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SERVICE PLAN

FOR

CASTLEWOOD RANCH METROPOLITAN DISTRICT

PREVIOUSLY KNOWN AS

THE VILLAGES AT CASTLE ROCK

METROPOLITAN DISTRICT No. 2

(TOWN OF CASTLE ROCK, COLORADO)

Approved June 18, 1998

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SERVICE PLAN FOR THE CASTLEWOOD RANCH METROPOLITAN DISTRICT

I. INTRODUCTION

Castlewood Ranch Metropolitan District ("District") was originally organized as The Villages at Castle Rock Metropolitan District No. 2 in the Town of Castle Rock, Colorado (the "Town") by order and decree of the Douglas County District Court dated August 15, 1984. No development has occurred within the District's boundaries since its organization. On September 24, 1992 the Town Council of the Town adopted Ordinance No. 92-15, An Ordinance Adopting a New Chapter 11.02 of Title 11 of the Castle Rock Municipal Code concerning the Oversight of Special Districts Within the Town and Providing its Emergency Adoption (the "Ordinance"). On February 20, 1998, the District changed its name to Castlewood Ranch Metropolitan District. Upon its organization, the District entered into an Intergovernmental Agreement with the Town of Castle Rock which set forth the arrangements between the Town and the District with regard to the powers the District would have and what facilities the District would have the authority to finance and construct.

Pursuant to the requirements of Chapter 11 of the Castle Rock Municipal Code and the Special District Control Act, Section 32-1-201, et seq., Colorado Revised Statutes, this Service Plan consists of a financial analysis and an engineering plan showing how the proposed facilities and services of the District will be provided and financed. The following items are included in this Service Plan:

1. A description of the proposed services;
2. A financial plan showing how the proposed services are to be financed, including the proposed operating revenue derived from property taxes for the first budget year of the District;
3. A preliminary engineering or architectural survey showing how the proposed services are to be provided;
4. A map of the District boundaries and an estimate of the population and valuation for assessment of the District, which includes an attached legal description;
5. A general description of the facilities to be constructed and the standards of such construction, including a statement of how the facility and service standards of the District are compatible with facility and service standards of the Town of Castle Rock, Colorado ("Town") and of any municipalities and special districts which are interested parties pursuant to Section 32-1-204(1), Colorado Revised Statutes;
6. A general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated

proposed maximum interest rates and discounts, and other major expenses related to the organization and initial operation of the District; and

7. A description of any arrangement or proposed agreement with any political subdivision for the performance of any services between the District and such other political subdivision, and if applicable a form of the agreement is attached hereto; and

8. An itemization of any costs which petitioners expect to be assumed by the Town for the construction of public improvements; and

9. An identification, by name, address, and phone number, of those persons who are the current Board of Directors (the names, addresses and phone numbers of the current Board members are included on Exhibit E attached hereto); and

10. Proof of ownership of all properties within the District (attached as Exhibit F to this Service Plan); and

11. A copy of any and all proposed enabling, controlling, contractual, and/or operational documents which would affect or be executed by the District, including the form of any intergovernmental agreement between the District and the Town.

12. A capital plan which includes the following:

- a. a description of the type of capital facilities to be developed by the District;
- and
- b. an estimate of the cost of the proposed facilities; and
 - c. a pro forma capital expenditure plan correlating expenditures with development.

13. A financial plan which includes the following:

- a. the total amount of debt issuance planned for the five-year period commencing with the approval of the Service Plan;
- b. all proposed sources of revenue and projected District expenses, as well as the assumptions upon which they are based, for at least a ten-year period from the date of the approval of the Service Plan;
- c. the dollar amount of any anticipated financing, including capitalized interest, costs of issuance, estimated maximum rates and discounts, and any expenses related to the organization and initial operation of the District;

- d. a detailed repayment plan covering the life of any financing, including the frequency and amounts expected to be collected from all sources;
- e. the amount of any reserve fund and the expected level of annual debt service coverage which will be maintained for any financing;
- f. the total authorized debt for the District;
- g. the provisions regarding any credit enhancement, if any, for the proposed financing, including but not limited to, letters of credit and insurance; and
- h. a list and written explanation of potential risks of the financing.

II. PURPOSE OF THE DISTRICT

Services will be provided to the Castlewood Ranch development (the "Development") by the District. The District's powers and functions shall be limited to construction and financing of the improvements described below. The District will function to provide (1) water improvements, (2) sanitary and storm sewer improvements, (3) street improvements, (4) parks and recreation facilities, (5) safety protection improvements, (6) transportation, (7) mosquito control, and any other services that may be provided by a metropolitan district within and without the District's boundaries as will be determined by the District's Board of Directors to be in the best interest of the District. Upon completion to Town standards, the District will convey to the Town all improvements constructed by the District. The specific arrangements regarding construction, financing and dedication are addressed in the proposed Intergovernmental Agreement between the District and the Town the form of which is attached hereto as Exhibit A and incorporated herein by this reference.

III. DISTRICT BOUNDARIES AND MAPS

The property included within the District's boundaries is located entirely within the Town and is approximately 868 acres (the "Property"). A vicinity map, a map of the boundaries of the District, and a legal description of the Property is attached hereto as Exhibit B, B-1 and B-2. Areas which may be included within the District boundaries shall include any properties within the Founders Village PUD which are not located within the boundaries of a metropolitan district ("Potential Future Inclusion Area").

IV. PROPOSED LAND USE AND POPULATION PROJECTIONS

At present, the Property within the District and the Development is zoned Planned Unit Development, which allows for 3,868 single and multi-family units. The Developers have proposed that the Property be re-zoned to allow for only 1,300 single and multi-family units. The Development is now vacant and is not presently served with the facilities and/or services proposed to be provided by the District, nor does the Town nor any other special district have any plans to provide such services within a reasonable time and on a comparable basis. It is anticipated that the Property within the District would be utilized for residential uses. At an estimated three (3) persons

per residence, this would result in a peak daytime population estimate of 3,900 persons based upon the proposed re-zoning. In order to facilitate the development of the properties within the District as planned, organized provision of facilities and services proposed to be provided by the District will be necessary.

Inclusions or exclusions of property within the District will be determined by the Board of Directors of the District at the time of consideration consistent with the terms of the Intergovernmental Agreement. The Intergovernmental Agreement provides that the District shall have the authority, without prior Town consent, to include any portion of the Potential Future Inclusion Area if such expansion will not require the incurrence of indebtedness in addition to the amounts contemplated by the Financial Plan set forth herein. In the event the District proposes to include any portion of the Potential Future Inclusion Area and such expansion will require the incurrence of indebtedness in addition to the amounts contemplated by the Financial Plan, the District shall have the authority to include the property and to issue general obligation bonds provided it has met the following requirements:

1. It shall submit to the Town Manager, with a copy to the Town Attorney, a written notice of its intention to issue general obligation bonds above the amount projected herein with a Revised Financial Plan. A Revised Financial Plan shall mean a revised Financial Plan based upon Verifiable Build-out Projections which shows that the District has the ability to pay the required debt service payments on the proposed indebtedness and the previously authorized indebtedness. Verifiable Build-out Projections shall mean build-out projections which are based upon approved zoning or upon planned unit development and/or approved preliminary or final plats for the applicable property.

2. The Town does not object in writing within forty-five (45) days after receiving the Notice, the Revised Financial Plan and the Verifiable Build-out Projections. If the Town objects within the requisite time period, the additional debt will not be incurred until the District has received the approval of a modified Service Plan pursuant to the requirements of Colorado Statute.

All debt issuance, the Mill Levy Cap, and other restrictions provided for in this Service Plan and in the Intergovernmental Agreement shall continue to apply to the District if any portion of Potential Future Inclusion Area is included within the District's boundaries.

V. DESCRIPTION OF PROPOSED SERVICES

The following paragraphs provide a description of the proposed services to be provided by the District.

A. Types of Improvements.

The District plans to provide for the design, acquisition, construction, installation, and financing of certain water, sanitary and storm sewer, street, safety protection, park and recreation, transportation, and mosquito control improvements and services within and without the boundaries of the District. This Service Plan describes with specificity those improvements

anticipated for construction. The improvements will benefit the Development. A general description of each type of improvement and service to be provided by the District follows this paragraph, and the Capital Plan attached as Exhibit C lists the improvements currently planned to be provided relating to each type, the phasing of construction of such facilities, and the costs in current dollars ("Improvements"). An explanation of the methods, basis, and/or assumptions used to prepare the above estimates is also included in the Capital Plan. The Improvements generally depicted and described in the Capital Plan have been presented for illustration only, and the exact design, subphasing of construction and location of the Improvements will be determined at the time of platting and such decisions shall not be considered to be a material modification of the Service Plan.

1. Water. The District shall have the power to provide for the design, acquisition, construction, completion, installation, operation and maintenance of a water transmission and distribution system, which may include, but shall not be limited to, transmission lines, distribution mains and laterals, fire hydrants, irrigation facilities, storage facilities, treatment facilities, wells or development of other sources of water, pump stations, land and easements, and all necessary, incidental, and appurtenant facilities, together with extensions of and improvements to said system within and without the boundaries of the District. Following acceptance, the water improvements will be owned, operated and maintained by the Town.

The District shall be prohibited from owning, managing, adjudicating or developing water rights and water resources.

2. Sanitation. The District shall have the power to provide for the design, acquisition, construction, completion, installation, operation and maintenance of a complete sanitary sewage collection, treatment, transmission, and disposal system which may include, but shall not be limited to, treatment plants, collection mains and laterals, lift stations, transmission lines, sludge handling and disposal facilities, and storm sewer, flood and surface drainage facilities and systems, including detention/retention ponds and associated irrigation facilities, and all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said system within and without the boundaries of the District. The sanitary sewer system will be designed to adequately serve the entire Development area.

Upon acceptance by the Town, the sanitation improvements will be owned, operated and maintained by the Town.

Subject to review and approval by the Town, the District may be served by a low pressure sewer system. The District shall have the power to provide for the design, acquisition, construction, completion and installation of such system. In the event the Town elects to utilize a low pressure sewer system, either the District or a homeowner's association shall operate and maintain the system.

3. Streets. The District shall have the power to provide for the acquisition, construction, completion, installation and/or operation and maintenance of street improvements, including curbs, gutters, culverts, and other drainage facilities, sidewalks, bike paths and pedestrian ways, bridges, overpasses, interchanges, median islands, paving, lighting, grading, landscaping and

irrigation, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the District. It is anticipated that, following acceptance by the Town, the Town will maintain the streets within the District. The District may supplement the Town's maintenance as it deems necessary or desirable to benefit its taxpayers and service users. Following acceptance, the street improvements will be owned, operated and maintained by the Town.

4. Safety Protection. The District shall have the power to provide for the acquisition, construction, completion, installation and/or operation and maintenance of facilities and/or services for a system of traffic and safety controls and devices on streets and highways, including signalization, lighting, signage striping, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the District. Following acceptance, all safety protection improvements will be transferred to the Town for ownership and maintenance.

5. Park and Recreation. The District shall have the power to provide for the design, acquisition, construction, completion, installation, operation and maintenance of parks and recreational facilities and programs including, but not limited to, parks, bike paths and pedestrian ways, open space, landscaping, cultural activities, community recreational centers, water bodies, irrigation facilities, and other active and passive recreational facilities and programs, and all necessary, incidental and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the District. The park and recreational facilities will be owned, operated and maintained by the Town, the District or an association of homeowners within the boundaries of the District, as appropriate.

6. Transportation. The District shall have the power to provide for the design, acquisition, construction, completion, and installation of a system to transport the public by bus, rail, or any other means of conveyance, or combination thereof, or pursuant to contract, including park and ride facilities and parking lots, structures, and facilities; together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities of systems within and without the boundaries of the District. Transportation facilities will be owned and operated by the Town.

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

8. Fire Protection. The Property and the Development are wholly within the boundaries of the Town. The District shall not have any powers to provide fire protection or emergency response services. The Development will obtain its fire protection and emergency response services from the Town.

9. Other Powers. In addition to the enumerated powers, the Board of Directors of the District shall also have the following authority:

(A) Service Plan Amendments. To amend the Service Plan as needed, subject to the appropriate statutory procedures and Town ordinance.

(B) Phasing, Deferral. Without amending this Service Plan, to defer, forego, reschedule, or restructure the financing and construction of certain improvements and facilities, to better accommodate the pace of growth, resource availability, and potential inclusions of property within the District.

(C) Additional Services. Except as specifically provided herein, to provide such additional services and exercise such powers as are expressly or impliedly granted by Colorado law.

B. Standards of Construction/Statement of Compatibility.

1. All water improvements will be designed, constructed and maintained in accordance with the standards of the Colorado Department of Health, the Town, if any, and any other jurisdiction, as appropriate.

2. All sanitary sewer improvements will be designed, constructed and maintained in accordance with the standards of the Colorado Department of Health, the Town, if any, and other applicable local, state or federal rules and regulations. All storm sewers and facilities will be constructed in accordance with the standards and specifications of the Town, the Urban Drainage and Flood Control District and other local jurisdictions, as appropriate.

3. All streets and safety protection facilities to be dedicated to the Town will be constructed in accordance with the standards and specifications of the Town. Any street and safety protection facilities to be dedicated to Douglas County will be constructed in accordance with the standards and specifications of the County.

4. All park and recreational facilities and/or services will be constructed in accordance with engineering and design requirements appropriate for the surrounding terrain, and shall be in accordance with standards of the Town, or other local public entities, as appropriate.

5. All transportation facilities shall be provided in accordance with the standards and specifications of the Town, if any, the Regional Transportation District or other local public entities, as appropriate.

6. All mosquito control facilities will be designed, constructed, maintained and operated in accordance with the specifications of the Colorado Department of Health, the Town, if any, or other jurisdictions, as appropriate.

Based on an analysis of jurisdictions which are interested parties in the Service Plan proceedings as defined in the Colorado Revised Statutes, the District's Engineers have determined that the standards by which the facilities are to be constructed are compatible with the facilities of such other jurisdictions.

C. Facilities to be Constructed and/or Acquired.

The District proposes to provide and/or acquire those facilities generally described herein. A general description and preliminary engineering survey, as appropriate, of the facilities to be constructed and/or acquired are shown on the Capital Plan attached hereto as Exhibit C.

Additionally, the District and Villages at Castle Rock Metropolitan District No. 4 have agreed to enter into an intergovernmental agreement to jointly fund the following major water improvements: Mikelson Boulevard Interconnect Line; Ridge Road Transmission Line; Green Zone Transmission Line; 27" Transmission Main to Lantern Trail; and certain other water supply, treatment and storage projects (the "Joint Funding Agreement"). Notwithstanding anything herein to the contrary, the District shall have the authority to enter into the Joint Funding Agreement and perform its obligations thereunder.

D. Notice of Meetings.

A copy of the written notice for every regular or special meeting of the District will be delivered to the Town Clerk at least three (3) days prior to such meeting.

VI. ASSESSED VALUATION

The property within the District has an assessed valuation as of January 1998 of approximately Twenty Thousand Five Hundred Seventy Dollars (\$20,570). The projected build-out for the District is set forth in the Financial Plan set forth in Exhibit D. The projected assessed valuation of the property to be included within the District, based upon the land use expectations heretofore noted, is set forth in the Financial Plan. At build-out, the assessed valuation is expected to be Nineteen Million Four Hundred Sixty Seven Thousand Dollars (\$19,467,000).

VII. ESTIMATED COSTS OF FACILITIES

The Capital Plan attached hereto as Exhibit C includes the estimated costs of the facilities to be constructed, installed and/or acquired by the District, a facility map and preliminary drawings for each type of service or facility to be provided by the District.

VIII. ESTIMATED COSTS OF OPERATION AND MAINTENANCE

Subject to the applicable warranty, the District intends to dedicate certain facilities constructed or acquired to the Town, for operations and maintenance. The District may also enter into a contract with a homeowners association whereby the homeowners association will assume the responsibility for operations and maintenance of certain improvements. Estimated costs for operation and maintenance functions are shown on the Financial Plan. The Financial Plan assumes no operating expenses or debt will be incurred until June, 1998.

IX. FINANCIAL PLAN—PROPOSED INDEBTEDNESS

The Financial Plan shows how the proposed facilities and/or services are to be financed including the estimated costs of engineering services, legal services, administrative services, proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to this Service Plan. It demonstrates the issuance of the debt and the anticipated repayment based on the projected development in the District's boundaries. The Financial Plan also demonstrates that, at various projected levels of development, the District has the ability to finance the facilities identified herein and will be capable of discharging the proposed indebtedness on a reasonable basis. The District acknowledges that it is subject to the requirements of and shall comply with Chapter 11.02 of the Castle Rock Municipal Code, including but not limited to, the requirements of filing the annual reports and obtaining timely service plan amendments when material modifications occur as defined in section 11.02.060 of the Code.

