872,364	\$184,488,811	\$188,179,607	\$191,943,200
Cumm. Assessed Value	\$13,301,009	\$13,567,029	\$13,838,370	\$14,115,137	\$14,397,440	\$14,685,389	\$14,979,097	\$15,278,679
Beginning Balance:	\$66,127		\$91,310		\$124,757		\$97,610	
Revenue:								
Revenue from 1 mill (CRMD Ops Only- IGA)	\$12,785		\$13,301		\$13,838		\$14,397	
Revenue per 20 mills (CRMD)	\$191,768		\$199,515		\$138,384		\$143,974	
Revenue per 24 mills (CCMD IGA)	\$306,828		\$319,224		\$332,121		\$345,539	
Bond/Loan Funding	\$0		\$0		\$0		\$0	
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$511,381		\$532,040		\$484,343		\$503,910	
Total Revenue:								
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.								
Expenses:								
District Creation and Startup Costs								
FMIC Shares and Water Aug. Costs								
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$306,828		\$319,224		\$332,121		\$345,539	
Debt - Origination Costs:								
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369		\$174,369	
Reserve	\$5,000		\$5,000		\$5,000		\$5,000	
Total Expenses:	\$486,197		\$498,593		\$511,490		\$524,908	
Current Year (Deficit)/Surplus	\$91,310		\$124,757		\$97,610		\$78,613	
DEBT FINANCING:								
CRMD'S AVG. ANNUAL TAX PER SFE ONLY:	\$1,247		\$1,298		\$1,181		\$1,229	

4% APR Increase In Valuations

Evaluation to Support an Additional Mill Levy Assessment for the Cuchares Ranch Metro District
to Repay Specified Developer Incurred Expenses for the Formation of the District and Operations

Date: 7/3/2008

Description	2028		2029		2030	
	First 1/2	Second 1/2	First 1/2	Second 1/2	First 1/2	Second 1/2
Single Family Homes Sold Semi-annually	410	410	410	410	410	410
Cummulative Existing SF Homes						
Valuation:						
Market Value per SF adjusted at 2.0% semi-annual increases	\$477,517	\$487,068	\$496,809	\$506,745	\$516,880	\$527,218
Market Value of sold homes	\$0	\$0	\$0	\$0	\$0	\$0
Cumm. Market Value of homes (Inc. at 2.0% semi-annually for existing homes)	\$195,782,064	\$199,697,705	\$203,691,659	\$207,765,492	\$211,920,802	\$216,159,218
Cumm. Assessed Value	\$15,584,252	\$15,895,937	\$16,213,856	\$16,538,133	\$16,868,896	\$17,206,274
Beginning Balance:	\$76,613		\$62,014		\$54,072	
Revenue:						
Revenue from 1 mill (CRMD Ops Only- IGA)	\$14,979		\$15,584		\$16,214	
Revenue per 20 mills (CRMD)	\$149,791		\$155,843		\$162,139	
Revenue per 24 mills (CCMD IGA)	\$359,498		\$374,022		\$389,133	
Bond/Loan Funding	\$0		\$0		\$0	
Water Tap Credit (Est. at \$1,220 per tap CCMD IGA)	\$524,268		\$545,449		\$567,485	
Total Revenue:						
GOCO FUNDS AND S.O. TAXES HAVE NOT BEEN INCLUDED BECAUSE IT IS NOT KNOWN HOW MUCH THEY'LL YIELD YET. THOSE FUNDS ARE COMMITTED TO THE CCMD IGA.						
Expenses:						
District Creation and Startup Costs						
FMIC Shares and Water Aug. Costs						
CRMD's Ops Expenses per year (3% escalation per year until full mills become available)	\$359,498		\$374,022		\$389,133	
Debt - Origination Costs:						
Debt - I/O Payments (20 yr at 6% APR):	\$174,369		\$174,369		\$174,369 PAID OFF	
Reserve	\$5,000		\$5,000		\$5,000	
Total Expenses:	\$538,867		\$553,391		\$568,502	
Current Year (Deficit)/Surplus	\$62,014		\$54,072		\$53,055	
DEBT FINANCING:						
CRMD'S AVG. ANNUAL TAX PER SFE ONLY:	\$1,279		\$1,330		\$1,384	



Colorado Centre Metropolitan District

4770 Horizonview Drive, Colorado Springs, Colorado 80925

Telephone: 719-390-7000 ; Facsimile: 719-390-3709

Operational and Maintenance Costs

The Colorado Centre Metropolitan District (CCMD) will charge the Cuchares District for providing services similar to those offered within CCMD by charging the Cuchares District the same mill levy, tap fees, capital fees and user rates that are used within CCMD to provide those services. For Fiscal Year 2008, no revenue was generated from any mills. CCMD charged the developer of the property (currently Fountain Mesa Investments II, LLC) for all expense CCMD incurred in assisting the developer to effectuate all the requirements for the creation of a new entity. The 2008 budget of CCMD has a separate fund for the new Cuchares District that included a budget of \$111,600 to cover costs of a water court application and other services rendered by CCMD for the developer. A table showing the appropriation for the Cuchares District is attached. Payment for those services has been made through funding provided by the developer because currently there is no mill levy revenue from the Cuchares District to fund these expenses. Nonetheless, the Cuchares District also appropriated funds for payment of services provided by CCMD. A copy of that appropriation is attached.

CCMD will charge its standard rates, fees, charges and penalties to the Cuchares District so that it can enjoy the same services available to CCMD. Also attached is a copy of the CCMD rate schedule for fiscal year 2008.

The services to be provided by CCMD to Cuchares are as follows:

Fire protection, park maintenance (neighborhood parks only), water and sewer service, trash collection (optional), street lights (lights are owned by MVEA), and, possibly, wireless network system.

As part of the services, CCMD will invoice Cuchares District customers directly. Fire protection, parks and general administration costs will be invoiced as a charge in lieu of the equivalent taxes that would be generated by 24 mills and Specific Ownership taxes. One mill of general taxes will be left for the Cuchares District's use to cover its Board member costs and other limited costs that it may incur and which are outside of the scope of service to be provided by CCMD. It is the intent of the Service Agreement between the entities to have CCMD provide all the same services that it provides to its own customers, except that CCMD will not maintain detention ponds or drainage ways other than those that are considered of a regional nature, none of which exist on the development plan for the Cuchares Ranch property. All drainage facilities and drainage ways not otherwise maintained by El Paso County will be maintained by Cuchares District under a local home owners association.

By: A. J. Testa, Ph.D., P.E.
District Manager

OFFICIAL BUDGET FOR CALENDAR YEAR 2008

GOVERNMENTAL FUND ENTERPRISES														
IGA - LORSON					IGA - ROLLING HILLS					IGA - CUCHARES				
	2006 Act.	2007 Est.	2008 Bdgt	Ref.		2006 Act.	2007 Est.	2008 Bdgt	Ref.		2006 Act.	2007 Est.	2008 Bdgt	Ref.
Beginning Balance:	\$0	\$0	\$99,688				\$0	\$108,610				\$0	\$0	
Revenues:														
Fees In Lieu of Taxes:														
Inter-Gov. Rev.:														
Chrg. for Serv-St. Lghts.:														
Chrg. for Serv-Ref. Disp.:														
Capital Contributions:														
Miscellaneous:														
Total Revenues:	\$0	\$476,000	\$221,692		CC		\$476,000	\$212,770		CC		\$0	\$111,600	FF
Expenses:														
Administration:		\$23,726	\$39,380		F		\$23,726	\$39,380		F		\$0	\$38,380	F
Public Safety:		\$114,865	\$252,000		DD		\$105,843	\$252,000		DD		\$0	\$38,661	GG
Public Works:												\$0	\$6,800	HH
Street Light:												\$0	\$0	
Refuse Disposal:												\$0	\$0	
Culture & Recreation:												\$0	\$11,939	II
Capital Outlay:		\$237,721	\$30,000		EE		\$237,721	\$30,000		EE		\$0	\$15,000	JJ
Miscellaneous:		\$0	\$0				\$0	\$0				\$0	\$0	
Total Expenses:	\$0	\$378,312	\$321,380				\$367,390	\$321,380			\$0	\$0	\$111,600	
Other Rev. Sources:														
Restrict. Transf. In:														
Transfers In/(Out):														
Total Other:	\$0	\$0	\$0			\$0	\$0	\$0			\$0	\$0	\$0	
Ending Balance:	\$0	\$99,688	\$0			\$0	\$108,610	\$0			\$0	\$0	\$0	

RESOLUTION 2007-12-06.1

Rates, Charges, Fees and Penalties for Fiscal Year 2008

WHEREAS, the Colorado Centre Metropolitan District wishes to adopt a schedule of "Rates, Charges, Fees and Penalties" for fiscal year 2008.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Colorado Centre Metropolitan District that the "Rates, Charges, Fees and Penalties" for the District as of January 1, 2008 shall be as follows:

Rates, Charges, Fees and Penalties Colorado Centre Metropolitan District

2007 Assessed Valuation	\$12,505,190	All real and personal property
2007 Mill Levy	25.000 mills	Levied on ALL taxable property
2007 Abate & Refund Mill Levy	0.084 mills	Levied on ALL taxable property
2007 Dev. Owned Assessed Val.	\$636,820	"Developer Owned Property" Only
2007 Restricted Levy	100.000 mills	Levied on "Developer Owned Property" only, as defined in the plan of re-organization.
Drainage and Bridge Fee	As per County or City of Colo Spgs	El Paso County or Colorado Springs collecting this fee now.
Development Fee	\$0.30 per s.f.	Payable per square foot of gross commercial and industrial building area.
Landscaping and Open Space Fee	\$50 per unit	Payable per single family equivalent dwelling unit at time of building permit for the enhancement of ROW and open space/parks areas selected by the District.
Plan Check Fee	\$100 per unit	Payable per single or multiple family dwelling unit at time of preliminary plat approval by the District. The charge will be repeated for the final plat, unless final platting is completed within 180 days of the preliminary plat, regardless of reason for delay.
	\$500 per acre	Payable per gross acre of commercial and industrial property at time of preliminary plat approval by the District. The charge will be repeated for the final plat, unless final platting is completed within 180 days of the preliminary plat, regardless of reason for delay.
Inspection Fee	\$100 per unit	Payable per single or multiple family dwelling unit at time of water and sewer tap purchase. The charge will be re-assessed, unless construction is completed within 360 days of the original building permit, regardless of reason for delay.
	\$500 per acre	Payable per gross acre of commercial and industrial property at time of water and sewer tap purchase. The charge will be re-assessed, unless construction is completed within 360 days of the original building permit, regardless of reason for delay.

**WATER AND WASTEWATER
TAP FEES ARE PAYABLE TO
THE DISTRICT AT THE TIME
OF FINAL PLAT APPROVAL
BY THE DISTRICT.**

Water Tap Fee	\$4,125.00	Per multi-family dwelling unit.
	\$5,500.00	Per ¾" water tap.
	\$6,875.00	Per 1" water tap.
	\$9,625.00	Per 1½" water tap.
	\$12,375.00	Per 2" water tap.
	\$24,750.00	Per 3" water tap.
	\$41,250.00	Per 4" water tap.
	\$96,250.00	Per 6" water tap.
Wastewater Tap Fee	\$5,500.00	Per multi-family dwelling unit served by one tap per building.
	\$5,500.00	Per single family dwelling unit
	\$4,400.00	Per Mobile Home
	\$5,500.00	Per each Commercial / Industrial tap per each fifteen (15) fixture unit equivalents as set out in Appendix .

**WATER AND WASTEWATER
SYSTEM IMPROVEMENT
FEES ARE PAYABLE TO THE
DISTRICT AT THE TIME OF
FINAL PLAT APPROVAL BY
THE DISTRICT.**

Water System Improvement Tap Fee	Varies	Pay equal amount as for a Water Tap Fee.
Sewer System Improvement Tap Fee	Varies	Pay equal amount as for a Wastewater Tap Fee.
Off-site Water and Sewer System Improvement Tap Fee/IGA	Double	Pay double the amount of a regular tap fee and it is credited in full to the appropriate System Improvement Tap Fee.

**WATER, WASTEWATER, AND
STREET LIGHTS USER
CHARGES**


RESIDENTIAL		
Water	\$9.50	Per month - Administrative Service charge.
	\$3.00	Per month - Capital Improvement Service charge.
	\$2.35	Per thousand (1000) gallons - Use charge up to 10 kgal/mo.
	\$2.65	Per thousand (1000) gallons - After 10 up to 15 kgal/mo.
	\$3.20	Per thousand (1000) gallons - After 15 up to 20 kgal/mo.
	\$5.30	Per thousand (1000) gallons - After 20 up to 30 kgal/mo
	\$11.00	Per thousand (1000) gallons - After 30 kgal/mo
	\$12.50	Minimum monthly charge per tap sold or platted lot.
Wastewater	\$9.50	Per month - Administrative Service charge.
	\$13.00	Per month - Capital Improvement Service charge.
	\$5.50	Per thousand (1000) gallons - Use charge. Based on the average monthly water consumption during the months of December and January, and a standard BOD (200 ppm) and TSS (250 ppm) maximum loading.
	\$22.50	Minimum monthly charge per tap sold or platted lot.
Street Lights	\$2.00	Per month service charge.
COMMERCIAL / OFFICE / INDUSTRIAL		
Water charges	\$60.00	Per month - Service charge per tap.


	\$35.00	Per month - Capital Improvement Service charge per tap.
	\$2.35	Per thousand (1000) gallons - Use charge up to 40 kgal/mo.
	\$2.65	Per thousand (1000) gallons - After 40 up to 60 kgal/mo.
	\$3.20	Per thousand (1000) gallons - After 60 up to 80 kgal/mo.
	\$5.30	Per thousand (1000) gallons - After 80 up to 120 kgal/mo.
	\$11.00	Per thousand (1000) gallons - After 120 kgal/mo.
	\$95.00	Minimum monthly charge per tap sold or platted lot
Wastewater charges	\$60.00	Per month - Service charge per tap.
	\$140.00	Per month - Capital Improvement Service charge per tap.
	\$5.60	Per thousand (1000) gallons - Use charge. Based on the average monthly water consumption during the months of Dec & Jan or actual metered, usage minus irrigation, flows.
	\$0.85	Per pound of BOD5 level above 200 ppm. Based on monthly average or actual metered flow and strength.
	\$0.43	Per pound of TSS level above 250 ppm. Based on monthly average or actual metered flow and strength.
	\$200.00	Minimum monthly charge per tap sold or platted lot.
Testing Charge	1.15 x Cost	For sampling the industrial wastewater effluent.
Street Light charge	\$20.00	Per month - Service charge per tap.
Availability of Service Charge. For LFMSDD Regional Sewer Plant and Interceptor Project.	50% of user rate	Per Month for each SFE, if land is platted and within 100' of main line.
	25% of user rate	Per month for each SFE, if land is not platted but within 100' of main line.
Construction or Off-site Water charges	\$15.00	Per thousand (1000) gallons or fraction thereof of metered water - Use charge.
	\$6.00	Per day meter rental.
	\$500.00	Refundable security deposit for meter.
Street Cleaning Water charge (El Paso County Only)	\$2.50	Per thousand (1000) gallons - Use charge.
Water re-connect charges	\$30.00	Each time. (\$60 after hours and on weekends)
Returned check charge	\$32.00	Surcharge per returned check, each time, plus costs.
Customer's refundable deposit	\$100.00	Minimum per residential account. To be held for a minimum period of twelve (12) months from the date services are first provided or the date of the last delinquency in the payments to the District, whichever occurs last. May be imposed after a late payment event or as allowed by the regulations.
	\$500.00	Per commercial or industrial account. To be held for a minimum period of twelve (12) months from the date services are first provided or the date of the last delinquency in the payments to the District, whichever occurs last. May be re-required after a late payment event.
Administrative / Field Personnel	\$50.00	Per hour of engagement
District Manager	\$150.00	Per hour of engagement
District Attorney	\$200.00	Per hour of engagement
Copies	\$0.25	Per 8.5" x 11" or 8.5" x 14"
	\$0.75	Per 11" x 17"
	\$5.00	Per 24" x 36" blueprint
	\$0.10	Per Self-serve 8.5" x 11" or 8.5" x 14"

Fax	\$2.00	Per page of outgoing fax in the USA
Mileage	\$0.75	Per mile
Materials and Supplies	Cost x 1.15	A 15% surcharge will be applied to all costs incurred by the District in the performance of work for individual users of the District.
Bacteriological Test Charge	\$30.00	Per sample requested (Coliform Test only)
Lead/Copper Test Charge	\$40.00	Per sample or actual cost to District, whichever is higher.
Interest on Deposits	0% A.P.R.	Customer should request deposit after one year of continuous service with a good-standing account.
Residential Refuse Disposal	\$11.00	Per month for a 90 gal container or equivalent, non-hazardous, curb-side, weekly trash removal. Pro-rateable for partial months.
Lost Water Charge	\$0.70	Per kgal of lost water due to no fault and control of customer, especially between the main and the meter. This reduced charge can only be used by the District Manager if upon his review of a particular situation and in his sole discretion the reduction in charges has merit.
Excess Sewer Charge	\$4.00	Per kgal of excess sewer due to no fault and control of customer. Must be related to a Lost water charge. This reduced charge can only be used by the District Manager if upon his review of a particular situation and in his sole discretion the reduction in charges has merit.
ILLEGAL TAMPERING WITH WATER AND/OR WASTEWATER SYSTEMS	\$1,000+	Plus legal, collection, repair, restoration, personnel, consultant and other related costs and expenses. Prosecution may be pursued as well.