A. **General.** The provision of facilities by the District and the repayment of its outstanding obligations will be primarily financed by the issuance of general obligation bonds, secured by the ad valorem taxing authority of the District and the pledge of fee revenue, with limitations as discussed below. The District will also have the authority to finance the improvements by the issuance of revenue bonds secured by the revenues anticipated herein. The Financial Plan shows the anticipated fees to be imposed and collected.

When the issuance of bonds by the District entails pledging its mill levy to the payment of the bonds, the District's obligation to the Bondholders with regard to the mill levy shall be to certify the required mill levy and the Bondholders shall have no other remedy with regard to the mill levy pledge. In the event the issuance of bonds entails the pledge of fee revenue derived from the payment of fees pursuant to an agreement with the developer of the Property and the pledge of property within the boundaries of the District as security for such obligation, the District's obligation to the Bondholders shall be to fully enforce the terms of the Agreement, including the pursuit of foreclosure proceedings on the pledged property. However, the District shall not have the right to accelerate the payment of fees and any foreclosure shall be only as to those amounts currently owing under the agreement.

The Financial Plan demonstrates the issuance of the debt and the anticipated repayment based on the projected development in the District boundaries. It is anticipated that the first bond issue will occur in 1998. Prior to that time, the construction costs for necessary improvements will be advanced by the developer(s) within the District, subject to subsequent acquisition by the District of the completed improvements and reimbursement to the developer(s) of such advanced construction costs.

Pursuant to Section 32-1-1101, C.R.S., general obligation bonds would mature not more than twenty (20) years from the date of issuance, with the first maturity being not later than three (3) years from the date of their issuance. The maximum voted interest rate will be eighteen percent (18%) and the maximum underwriter's discount will be five percent (5%). The exact interest rates and discounts will be determined at the time the bonds are sold by the District and will reflect market conditions at the time of sale but shall not exceed the maximum voted interest rate or

underwriter's discount. The District may also issue notes, certificates, debentures, or other multiple fiscal year obligations, which issuances shall be subject to the limitations set forth in this Service Plan. In the event the bonds are sold as revenue bonds (without a general obligation pledge of the District) such Bonds shall be issued in the manner provided by Section 32-1-1101 (1) (d), C.R.S., and shall never constitute debt or indebtedness of the District within the meaning of any provision or limitation of the laws of Colorado or the state constitution and shall not constitute nor give rise to a pecuniary liability of the District or charge against its general credit or taxing powers. The exact interest rates, discounts and their form will be determined at the time the bonds are sold by the District, and will reflect market conditions at the time of sale.

Based upon construction cost estimates and financing cost estimates as computed during the preparation of this Service Plan, it is anticipated that a total of Sixteen Million Thirty Thousand Dollars (\$16,030,000) of bonds will be issued. The actual amount of the bonds issued will depend on the District's decision as to the pledge of development fees for debt service. The District will have the authority to finance and construct all facilities contemplated herein without the need to seek approval of any modification of this Service Plan, provided the District is not then required to obtain an amendment to the Service Plan as required under Section 11.02.060 of the Code. The District has received electoral approval for debt in the amount of Sixteen Million Eight Hundred Five Thousand Dollars (\$16,805,000). The amount of voted authorization exceeds the amount of bonds anticipated to be sold, as shown in the Financial Plan, to allow for unforeseen contingencies and increases in construction costs due to inflation, and to cover all issuance costs, including capitalized interest, reserve funds, discounts, legal fees and other incidental costs of issuance. The District shall not issue any new debt or revenue obligations if a material modification to this Service Plan has occurred under Section 11.02.060 of the Code for which the District has not obtained a conforming amendment.

B. **Mill Levy.** The District will have a mill levy assessed on all taxable property in the District as a primary source of revenue for repayment of debt service and for operations and maintenance. It is estimated that a mill levy of forty-five (45) mills will produce revenue sufficient to support the operations and maintenance and debt retirement throughout the bond repayment period. In addition, the District may capitalize interest to permit payment of interest during the time lapse between development of taxable properties and the collection of tax levies therefrom to the extent permitted under federal law. Interest income through the reinvestment of construction funds, capitalized interest and annual tax receipts will provide additional funds. These revenue sources should be sufficient to retire the proposed indebtedness if growth occurs as projected; otherwise, the imposition of rates, tolls, fees and charges may be necessary.

The District may authorize, issue, sell and deliver such bonds, notes, contracts, or other obligations evidencing a borrowing (collectively, "Bonds") as are permitted by law, subject to the following limitations:

1. The District may issue general obligation bonds only if the mill levy pledged for repayment of the Bonds (together with the mill levy pledge on any other general obligations of the District) will not exceed 50 mills (adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation so that to the extent

possible the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such determination) (the “Mill Levy Cap”); and

2. The Bonds must qualify as one of the following types of bond issuances:

a. any issue of Bonds registered under the Colorado Municipal Bond Supervision Act, or

b. any issue of general obligation bonds where the total obligation represented by the issue together with any other general obligation of the District does not at the time of issuance exceed the greater of two million dollars or fifty percent of the valuation for assessment of the taxable property in the district as certified by the assessor; or

c. any issue of Bonds that is rated in one of its four highest rating categories by one or more nationally recognized organizations which regularly rate such obligations; or

d. any issue of Bonds in which infrastructure is in place which has been determined by the Board of the District to be necessary to construct or otherwise provide additional improvements specifically ordered by a federal or state regulatory agency to bring the District into compliance with applicable federal or state laws or regulations for the protection of the public health or the environment if the proceeds raised as a result of such issue are limited solely to the direct and indirect costs of the construction or improvements mandated and are used solely for those purposes; or

e. any issue of Bonds secured as to the payment of the principal and interest on the debt by a letter of credit, line of credit, or other credit enhancement, any of which must be irrevocable and unconditional, issued by a depository institution:

I. with a net worth of not less than ten million dollars in excess of the obligation created by the issuance of the letter of credit, line of credit, or other credit enhancement;

II. with the minimum regulatory capital as defined by the primary regulator of such depository institution to meet such obligation; and

III. where the obligation does not exceed ten percent of the total capital and surplus of the depository institution, as those terms are defined by the primary regulatory of such depository institution; or

f. any issue of Bonds insured as to the payment of the principal and interest on the debt by a policy of insurance issued by an insurance company authorized to do business as an insurance company in the State of Colorado and authorized for such risk by the insurance commissioner appointed pursuant to Section 10-1-104, C.R.S.; or

g. any issue of Bonds not involving a public offering made exclusively to accredited investors, as that term is defined under sections 3(b) and (4)(2) of the federal "Securities Act of 1933" by regulation adopted thereunder by the securities and exchange commission; or

h. any issue of Bonds made pursuant to an order of a court of competent jurisdiction; or

i. any issue of Bonds which are issued in denominations of not less than \$500,000 each, in integral multiples not less than \$1,000, provided that in the event a bond is partially redeemed by the District and the unredeemed portion is less than \$500,000, such unredeemed portion of such bond may be issued in the largest possible denomination of less than \$500,000, integral multiples of not less than \$1,000; or

j. any issue of Bonds which are issued to the Developer, subject to remarketing the Bonds pursuant to the limitations set forth herein.

The Financial Plan reflects the total amount of bonds to be sold to finance the completion, construction, acquisition and/or installation of the proposed facilities, including all costs and expenses related to the anticipated bond issuances. Organizational costs, including legal fees, and capitalized engineering costs, are to be paid from the proceeds of the bond issues.

The Financial Plan projects the anticipated flow of funds and is based upon estimates of construction and project needs for bond proceeds to finance the District's improvements. The District's engineer has evaluated the timing and cost estimate of the District's improvements which are necessary to support the proposed absorptions of development as projected in the Financial Plan and has concurred with the assumptions. The Financial Plan sets forth the most reasonable estimate of growth within the District and allows the Board of Directors a measure of flexibility such that the District need not incur debt in excess of what it needs to meet a growing population's demands for facilities and services. The interest rates as set forth in the Financial Plan are based upon the advice of Prager, McCarthy & Sealy.

C. Modification of Financing Plan.

Notwithstanding the foregoing, in the event the District determines that its assessed valuation has reached a level sufficient to enable the District to discharge its indebtedness with a reasonable mill levy, it shall be entitled to seek approval from the Town to issue, refund, and/or otherwise restructure its outstanding indebtedness to eliminate the Mill Levy Cap. The Town's approval shall be by adoption of a resolution of the Town approving a Modified Financial Plan upon a finding that the Modified Financial Plan demonstrates the ability of the District to discharge all outstanding and proposed indebtedness solely from the ad valorem property tax revenue to be received by the District during the term of the bonds. The request shall not be considered a material modification of the Service Plan pursuant to Title 32 of the Colorado Revised Statutes or applicable Town ordinances.

Prior to the submission of any request for approval of a modified Financial Plan as contemplated above, the District shall undertake reasonable efforts to notify residents and property owners within the District of the proposed modification. Publication of notice in the Douglas County News Press or similar newspaper generally circulated within the boundaries of the District shall constitute sufficient notice provided that said notice is published on two occasions at least one week apart indicating that the District will hold a board meeting to consider the modification of its Financial Plan to eliminate the Mill Levy Cap. No other notice shall be required of the District or the Town. The process for and the standard of review for such requests shall be as provided in Section 32-1-207, C.R.S., as amended from time to time, and the Castle Rock Municipal Code, as amended from time to time.

D. Operations. Annual administrative, operational and maintenance expenses are estimated as shown in Exhibit D attached hereto. If necessary, however, the District reserves the right to supplement these revenues with additional revenue sources as described in this Service Plan. Initially, operations and maintenance expenses may be advanced by the Developer and will be repaid by the District. Repayment of Developer advances shall be subordinate to all other debt of the District.

There are statutory and constitutional limits on the District's ability without an election to increase its mill levy for provision of operation and maintenance services.

E. Economic Viability. The Financial Plan illustrates the estimated income and expenses for the District over a twenty (20) year period presuming the issuance of two (2) series of bonds, each maturing within a twenty (20) year period. The analysis reflects a total build-out period of approximately ten (10) years, and a mill levy of forty-five (45) mills. The Financial Plan contained in this Service Plan demonstrates the economic viability of the Castlewood Ranch Metropolitan District.

X. ANNUAL REPORT

The District shall file an annual report with the Town no later than September 1 of each calendar year. The report shall reflect activity and financial events through the preceding December 31, and shall include the information required by Section 11.02.040, Castle Rock Municipal Code.

XI. DISSOLUTION

At such time as the District has completed construction of the improvements provided for in its Service Plan, and upon arrangement for repayment of all of its outstanding debt, the District Board will place the question of dissolution of the District before its constituents and will exercise every reasonable effort to process the dissolution of the District.

XII. CONCLUSION

It is submitted that this Service Plan for Castlewood Ranch Metropolitan District establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the District;
2. The existing service in the area to be served by the District is inadequate for present and projected needs;
3. The District is capable of providing economical and sufficient service to the area within its boundaries;
4. The area included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
5. 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 and on a comparable basis;
6. The facility and service standards of the District are compatible with the facility and service standards of the County within which the District is located and each municipality which is an interested party under Section 32-1-204(1), Colorado Revised Statutes;
7. The proposal is in compliance with any duly adopted County, regional, or state long-range water quality management plan for the area; and
8. The continued existence of the District is in the best interests of the area proposed to be served.

EXHIBIT A

Proposed Intergovernmental Agreement

(to be provided by Town attorney)

**MASTER
INTERGOVERNMENTAL
AGREEMENT**

**TOWN OF CASTLE ROCK
AND
CASTLEWOOD RANCH METROPOLITAN DISTRICT**

JUNE 11, 1998

**TOWN OF CASTLE ROCK/CASTLEWOOD RANCH
METROPOLITAN DISTRICT
MASTER INTERGOVERNMENTAL AGREEMENT**

DATE: June 11, 1998.

PARTIES: **TOWN OF CASTLE ROCK** ("Town"), a home rule municipal corporation, 680 North Wilcox Street, Castle Rock, Colorado 80104.

CASTLEWOOD RANCH METROPOLITAN DISTRICT, previously known as The Villages at Castle Rock Metropolitan District No. 2 ("District"), a quasi-municipal corporation and political subdivision of the State of Colorado, c/o DSSD Limited Liability Co., 512 Wilcox Street, Castle Rock, Colorado 80104.

RECITALS:

A. The District was organized by order and decree of the Douglas County District Court dated August 15, 1984 for the purpose of developing infrastructure to support the extension of urban services to the property located in the Town and now known as the Castlewood Ranch PD (the "CRPD"). The District's name was changed from "The Villages at Castle Rock Metropolitan District No. 2." to the "Castlewood Ranch Metropolitan District" on February 20, 1998. Town and District entered into an Intergovernmental Agreement dated September 7, 1984, subsequently amended on June 5, 1985 and November 20, 1986 (as amended, the "Prior IGA") for the purpose of defining the respective obligations of Town and District for infrastructure development and the provision of services to CRPD. CRPD is located within the boundaries of the District, which lie entirely within the corporate limits of the Town.

B. As part of the District organization, the District submitted and the Town approved a Facilities Plan (the "Facilities Plan"). Contrary to the projections in the Facilities Plan, no development within the District has taken place and therefore the District has not constructed development infrastructure, nor has the District received development revenues. The CRPD rezoning approved by the Town in June, 1998 is a significant modification to the previous zoning, resulting in a reduction in densities and other changes to the development plan.

C. As required by the Special District Act and Chapter 11.02 of the Castle Rock Municipal Code, the District has submitted a revised service plan which was approved by Resolution No. 98-86 of the Castle Rock Town Council on June 11, 1998

(the "Service Plan"). The Service Plan reflects current capital development and financial projections for the District. The Council's approval of the Service Plan was conditioned on the District entering into this Master Intergovernmental Agreement, which sets forth, among other things, the parameters of the District's authority to finance and construct public improvements.

D. The constitution and laws of the State of Colorado permit and encourage cooperative efforts by local governmental entities to make the most efficient and effective use of their powers, responsibilities and resources. Due to the fact that the District's boundaries are entirely located within the Town limits, and the Town provides municipal services within the District's boundaries, the limitations and restrictions on the exercise by the District of the powers and duties granted it under the Special District Act are appropriate and necessary to protect the health, safety and welfare of the residents and citizens of the Town, including the current and future residents of the CRPD.

COVENANTS:

THEREFORE, in consideration of these mutual promises, the parties agree and covenant as follows:

ARTICLE I DEFINITIONS

1.01 Defined Terms. Unless the context expressly indicates to the contrary, the following words when capitalized in the text shall have the meanings indicated:

Agreement: this Master Intergovernmental Agreement and any amendments and supplements to the Agreement.

Authority: the Plum Creek Wastewater Authority.

Availability of Service or Facilities Charges: those charges permitted to be assessed by the District pursuant to §32-1-1006(1)(h), C.R.S., as amended from time to time.

Bonds: bonds, refunding bonds, notes, certificates, debentures, contracts or other evidence of indebtedness or borrowing issued or incurred by the District pursuant to law.

CRPD: the real property zoned as the Castlewood Ranch Planned Development and described in the attached *Exhibit 1*.

Charter: the Home Rule Charter of the Town, as amended.

Code: the Castle Rock Municipal Code, as amended.

C.R.S.: the Colorado Revised Statutes, as amended.

Development Agreement: the Castlewood Ranch Development Agreement dated June 11, between the Town and District recorded on December 21, 1998, at Reception No. 98105516 of the public records of Douglas County, Colorado.

Development Exactions: the fees and charges imposed by Town under the Town Regulations on development, including per unit charges for capital plant investment, such as System Development Fees.

District: The Castlewood Ranch Metropolitan District previously known as The Villages at Castle Rock Metropolitan District No. 2

Facilities: the infrastructure prescribed by Town Regulations necessary to furnish Municipal Services to CRPD, as further identified in the Service Plan.

Facilities Development Fees: those fees to be imposed and collected by the District for connection to Facilities constructed by the District, and for the right to use other District Facilities.

Financial Plan: the forecasted plan designated Exhibit D in the Service Plan.

Municipal Services: police and fire protection, water and wastewater, stormwater drainage and detention, parks and recreation, transportation and street maintenance, general administrative services including code enforcement and any other service provided by Town within the municipality under its police powers.

Plans: the plans, documents, drawings and specifications prepared by or for the District for construction, installation or acquisition of any of the Facilities.

Prior IGA: Intergovernmental Agreement between Town and District dated September 7, 1984, recorded on July 16, 1986 at Reception No. 8610114; Amendment to Intergovernmental Agreement dated June 5, 1986, recorded on June 16, 1986 at Reception No. 8610121; and Second Amendment to Intergovernmental Agreement dated November 20, 1986, recorded on May 27,

1987 at Reception NO. 8715396 of the public records of Douglas County, Colorado.

Regional Plant: the Lower East Plum Creek Regional Wastewater Treatment Facility owned and operated by the Authority.