ADOPTED, this 6th day of December, 2007.

COLORADO CENTRE METROPOLITAN DISTRICT

By: 
Michael Cantin, President

Attest: 
Shawn Eccles, Secretary

Appendix A

FIXTURE UNIT EQUIVALENTS

Fixture unit equivalents shall be calculated using the following schedule and shall apply to "stubbed in" or "roughed in" fixture traps as well as those fixtures being installed.

Kind of Fixture	Trap and Trap arm Size	Unit Equivalents
Bathtubs	1½"	2
Bidets	1½"	2
Dental units or cuspidors	1¼"	1
Drinking Fountains	1¼"	1
Floor drains	2"	2
Interceptors for grease, oil, solids, etc.	2"	3
Interceptors for sand, auto wash, etc.	3"	6
Laundry tubs	1½"	2
Clothes washers	1½"	2
Receptors (floor sinks), indirect waste, refrigerators, coffee urns, water stations, etc.	1½"	1
Receptors for commercial sinks, dishwashers, air washers	2"	3
Showers, single stalls	2"	2
Showers, gang (per shower head)	2"	1
Sinks, bar, private	1½"	1
Sinks, bar, commercial	1½"	2
Sinks, commercial, industrial, schools	1½"	3
Sinks, flush rim, clinic	3"	6
Sinks, double	1½"	2
Dishwashers	1½"	2
Sinks, service	2"	3
Urinals, pedestal	3"	6
Urinals, stall	2"	2
Urinals, through	1½"	3
Wash basins (lavatories), single	1¼"	1
Wash basins, in sets	1½"	2
Water closet, tank type	3"	4
Water closet, flush valve type	3"	6

The unit equivalents of plumbing fixtures not listed above shall be used based on the following schedule:

	1¼"	1
1½"		3
2"		4
3"		6
4"		8
5"		10
6"		12

Date: 12/1/2007

CUCHARES RANCH METROPOLITAN DISTRICT

By: A. J. Testa, Ph.D., P.E.
719-380-8857 x 17

OFFICIAL BUDGET FOR CALENDAR YEAR 2008

ALL FUNDS

GOVERNMENTAL FUNDS					ENTERPRISE FUNDS									
GENERAL FUND					WATER FUND					WASTEWATER FUND				
2008 Act.	2007 Est.	2008 Bgt.	Ref.		2008 Act.	2007 Est.	2008 Bgt.	Ref.	2008 Act.	2007 Est.	2008 Bgt.	Ref.		
Beginning Balance:														
Revenues:					Revenues:					Revenues:				
Regular and S.O. Taxes:					User Charges:					Admin. Service Charges:				
Inter-Gov. Rev.:					Admin. Service Charges:					Cap. Improv. Svc. Charge:				
					Cap. Improv. Svc. Charge:					Tap Fees (Restricted):				
					Tap Fees (Restricted):					System Improv. Fees:				
					System Improv. Fees:					Miscellaneous:				
Miscellaneous:					Total Revenues:					Total Revenues:				
Total Revenues:														
Expenses:					Expenses:					Expenses:				
Administration:					Administration:					Source of Supply:				
Public Safety:					Source of Supply:					Treatment:				
Public Works:					Treatment:					Transm. & Dist.:				
					Collection & Transm.:					Capital Outlay:				
Culture & Recreation:					Capital Outlay:					Miscellaneous:				
Capital Outlay:					Miscellaneous:					Total Expenses:				
Miscellaneous:					Total Expenses:									
Total Expenses:														
Dif. Rev. Sources:					Dif. Rev. Sources:					Dif. Rev. Sources:				
Transfers In/Out:					Transfers In/Out:					Transfers In/Out:				
Cont. Private Sources:					Total Other:					Total Other:				
Total Other:														
Ending Balance:					Ending Balance:					Ending Balance:				

RESOLUTION 2007-12-06.2

Budget for Fiscal Year 2008

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES FOR EACH FUND AND ADOPTING A BUDGET FOR THE CUCHARS RANCH METROPOLITAN DISTRICT (District), COLORADO, FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY, 2008 AND ENDING ON THE LAST DAY OF DECEMBER, 2008.

WHEREAS, the Cuchares Ranch Metropolitan District is a newly created quasi-municipal corporation of the State of Colorado;

WHEREAS, the District Manager submitted the attached budget to this governing body on December 6, 2007 for its review and consideration; and,

WHEREAS, upon due and proper notice, posted in accordance with the law, said proposed budget was open for inspection by the public at the District's office; and,

WHEREAS, upon due and proper notice, posted and/or published in accordance with the law, said proposed budget was subject to a public hearing on December 6, 2007 and interested taxpayers were given the opportunity to file any objections to the proposed budget; and,

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW THEREFORE, BE IT RESOLVED BY The Board of Directors of the Cuchares Ranch Metropolitan District, Colorado:

Section 1. That the estimated expenditures and transfers-out for fiscal year 2008 for each fund are as follows:

Governmental Funds:	
General	\$120,900
Reserve	\$0
Total of all expenditures and transfers-out:	\$120,922

Section 2. That the estimated revenues and transfers-in for each fund are as follows:

General Fund:	
From unappropriated surpluses	\$0
From source other than general property tax	\$119,813
From General property tax levy	<u>\$ 1,109</u>
Total General Fund	\$120,922
Reserve Fund:	
From unappropriated surpluses	\$0
From source other than general tax	\$5,000
From General property tax levy	<u>\$0</u>
Total Reserve Fund	\$5,000

Total of all revenues and transfers-in for each fund are as follows:	\$120,922
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Section 3. THAT the attached budget as submitted and herein-above summarized by fund is approved and adopted as the budget of the Cuchares Ranch Metropolitan District for the year stated above.

Section 4. THAT the budget hereby approved and adopted shall be signed by the President of the Board, and made a part of the public records of the District.

ADOPTED, this 6th day of December, 2007.

CUCHARES RANCH METROPOLITAN DISTRICT

By: _____
_____, President

Attest: _____
_____, Secretary

SERVICE AGREEMENT

This Service Agreement is made and entered into this 24th day of APRIL, 2008 by and between the Colorado Centre Metropolitan District ("Colorado Centre") and the Cuchares Ranch Metropolitan District ("Cuchares"), collectively referred to herein as the "parties."

RECITALS

WHEREAS, Colorado Centre and Cuchares are special districts organized under COLO.REV.STAT. § 32-4-101, *et seq.*;

WHEREAS, the Cuchares service area is located immediately northwest of Colorado Centre's service area as shown on Exhibit A;

WHEREAS, Fountain Mesa Investments, LLC ("Fountain Mesa") is the current owner of the Cuchares service area shown on Exhibit A;

WHEREAS, Colorado Centre and Cuchares are legally obligated to provide various services for their respective service areas;

WHEREAS, Cuchares does not possess the current means to provide services, such as water and wastewater, for its proposed service area;

WHEREAS, Colorado Centre possesses the capability to provide Cuchares with these services under the terms and conditions contained herein;

NOW, THEREFORE, in consideration of the mutual promises and other consideration provided by each of the parties to the other, the sufficiency of which is expressly acknowledged, the parties hereby enter into this IGA under the terms and conditions contained herein.

AGREEMENT

Colorado Centre Services to Cuchares

1. (a) Pursuant to this IGA and subject to the limitations set forth in paragraph 5(b) below, Colorado Centre agrees to provide Cuchares water, wastewater, fire protection, street lights (optional and per promulgated rules of the Mountain View Electric Association), trash collection (optional and per private contract with trash disposal companies), internet (when available) and parks and recreation services. Colorado Centre's services shall include operation, maintenance and repair of the related facilities for these services that become located within the Cuchares service area, including associated administrative and billing support for the above services. Cuchares shall adopt the same rates, charges and fees for the services described above that are imposed by Colorado Centre on its own service area and pay the same to Colorado Centre as compensation for the services provided. Except as provided herein, the parties agree these services shall be provided to Cuchares for as long as Cuchares or its successors desire them



and so long as Cuchares agrees to compensate Colorado Centre for providing the above services; provided, however, that except as otherwise agreed herein all real or personal property interests conveyed to Colorado Centre in connection with the services provided hereunder shall remain the property of Colorado Centre in the event Cuchares should terminate this Agreement. Any termination of this Agreement by Cuchares shall be deemed effective at the end of the then-current calendar year. Cuchares shall also adopt the existing rules and regulations identical to Colorado Centre as concerning these services, including the same amendments to such rules and regulations adopted by Colorado Centre from time to time. Cuchares agrees it will not increase its service area as shown on Exhibit A without the prior written approval and consent of Colorado Centre.

(b) Cuchares shall also adopt the same mill levies and assessments imposed by Colorado Centre on its service area and, less any funds retained by El Paso County or retained by Cuchares as agreed upon with Colorado Centre for Cuchares' administrative operations, convey the funds collected thereunder to Colorado Centre, including all funds received from the Great Outdoors Colorado (GoCO funds) for open space, park and recreation purposes.

2. Colorado Centre agrees to provide the above services in the same manner as provided to residents of Colorado Centre currently and in the future. Except as otherwise provided herein, Colorado Centre shall also ensure compliance with all applicable regulations regarding these services as the same may change from time to time. Cuchares agrees that Colorado Centre shall have no obligation to service lands designated as park areas that do not meet El Paso County criteria for a "park" under the County Land Development Code and for which there is insufficient revenue generated through the mill levy to provide service for the park land and related facilities.

Initial Facilities and Improvements

3. The parties agree that Cuchares, or a private entity on Cuchares' behalf, shall design, construct and install at its sole expense the initial facilities and improvements related to the above services before Colorado Centre begins providing services hereunder. Cuchares agrees to design, construct and install such facilities and improvements that meet or exceed standards used by Colorado Centre for such facility or improvement. Notwithstanding the foregoing, Colorado Centre may require Cuchares to construct and install specific equipment or facility components for the water and wastewater connections to Colorado Centre's systems as required to enhance the delivery of service. Colorado Centre shall determine, in its sole discretion, whether an extension of water and wastewater facilities is necessary to reasonably accommodate service to the Cuchares service area property, and if such facilities extension is necessary Cuchares shall construct and install the same at its sole cost. Cuchares shall adopt the Colorado Centre rules and regulations, as the same may be amended, concerning the reading of meters. All such facilities shall be owned by Cuchares, and Cuchares shall purchase all materials for these facilities in the event any facility must be reconstructed or replaced. Alternatively, if Colorado

Centre accepts dedication of such facilities after they are constructed, Colorado Centre shall have responsibility for reconstructing or replacing such facilities.

Costs; Service Charges; Water Rights Transfer; Water & Sewer Taps

4. (a) Prior to any physical connection to Colorado Centre's water and wastewater facilities, Cuchares shall pay to Colorado Centre the tap fees then in effect for Colorado Centre concerning water and wastewater services for each residential unit within the Cuchares service area in accordance with the Colorado Centre rules and regulations then in effect. Currently the Colorado Centre rules and regulations require payment upon final platting approval by El Paso County; under this Agreement, water taps shall be paid at the time a building permit is issued to the property owner or developer for one or more platted lots.

(b) In consideration for conveyance and transfer of the water rights as described below and full payment received from Cuchares for costs incurred by Colorado Centre in adjudicating a supplemental augmentation plan decree, as described in paragraph 7, Cuchares or the current property owner shall receive up to a \$2,500 credit for each water tap. All tap fee payments received by Cuchares shall be paid to Colorado Centre within 30 days of receipt by Cuchares. Cuchares agrees that all residences within the Cuchares service area shall connect to the water distribution system and wastewater collection system and be served by Colorado Centre pursuant to this Agreement.

(c) To facilitate approval of a preliminary plat for the entire Cuchares service area, and a final plat for the first phase of development in the Cuchares service area, Colorado Centre agrees to loan to Cuchares, on behalf of the current property owner, up to 120 water and wastewater taps to serve the initial development, and to commit up to 417 water and wastewater taps for the entire service area. Notwithstanding the foregoing, the actual number of water taps committed by the District to Cuchares for residential development shall be limited to the actual yield of the water rights conveyed by Cuchares to the District hereunder, based on adjudication of a separate plan for augmentation pursuant to paragraph 7 below. Upon entry of a final decree approving such plan for augmentation, for which there is no further right of appeal, the District will determine the actual yield of the water rights conveyed, including a determination of any seasonal limitations. Based on this determination, the District will then determine the number of taps that it can serve year-around within the Cuchares service area pursuant to the conveyed water rights as set forth in said final decree.

(d) If water taps are sold before the augmentation plan decree is final, fully consumable water must be available to supply those water taps. The parties agree that the Fountain Mutual Irrigating Company shares conveyed to Colorado Centre, as described in paragraph 7 below, is fully consumable water that can be used for this purpose. In the event water available under the Fountain Mutual shares must be used as a potable water supply to serve

the Cuchares service area, Cuchares shall pay for all costs associated with the diversion, treatment and distribution of the Fountain Mutual water into the Colorado Centre water system and/or the Cuchares water system. If Cuchares ever disconnects from water or wastewater service at any time, there shall be no refund of any kind for water or sewer tap fee payments. Additionally, if water service is ever discontinued, regardless of the reason, and the water rights conveyed hereunder to Colorado Centre are to be returned to Cuchares, in that event Cuchares shall pay back to Colorado Centre the full amount of any credit received on water taps plus: (i) 3% per year for each year after the credit was given, and (ii) all administrative, legal and/or water court costs incurred by Colorado Centre in effecting return of the water rights to Cuchares.

(e) If any platted lots as described in subparagraph (b) above are vacated, nothing in this Agreement shall be construed to prevent or prohibit the current property owner from seeking to replat any undeveloped property within the Cuchares service area. In such event, Colorado Centre shall consider a request to provide water or wastewater taps to the replatted Cuchares service area lots on a first-come, first-served basis, and as otherwise described in this Agreement, subject to forfeiture of taps if they go unused within the succeeding renewal period approved by Colorado Centre and subject to property liens for any unpaid tap fees.

(f) Cuchares acknowledges that Colorado Centre is participating in the construction of a new regional wastewater treatment plant through the Lower Fountain Metropolitan Sewage Disposal District ("Lower Fountain"), in which Colorado Centre is a member. Colorado Centre intends to provide wastewater service to Cuchares through Lower Fountain for the term of this Agreement, and Colorado Centre will finance the wastewater capacity constructed for use by both Colorado Centre and Cuchares. Cuchares agrees that Colorado Centre may collect from Cuchares all charges associated with Colorado Centre financing the wastewater capacity construction in proportion to the share of capacity the Cuchares service area may use. Cuchares or the current property owner may also join Lower Fountain as a member for purposes of securing its own wastewater service capacity in the new regional plant, and in such instance Cuchares may continue to use the Colorado Centre wastewater line facilities to deliver wastewater flows to the Lower Fountain plant so long as Cuchares pays the rates, charges or fees imposed by Colorado Centre for out-of-service area customers for continued use of these facilities. If wastewater service under this Agreement is ever discontinued, Cuchares shall have no guarantee of wastewater capacity available through Colorado Centre in any wastewater plant or facility except to the extent the Colorado Centre Board of Directors leases such capacity to Cuchares at that time.

(g) The parties acknowledge that, pursuant to the purchase agreement negotiated with the Cuchares family by Fountain Mesa Investments II, LLC, an entity formed by the principals of Fountain Mesa, the current owner of the Cuchares service area property, the Cuchares family may remain as residents on property that is located in proposed Phase IV of the subdivision to be constructed within the Cuchares service area. Currently that property has at least one existing,

active well that the Cuchares family uses for exempt domestic purposes. However, upon approval of the plan for augmentation described in paragraph 7 below, the Cuchares family shall discontinue using the existing domestic well, and pursuant to State of Colorado requirements then in effect the Cuchares family or the Cuchares metropolitan district shall close and abandon any well providing water for such domestic use. Cuchares agrees that Colorado Centre shall have no obligation to provide the Cuchares family with water or wastewater service except upon payment to Colorado Centre for: (i) the tap fees then in effect, and (ii) the design, construction and installation of any line extension or other related facilities required to serve the Cuchares family. After the water tap connection is complete, the Cuchares metropolitan district shall thereafter charge and collect from the Cuchares family the rates, charges and fees for water and wastewater service then in effect.

(h) Any unpaid water or sewer tap fees for property within the Cuchares service area shall constitute a lien against that property until the tap fees are paid. If any taps loaned by Colorado Centre to Cuchares go unused within a 2-year period from the date of being committed, Cuchares or the current property owner shall vacate the undeveloped platted lots, the unused taps shall revert back to Colorado Centre, and except as provided in subparagraph 4(e) above Colorado Centre's commitment to provide service to the Cuchares service area under this Agreement shall be limited to the developed lots. Cuchares may request an extension of the 2-year period due to unanticipated circumstances beyond its reasonable control, and the Colorado Centre Board shall determine in its sole discretion whether to grant an extension based upon the circumstances presented.