SDO: the Special District Oversight ordinance codified in Chapter 11.02 of the Code.

Service Charges: the periodic charges imposed by the Town pursuant to Town Regulations, and billed to ultimate consumers of service provided by the Town to cover the costs of providing such services.

Service Plan: the District Service Plan dated June 11, 1998, 1998, approved by Town Council Resolution No. 98-86 on June 11, 1998.

Special District Act: Article 1, Title 32, C.R.S.

System Development Fees: the charges imposed by Town under Town Regulations as a condition to the right to connect to the municipal water or wastewater system, for the purpose of recovering Town's pro rata capital cost of water or wastewater facilities dedicated to allow such connection, including the component charges currently imposed under 13.12.080 of the Code. A charge or fee imposed under the Town Regulations exclusively for the purpose of the acquisition or development of renewable water resources or a cash payment in lieu of water rights dedication is not considered a System Development Fee under this Agreement.

Town: the Town of Castle Rock, a home rule municipal corporation.

Town Regulations: the Charter, ordinances, resolutions, rules and regulations of the Town, including the Code and the provisions of all zoning, subdivision, public works and building codes, as the same may be amended from time to time, applied on a Town-wide basis. Reference to Town Regulations shall mean the Town Regulations in effect at the time of application.

Water and Wastewater Facilities: the facilities required to: (i) withdraw, treat and distribute potable water; (ii) store and reuse irrigation water; and (iii) collect and treat wastewater.

Certain other terms are defined in the text of the Agreement and shall have the meaning indicated.

1.02 Cross-Reference. Any reference to a section or article number, with or without further description, shall mean such section or article in this Agreement.

**ARTICLE II
FACILITIES DEVELOPMENT AND MAINTENANCE**

2.01 Construction of Facilities. District shall have the authority to finance and construct at its expense the Facilities. The District shall not have the authority to provide other infrastructure without the prior written consent of the Town. The Facilities shall be constructed pursuant to the standards and procedures set forth in the Service Plan, Development Agreement, and the Town Regulations.

2.02 Ownership and Maintenance. Except as provided in the Service Plan or as otherwise allowed by the Town, the District shall convey the Facilities to the Town upon completion in accordance with Article V of the Development Agreement.

2.03 Wastewater Treatment. Wastewater treatment facilities for the CRPD will be provided by the Authority at the Regional Plant. The Town, as a member of the Authority, will use its best efforts to insure that the Authority will maintain sufficient capacities at the Regional Plant or other suitable locations for service to developers and homebuilders within the District who have paid or will pay the wastewater System Development Fee.

2.04 Maintenance. Upon acceptance of the Facilities, Town shall operate maintain, repair and/or replace the Facilities, in order to provide Municipal Services to the CRPD. However, this Agreement shall not restrict or impair the Town from conveying Facilities to a regional authority or other governmental or quasi-governmental agency or authority, provided an equivalent level of maintenance and operation of such Facilities is guaranteed by Town, and the Town obtains an opinion of a bond attorney with a nationally-recognized expertise in the area of municipal bonds indicating that the conveyance will not adversely affect the tax-exempt status of any outstanding Bonds of the District.

**ARTICLE III
DEVELOPMENT FEES**

3.01 Fee Capture. Since the Service Plan anticipates that the District will develop certain Water and Wastewater Facilities in the place of Town, Town is relieved from the obligation to develop and/or dedicate capacity in such Facilities, and accordingly, it is equitable for the District to recover from Town a portion of the System Development Fees imposed on development within the CRPD, subject to the terms, conditions and limitations of this Article. The System Development Fees [per residential unit or equivalent, as defined under the Town Regulations ("SFE")] imposed by the Town on development within the CRPD shall be allocated between District and Town as follows, in the event the District develops water and wastewater Facilities:

- (a) \$6,100 per SFE of the water component;
- (b) \$715 per SFE of the wastewater component for all commercial and single family detached residential;
- (c) \$643 per SFE of the wastewater component for single-family attached/single-unit;
- (d) \$453 per SFE of the wastewater component for multi-family/multi-unit;
- (e) not later than 30 days after the end of each preceding month, Town shall remit to District the portion of the System Development Fees to which District is entitled, collected by Town in that quarter, less a 1% administrative fee.

District shall be entitled to recover 100% of the water component of the System Development Fees up to a maximum of \$6,100 per SFE. The wastewater component recovery shall not be affected by subsequent changes (up or down) in the wastewater component imposed through Town Regulations. Town shall collect all System Development Fees imposed upon development in the CRPD and remit to District the portion of such Fees to which it is entitled as provided above and in accordance with Section 5.08 of the Development Agreement (the "Pledged Fees"). Provided however,

District's right to receive all or a portion of the Pledged Fees encumbered by District 4 is conditioned upon the District obtaining an irrevocable release (partial or complete) by the Villages at Castle Rock Metropolitan District No. 4 ("District 4") of the obligation of the Town to pay to District 4 an equivalent amount of Water and Wastewater System Development Fees collected within the District's boundaries. Prior to obtaining such release or releases, District shall be entitled only to that portion of the Pledged Fees that Town is not obligated to pay to District 4. The District's right to capture System Development Fees shall expire with the retirement of all outstanding Bonds of the District (provided that at such time the Facilities as proposed in the Service Plan are fully developed). This Agreement shall not be construed to limit the ability of the Town to impose additional Development Exactions, including System Development Fees, to modify the component charges and classifications of the existing System Development Fees, or to adjust the level of such Development Exactions, provided the imposition of the Development Exactions is made pursuant to Town Regulations, and applied on a Town-wide basis, including other developing areas within the Town. Town acknowledges that the Pledged Fees will be pledged by the District to the payment of Bonds. Town shall not take any action to interfere with the flow of Pledged Fees to the District. The District's right to Pledged Fees is limited to the properties within the District as of the date of this Agreement. In the event additional properties are annexed to the District, the District shall have no claim to the System Development Fees under this section 3.01 generated from development on such annexed properties.

3.02 Charges by District. District shall have the right to impose Availability of Service or Facility Charges and Facilities Development Fees (collectively, the "District Fees"), provided that the imposition of such fees shall not in any manner impair or limit the imposition or collection by Town of any Development Exactions, including System Development Fees, within the CRPD. District shall collect District Fees directly. District shall have no right or ability to impose any other Development Exactions, other than District Fees, unless otherwise provided in a subsequent agreement between Town and

District. District shall have no right to impose any Service Charges within the CRPD. Nothing in this section shall preclude or impair the District's ability to collect *ad valorem* property taxes, or to collect and impose any other rate, fee, tax, penalty or charge or other source of revenue, which is identified for utilization and application in the Financial Plan.

3.03 TABOR Revenues. All fees collected by Town and remitted to District pursuant to this Article III are intended by the parties to be considered revenues of the District for the purpose of the revenue and spending limitations under Article X, Section 20 of the Colorado Constitution.

ARTICLE IV BOND ISSUANCE

4.01 Bonds. District shall not issue Bonds, except upon compliance with the following conditions:

- (a) the Bonds are issued in accordance with the applicable provisions and restrictions of the Service Plan, the Special District Act, and other applicable provisions of the laws of the State of Colorado; and
- (b) the District is not required to obtain a Service Plan amendment under either the Special District Act or the SDO (i.e., as of the date of issuance there has not been a material modification to the Service Plan, as amended).

ARTICLE V SERVICE PLAN COMPLIANCE

5.01 Generally. The Service Plan contains certain responsibilities, restrictions and limitations on the District which may not be separately set forth in this Agreement. Performance of the Service Plan by the District shall be construed a covenant of this Agreement, for which the default and remedies of section 8.05 shall be applicable in the same manner as if expressly set forth in this Agreement.

5.02 Service Plan Amendment. The authorization to the District under the terms

of the Service Plan and this Agreement is given by Town on reliance upon certain development and financial assumptions and projections in the Service Plan. Although these projections and assumptions are based upon the best information available at this time, such assumptions and projections may prove to be materially inaccurate. Accordingly, a Service Plan amendment shall be submitted by District to Town for Town review and approval when required under the SDO and Special District Act.

5.03 Town Review. Annually, not later than the date District is required to submit the annual report under the SDO, the District shall furnish to Town an accounting of all actual revenues and expenses, and accumulated reserves for the preceding calendar year, in substantially the same format as the Financial Plan, such that Town can compare the experience of the District with the projections in the Financial Plan. Town shall have access to District financial statements, accounting records and other supporting documentation, upon written demand, and at such reasonable times, for the purpose of auditing the financial reports submitted by Districts.

5.04 Statutory Review. The review of the Service Plan and the approval of this Agreement shall constitute the first quinquennial review of the District's reasonable diligence. The secondary statutory review of District's applications for the quinquennial finding of reasonable diligence under the Special District Act shall take place in 2003, to be completed not later than July 1, 2003.

ARTICLE VI LIMITATIONS ON DISTRICT

6.01 Restrictions on Expansion of District's Powers. The parties acknowledge that the District was permitted by the Town to be organized solely for the purpose of providing, acquiring, constructing, installing and completing the Facilities and providing or causing to be provided the limited services authorized pursuant to this Agreement and described in the Service Plan, and for no other purpose. The District shall not engage in any activity, purpose, service or function except as stated in this Agreement and in the

Service Plan or as reasonably required for the District to accomplish such purposes, responsibilities and obligations. Town shall not interfere with the exercise by District of any of its lawful powers except as the exercise thereof is specifically limited by this Agreement and the Service Plan.

6.02 Extraterritorial Authority. District will not engage in any service or activity outside its boundaries, except as such Facility, service or activity is described in the Service Plan or is necessary to the provision of Facilities or services within its boundaries, or where the District has obtained the Town's prior approval.

6.03 Change of District Boundaries. Except as provided herein, the District shall neither cause any additional territory outside the boundaries of the CRPD to be included within one or more of the District boundaries, nor permit any territory now included in the CRPD to be excluded from the District, without first obtaining Town approval. The District shall have the authority, without prior Town consent, to include any portion of the Potential Future Inclusion Area, as such area is identified in the Service Plan, if such expansion will not require the incurrence of indebtedness in addition to the amounts contemplated in the Service Plan. In the event the District proposes to include any portion of the Potential Future Inclusion Area and such expansion will require the incurrence of indebtedness in addition to the amounts contemplated in the Service Plan, the District shall have the authority to include the property and to issue general obligation bonds provided it has met the following requirements:

- (a) It shall submit to the Town Manager, with a copy to the Town Attorney, a written notice of its intention to issue general obligation bonds above the amount projected in the Service Plan with a Revised Financial Plan (the "Notice"). A Revised Financial Plan shall mean a revised Financial Plan based upon "Verifiable Build-out Projections" which show that the District has the ability to pay the required debt service payments on the proposed indebtedness and the previously authorized indebtedness. Verifiable Build-out Projections shall mean build-out projections which are based upon

approved zoning or upon planned unit development and/or approved preliminary or final plats for the applicable property.

- (b) The Town does not object in writing within forty-five (45) days after receiving the Notice, the Revised Financial Plan, and the Verifiable Build-out Projections. If the Town objects within the requisite time period, the additional debt will not be incurred until the District has received the approval of a modified Service Plan pursuant to the requirements of Colorado Statute.

6.04 Water Rights. Inasmuch as Town has the sole obligation to provide water service to the CRPD under the Development Agreement and Town Regulations (upon the District's development of the Facilities), it is necessary for the Town to have the exclusive authority to manage and control water rights which under the Development Agreement will be conveyed to Town. Accordingly, District is prohibited from owning, managing, acquiring or developing water rights. District acknowledges that Article IV of the Development Agreement governs the level of development which the dedication of water rights under the Development Agreement will support.

ARTICLE VII TOWN RESERVED POWERS

7.01 Generally. As a general purpose municipal corporation, the Town adopts and administers policies, rules and regulations, principally through the Town Regulations ("Town Policies"). The approval of the Service Plan or this Agreement shall in no manner restrict the Town Council from applying Town Policies within the CRPD, (even though Town Policy may have an effect of limiting development or making development more costly to the landowner and/or District), provided the Town Policy is:

- (a) a lawful exercise of the Town's legislative, quasi-legislative, administrative and/or police powers; and

- (b) not in contravention of express covenants of the Development Agreement, the Service Plan or this Agreement.

7.02 No Claims. The District shall have no legal or equitable claim against Town as a result of the Town taking or imposing any of the following actions if otherwise a lawful exercise of the Town's powers:

- (a) imposing new Development Exactions or increasing (or decreasing) the levels of existing Development Exactions;
- (b) imposing Town-wide growth limitations such as residential building limitations, whether effected by ordinance, referendum or initiative;
- (c) exercise of its right of eminent domain to acquire private properties in the District for public purposes upon the payment of just compensation therefore; and
- (d) acquisition of properties zoned for development in the District for park, recreation, open space or other public purpose, pursuant to agreement with the grantor.

ARTICLE VIII GENERAL PROVISIONS

8.01 Dissolution of Districts. At such time as all Facilities contemplated under this Agreement and the Service Plan have been acquired, constructed, installed and completed, and upon payment of all Bonds of the District, or provision having been made for such payment, the District shall, subject to applicable statutory provisions, be dissolved. At the time of such dissolution, all Facilities not previously conveyed to Town shall be so conveyed. Nothing contained in this section shall be deemed to specify an exclusive method for accomplishing dissolution.

8.02 Additional Warranties. The parties warrant that each has the full right, power and authority to enter into, perform, and observe this Agreement. District disavows as obligor or obligee, any provision or term of any contract or indenture between the District and any other special district, which is in contravention of the

provision of this Agreement, and District stipulates that any such intergovernmental agreement shall be subordinate and subject to the provisions of this Agreement.

8.03 Instruments of Further Assurance. The Town and the District covenant that they will do, execute, acknowledge and deliver or cause to be done, executed, acknowledge and delivered such acts, instruments and transfers as may reasonably be required for the performance of their obligations hereunder.

8.04 Merger. This Agreement supersedes the Prior IGA in its entirety.

8.05 Default and Remedies. In the event either party alleges that the other is in default of this Agreement, the non-defaulting party shall first notify the defaulting party in writing of such default and specify the exact nature of the default in such notice. The defaulting party shall have twenty (20) working days from receipt of such notice within which to cure such default before the non-defaulting party may exercise any of its remedies hereunder; provided that:

- (a) such default is capable of being cured;
- (b) the defaulting party has commenced such cure within said 20-day period; and
- (c) the defaulting party diligently prosecutes such cure to completion.

If such default is not of a nature that can be cured in such twenty (20) day period, corrective action must be commenced within such period by the defaulting party and thereafter diligently pursued. In addition to specific remedies provided elsewhere in the Agreement, upon default, the non-defaulting party shall have the right to take whatever action at law or in equity appears necessary or desirable to enforce performance and observation of any obligation, agreement or covenant of the defaulting party under this Agreement, or to collect the monies then due and thereafter to become due. In any such legal action, the prevailing party shall be entitled to recover its reasonable attorney's fees and litigation costs from the other party.

8.06 Notices. All notices, certificates or other communications hereunder shall

be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, addressed as follows:

If to Town: Town of Castle Rock
 Attn: Town Attorney
 680 N. Wilcox Street
 Castle Rock, CO 80104

If to District: Castlewood Ranch Metropolitan District
 c/o DSSD Limited Liability Co.
 512 Wilcox Street
 Castle Rock, CO 80104

with copy to: Darlene Sisneros, Esq.
 McGeady Sisneros, P.C.
 1675 Broadway, #2100
 Denver, CO 80202

8.07 No Liability of Town. Town shall have no obligation whatsoever to repay any debt or liability of the Districts, including the Bonds.

8.08 Notice of Meetings. The District shall submit a copy of a written notice of every regular or special meeting of the District to the Town Clerk at least three days prior to such meeting.

8.09 Assignment. No transfer or assignment of this Agreement or of any rights hereunder shall be made by either party without the prior written consent of the other, which consent shall not be unreasonably withheld.

8.10 Amendments. This Agreement may be amended only in writing upon consent of the parties. Amendments shall be approved by resolution of the Town Council of the Town and the resolution of the Board of Directors of the District.

8.11 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

8.12 No Waiver. The waiver or delay of enforcement of one or more terms of this Agreement shall not constitute a waiver of the remaining terms. The waiver or delay in enforcement regarding any breach of this Agreement shall not constitute a

waiver of any terms of the Agreement.

8.13 Entire Agreement. This Agreement contains the entire agreement of the parties concerning the subject matter and supersedes all prior conversations, proposals, negotiations, understandings, and agreements, whether written or oral.

8.14 No Third Party Beneficiary. This Agreement is made solely for the benefit of the parties and no other parties or persons are intended beneficiaries.

ATTEST:

TOWN OF CASTLE ROCK

Sally A. Misare
Sally A. Misare, Town Clerk

Donald K. Jones
Donald K. Jones, Mayor

Approved as to form:

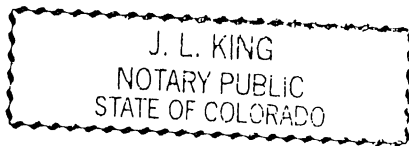
Robert J. Slentz
Robert J. Slentz, Town Attorney

STATE OF COLORADO)
) ss.
COUNTY OF Douglas)

The foregoing instrument was acknowledged before me this 30th day of OCTOBER, 1998 by Sally A. Misare as Town Clerk and Donald K. Jones as Mayor of the Town of Castle Rock, Colorado.

Witness my official hand and seal.
My commission expires: 9-21-95.

(SEAL)



J. L. King
Notary Public

ATTEST:

CASTLEWOOD RANCH METROPOLITAN DISTRICT

By: A. Dale Mikelson
Its: President

By: Stanley D. Mikelson
Its: Director of Castlewood Ranch

STATE OF COLORADO)
) ss.
COUNTY OF Douglas)

The foregoing instrument was acknowledged before me this 23rd day of October, 1998 by A. Dale Mikelson as President and Stanley D. Mikelson as Director for Castlewood Ranch Metropolitan District.

Witness my official hand and seal.
My commission expires: 6/21/2002



(SEAL)

Stanley D. Mikelson
Notary Public

EXHIBIT 1

LEGAL DESCRIPTION:

A PARCEL OF LAND LOCATED IN SECTIONS 8, 9 & 17, TOWNSHIP 8 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN; COUNTY OF DOUGLAS, STATE OF COLORADO; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE EAST LINE OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 8 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN BEING ASSUMED TO BEAR S 00°17'16" E;

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 17; THENCE ALONG THE EAST LINE OF SAID SECTION 17, S 00°17'16" E, A DISTANCE OF 1325.34 FEET TO THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 17; THENCE CONTINUING ALONG SAID EAST LINE OF SECTION 17, S 00°20'51" E, A DISTANCE OF 1325.29 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 17; THENCE CONTINUING ALONG SAID EAST LINE OF SECTION 17, S 00°18'55" E, A DISTANCE OF 2650.67 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 17; THENCE ALONG THE SOUTH LINE OF SAID SECTION 17, S 89°24'56" W, A DISTANCE OF 2003.80 FEET; THENCE N 26°59'48" W, A DISTANCE OF 1477.06 FEET; THENCE N 03°23'59" W, A DISTANCE OF 2.01 FEET TO THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 17; THENCE ALONG THE SOUTH LINE OF SAID NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 17, S 89°25'40" W, A DISTANCE OF 1330.80 FEET TO THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 17; THENCE ALONG THE WEST LINE OF SAID NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 17, N 00°25'21" W, A DISTANCE OF 1325.19 FEET TO THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 17; THENCE ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 17, S 89°23'13" W, A DISTANCE OF 830.07 FEET; THENCE ALONG A LINE PARALLEL WITH THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, N 00°23'36" W, A DISTANCE OF 250.01 FEET; THENCE ALONG A LINE PARALLEL WITH THE SOUTH LINE OF SAID SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 17, S 89°23'13" W, A DISTANCE OF 469.79 FEET TO A POINT ON THE EASTERLY RIGHT OF WAY OF RIDGE ROAD; THENCE ALONG SAID EASTERLY RIGHT OF WAY OF RIDGE ROAD, SAID LINE BEING PARALLEL WITH AND 30.00 FEET EAST OF THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, N 00°23'36" W, A DISTANCE OF 963.04 FEET; THENCE ALONG THE ARC OF A CURVE TO THE RIGHT, HAVING A RADIUS OF 269.99 FEET, A CENTRAL ANGLE OF 30°43'54", AND A LENGTH OF 144.81 FEET; THENCE ALONG THE ARC OF A COMPOUND CURVE TO THE RIGHT, HAVING A RADIUS OF 20.00 FEET, A CENTRAL ANGLE OF 95°35'20", AND A LENGTH OF 33.37 FEET TO A POINT ON THE SOUTHERLY RIGHT OF WAY OF MIKELSON BOULEVARD; THENCE ALONG SAID SOUTHERLY RIGHT OF WAY OF MIKELSON BOULEVARD THE FOLLOWING 4 COURSES:

1. ALONG THE ARC OF A REVERSE CURVE TO THE LEFT HAVING A RADIUS OF 892.47 FEET, A CENTRAL ANGLE OF 59°04'15", AND AN ARC LENGTH OF 920.12 FEET;
2. N 66°51'29" E, A DISTANCE OF 256.01 FEET;
3. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 3142.38 FEET, A CENTRAL ANGLE OF 16°48'59" AND AN ARC LENGTH OF 922.29 FEET;
4. N 50°02'30" E, A DISTANCE OF 548.26 FEET TO A POINT ON THE WESTERLY LINE OF A 225.00 FEET WIDE PUBLIC SERVICE COMPANY EASEMENT;

THENCE ALONG SAID WESTERLY EASEMENT LINE, N 24°42'16" W, A DISTANCE OF 556.17 FEET;

THENCE N 44°15'11" E, A DISTANCE OF 498.72 FEET;

THENCE N 36°21'55" E, A DISTANCE OF 612.21 FEET;

THENCE N 28°05'51" E, A DISTANCE OF 461.24 FEET;

THENCE N 27°28'05" E, A DISTANCE OF 68.16 FEET TO A POINT ON THE NORTH LINE OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 8. THENCE ALONG SAID NORTH LINE OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 8, N 89°11'47" E, A DISTANCE OF 2171.40 FEET TO THE NORTHEAST CORNER OF SAID SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 8; THENCE ALONG THE WEST LINE OF SAID SECTION 9, N 00°43'50" W, A DISTANCE OF 1340.86 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 9; THENCE CONTINUING ALONG SAID WEST LINE OF SECTION 9, N 00°42'02" W, A DISTANCE OF 1341.01 FEET TO THE NORTHWEST CORNER OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 9; THENCE ALONG THE NORTH LINE OF SAID SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 9, N 89°45'32" E, A DISTANCE OF 2652.25 FEET TO THE NORTHEAST CORNER SAID SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 9; THENCE ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 9, S 00°25'22" E, A DISTANCE OF 1331.85 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 9; THENCE ALONG THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 9, N 89°33'49" E, A DISTANCE OF 1318.03 FEET TO THE NORTHEAST CORNER OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 9; THENCE ALONG THE EAST LINE OF SAID WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 9, S 00°28'52" E, A DISTANCE OF 2638.47 FEET TO THE SOUTHEAST CORNER OF SAID WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 9; THENCE ALONG THE SOUTH LINE OF SAID SECTION 9, S 88°55'15" W, A DISTANCE OF 1318.05 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 9; THENCE CONTINUING ALONG SAID SOUTH LINE OF SECTION 9, S 88°56'46" W, A DISTANCE OF 2635.32 FEET TO THE POINT OF BEGINNING;

CONTAINING 37,145,055 SQUARE FEET OR 852.733 ACRES, MORE OR LESS;

EXCEPT THE FOLLOWING THREE PARCELS:

MIKELSON NO. 4 WELL FIELD

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 17;

THENCE S 66°39'44" W, A DISTANCE OF 1251.91 FEET TO THE POINT OF BEGINNING;
THENCE S 00°35'04" E, A DISTANCE OF 150.00 FEET;
THENCE S 89°24'56" W, A DISTANCE OF 300.00 FEET;
THENCE N 00°35'04" W, A DISTANCE OF 150.00 FEET;
THENCE N 89°24'56" E, A DISTANCE OF 300.00 FEET TO THE POINT OF BEGINNING;
CONTAINING 45,000 SQUARE FEET OF 1.033 ACRES., MORE OR LESS.

MIKELSON NO. 2 WELL FIELD

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 8;

THENCE N 57°36'29" W, A DISTANCE OF 768.15 FEET TO THE POINT OF BEGINNING;
THENCE S 89°24'44" W, A DISTANCE OF 300.00 FEET;
THENCE N 00°35'16" W, A DISTANCE OF 150.00 FEET;
THENCE N 89°24'44" E, A DISTANCE OF 300.00 FEET;
THENCE S 00°35'16" E, A DISTANCE OF 150.00 FEET TO THE POINT OF BEGINNING;
CONTAINING 45,000 SQUARE FEET OR 1.033 ACRES, MORE OR LESS.

MIKELSON NO. 3 WELL FIELD

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 9;

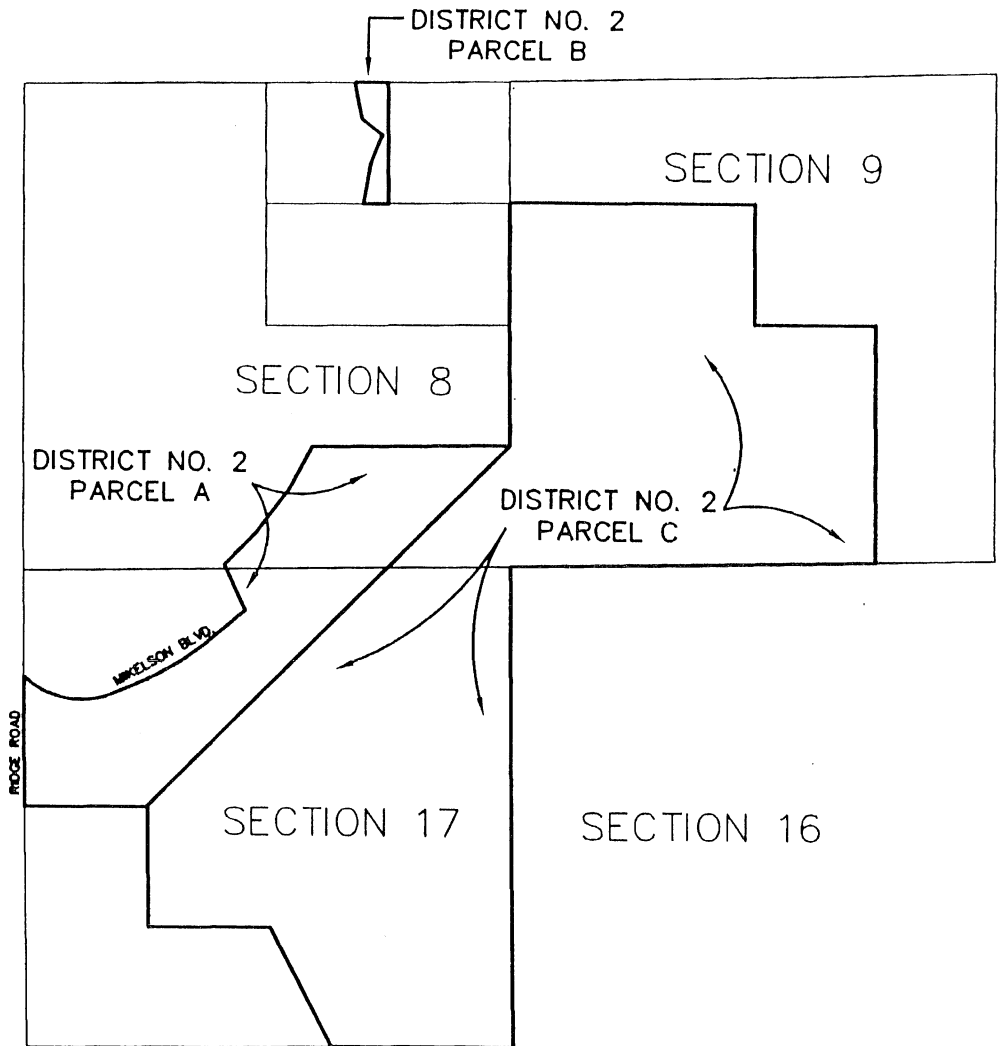
THENCE N 45°03'02" E, A DISTANCE OF 2484.23 FEET TO THE POINT OF BEGINNING,
THENCE N 01°03'14" W, A DISTANCE OF 150.00 FEET,
THENCE N 88°56'46" E, A DISTANCE OF 300.00 FEET;
THENCE S 01°03'14" E, A DISTANCE OF 150.00 FEET;
THENCE S 88°56'46" W, A DISTANCE OF 300.00 FEET TO THE POINT OF BEGINNING;
CONTAINING 45,000 SQUARE FEET OR 1.033 ACRES, MORE OR LESS.

THE TOTAL AREA OF THE PARCEL HEREIN DESCRIBED EXCLUDING THE THREE EXCEPTION PARCELS IS 37,010,055 SQUARE FEET OR 849.634 ACRES OF LAND, MORE OR LESS.

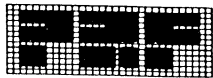
EXHIBIT B

District Boundary Map

EXHIBIT



THIS EXHIBIT DOES NOT REPRESENT A MONUMENTED SURVEY.
IT IS INTENDED ONLY TO DEPICT THE ATTACHED DESCRIPTION.



**P.R. FLETCHER
& ASSOCIATES, INC.**

Civil Engineering, Land Survey and Construction Management
2135 South Cherry Street, Suite 310
Denver, Colorado 80222 (303) 758-4058 Fax: (303) 758-4828

METRO DISTRICT NO. 2
SECTIONS 8, 9, AND 17
T. 8 S., R. 66 W. 6 TH P.M.
DOUGLAS COUNTY, COLORADO

PROJECT NO.: 802.0

DATE: 4-6-98

CAD OPR.: SG
FILE:

EXHIBIT B-1

Legal Description

EXHIBIT 1

LEGAL DESCRIPTION:

A PARCEL OF LAND LOCATED IN SECTIONS 8, 9 & 17, TOWNSHIP 8 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN; COUNTY OF DOUGLAS, STATE OF COLORADO; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE EAST LINE OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 8 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN BEING ASSUMED TO BEAR S 00°17'16" E;