5. (a) In addition to the tap fees described above, Cuchares shall pay to Colorado Centre all costs associated with the services provided by Colorado Centre pursuant to this Agreement. To this end, Cuchares agrees to adopt, at minimum, those rates, charges, mill levies, assessments and fees so as to cover the annual projected cost of service from Colorado Centre. Because the water requirement per tap within the Cuchares service area is lower than Colorado Centre, the tiered rates and charges to be imposed by Cuchares for water use shall reflect the lower water supply requirement per tap based on 417 residential units and the actual, annual yield of the water rights conveyed to Colorado Centre by Fountain Mesa, its related entities or their principals. In the event the Cuchares service area uses more than the amount available to supply the Cuchares service area, Colorado Centre in its sole discretion may curtail water supply delivery to the Cuchares service area, charge out-of-service-area rates or carry service charges into the next calendar year. If in the early phases of property development actual water consumption within the Cuchares service area is greater than the annual amount available as determined by the augmentation plan decree for supplying the new subdivision, Colorado Centre in its sole discretion may deny additional water service to any portion of the Cuchares service area not then served by Colorado Centre until Cuchares obtains and conveys to Colorado Centre fully consumable water to supply future subdivision development that otherwise could not be served under the amount available pursuant to the augmentation plan decree.

(b) The parties agree that as concerning their respective district operations in all other matters, they will each be responsible for payment of all costs incurred in operating and managing their respective districts. To this end, Colorado Centre agrees that Cuchares may retain one (1) mill from the general mill levy in effect to pay Cuchares' Board members, accounting and legal expenses, and other expenses internal to Cuchares not otherwise covered by its payments to Colorado Centre. Additionally, nothing in the Agreement shall prohibit Cuchares from imposing other charges or fees to establish and maintain a reserve fund or for any other lawful purpose to carry out other district business. In further consideration of Cuchares paying Colorado Centre for all costs of services provided under this Agreement, Colorado Centre agrees to add Cuchares to Colorado Centre's insurance policy as an additional insured.

6. Unless otherwise agreed in writing, Colorado Centre shall charge Cuchares for the services provided pursuant to this Agreement at the same rate Colorado Centre charges customers within its service area boundary. In September of each calendar year this Agreement is in effect, Colorado Centre agrees to provide Cuchares with annual operation cost projections so as to allow Cuchares to budget and appropriate adequate funds and adjust their rates, charges, mill levies, assessments and fees for the upcoming calendar year. Any rate adjustment by Colorado Centre shall be based on a cost of service analysis for the current year and projected expenses for the next calendar year.

7. Cuchares acknowledges that in order to provide a water supply to the Cuchares service area it must also have an augmentation source for all water consumption associated with the Cuchares service area. Therefore, the contract purchaser and developer of the Cuchares service area, Fountain Mesa and its related entities, have conveyed to Colorado Centre: (i) by warranty deed, all right, title and interest in and to 40 shares of stock in the Fountain Mutual Irrigation Company, Certificate No. 1583 dated April 19, 2006, and (ii) by special warranty deed April 30, 2007 all water and water rights, ditch or ditch rights, well or well rights, well structures and associated lines, pipes, pumps, easements and other well facilities, whether or not adjudicated or decreed, that are associated with the Cuchares service area property, for the purpose of allowing Colorado Centre to adjudicate a separate augmentation plan for the Cuchares service area. Fountain Mesa and/or Cuchares agree(s) to reimburse Colorado Centre for all costs, including attorney's fees, Colorado Centre incurs in adjudicating the said supplemental augmentation plan, including all costs and fees associated with obtaining approval of temporary substitute water supply plans and/or a temporary change of use of the water, water rights and Fountain Mutual shares described above. To ensure all such costs and fees are paid as Colorado Centre incurs the same, Cuchares shall maintain a \$10,000 deposit with Colorado Centre and replenish the deposit to the same amount or a different amount upon Colorado Centre's request.

Fire Protection

8. Fire protection service by Colorado Centre under this Agreement is predicated upon Colorado Centre being permitted to add the Cuchares service area under an existing agreement for fire protection between Colorado Centre and the Colorado Springs Fire Department. In the event Cuchares service area is covered under that existing agreement, Cuchares shall pay Colorado Centre a fee for fire protection service as if the entire Cuchares service area property were fully developed, based on 3 mills multiplied by 417 lots valued at \$200,000. If the 3 mills collected is insufficient to cover the actual cost of fire protection service, Cuchares shall collect the difference from Fountain Mesa, the current property owner(s) and/or the developer(s) and forward the same to Colorado Centre. In the event the Cuchares service area is not covered under the above-referenced agreement with the Colorado Springs Fire Department, then Cuchares and Fountain Mesa shall participate in Colorado Centre's fire station service upon the same general terms as those contained in current agreements with the Lorson Ranch Metropolitan Districts 1-7 and the Rolling Hills Metropolitan District and pay a pro-rata share of the cost for service as split between the Lorson, Rolling Hills and Cuchares service areas. Cuchares and Fountain Mesa acknowledge and agree that they shall continue paying their pro-rata share for fire protection under any such agreement in the event either the Lorson or Rolling Hills districts, or all of them, decide to terminate their participation in Colorado Centre's fire station.

Easements

9. Cuchares hereby grants to Colorado Centre the right to use the designated rights-of-way or easements for operation and maintenance of Cuchares' water distribution system, fire hydrants, wastewater collection system, parks and open spaces, and all easements necessary or convenient to Colorado Centre to exercise use of the water and water rights conveyed pursuant to paragraph 7 above. Such rights shall include a trail easement located along the east, north and west boundaries of the Cuchares service area, which may consist of sidewalks constructed for pedestrian use.

Miscellaneous provisions

10. Cuchares agrees to bear all costs and expenses of any kind concerning any and all claims, causes of action (legal or equitable), demands, directives, lawsuits, administrative proceedings, awards, orders, or judgments, and all reasonable attorney's fees associated with the same, arising out of the design, construction or installation of the initial facilities and improvements by Cuchares, its agent, contractors or employees. Colorado Centre agrees to bear all costs and expenses of any kind concerning any and all damages, including all reasonable attorney's fees associated with the same, arising out of the gross negligence of Colorado Centre in providing services pursuant to this Agreement. The parties otherwise do not waive, and hereby expressly reserve, all other immunities, privileges and protections afforded by the Colorado Governmental Immunity Act, as the same may be amended.

11. Except as otherwise provided by Colorado law, Colorado Centre shall have no liability to Cuchares, its successors or assigns, or to the Cuchares service area property or its residents, for any inability of Colorado Centre to provide services pursuant to this Agreement due to any statute, rule, regulation, ordinance, order, electrical or other power failure, temporary shut down of service for repair, maintenance or construction, acts of God, or other occurrences or circumstances beyond Colorado Centre's reasonable control, or due to a lack of service facility availability or capacity. Cuchares acknowledges Colorado Centre may impose restrictions on water and wastewater use at the Cuchares service area property whenever Colorado Centre deems it necessary, so long as any such restrictions apply on a pro-rata basis to all users within the Colorado Centre service area. The water and wastewater service provided to the Cuchares service area shall be subject to Colorado Centre's Rules and Regulations, as the same may be amended.

12. Residents of the Cuchares service area may, at their option, seek to consolidate with Colorado Centre in either 2033 or 2043 upon prior consultation with Colorado Centre. In the event the City of Colorado Springs shall annex or purchase the assets of Colorado Centre, Cuchares shall also be included in any such annexation or purchase. The facilities of Colorado Centre and Cuchares shall be managed, maintained and operated thereafter as determined by the City of Colorado Springs.

13 Any notice required under this Agreement shall be addressed to the following:

District Manager
Colorado Centre Metropolitan District
4770 Horizonview Drive
Colorado Springs, Colorado 80925

District Manager
Cuchares Ranch Metropolitan District
130 East Kiowa Street, Suite 600
Colorado Springs, CO 80903

Notices hereunder shall be delivered by certified mail, facsimile or hand delivery.

14. The parties agree to use alternative dispute resolution whenever possible to resolve any dispute that might arise out of this Agreement under the following conditions:

(a) Except as provided in subparagraph b. of this paragraph, the parties agree to attempt to informally resolve the dispute between themselves, and if unable to do so then to

pursue mediation for a minimum of 30 days or for such longer period as the parties may agree. The parties shall agree upon the mediator, and if unable to do so they shall each select a neutral and in turn those neutrals shall select the mediator. The parties shall bear their respective costs incurred during the mediation process. If the matter is not resolved through mediation and the provisions of subparagraph b. of this paragraph are not otherwise invoked, either party may pursue legal action for damages, and the prevailing party shall recover all actual costs and expenses, including reasonable attorney's fees, incurred in such proceeding.