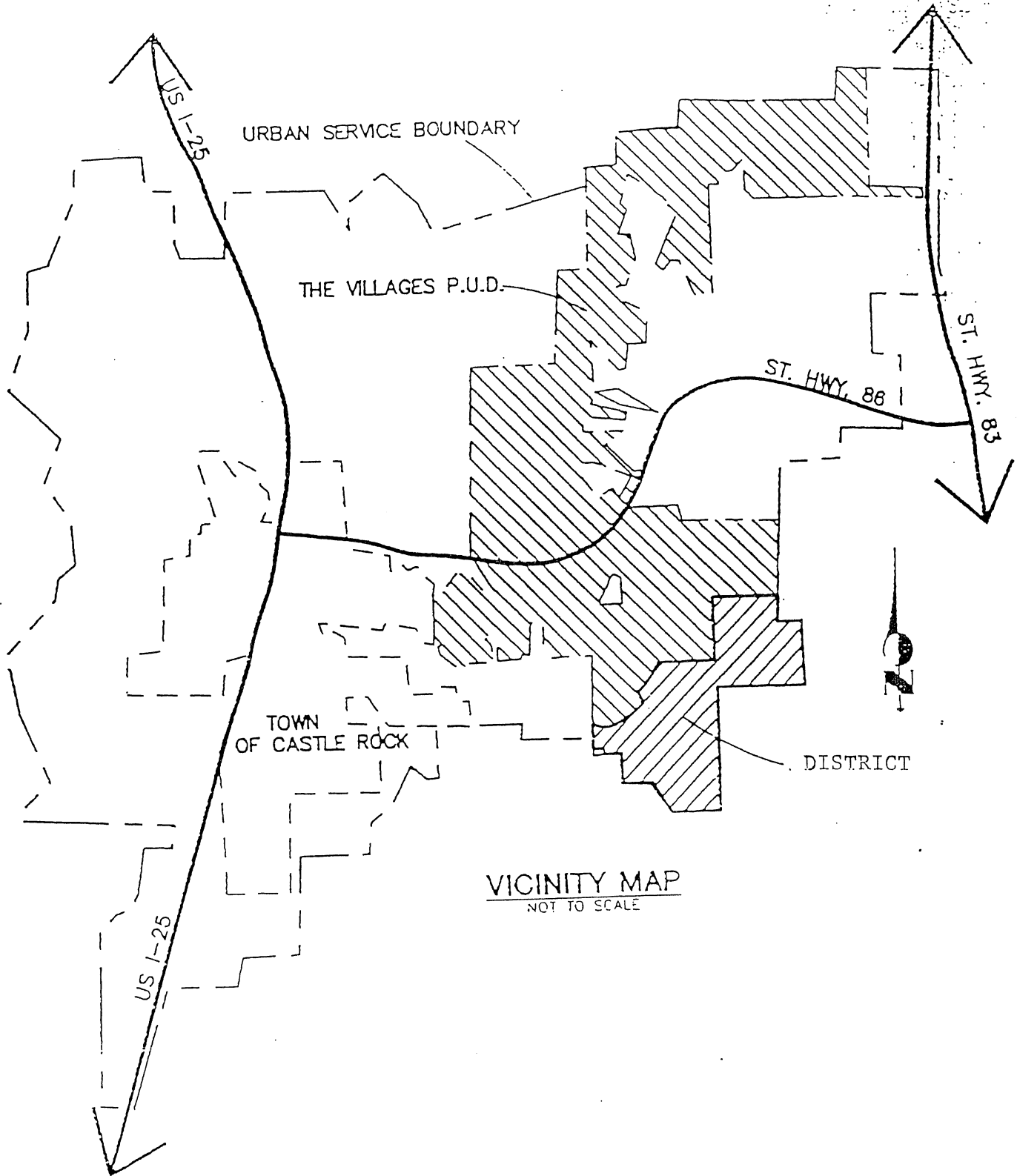
BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 17; THENCE ALONG THE EAST LINE OF SAID SECTION 17, S 00°17'16" E, A DISTANCE OF 1325.34 FEET TO THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 17; THENCE CONTINUING ALONG SAID EAST LINE OF SECTION 17, S 00°20'51" E, A DISTANCE OF 1325.29 FEET TO THE EAST QUARTER CORNER OF SAID SECTION 17; THENCE CONTINUING ALONG SAID EAST LINE OF SECTION 17, S 00°18'55" E, A DISTANCE OF 2650.67 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 17; THENCE ALONG THE SOUTH LINE OF SAID SECTION 17, S 89°24'56" W, A DISTANCE OF 2003.80 FEET; THENCE N 26°59'48" W, A DISTANCE OF 1477.06 FEET; THENCE N 03°23'59" W, A DISTANCE OF 2.01 FEET TO THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 17; THENCE ALONG THE SOUTH LINE OF SAID NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 17, S 89°25'40" W, A DISTANCE OF 1330.80 FEET TO THE SOUTHWEST CORNER OF SAID NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 17; THENCE ALONG THE WEST LINE OF SAID NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 17, N 00°25'21" W, A DISTANCE OF 1325.19 FEET TO THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 17; THENCE ALONG THE SOUTH LINE OF SAID SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 17, S 89°23'13" W, A DISTANCE OF 830.07 FEET; THENCE ALONG A LINE PARALLEL WITH THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, N 00°23'36" W, A DISTANCE OF 250.01 FEET; THENCE ALONG A LINE PARALLEL WITH THE SOUTH LINE OF SAID SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 17, S 89°23'13" W, A DISTANCE OF 469.79 FEET TO A POINT ON THE EASTERLY RIGHT OF WAY OF RIDGE ROAD; THENCE ALONG SAID EASTERLY RIGHT OF WAY OF RIDGE ROAD, SAID LINE BEING PARALLEL WITH AND 30.00 FEET EAST OF THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 17, N 00°23'36" W, A DISTANCE OF 963.04 FEET; THENCE ALONG THE ARC OF A CURVE TO THE RIGHT, HAVING A RADIUS OF 269.99 FEET, A CENTRAL ANGLE OF 30°43'54", AND A LENGTH OF 144.81 FEET; THENCE ALONG THE ARC OF A COMPOUND CURVE TO THE RIGHT, HAVING A RADIUS OF 20.00 FEET, A CENTRAL ANGLE OF 95°35'20", AND A LENGTH OF 33.37 FEET TO A POINT ON THE SOUTHERLY RIGHT OF WAY OF MIKELSON BOULEVARD; THENCE ALONG SAID SOUTHERLY RIGHT OF WAY OF MIKELSON BOULEVARD THE FOLLOWING 4 COURSES:

1. ALONG THE ARC OF A REVERSE CURVE TO THE LEFT HAVING A RADIUS OF 892.47 FEET, A CENTRAL ANGLE OF 59°04'15", AND AN ARC LENGTH OF 920.12 FEET;
2. N 66°51'29" E, A DISTANCE OF 256.01 FEET;
3. ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 3142.38 FEET, A CENTRAL ANGLE OF 16°48'59" AND AN ARC LENGTH OF 922.29 FEET;
4. N 50°02'30" E, A DISTANCE OF 548.26 FEET TO A POINT ON THE WESTERLY LINE OF A 225.00 FEET WIDE PUBLIC SERVICE COMPANY EASEMENT;

THENCE ALONG SAID WESTERLY EASEMENT LINE, N 24°42'16" W, A DISTANCE OF 556.17 FEET;
THENCE N 44°15'11" E, A DISTANCE OF 498.72 FEET;
THENCE N 36°21'55" E, A DISTANCE OF 612.21 FEET;
THENCE N 28°05'51" E, A DISTANCE OF 461.24 FEET;
THENCE N 27°28'05" E, A DISTANCE OF 68.16 FEET TO A POINT ON THE NORTH LINE OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 8; THENCE ALONG SAID NORTH LINE OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 8, N 89°11'47" E, A DISTANCE OF 2171.40 FEET TO THE NORTHEAST CORNER OF SAID SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 8; THENCE ALONG THE WEST LINE OF SAID SECTION 9, N 00°43'50" W, A DISTANCE OF 1340.86 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 9; THENCE CONTINUING ALONG SAID WEST LINE OF SECTION 9, N 00°42'02" W, A DISTANCE OF 1341.01 FEET TO THE NORTHWEST CORNER OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 9; THENCE ALONG THE NORTH LINE OF SAID SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 9, N 89°45'32" E, A DISTANCE OF 2652.25 FEET TO THE NORTHEAST CORNER SAID SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 9; THENCE ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 9, S 00°25'22" E, A DISTANCE OF 1331.85 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 9; THENCE ALONG THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 9, N 89°33'49" E, A DISTANCE OF 1318.03 FEET TO THE NORTHEAST CORNER OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 9; THENCE ALONG THE EAST LINE OF SAID WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 9, S 00°28'52" E, A DISTANCE OF 2638.47 FEET TO THE SOUTHEAST CORNER OF SAID WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 9; THENCE ALONG THE SOUTH LINE OF SAID SECTION 9, S 88°55'15" W, A DISTANCE OF 1318.05 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 9; THENCE CONTINUING ALONG SAID SOUTH LINE OF SECTION 9, S 88°56'46" W, A DISTANCE OF 2635.32 FEET TO THE POINT OF BEGINNING;
CONTAINING 37,145,055 SQUARE FEET OR 852.733 ACRES, MORE OR LESS;

EXHIBIT B-2

Vicinity Map



VICINITY MAP
NOT TO SCALE

EXHIBIT C

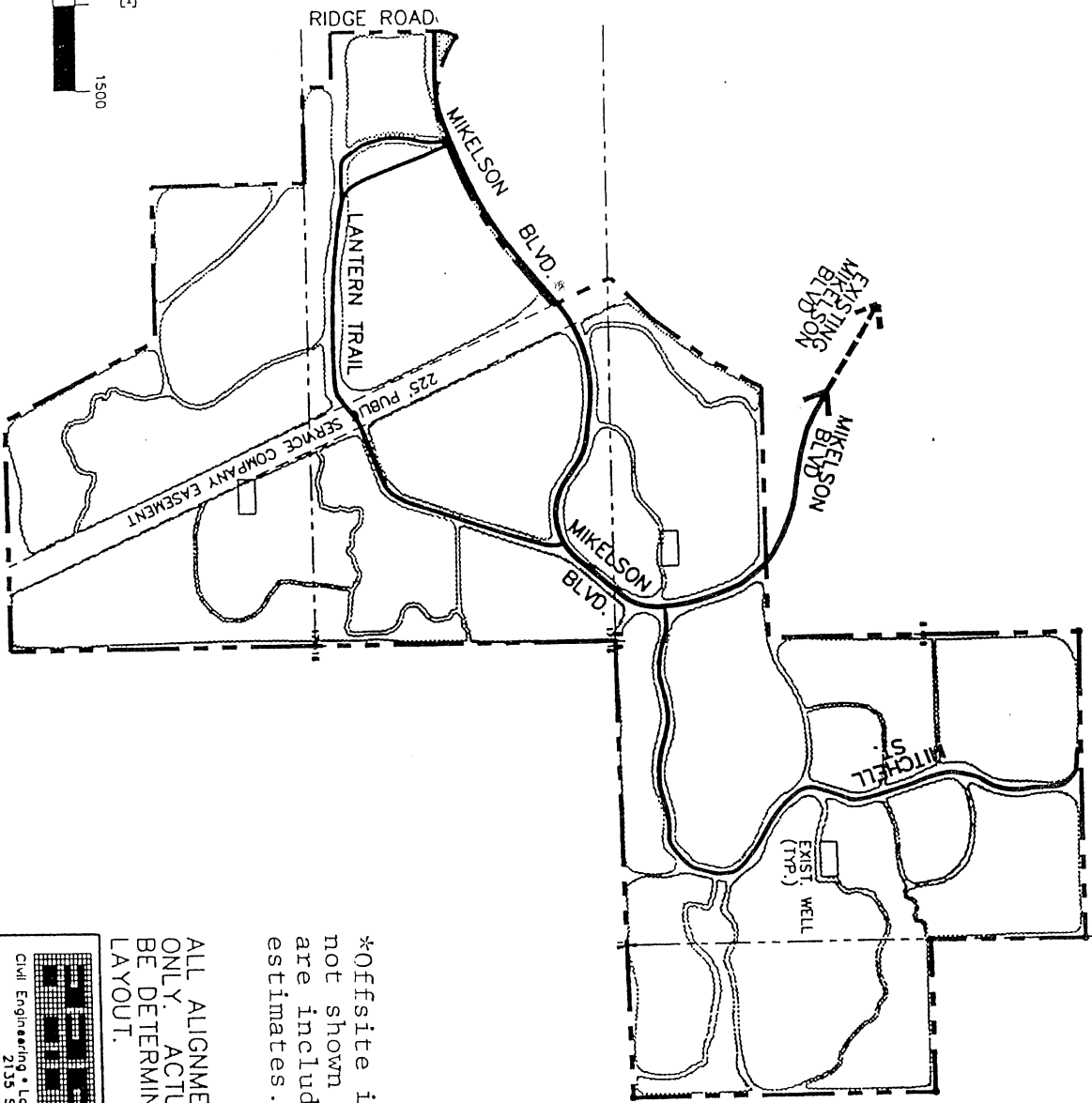
Capital Plan

- a. a description of the type of capital facilities to be developed by the District; and
- b. an estimate of the cost of the proposed facilities; and
- c. a pro forma capital expenditure plan correlating expenditures with development.

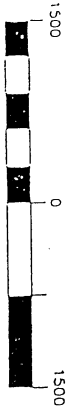
EXHIBIT C-1

Street Improvements

DISTRICT STREETS



GRAPHIC SCALE



(IN FEET)
1 inch = 1500 ft.

*Offsite improvements are not shown on this map but are included in cost estimates.

ALL ALIGNMENTS ARE SCHEMATIC ONLY. ACTUAL ALIGNMENTS WILL BE DETERMINED WITH FINAL STREET LAYOUT.



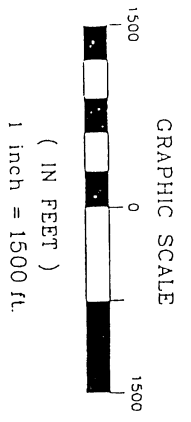
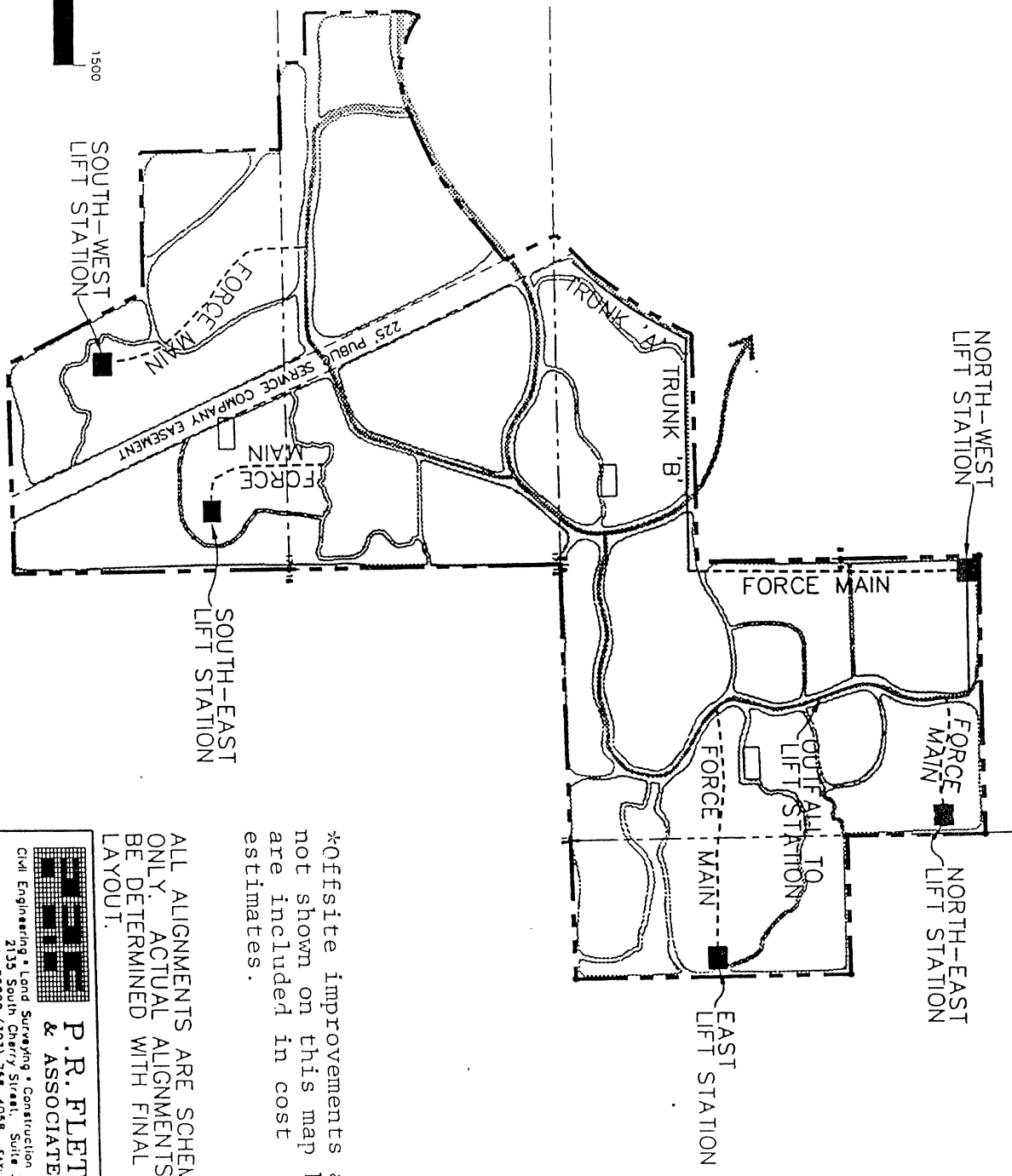
P.R. FLETCHER
& ASSOCIATES, INC.

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EXHIBIT C-2

Sewer Improvements

DISTRICT SEWER IMPROVEMENTS



*Offsite improvements are not shown on this map but are included in cost estimates.