(b) The parties acknowledge the need to resolve certain disputed issues quickly and with finality, and thus the parties agree to form a standing, three-member panel to resolve such disputes. The panel shall consist of an accountant, a professional engineer and an attorney, all of whom possess expertise concerning metropolitan district operations. The parties shall select the panel by mutual agreement, and in the event they are unable to agree to one or more panel members they shall each appoint an individual who in turn shall work together and select the panel within 10 days of their appointment. Either party may refer a dispute to the panel upon written notice to the other party, and the panel shall hear and render a decision on the dispute within 60 days of the date of such notice. The panel shall have authority to make a binding, non-appealable decision in all matters referred to it. The panel shall prepare a written document describing the dispute and make findings and conclusions as regarding its decision. The prevailing party shall recover all actual costs and expenses incurred, including reasonable attorney's fees, for any matter referred to the panel.

15. This Agreement does not and shall not be deemed to confer on any third party the right to the performance or proceeds under this Agreement, to claim any damages or to bring any legal action or other proceeding against either party for any breach or other failure to perform this Agreement.

16. No modification, amendment, novation, change or other alteration of this Agreement shall be valid unless mutually agreed to by the parties in writing and executed as an addendum to this Agreement.

17. The laws, rules, and regulations of the State of Colorado shall be applicable in the enforcement, interpretation, and execution of this Agreement. The terms of this Agreement shall run with the land located within the Cuchares service area and shall be interpreted liberally to effect the purposes stated herein.

18. Any attachments and exhibits hereto are incorporated herein by reference and made a part of this Agreement.

19. The terms and conditions contained in this Agreement shall constitute the entire agreement between the parties and all prior negotiations and agreements shall be considered

merged herein. This Agreement shall bind the parties' successors and assigns.


20. The invalidity, illegality, or unenforceability of any provisions of this Agreement shall not render the other provisions invalid, illegal, or unenforceable.

21. The headings in this Agreement are descriptive and for convenience only, are not part of this Agreement and shall have no effect on its construction or interpretation. Conjunctive terms such as "and" or "or" shall also mean "and/or" whenever such terms are used herein.

22. This Agreement may be signed in counterparts, each of which will constitute an original but all of which will constitute one and the same instrument.

EFFECTIVE as of the date first set forth above.

COLORADO CENTRE METROPOLITAN DISTRICT

By: 

President, Board of Directors


Attest: 

Secretary

CUCHARS RANCH METROPOLITAN DISTRICT

By: 

President, Board of Directors

Attest: 

Secretary V.P. Stephen J. Mader

AMENDMENT TO SERVICE AGREEMENT

This Amendment to the Service Agreement is made and entered into this 24th day of APRIL, 2008 by and between the Colorado Centre Metropolitan District (Colorado Centre) and the Cuchares Ranch Metropolitan District (Cuchares), collectively referred to herein as the "parties."

RECITALS

WHEREAS, Colorado Centre and Cuchares are special districts organized under COLO.REV.STAT. § 32-4-101, *et seq.*;

WHEREAS, paragraph 4(a) of the Service Agreement requires Cuchares to purchase sewer taps from Colorado Centre prior to physical connection to Colorado Centre's wastewater facilities;

WHEREAS, the Colorado Centre rules require payment of sewer taps at the time final plat approval is granted by El Paso County;

WHEREAS, a final plat for 111 lots was approved for the first phase of development for the Cuchares service area on [date];

WHEREAS, Cuchares has requested, and Colorado Centre has agreed, to amend the Service Agreement regarding the sewer tap purchase obligation pursuant to the terms and conditions contained herein;

NOW, THEREFORE, in consideration of the mutual promises and other consideration provided by each of the parties to the other, the sufficiency of which is expressly acknowledged, the parties hereby enter into this Amendment under the terms and conditions contained herein.

1. On May 1, 2008, Cuchares shall pay Colorado Centre the amount of \$253,000 in cash or certified funds for the purchase 23 sewer taps, which includes 23 system improvement tap fees.
2. A service charge of 0.667% shall apply per month for each sewer tap that remains to be purchased. Therefore, on May 1, 2008 Cuchares shall pay Colorado Centre the additional amount of \$6,453.33 in cash or certified funds for the 88 taps that remain to be purchased by Cuchares.
3. Beginning on June 1, 2008 and on the first day of each following month through December 2008, Cuchares shall pay Colorado Centre the amount of \$99,000 in cash or certified funds for the purchase of 9 sewer taps, which includes 9 system improvement tap fees, and an additional \$73.33 per tap for each sewer tap which remains to be purchased.
4. At the time the final plat is recorded or by December 31, 2008, whichever occurs first, Cuchares shall pay Colorado Centre, in cash or certified funds, the full amount due for any sewer taps remaining to be purchased along with the related system improvement tap fees.



5. As Cuchares purchases sewer taps, each tap shall be assigned to a specific lot within the Cuchares service area. At that time, Cuchares shall charge each such lot the minimum monthly service charge applicable and pay the same over to Colorado Centre.
6. The life of all sewer taps sold to Cuchares, regardless of when purchased, shall expire May 1, 2010. In the event sewer taps are unused by May 1, 2010, the terms of paragraph 4(h) of the Service Agreement shall apply to such unused taps.
7. Cuchares that no water taps may be purchased for the first phase of development in the Cuchares service area until it pays for all 111 sewer taps for the first phase of development.
8. In the event Cuchares does not pay for all 111 sewer taps pursuant to the terms of this Amendment, Cuchares agrees that Colorado Centre is released from any obligation to supply water to the remaining platted lots in the first phase of development for which sewer taps are not purchased; and further, Colorado Centre is released from supplying water to the remainder of the Cuchares service area which currently does not have final plat approval from El Paso County. In this event, the water and water rights and associated structures conveyed by Fountain Mesa Investments, LLC (Fountain Mesa) and by FMI Cuchares Ranch, LLC (FMI) to Colorado Centre shall remain with Colorado Centre and not re-conveyed to Fountain Mesa, FMI or Cuchares.
9. The terms and conditions contained in this Amendment shall constitute the entire agreement between the parties as concerning the Amendment, and all prior negotiations and agreements shall be considered merged herein. To the extent this Amendment otherwise conflicts or is inconsistent with the Service Agreement, the terms of this Amendment shall control.
10. Except as changed by this Amendment, the Service Agreement otherwise remains unchanged and in full force and effect.
11. This Amendment may be signed in counterparts, each of which will constitute an original but all of which will constitute one and the same instrument.

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EFFECTIVE as of the date first set forth above.

COLORADO CENTRE METROPOLITAN DISTRICT

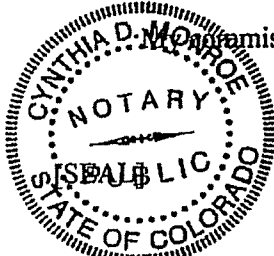
By: [Signature]
Michael Cantin, President

Attest: [Signature]
Shawn Eccles, Secretary

ACKNOWLEDGEMENT

The foregoing instrument was acknowledged before me this 24th day of April, 2008 by Michael Cantin, President of the Board of Directors, Colorado Centre Metropolitan District.

Witness my hand and official seal.



My Commission expires March 16, 2011

Cynthia D. Monroe
Notary Public

CUCHARS RANCH METROPOLITAN DISTRICT

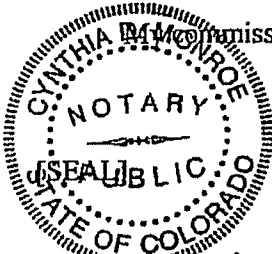
By: [Signature]
Daniel Spiranac, President

Attest: [Signature]
John Rosie, Secretary

ACKNOWLEDGEMENT

The foregoing instrument was acknowledged before me this 27th day of March, 2008 by Daniel Spiranac, President of the Board of Directors, Cuchares Ranch Metropolitan District.

Witness my hand and official seal.



My Commission expires March 16, 2011

Cynthia D. Monroe
Notary Public

Form for a Single Recent Metropolitan District
EL PASO COUNTY SPECIAL DISTRICTS
ANNUAL REPORT and DISCLOSURE FORM

1. Name of District(s):	Cuchares Ranch Metropolitan District
2. Report for Calendar Year:	2008
3. Contact Information	<p>Steve Meylan, Manager Silver Ridge Development, LLC 3090 Windhover Lane Colorado Springs, CO 80916 (719) 237-2656 stevemeylan@qwestoffice.net</p> <p>Note: This district does not have an office within the Cuchares Ranch project at this time.</p>
4. Meeting Information	District Board meetings are normally held on the fourth Tuesday at 1:30 p.m. in the months of January, April, July and October at 130 East Kiowa, Suite 600, Colorado Springs, but are subject to change and may be cancelled if there is no business to transact. Up-to-date meeting times, locations, and agendas can be obtained by calling the Silver Ridge office and are posted at the Colorado Centre Metropolitan District office.
5. Type of District(s)/ Unique Representational Issues (if any)	Cuchares Ranch Metropolitan District is single conventional Title 32 Special Metropolitan District. All property owners within the boundaries of this district who are otherwise eligible as electors within the State of Colorado have the opportunity to fully participate in future elections of the district and are eligible to run for Director positions when these positions become open
6. Authorized Purposes of the District(s)	The Service Plan authorizes all allowable purposes for Title 32 Special Districts. However, the district does not offer drainage services because these are under the jurisdiction of El Paso County. Additionally, the district does not offer services regarding public roads or streets. For additional details, please contact the District Office.
7. Active Purposes of the District(s)	The primary active purpose of the district is to provide water and sewer, fire protection, parks, street lights, trash collection, and flood control services. These services are provided through a services agreement with the Colorado Centre Metropolitan District. The district will own the water, sewer and park facilities, and it will maintain the park facilities pending future transfer of maintenance responsibility to Colorado Centre. For additional details, please contact the District Office

<p>8. Current Certified Mill Levies</p> <ul style="list-style-type: none"> a. Debt Service b. Operational c. Other d. Total 	<ul style="list-style-type: none"> a. 20 mills b. 20 mills c. 3 mills – fire protection; 2 mills - parks d. 45 mills <p>The mill levy is anticipated to be certified in December 2008</p>
<p>9. Sample Calculation of Current Mill Levy for a Residential and Commercial Property (as applicable).</p>	<p>Assumptions:</p> <p>\$200,000.00 is the total actual value of a typical single family home as determined by El Paso County.</p> <p>\$500,000 is the total actual value of the sample commercially- assessed property</p> <p>Aggregate total mill levy is projected to remain at 45.0 mills but the operating mill levy could be increased by voter approval in the future.</p> <p>Sample Metropolitan District Mill Levy Calculation for a <u>Residential Property</u>:</p> <p>\$200,000 x .0796 = \$15,920 (Assessed Value) \$15,920 x .025 mills = \$398 per year in sample taxes owed solely to this Special District if the District imposes its projected debt service and operations mill levy.</p> <p>Sample Metropolitan District Mill Levy Calculation for a <u>Commercial Property</u>:</p> <p>\$500,000 x .2900 = \$145,000 (Assessed Value) \$145,000 x .025 mills = \$3,625 per year in sample taxes owed solely to this Special District if the District imposes its projected debt service and operations mill levy.</p>
<p>10. Maximum Authorized Mill Levy Caps (Note: these are maximum allowable mill levies which could be certified in the future unless there was a change in state statutes or Board of County Commissioners approvals)</p> <ul style="list-style-type: none"> a. Debt Service b. Operational c. Other d. Total 	<ul style="list-style-type: none"> a. 50.0 mills b. 20.0 mills c. 3 mills – fire protection; 2 mills - parks d. 75.0 mills <p>Under the service agreement with Colorado Centre, the district must adopt the same mills for operation, fire and parks as are in effect for Colorado Centre at any time. Therefore, the district may seek to increase the mill cap in the future as needed to comply with the service agreement.</p>
<p>11. Sample Calculation of Mill Levy Cap for a Residential and Commercial Property (as</p>	<p>Assumptions: See Assumptions in #9 above; (please note that these higher sample tax liabilities</p>

applicable).	<p>would occur only if the mill levies were increased to the allowable maximum rates. The Board of Directors does not anticipate at this time that this will occur)</p> <p>Sample Metropolitan District Maximum Mill Levy Calculation for a <u>Residential Property</u>:</p> <p>Same as in #9 above.</p> <p>Sample Metropolitan District Mill Levy Calculation for a <u>Commercial Property</u>:</p> <p>Same as in #9 above.</p>
12. Current Outstanding Debt of the Districts (as of the end of year of this report)	\$2 million
13. Total voter-authorized debt of the Districts (including current debt)	\$2 million
14. Debt proposed to be issued, reissued or otherwise obligated in the coming year.	<p>The District issued voter-approved \$2 million debt through private 20-year bonds to finance capital costs associated with water service. \$500,000 of this cost is related to purchasing augmentation water. Other water and sewer infrastructure construction has commenced and all associated expense has been assumed by the developer. Any future debt proposed will be within the maximum mill caps, and the District will obtain voter approval to modify the mill levy.</p>
15. Major facilities/ infrastructure improvements initiated or completed in the prior year	<p>As noted above, public water and sewer infrastructure work has been initiated by the owner/developer on behalf of the district. Work on water and sewer lines, drainage, roads and street lights for Phase I of the Project is expected to be complete in Q2 2009. Significant portions of water, sewer and roads will be constructed in advance of future Project development phases, with remaining work completed after approval of future plats.</p>
16. Summary of major property exclusion or inclusion activities in the past year.	There were no inclusions or exclusions of property in 2008

Reminder:

- A. As per Colorado Revised Statutes, Section 32-1-306, the special district shall maintain a current, accurate map of its boundaries and shall provide for such map to be on file with the County Assessor.
- B. Colorado Revised Statutes, Section 32-1-823(1), states a certificate of election results shall be filed with the County Clerk and Recorder.

Steve Meylan, Manager

Name and Title of Respondent

Signature of Respondent

Date

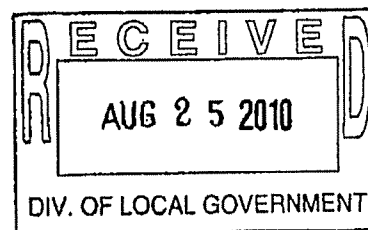
RETURN COMPLETED FORM TO: El Paso County Board of County Commissioners
Attention: Deputy Clerk to the Board
200 South Cascade Avenue
Colorado Springs, Colorado 80903

****NOTE:** As per CRS Section 32-1-104(2), a copy of this report should also be submitted to:

County Assessor - 27 East Vermijo, Colorado Springs, Colorado 80903

County Treasurer - 27 East Vermijo, Colorado Springs, Colorado 80903

EX-111
 ROBERT C. "BOB" BALINK El Paso County, CO
 09/18/2008 11:26:34 AM
 Doc \$0.00 Page
 Rec \$0.00 1 of 14 208103135



Resolution No. 08-402

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

**RESOLUTION TO APPROVE THE TITLE 32 CUCHARES RANCH
 METROPOLITAN DISTRICT AMENDED SERVICE PLAN, -CUCHARES
 RANCH METROPOLITAN DISTRICT (ID-06-003)**

WHEREAS, Cuchares Ranch Metropolitan District did file an application with the Development Services Division of El Paso County, pursuant to Section 32-1-207 (2), C.R.S., for the review of an amendment to the service plan for Cuchares Ranch Metropolitan District. The proposed amendment to the service plan will: 1) remove the current mill levy cap of 25 mills, allowing the mill levy to increase up to the maximum mill levy allowed under Colorado Statutory Law; and 2) allow the district to bond debt up to the amount of the district's estimated property value of \$20 million. The request is also for County approval to apply for Conservation Trust Funds to fund park operation and maintenance; and

WHEREAS, a public hearing was held by the El Paso County Planning Commission on August 5, 2008, upon which date the Planning Commission did by formal resolution recommend approval of the subject Service Plan Amendment with conditions and notations; and

WHEREAS, on August 21, 2008, the Board ordered a public hearing to be held on the Service Plan on September 18, 2008; and

WHEREAS, notice of the hearing before the Board was duly published in *The El Paso County Advertiser and News* on August 27, 2008, as required by law; and

WHEREAS, 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 22, 2008; 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 Amendment for the District on September 18, 2008; and



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.

208103135 Book..... Page.....

Date 9-18-08
 Robert C. Balink
 County Clerk & Recorder
 El Paso County, Colorado
 By [Signature] Deputy

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 amendment, recommendations of the El Paso County Planning Commission, comments of the El Paso County Development Services Division, 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 proposed Special District Amendment 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 relating to the filing of an amended service plan for the Cuchares Ranch Metropolitan District and notice of the hearing by the Board, have been fulfilled in a timely manner;

BE IT FURTHER RESOLVED the Board hereby approves the Cuchares Ranch Metropolitan District Service Plan Amendment submitted by Cuchares 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. As stated in the amended Service Plan, the maximum combined debt service and operational mill levy shall not exceed 45 mills (Gallagher-adjusted) for any property within the District, with no more than 25 mills devoted to debt and not more than 20 mills devoted to operations and maintenance until and unless the District receives voter approval at election to increase the mill levy.
2. As stated in the amended Service Plan, the maximum authorized debt for the District shall be limited to \$2 million until and unless the District receives voter approval at election to increase the maximum authorized debt.
3. As stated in the amended Service Plan, any future annexation of territory by the 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.
4. Subject to approval of this amended Service Plan, the District shall have the authority to apply for, or utilize any, Conservation Trust ("Lottery") funds. The District shall also retain the authority to apply for and use any other grant funds including, but not limited to, Great Outdoors Colorado (GOCO) discretionary grants.