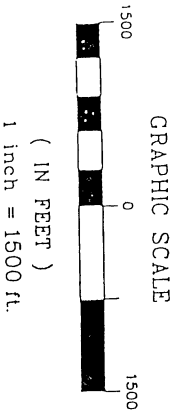
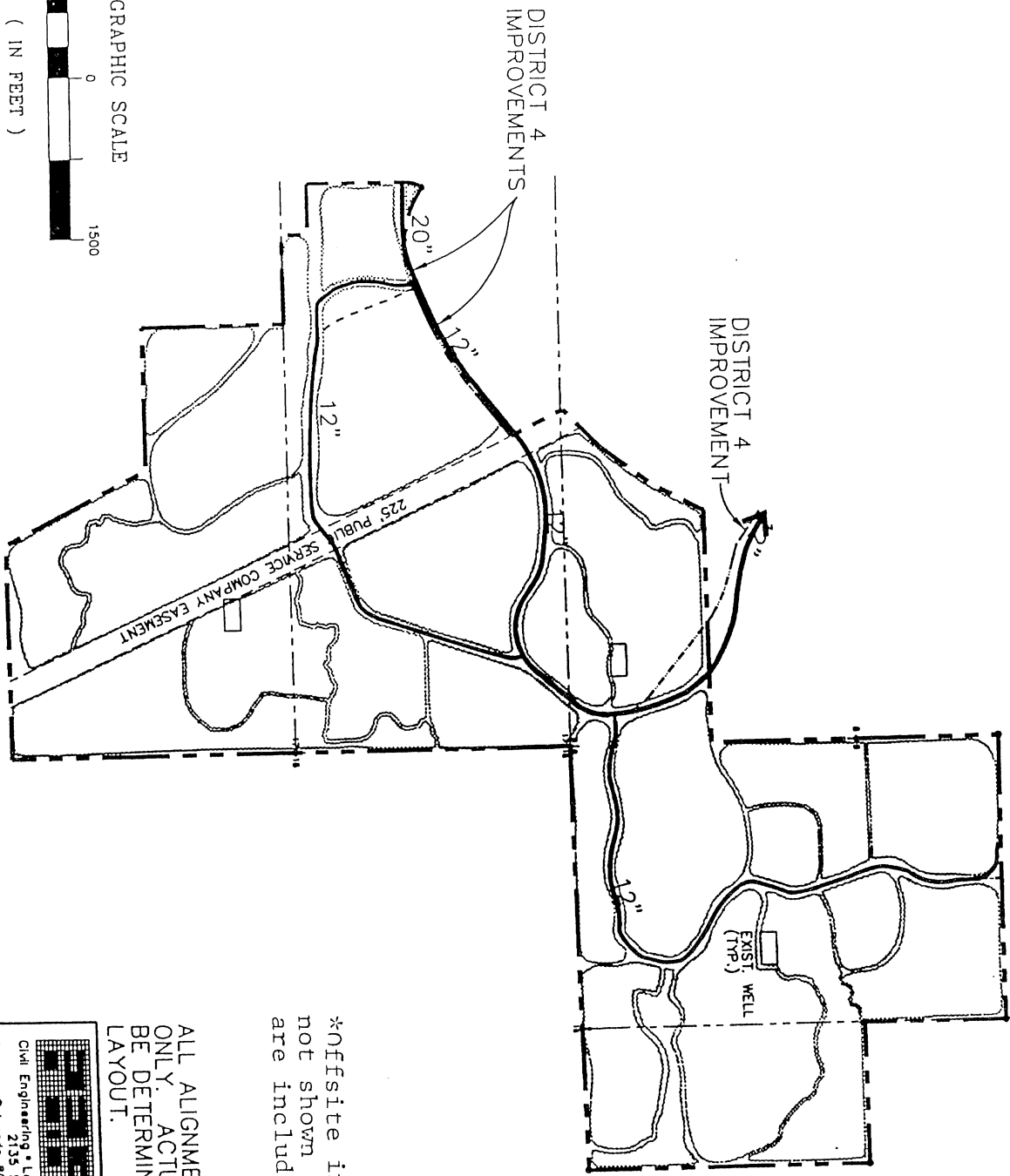
ALL ALIGNMENTS ARE SCHEMATIC ONLY. ACTUAL ALIGNMENTS WILL BE DETERMINED WITH FINAL STREET LAYOUT.

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EXHIBIT C-3

Water Improvements

DISTRICT WATER IMPROVEMENTS



*Offsite improvements are not shown on this map but are included in cost estimates.

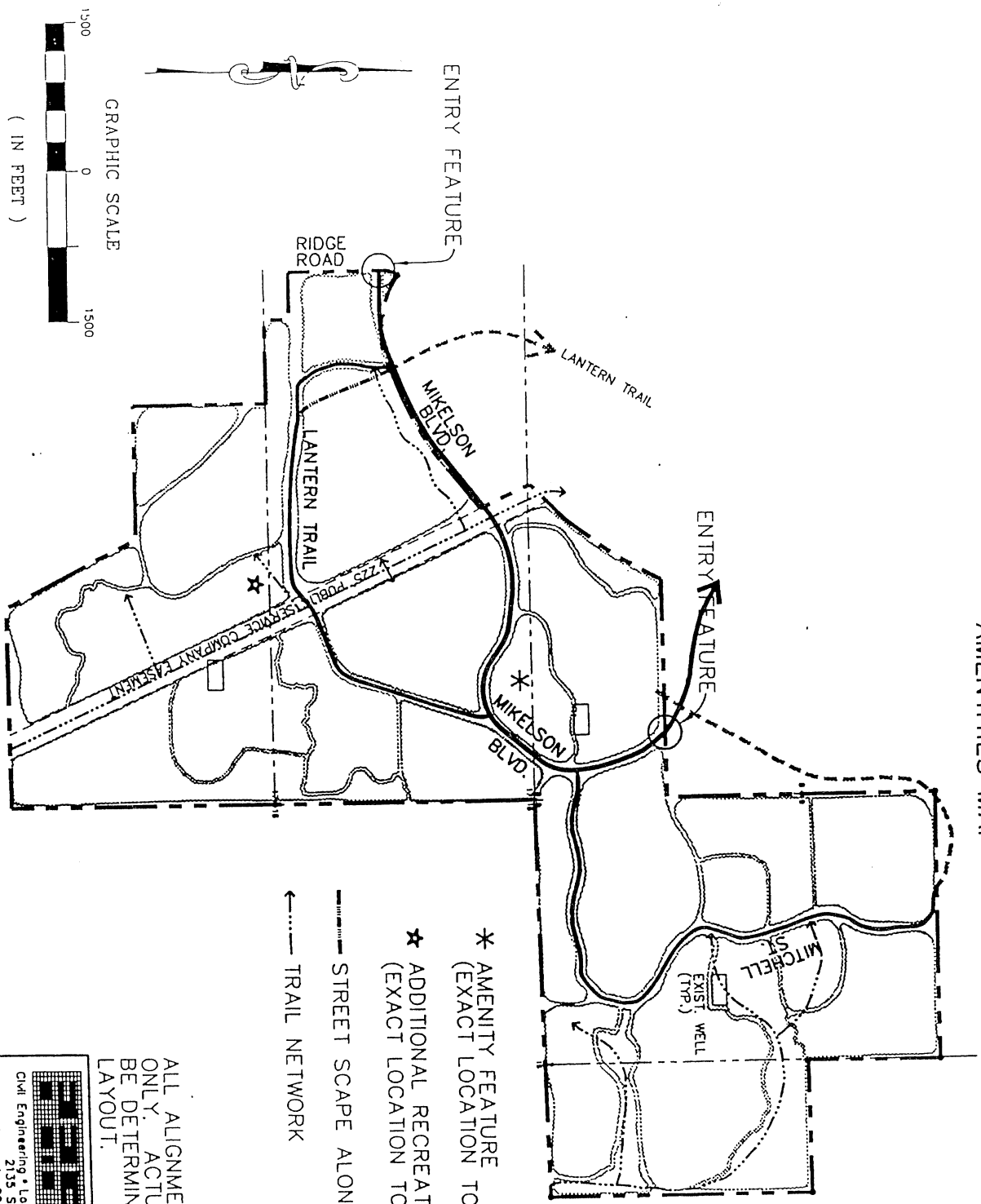
ALL ALIGNMENTS ARE SCHEMATIC ONLY. ACTUAL ALIGNMENTS WILL BE DETERMINED WITH FINAL STREET LAYOUT.

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EXHIBIT C-4

Amenities Map

AMENITIES MAP



* AMENITY FEATURE
(EXACT LOCATION TO BE DETERMINED)

* ADDITIONAL RECREATION SITE/AMENITY
(EXACT LOCATION TO BE DETERMINED)

— STREET SCAPE ALONG DISTRICT ROADS

← TRAIL NETWORK

ALL ALIGNMENTS ARE SCHEMATIC ONLY. ACTUAL ALIGNMENTS WILL BE DETERMINED WITH FINAL STREET LAYOUT.



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EXHIBIT C-5

Cost Estimates for Street, Sewer, Water and Park and Recreation Improvements

**CASTLEWOOD RANCH METROPOLITAN DISTRICT
CAPITAL PROJECTS BUDGET**

ITEM	CAPITAL PROJECTS COST	DISTRICT 1 SHARED COST	NET CASTLEWOOD COST
Phase 1			
Streets and Drainage			
Ridge Road Offsite	235,343		235,343
1st 2 Ln of Mikelson Boulevard (inc. drainage) Offsite	190,350		190,350
1st 2 Ln of Mikelson Boulevard (inc. drainage) Onsite	979,755	198,800	780,955
Lantern Trail (inc drainage)	654,466		654,466
Lantern Trail/ Ridge Rd. Interconnect	137,368		137,368
Storm Drainage Pond No.3	58,578		58,578
Sanitary Sewer			
8" Outfall Trunk A	210,895		210,895
8" Outfall Trunk B	159,668		159,668
Founders Lift Station Upgrade	100,000		100,000
Water			
18" Trans. Mikelson Onsite	191,100		191,100
16" Trans. Mikelson Onsite	399,600		399,600
16" Trans. Lantern	309,600		309,600
12" Trans. Mikelson Offsite	45,402		45,402
30" Trans. Parallel 18"	720,000	343,000	377,000
20" Water Line Lantern to Mikelson	66,000		66,000
27"W.L. Lantern & 24" W.L. Lantern to Mikelson	324,000	107,010	216,990
Dawson Well No.1	480,000		480,000
12" Raw W.L. from Well No. 1 to Mikelson W.T.P.	253,800		253,800
Relocate PRV in District 1	30,000		30,000
Amenities			
Entry Features	120,000		120,000
Open Space, Streetscape, Trails	540,000		540,000
Phase 1 Subtotal	6,205,925	648,810	5,557,115
Phase 2			
Amenities			
Entry Features	60,000		60,000
Open Space, Streetscape, Trails	120,000		120,000
Recreation Center	600,000		600,000
Phase 2 Subtotal	780,000	-	780,000
Phase 3			
Sanitary Sewer			
SE Lift Station & Force Main	150,979		150,979
Water			
Arapahoe Well No. 1	744,000		744,000
12" Raw W.L. from Lantern Trail to New W.T.P.	194,400		194,400
1.6 MGD. W.T.P.	2,335,392		2,335,392
Amenities			
Entry Features	30,000		30,000
Open Space, Streetscape, Trails	90,000		90,000
Phase 3 Subtotal	3,544,771	-	3,544,771

ITEM	CAPITAL PROJECTS COST	DISTRICT 1 SHARED COST	NET CASTLEWOOD COST
Phase 4			-
Streets and Drainage			-
1/3 of Mitchell Street	401,921		401,921
Miscellaneous Storm	12,000		12,000
Sanitary Sewer			-
NW Lift Station & Force Main (Offsite)	215,832		215,832
Mitchell Street Outfall/Trunk C	181,488		181,488
East Lift Station and Force Main	143,783		143,783
Water			-
1/3 Mitchell 12" Trans.	201,412		201,412
2.0 M.G. Green Zone Storage Tank	1,080,000		1,080,000
Amenities			-
Entry Features	30,000		30,000
Open Space, Streetscape, Trails	90,000		90,000
Phase 4 Subtotal	2,356,435	-	2,356,435
Phase 5			-
Streets and Drainage			-
1/3 of Mitchell Street	172,252		172,252
Storm Water Detention Pond No. 1&2	138,140		138,140
Storm Water Detention Pond No. 4	110,160		110,160
Sanitary Sewer			-
Water			-
1/3 Mitchell 12" Trans.	86,320		86,320
Arapahoe Well No. 2 (drill, pump,motor)	444,000		444,000
Amenities			-
Entry Features	30,000		30,000
Open Space, Streetscape, Trails	90,000		90,000
Phase 5 Subtotal	1,070,871	-	1,070,871
Phase 6			-
Streets and Drainage			-
Mikelson Blvd. Offsite (Final 2 Lanes)	126,900		126,900
Mikelson Blvd. Onsite (Final 2 Lanes)	613,669		613,669
1/3 of Mitchell Street	137,801		137,801
Sanitary Sewer			-
NE Lift Station & Force Main	102,810		102,810
Water			-
1/3 Mitchell 12" Trans.	69,055		69,055
Amenities			-
Entry Features	30,000		30,000
Open Space, Streetscape, Trails	90,000		90,000
Phase 6 Subtotal	1,170,235	-	1,170,235
Grand Total	15,128,238	648,810	14,479,428

EXHIBIT D

Financial Plan

Castlewood Ranch Metropolitan District

**Forecasted Statement of Sources
and Uses of Cash**

**For the Years Ending
December 31, 1998 through 2019**



Board of Directors
Castlewood Ranch Metropolitan District

We have compiled the accompanying forecasted statements of sources and uses of cash of the Castlewood Ranch Metropolitan District (Schedule 1) and the related schedules of absorption and market values (Schedule 2) projected debt service schedules (Schedules 3 and 4) for the years ending December 31, 1998 through 2019, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

June 5, 1998

Castlewood Ranch Metropolitan District

Summary of Significant Assumptions and Accounting Policies December 31, 1998 through 2019

The foregoing forecast presents, to the best of the Developer's knowledge and belief, the expected cash receipts and disbursements for the forecast period. Accordingly, the forecast reflects its judgement as of June 5, 1998. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The purpose of this forecast is to show the amount of funds available for District operations, planned capital construction and debt retirement.

Note 1: Ad Valorem Taxes

The primary source of revenue for the District will be the collection of ad valorem taxes. Residential property is currently assessed at 9.74% of 1996 market values. Market values for residential homes are estimated to have an average value of \$150,000. It is assumed that new homes will inflate at 2% per annum. No inflation is provided for existing homes. The forecasted absorption is based on a market study prepared by Genesis Marketing Group.

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

The County Treasurer currently charges a 3% fee for the collection of property taxes. These charges are reflected in the accompanying forecast as tax collection fees.

The forecast assumes that Specific Ownership Taxes collected on motor vehicle registrations will be 6% of property taxes collected.

The mill levy imposed by the District is proposed to equal 45 mills for the forecast period, of which 5 mills will be set aside for operating funds and the balance of 40 mills (adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation) will be available for the debt service.

Note 2: Development Fees

The forecast assumes that the District will impose a development fee of \$6,815 along with a surcharge of \$1,500 on each single family equivalent. The development fees are pledged for the payment of debt service and do not increase over the forecast period.

Castlewood Ranch Metropolitan District

Summary of Significant Assumptions and Accounting Policies December 31, 1998 through 2019

Note 3: Interest Income

Interest income is assumed to be earned at 4.25% per annum. Interest income is based on the year's beginning cash balance and an estimate of the timing of the receipt of revenues and the outflow of disbursements during the course of the year.

Note 4: Bond Assumptions

The District proposes the issuance of \$16,030,000 of Limited General Obligation Bonds in 1999 and 2002. The bonds will be issued in denominations of \$5,000 or multiples thereof and carry a coupon rate of 6.3% per annum. Issuance costs are forecasted to be 3% and the Bonds issued in 1999 will provide for 18 months of capitalized interest. The bonds are limited obligations of the District in that the debt mill levy cannot exceed 50 mills adjusted to take into account legislative or constitutionally imposed adjustments in assessed values or the method of their calculation.

Note 5: Developer Advances

The developer will need to make advances to the District to fund operating expenses during the early years since ad-valorem tax revenue will be insufficient to cover such expenses. The developer advances are subordinate to the above bond issues and the ability of the District to repay the advances is subject to the availability of surplus funds.

Note 6: Operating and Administrative Expenses

Administrative expenses for legal, accounting, audit, management and maintenance are forecasted to be \$50,000 per year. No provision for inflation is provided.