5. As stated in the amended Service Plan, 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 of 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.
6. 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. County staff is authorized to administratively approve updates of the disclosure form to reflect current contact information and calculations.
7. As stated in the amended Service Plan, 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 C.R.S. § 32-1-1101(1)(f)(I).
8. The District shall be expressly prohibited from using this District for the purposes of covenant enforcement without the express prior approval of the Board of County Commissioners. Any future authorization to allow for covenant enforcement, would not be considered a material modification of the amended Service Plan and therefore not require a hearing by the Planning Commission.

9. As stated in the amended Service Plan, the Board of County Commissioners reserves the authority to impose a requirement for a Board of County Commissioners-appointed Citizens' Advisory Council (CAC) once the identified development thresholds are met or at any time thereafter. Upon meeting the threshold of 100 dwelling units constructed in the District, the County will schedule a hearing at which the Board of County Commissioners can determine whether formation of a CAC is necessary.
10. Any school site which may be dedicated to Widefield School District No. 3 shall be exempt from any development fees which may be imposed by the Districts at such time as the site is formally dedicated to the County, and while the site remains in County or School District ownership.
11. Approval of this application shall not constitute relinquishing or undermining of the County's authority to require the developer to complete subdivision improvements as required by the Land Development Code and Engineering Criteria Manual and to require subdivision improvements agreements or development agreements and collateral of the developer at the final plat stage to guarantee improvements.

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

1. In the event the El Paso County Development Services Division 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.
2. Approval of this Service Plan shall be 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.

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.

Resolution No. 08-402
Page 6

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

DONE THIS 18th day of September 2008, at Colorado Springs, Colorado.



ATTEST:

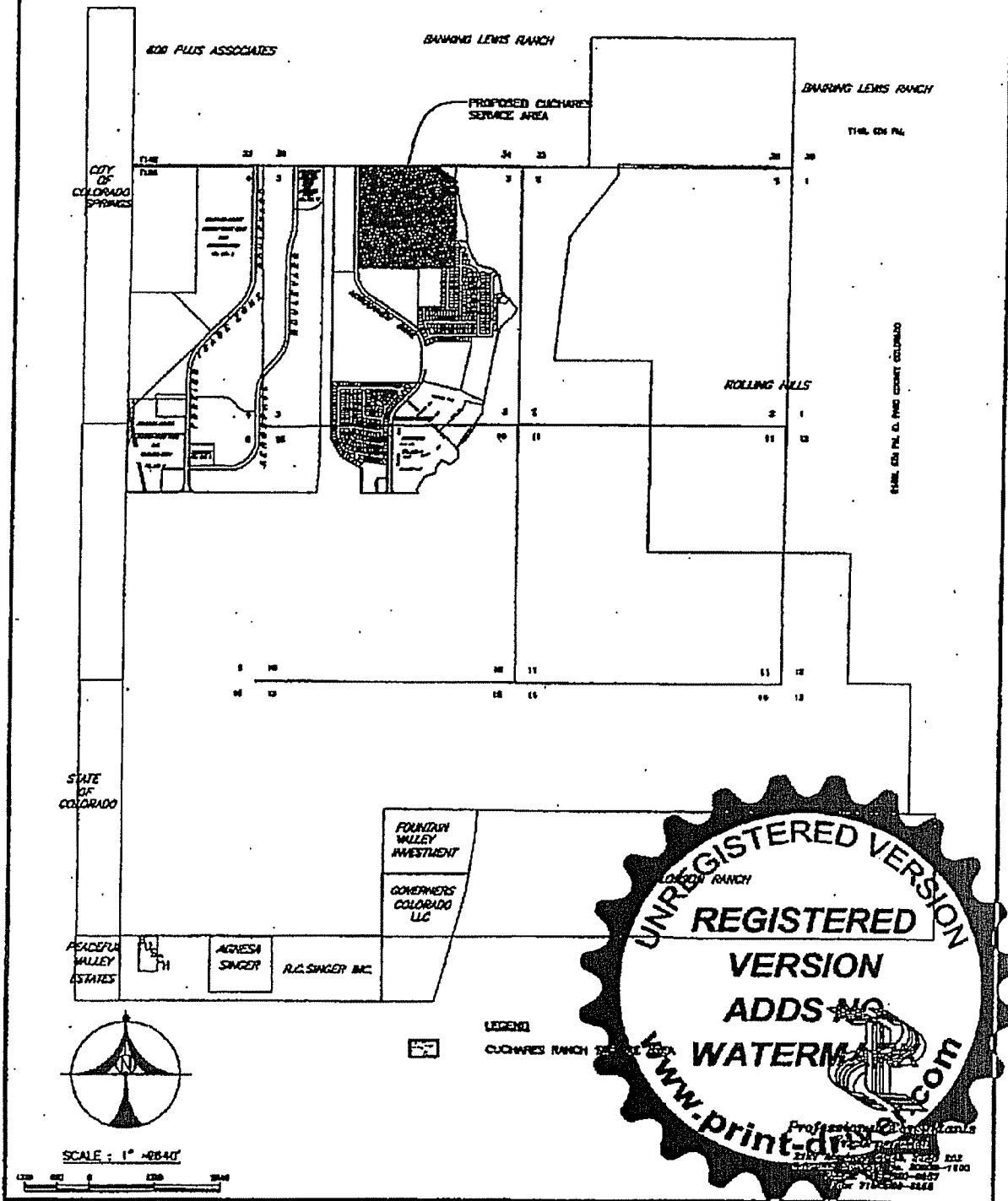
By: Robert C. Bahr
County Clerk & Recorder

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

By: Jim Hing
Chair

Resolution No. 08-402
EXHIBIT A

CUCHARES RANCH SERVICE BOUNDARY



Legal Description - District Service Area

That part of the North half of Section 3, Township 15 South, Range 65 West of the 6th P.M. in El Paso County, Colorado, being more particularly described as follows:

Commencing at the Northeast corner of said Section 3; thence S 89° 53' 55" W (said bearing and all others used in this legal description are relative to the North line of the Northeast Quarter of said Section 3 which is assumed to bear S 89° 53' 55" W) along the North line of the Northeast Quarter of said Section 3, 1682.84 feet to the TRUE POINT OF BEGINNING, said point being on the boundary of Parcel A as described in that Deed to L-P Associates, recorded June 3, 1985 in Book 5016 at Page 1013; [the following five (5) courses are along the boundary of said L-P Associates parcel]

Thence S 00° 00' 00" W, 85.18 feet;

Thence S 58° 00' 07" E, 386.30 feet;

Thence S 00° 00' 00" W, 1637.18 feet;

Thence S 89° 24' 57" W, 1958.02 feet;

Thence N 00° 05' 44" E, 2143.97 feet to a point on the North line of the Northwest Quarter of said Section 3;

Thence N 89° 53' 06" E along said North line of the Northwest Quarter, 678.90 feet to the North Quarter corner of said Section 3;

Thence N 89° 53' 55" E along said North line of the Northeast Quarter, 947.84 feet to the Point of Beginning.

Resolution No. 08-402
EXHIBIT B

**Form for a Single Recent Metropolitan District
EL PASO COUNTY SPECIAL DISTRICTS
ANNUAL REPORT and DISCLOSURE FORM**

1. Name of District(s):	Cuchares Ranch Metropolitan District
2. Report for Calendar Year:	2008
3. Contact Information	<p>Steve Meylan, Manager Silver Ridge Development, LLC 3080 Windhover Lane Colorado Springs, CO 80916 (719) 237-2656 stevenmeylan@qwestoffice.net</p> <p>Note: This district does not have an office within the Cuchares Ranch project at this time.</p>
4. Meeting Information	<p>District Board meetings are normally held on the fourth Tuesday at 1:30 p.m. in the months of January, April, July and October at 130 East Kiowa, Suite 600, Colorado Springs, but are subject to change and may be cancelled if there is no business to transact. Up-to-date meeting times, locations, and agendas can be obtained by calling the Silver Ridge office and are posted at the Colorado Centre Metropolitan District office.</p>
5. Type of District(s)/ Unique Representational Issues (if any)	<p>Cuchares Ranch Metropolitan District is single conventional Title 32 Special Metropolitan District. All property owners within the boundaries of this district who are otherwise eligible as electors within the State of Colorado have the opportunity to fully participate in future elections of the district and are eligible to run for Director positions when these positions become open</p>
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Steve Mcylan, Manager

Name and Title of Respondent

Signature of Respondent

Date

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Attention: Deputy Clerk to the Board
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Colorado Springs, Colorado 80903

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