**Castlewood Ranch Metropolitan District
Sources and Uses of Cash
For the Years Ended December 31, 1998 through 2019**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	0	0	0	0	0	(0)	0	0	0	(0)
General Fund										
Beginning cash available	0	0	0	0	0	(0)	0	0	0	(0)
Revenues:										
Property taxes	1,503,438	0	0	0	9,569	31,414	53,696	70,522	83,520	90,734
Specific ownership taxes	90,206	0	0	0	574	1,885	3,222	4,231	5,011	5,444
Development Advances	257,788	50,000	50,000	50,000	40,144	17,644	0	0	0	0
Interest income	0	0	0	0	0	(0)	0	0	0	(0)
	1,851,432	50,000	50,000	50,000	50,287	50,943	56,918	74,753	88,531	96,178
Expenditures:										
Tax collection fees	45,103	0	0	0	287	942	1,611	2,116	2,506	2,722
Repay developer advances	706,329	0	0	0	0	0	5,307	22,638	36,026	43,455
Operating and Admin expenses	1,100,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	1,851,432	50,000	50,000	50,000	50,287	50,942	56,918	74,754	88,532	96,177
Ending cash available	(0)	0	0	0	(0)	0	0	0	(0)	0
Mill Levy	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Capital Projects Fund										
Beginning cash available	0	0	4,327,280	3,547,280	2,509	2,243,874	1,173,003	2,768	2,768	2,768
Revenues:										
Developer advances / contribution	0	0	0	0	0	0	0	0	0	0
Development fees (from Debt Service)	0	0	0	0	0	0	0	0	0	0
Bond proceeds	16,030,000	11,290,000	0	0	4,740,000	0	0	0	0	0
	16,030,000	11,290,000	0	0	4,740,000	0	0	0	0	0
Expenditures:										
Transfer to Debt Service	1,547,805	0	780,000	3,544,771	142,200	1,070,871	1,170,235	0	0	0
Construction	14,479,427	0	0	0	2,356,435	0	0	0	0	0
	16,027,232	0	780,000	3,544,771	2,498,635	1,070,871	1,170,235	0	0	0
Ending cash available	2,768	0	3,547,280	2,509	2,243,874	1,173,003	2,768	2,768	2,768	2,768

Castlewood Ranch Metropolitan District
Sources and Uses of Cash
For the Years Ended December 31, 1998 through 2019

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Beginning cash available	0	0	711,270	912,245	131,010	108,585	108,309	103,744	104,925	103,624
Revenues:										
Property taxes	12,027,501	0	0	0	76,548	251,312	429,571	564,176	668,161	725,869
Specific ownership taxes	721,650	0	0	0	4,593	15,079	25,774	33,851	40,090	43,552
Development fees	11,025,690	0	898,020	2,211,790	2,211,790	1,712,890	1,313,770	788,240	415,750	640,255
Transfer from Capital Projects	1,547,805	1,405,605	0	0	142,200	0	0	0	0	0
Interest income	70,450	0	14,225	18,245	2,620	2,172	2,166	2,075	2,098	2,072
	25,393,096	1,405,605	912,245	2,230,035	2,437,752	1,981,453	1,771,282	1,398,342	1,126,099	1,411,749
Expenditures:										
Debt service	24,450,900	0	711,270	3,011,270	2,315,680	1,974,190	1,762,960	1,380,235	1,107,355	1,388,650
Transfer to CIP Fund	0	355,635	0	0	142,200	0	0	0	0	0
Issuance costs	480,900	0	0	0	2,296	7,539	12,887	16,925	20,045	21,776
Tax collection fees	360,825	0	0	0	0	0	0	0	0	0
	25,292,625	694,335	711,270	3,011,270	2,460,176	1,981,729	1,775,847	1,397,160	1,127,400	1,410,426
Ending cash available	100,471	0	912,245	131,010	108,585	108,309	103,744	104,925	103,624	104,947
Mill Levy	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000

	Assessed Valuation and Absorption	
Assessed valuation (000's)		
Beginning	0	0
Increase for home starts	0	1,914
Ending	19,467	1,914
Absorption residential units		
Beginning	0	0
Increase for home starts	0	1,914
Ending	19,467	1,914
Mill Levy	1,227	266
	108	266
	158	96
	50	77

Castlewood Ranch Metropolitan District
Sources and Uses of Cash
For the Years Ended December 31, 1997 through 2019

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Beginning cash available	0	(0)	(0)	0	0	1	1	1	1	1	1	1
Revenues:												
Property taxes	93,301	97,335	97,335	97,335	97,335	97,335	97,335	97,335	97,335	97,335	97,335	97,335
Specific ownership taxes	5,598	5,840	5,840	5,840	5,840	5,840	5,840	5,840	5,840	5,840	5,840	5,840
Development Advances	0	(0)	(0)	0	0	0	0	0	0	0	0	0
Interest income	98,899	103,175	103,175	103,175	103,175	103,175	103,175	103,175	103,175	103,175	103,175	103,175
Expenditures:												
Tax collection fees	2,799	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920
Repay developer advances	46,101	50,255	50,254	50,255	50,255	50,255	50,255	50,255	50,255	50,255	50,255	50,256
Operating and Admin expenses	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	98,900	103,175	103,174	103,175	103,175	103,175	103,175	103,175	103,175	103,175	103,175	103,176
Ending cash available	(0)	(0)	0	0	1	1	1	1	1	1	1	(0)
Mill Levy	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Beginning cash available	2,768	2,768	2,768	2,768	2,768	2,768	2,768	2,768	2,768	2,768	2,768	2,768
Revenues:												
Developer advances / contribution												
Development fees (from Debt Service)												
Bond proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Expenditures:												
Transfer to Debt Service	0	0	0	0	0	0	0	0	0	0	0	0
Construction												
Ending cash available	2,768	2,768	2,768	2,768	2,768	2,768	2,768	2,768	2,768	2,768	2,768	2,768

**Castlewood Ranch Metropolitan District
Sources and Uses of Cash
For the Years Ended December 31, 1997 through 2019**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Beginning cash available	104,947	103,934	102,880	101,376	100,986	103,308	104,972	102,855	104,085	100,619	104,884	103,925
Revenues:												
Property taxes	746,411	778,677	778,677	778,677	778,677	778,677	778,677	778,677	778,677	778,677	778,677	778,677
Specific ownership taxes	44,785	46,721	46,721	46,721	46,721	46,721	46,721	46,721	46,721	46,721	46,721	46,721
Development fees	823,185	0	0	0	0	0	0	0	0	0	0	0
Transfer from Capital Projects	2,099	2,079	2,058	2,028	2,020	2,066	2,099	2,057	2,082	2,012	2,098	2,078
Interest income	1,616,479	827,477	827,456	827,426	827,418	827,464	827,498	827,455	827,480	827,411	827,496	827,477
Expenditures:												
Debt service	1,595,100	805,170	805,600	804,455	801,735	802,440	806,255	802,865	807,585	799,785	805,095	807,570
Transfer to CIP Fund	22,392	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360	23,360
Issuance costs												
Tax collection fees	1,617,492	828,530	828,960	827,815	825,095	825,800	829,615	826,225	830,945	823,145	828,455	830,930
Ending cash available	103,934	102,880	101,376	100,986	103,308	104,972	102,855	104,085	100,619	104,884	103,925	100,471
Mill Levy	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000

Assessed Valuation and Absorption

Assessed valuation (000's)	18,147	18,660	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467
Beginning	514	807	0	0	0	0	0	0	0	0	0	0
Increase for home starts	18,660	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467	19,467
Ending	0	0	0	0	0	0	0	0	0	0	0	0
Absorption residential units	0	0	0	0	0	0	0	0	0	0	0	0

Castlewood Ranch Metropolitan District
Schedule of Forecasted Absorption, Market Values and Assessed Valuation
For the Years Ended December 31, 1998 through 20xx

Schedule of Absorption	Market Values	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total											
Single Family -1	225000			24	48	48	48	48	23		
Single Family -2	190000			24	48	48	1				
Single Family -3	157500			30	60	60	47				
Single Family -4	140000			30	60	60	60	60	23		
Multi Family	90000				50	50	50	50	50	50	77
Total		1,227	0	108	266	266	206	158	96	50	77
Schedule of Market Values											
Single Family -1	58,800,549	0	5,618,160	11,461,046	11,690,267	11,924,073	12,162,554	5,944,448	0	0	0
Single Family -2	24,503,998	0	4,744,224	9,678,217	9,871,781	209,775	0	0	0	0	0
Single Family -3	33,346,248	0	4,915,890	10,028,416	10,228,984	8,172,958	0	0	0	0	0
Single Family -4	44,809,068	0	4,369,660	8,914,147	9,092,430	9,274,279	9,459,764	3,698,768	0	0	0
Multi Family	38,406,019	0	0	4,775,436	4,870,945	4,968,364	5,067,731	5,169,086	5,272,467	5,272,467	8,281,992
Total	199,865,882	0	19,647,954	44,857,262	45,754,407	34,549,449	26,690,049	14,812,302	5,272,467	8,281,992	
Increase in Assessed Valuation											
Total	19,466,937	0	1,913,711	4,369,097	4,456,479	3,365,116	2,599,611	1,442,718	513,538	806,666	

**Castlewood Ranch Metropolitan District
Debt Service Schedule - Issue #1
For the Years ended 1998 through 2018**

	Principal	Coupon	Interest	Total Payment	Annual Payment	Balance
1998						11,290,000
1999				0		11,290,000
1999			355,635	355,635	355,635	11,290,000
2000			355,635	355,635		11,290,000
2000			355,635	355,635	711,270	11,290,000
2001			355,635	355,635		11,290,000
2001	2,300,000	6.30%	355,635	2,655,635	3,011,270	8,990,000
2002			283,185	283,185		8,990,000
2002	1,600,000	6.30%	283,185	1,883,185	2,166,370	7,390,000
2003			232,785	232,785		7,390,000
2003	1,210,000	6.30%	232,785	1,442,785	1,675,570	6,180,000
2004			194,670	194,670		6,180,000
2004	925,000	6.30%	194,670	1,119,670	1,314,340	5,255,000
2005			165,533	165,533		5,255,000
2005	600,000	6.30%	165,533	765,533	931,065	4,655,000
2006			146,633	146,633		4,655,000
2006	365,000	6.30%	146,633	511,633	658,265	4,290,000
2007			135,135	135,135		4,290,000
2007	670,000	6.30%	135,135	805,135	940,270	3,620,000
2008			114,030	114,030		3,620,000
2008	920,000	6.30%	114,030	1,034,030	1,148,060	2,700,000
2009			85,050	85,050		2,700,000
2009	190,000	6.30%	85,050	275,050	360,100	2,510,000
2010			79,065	79,065		2,510,000
2010	200,000	6.30%	79,065	279,065	358,130	2,310,000
2011			72,765	72,765		2,310,000
2011	210,000	6.30%	72,765	282,765	355,530	2,100,000
2012			66,150	66,150		2,100,000
2012	220,000	6.30%	66,150	286,150	352,300	1,880,000
2013			59,220	59,220		1,880,000
2013	235,000	6.30%	59,220	294,220	353,440	1,645,000
2014			51,818	51,818		1,645,000
2014	255,000	6.30%	51,818	306,818	358,635	1,390,000
2015			43,785	43,785		1,390,000
2015	270,000	6.30%	43,785	313,785	357,570	1,120,000
2016			35,280	35,280		1,120,000
2016	290,000	6.30%	35,280	325,280	360,560	830,000
2017			26,145	26,145		830,000
2017	300,000	6.30%	26,145	326,145	352,290	530,000
2018			16,695	16,695		530,000
2018	530,000	6.30%	16,695	546,695	563,390	0
	11,290,000		5,394,060	16,684,060	16,684,060	

Assumptions	
Phase I Cost	11,290,000
Issuance costs	N/A
Bond Sizing	11,290,000
Interest Rate	6.30%
Average Payment 18 yrs Princ	532,817

See Summary of Significant Assumptions and Accounting Policies

Castlewood Ranch Metropolitan District
Debt Service Schedule - Issue #2
For the Years ended 1998 through 2018

	Principal	Coupon	Interest	Total Payment	Annual Payment	Balance
2001						4,740,000
2002				0		4,740,000
2002			149,310	149,310	149,310	4,740,000
2003			149,310	149,310		4,740,000
2003			149,310	149,310	298,620	4,740,000
2004			149,310	149,310		4,740,000
2004	150,000	6.30%	149,310	299,310	448,620	4,590,000
2005			144,585	144,585		4,590,000
2005	160,000	6.30%	144,585	304,585	449,170	4,430,000
2006			139,545	139,545		4,430,000
2006	170,000	6.30%	139,545	309,545	449,090	4,260,000
2007			134,190	134,190		4,260,000
2007	180,000	6.30%	134,190	314,190	448,380	4,080,000
2008			128,520	128,520		4,080,000
2008	190,000	6.30%	128,520	318,520	447,040	3,890,000
2009			122,535	122,535		3,890,000
2009	200,000	6.30%	122,535	322,535	445,070	3,690,000
2010			116,235	116,235		3,690,000
2010	215,000	6.30%	116,235	331,235	447,470	3,475,000
2011			109,463	109,463		3,475,000
2011	230,000	6.30%	109,463	339,463	448,925	3,245,000
2012			102,218	102,218		3,245,000
2012	245,000	6.30%	102,218	347,218	449,435	3,000,000
2013			94,500	94,500		3,000,000
2013	260,000	6.30%	94,500	354,500	449,000	2,740,000
2014			86,310	86,310		2,740,000
2014	275,000	6.30%	86,310	361,310	447,620	2,465,000
2015			77,648	77,648		2,465,000
2015	290,000	6.30%	77,648	367,648	445,295	2,175,000
2016			68,513	68,513		2,175,000
2016	310,000	6.30%	68,513	378,513	447,025	1,865,000
2017			58,748	58,748		1,865,000
2017	330,000	6.30%	58,748	388,748	447,495	1,535,000
2018			48,353	48,353		1,535,000
2018	145,000	6.30%	48,353	193,353	241,705	1,390,000
2019			43,785	43,785		1,390,000
2019	720,000	6.30%	43,785	763,785	807,570	670,000
2020			21,105	21,105		670,000
2020	405,000	6.30%	21,105	426,105	447,210	265,000
2021			8,348	8,348		265,000
2021	265,000	6.30%	8,348	273,348	281,695	0
	4,740,000		3,755,745	8,495,745	8,495,745	

Assumptions	
Phase I Cost	4,740,000
Issuance costs	N/A
Bond Sizing	4,740,000
Interest Rate	6.30%
Average Payment 18 yrs Princ	223,698

See Summary of Significant Assumptions and Accounting Policies

EXHIBIT D-1

MILL LEVIES OF
OVERLAPPING JURISDICTIONS

DISTRICT	PROPOSED
Castlewood Ranch Metropolitan District	45.000
Douglas County	18.147
Douglas County Schools	
General Fund	39.568
Debt Service	11.500
Town of Castle Rock	12.968
Cherry Creek Basin	00.471
Douglas County Library	03.935
	<hr/> 131.589

EXHIBIT D-2

MILL LEVY COMPARISON
OF COMPETING DEVELOPMENTS

DEVELOPMENT	1997
Castle Pines North	
Douglas County	18.147
Douglas County Schools	
General	39.568
Debt	11.500
Douglas County Library	3.935
Castle Pines North Metropolitan	66.562
Douglas County Law Enforcement	4.403
Castlewood Fire	9.446
Cherry Creek Basin	0.471
Urban Drainage & Flood	0.696
Urban Drainage South Platte	0.084
Total Mill Levy	154.812
Stonegate	
Douglas County	18.147
Douglas County Schools	
General	39.568
Debt	11.500
Douglas County LEA	4.403
Parker Fire	13.604
Urban Drainage	0.696
Urban Drainage South Platt	0.084
Stonegate Village Metropolitan	34.277
Cherry Creek Basin	0.471
Douglas County Library	3.935
Total Mill Levy	126.685

<u>DEVELOPMENT</u>	<u>1997</u>
Lone Tree Douglas County 18.147 Douglas County Schools General 39.568 Debt 11.500 Law Enforcement Authority 4.403 Southgate Water 5.191 Southgate Sanitation 1.032 South Suburban Park & Recreation 7.316 Castlewood Fire 9.446 Park Meadows Metropolitan 13.000 Urban Drainage 0.696 Urban Drainage South Platte 0.084 Douglas County Library 3.935 Total Mill Levy 114.318	
The Meadows Douglas County 18.147 Douglas County Schools General 39.568 Debt 11.500 Meadows Metropolitan 29.000 Town of Castle Rock 12.968 Cedar Hill Cemetery 0.634 Douglas County Library 3.935 Total Mill Levy 115.752	

<u>DEVELOPMENT</u>	<u>1997</u>
Upper Cherry Creek	
Upper Cherry Creek Metropolitan District	08.000
Douglas County Government	18.147
Schools - General Fund	39.568
Schools - Debt Service	11.500
Town of Parker	02.812
Parker Fire Protection District	13.604
Parker Water and Sanitation	03.007
Cherry Creek Basin	00.471
Urban Drainage and Flood Control	00.696
Douglas Public Library District	03.935
Urban Drainage & Flood South Platte	00.084
Total Mill Levy	<u>101.824</u>
Highlands Ranch	
Douglas County	18.147
Douglas County Schools	
General	39.568
Debt	11.500
Law Enforcement Authority	4.403
Urban Drainage	0.696
Urban Drainage South Platte	0.084
Highlands Ranch Water & Sanitation	
Highlands Ranch Metropolitan #2	25.250
Douglas County Library	3.935
Total Mill Levy	<u>103.583</u>

<u>DEVELOPMENT</u>	<u>1997</u>
Canterberry Crossing	
Canterberry Crossing Metropolitan	35.000
Douglas County Government	18.147
Schools - General Fund	39.568
Schools - Debt Service	11.500
Town of Parker	02.812
Urban Drainage & Flood Control	00.696
Parker Fire Protection District	13.604
Parker Water and Sanitation	03.007
Cherry Creek Basin	00.471
Douglas Public Library District	03.935
Urban Drainage & Flood South Platte	00.084
	<hr/>
Total Mill Levy	128.824
Founders Village	
Douglas County	18.147
Douglas County Schools	
General	39.568
Debt	11.500
Town of Castle Rock	12.968
Cedar Hill Cemetery	0.634
Villages at Castle Rock Metropolitan #4	46.332
Cherry Creek Basin	0.471
Douglas County Public Library	3.935
	<hr/>
	133.555

EXHIBIT E

Board of Directors/names, addresses and phone numbers

BOARD OF DIRECTORS

Stanley D. Mikelson
937 6th Street
Castle Rock, CO 80104

A. Dale Mikelson
1337 Castlewood Drive
Castle Rock, CO 80116

Darlee Whiting
1508 W. Briarwood Avenue
Littleton, CO 80120

Shirley Ilgen
20 Circle Drive
Castle Rock, CO 80104

Paul R. Ilgen
20 Circle Drive
Castle Rock, CO 80104

EXHIBIT F

Proof of Ownership of All Properties Within the District

SPECIAL WARRANTY DEED

THIS DEED, made this 18th day of March 1993, by and between DSSD Limited Liability Company, a Colorado limited liability company, Grantor, and Grantees Stanley D. Mikelson, whose legal address is 937 Sixth Street, Shirley A. Ilgen, whose legal address is 20 Circle Drive, Castle Rock, Colo. 80104, Cora Darlee Whiting, whose Legal Address is, 1508 W. Briarwood Ave., Littleton, Colo. 80120, and A. Dale Mikelson, whose Legal Address is , 1337 Castle Wood Drive, Franktown, Colo. 80116;


WITNESSETH, That the Grantor, for and in consideration of the Sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of are hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm, unto the Grantees, and its successors and assigns forever, the following undivided interest in vacant land to be held as a tenancy in common, located in Douglas County, State of Colorado :

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF:

TOGETHER WITH all and singular the hereditaments and appurtenances thereto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof: and all the estate, right, title, interest, claim and demand whatsoever of the Grantor, either in law or equity, of , in and to the above bargained premises, with the hereditaments and appurtenances:

TO HAVE AND TO HOLD the said premises above bargained and described with the appurtenances, unto the Grantees, and its successors and assigns forever. The Grantor, for itself and its successors and assign, does covenant and agree that it shall WARRANT AND FOREVER DEFEND the above bargained premises in the quiet and peaceable possession of the Grantee, and its successors and assign, against all and every person or persons claiming the whole or any part thereof, by, through or under the Grantor. Except that Grantor provides no warranty as to what uses the vacant land may be to the Grantees.

IN WITNESS WHEREOF, the Grantor has executed this deed on the date set forth above.



 A. Dale Mikelson, Manager
 DSSD Limited Liability Company
 512 Wilcox
 Castle Rock, Colorado

STATE OF COLORADO)
) ss.
 COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this ____ day of _____, 1997, by _____ as Manager of DSSD Limited Liability Company, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires : _____

 Notary Public

Exhibit "A"

A part of the Northwest Quarter of the Northeast Quarter of Section 8, Township 8 South, Range 66 West of the Sixth Principal Meridian, Douglas County, Colorado, being more particularly described as follows:

BEGINNING at the Northeast Corner of said Northwest Quarter of the Northeast Quarter;
THENCE S 00 deg 30 min 20 sec E along the easterly line of said Northwest Quarter a distance of 1337.71 feet;
THENCE S 88 deg 49 min 50 sec W along the southerly line of said Northwest Quarter a distance of 270.30 feet;
THENCE N 09 deg 27 min 07 sec E a distance of 452.48 feet;
THENCE N 20 deg 49 min 22 sec E a distance of 336.25 feet;
THENCE N 51 deg 40 min 14 sec W a distance of 282.21 feet;
THENCE N 11 deg 26 min 56 sec W a distance of 407.23 feet;
THENCE N 88 deg 41 min 11 sec E along the northerly line of said Northwest Quarter a distance of 366.91 feet to the POINT OF BEGINNING, a total of 7.061 acres more or less.

SPECIAL WARRANTY DEED DC9317104

8P
DF
NONE

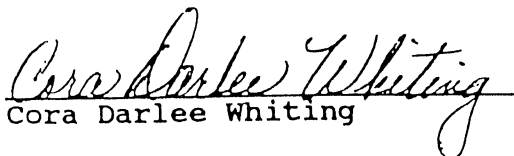
THIS DEED, made as of the 18th day of March, 1993, between Cora Darlee Whiting, A. Dale Mikelson, Stanley D. Mikelson, and Shirley A. Ilgen, of the County of Douglas, State of Colorado, collectively, Grantor, and DSSD Limited Liability Company, a Colorado limited liability company, whose legal address is 512 Wilcox, Castle Rock, Colorado 80104, of the County of Douglas, State of Colorado, Grantee;

WITNESSETH, That the Grantor, for consideration of less than Five Hundred Dollars, the receipt and sufficiency of which are hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm, unto the Grantee, and its successors and assigns forever, all the real property, together with all improvements, if any, situate, lying and being in the County of Douglas, State of Colorado, described on Exhibit A attached hereto, consisting of five (5) pages, incorporated herein by this reference;

TOGETHER WITH all and singular the hereditaments and appurtenances thereto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, claim and demand whatsoever of the Grantor, either in law or equity, of, in and to the above bargained premises, with the hereditaments and appurtenances;

TO HAVE AND TO HOLD the said premises above bargained and described with the appurtenances, unto the Grantee, and its successors and assigns forever. The Grantor, for itself and its successors and assigns, does covenant and agree that it shall and will WARRANT AND FOREVER DEFEND the above bargained premises in the quiet and peaceable possession of the Grantee, and its successors and assigns, against all and every person or persons claiming the whole or any part thereof, by, through or under the Grantor.

IN WITNESS WHEREOF, the Grantor has executed this deed as of the date set forth above.


Cora Darlee Whiting


A. Dale Mikelson

Stanley D. Mikelson
Stanley D. Mikelson

Shirley A. Ilgen
Shirley A. Ilgen

STATE OF COLORADO)
) ss.
COUNTY OF Douglas)

The foregoing instrument was acknowledged before me
this 24th day of March, 1993, by Cora Darlee
Whiting.

Witness my hand and official seal.

My commission expires: 6/21/94

[Signature]
Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF Douglas)

The foregoing instrument was acknowledged before me
this 24th day of March, 1993, by A. Dale Mikelson.

Witness my hand and official seal.

My commission expires: 6/21/94

[Signature]
Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF Douglas)

The foregoing instrument was acknowledged before me
this 14th day of February, 1993, by Stanley D.
Mikelson.



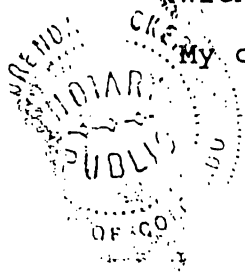
Witness my hand and official seal.

My commission expires: 6/21/94

[Signature]
Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF Douglas)

The foregoing instrument was acknowledged before me
this 14th day of February, 1993, by Shirley A. Ilgen.



Witness my hand and official seal.

My commission expires: 6/21/94

[Signature]
Notary Public

EXHIBIT A

A tract of land (the "Property") situated in Sections 7, 8, 9 & 17, all in Township 8 South, Range 66 West of the 6th Principal Meridian, Douglas County, Colorado, more particularly described as follows:

Beginning at the Southwest corner of said Section 8, and considering the West line of the Southwest $\frac{1}{4}$ of said Section 8 to bear N 0°50'21"E with all bearings contained herein relative thereto;

Thence N 0°50'21"E along said West line a distance of 1261.75 feet to a point 60.00 feet Southerly from the Northwest corner of the Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 8;

Thence S 89°25'49"W along a line 60.00 feet South of and parallel with the North line of the South $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 7, a distance of 1598.84 feet to a point on the East right of way line of the County Road;

Thence N 39°22'11"W along said East right of way line a distance of 76.96 feet, to a point on the North line of said South $\frac{1}{4}$ of the Southeast $\frac{1}{4}$;

Thence N 89°25'49"E along said North line a distance of 1648.54 feet to the Northeast corner of the South $\frac{1}{4}$ of the Southeast $\frac{1}{4}$;

Thence N 0°50'21"E a distance of 1321.75 feet to the West $\frac{1}{4}$ corner of aforesaid Section 8;

Thence N 0°54'37"E along the West line of the Northwest $\frac{1}{4}$ of said Section 8 a distance of 1216.50 feet;

Thence S 89°05'23"E a distance of 900.00 feet;

Thence N 0°54'37"E a distance of 1097.75 feet;

Thence N 59°45'02"W a distance of 410.19 feet to a point on the Southeasterly right of way line of Enderud Road;

Thence N 30°14'58"E along said Southeasterly right of way line a distance of 180.54 feet to a point on the North line of said Section 8;

Thence N 89°23'49"E along the North line of said Section 8 a distance of 3309.34 feet, to the Northeast corner of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of said Section 8;

Thence S 0°12'31"W a distance of 1337.73 feet to the Southeast corner of said Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$;

Thence S 89°32'38"W a distance of 1318.17 feet to the Southwest corner of said Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$;

Thence S 89°32'33"W a distance of 1319.19 feet to the Southwest corner of the Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 8;

Thence S 0°39'38"W a distance of 1331.18 feet to the Southeast corner of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$;

Thence S 0°37'30"W a distance of 1326.19 feet to the Southeast corner of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 8;

Thence N 89°52'54"E a distance of 1329.81 feet to the Northeast corner of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 8;

Thence N 89°54'42"E a distance of 2655.09 feet to the Northeast corner of the South ¼ of the Southeast ¼ of said Section 8;
Thence N 0°00'24"E a distance of 2681.96 feet to the Northwest corner of the South ¼ of the Northwest ¼ of said Section 9;
Thence S 89°31'39"E a distance of 2650.34 feet to the Northeast corner of the South ¼ of the Northwest ¼ of said Section 9;
Thence S 0°12'36"W a distance of 1331.48 feet to the Northwest corner of the West ¼ of the Southeast ¼ of said Section 9;
Thence S 89°43'42"E a distance of 1318.06 feet to the Northeast corner of the West ¼ of the Southeast ¼ of said Section 9;
Thence S 0°15'14"W a distance of 2639.32 feet to the Southeast corner of the West ¼ of the Southeast ¼ of Section 9;
Thence S 89°39'04"W a distance of 3952.25 feet to the Southwest corner of Section 9;
Thence S 0°23'37"W a distance of 5301.33 feet to the Southeast corner of Section 17;
Thence S 89°52'25"W along the South line of said Section 17 a distance of 2004.12 feet;
Thence N 26°14'27"W a distance of 1479.40 feet to a point on the West line of the Southeast ¼ of said Section 17;
Thence N 00°15'08"E along said West line a distance of 2.04 feet to the Southeast corner of the Northeast ¼ of the Southwest ¼ of said Section 17;
Thence N 89°57'15"W a distance of 1330.68 feet to the Southwest corner of the Northeast ¼ of the Southwest ¼ of said Section 17;
Thence N 00°17'29"E a distance of 1324.59 feet to the Northwest corner of the Northeast ¼ of the Southwest ¼ of said Section 17;
Thence N 89°53'50"W a distance of 1330.31 feet to the Southwest corner of the Northwest ¼ of said Section 17;
Thence N 00°19'26"E a distance of 2649.60 feet to the point of beginning.

EXCEPT the following three parcels of land (the "Well Sites"):

1. A tract of land known as Mikelson No. 2 Well Field, being a portion of the Southeast ¼ of Section 8, Township 8 South, Range 66 West of the Sixth Principal Meridian, County of Douglas, State of Colorado, being more particularly described as follows:

Basis of bearings is the South line of the Southeast ¼ of said Section 8 being considered to bear N89°24'45"E.

Commencing at the Southeast corner of said Section 8; thence N57°36'48"W a distance of 768.15 feet to the point of beginning; thence S89°24'45"W a distance of 300.00 feet; thence N00°35'15"W, a distance of 150.00 feet; thence N89°24'45"E, a distance of 300.00 feet; thence S00°35'15"E a distance of 150.00 feet to the point of beginning.

2. A tract of land known as Mikelson No. 3 Well Field, being a portion of the Southwest $\frac{1}{4}$ of Section 9, Township 8 South, Range 66 West of the Sixth Principal Meridian, County of Douglas, State of Colorado, being more particularly described as follows:

Basis of bearings is the South line of the Southwest $\frac{1}{4}$ of said Section 9 being considered to bear N88°56'18"E.

Commencing at the Southwest corner of said Section 9, thence N45°02'34"E, a distance of 2484.23 feet to the point of beginning; thence N01°03'42"W, a distance of 150.00 feet; thence N88°56'18"E, a distance of 300.00 feet; thence S01°03'42"E, a distance of 150.00 feet; thence S88°56'18"W, a distance of 300.00 feet to the point of beginning.

3. A tract of land known as Mikelson No. 4 Well Field, being a portion of the Southeast $\frac{1}{4}$ of Section 17, Township 8 South, Range 66 West of the Sixth Principal Meridian, County of Douglas, State of Colorado, being more particularly described as follows:

Basis of bearings is the East line of the Southeast $\frac{1}{4}$ of said Section 17 being considered to bear S00°19'16"E.

Commencing at the east $\frac{1}{4}$ corner of said Section 17; thence S66°39'23"W a distance of 1251.91 feet to the point of beginning; thence S00°35'49"E a distance of 150.00 feet; thence S89°24'11"W a distance of 300.00 feet; thence N00°35'49"W a distance of 150.00 feet; thence N89°24'11"E a distance of 300.00 feet to the point of beginning; and

EXCEPT the parcels described in partial releases recorded in Book 549 at Page 260, Book 601 at Page 819, Book 601 at Page 821, Book 777 at Page 314, Book 878 at Page 694, Book 889 at Page 665, Book 889 at Page 667, Book 894 at Page 689, and Book 1017 at Page 694 of the real estate records in the Office of the Clerk and Recorder of Douglas County, Colorado; and

EXCEPT those parcels described in quitclaim deeds recorded in Book 838 at Page 1152, and in Book 838 at Page 1159 of the real estate records in the Office of the Clerk and Recorder of Douglas County, Colorado; and

EXCEPT those parcels described and dedicated in the following recorded plats: (i) Villages at Castle Rock Filing No. 1; (ii) Villages at Castle Rock Filing No. 1 Amended; (iii) Villages at Castle Rock, Founders Village Filing No. 2; (iv) Villages at Castle Rock Filing No. 3; (v) Founders Village Filing No. 3; (vi) Villages at Castle Rock Filing No. 4; (vii) Founders Village Filing No. 4; (viii) Founders Village Filing No. 7; (ix) Villages at Castle Rock, Founders Village Filing No. 8; and (x) Villages at Castle Rock, Founders Village Filing No. 9, all in the County of Douglas, State of Colorado; and

EXCEPT all dedicated rights-of-way; and

EXCEPT the easement (the "Easement") over and across the following described three parcels of land, on the terms and conditions set forth in that certain Easement Agreement dated as of September 15, 1992, between DSSD Limited Liability Company, a Wyoming limited liability company, as grantor, and Sequoia Investments, Inc., a Colorado corporation, as grantee, such Easement Agreement to be recorded in the real estate records of the Office of the Clerk and Recorder of Douglas County, Colorado:

- a. A 20-FOOT-WIDE EASEMENT OVER AND ACROSS THE SOUTHEAST ONE-QUARTER OF SECTION 8 AND THE NORTH ONE-HALF OF SECTION 17, TOWNSHIP 8 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO BEING 10.00 FEET ON BOTH SIDES OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 8; THENCE N63°01'07"W, A DISTANCE OF 1065.38 FEET TO THE POINT OF BEGINNING, SAID POINT BEING ON THE WEST LINE OF MIKELSON NO. 2 WELL FIELD AS DESCRIBED IN BOOK 838 AT PAGE 1153; THENCE N89°24'25"W AND PARALLEL WITH THE SOUTH LINE OF SAID SECTION 8 A DISTANCE OF 2288.55 FEET TO A POINT ON THE CENTERLINE OF A 225.00 FOOT WIDE PUBLIC SERVICE COMPANY EASEMENT AS DESCRIBED IN BOOK 156 AT PAGE 247; THENCE S24°30'33"E AND ALONG SAID CENTERLINE A DISTANCE OF 944.68 FEET TO A POINT ON SAID CENTERLINE, SAID POINT TO BE KNOWN AS POINT "A"; THENCE S50°02'29"W A DISTANCE OF 673.15 TO A POINT OF CURVE; THENCE ALONG AN ARC OF A CURVE TO THE RIGHT HAVING A DELTA OF 16°48'59" A RADIUS OF 3100.00 FEET A DISTANCE OF 909.85 FEET TO A POINT OF TANGENT; THENCE S66°51'28"W A DISTANCE OF 81.77 FEET TO THE POINT OF TERMINUS SAID POINT BEING ON THE CENTERLINE OF MIKELSON BOULEVARD AS PLATTED IN VILLAGES AT CASTLE ROCK FILING NO. 3 FROM WHENCE THE NORTHEAST CORNER OF SAID SECTION 17 BEARS N72°21'32"E, A DISTANCE OF 4417.43 FEET.

- b. A 20-FOOT-WIDE EASEMENT OVER AND ACROSS THE SOUTHWEST ONE-QUARTER OF SECTION 9 AND THE SOUTHEAST ONE-QUARTER OF SECTION 8 TOWNSHIP 8 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO BEING 10.00 FEET ON BOTH SIDES OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 9; THENCE N43°49'19"E A DISTANCE OF 2536.80 FEET TO THE POINT OF BEGINNING, SAID POINT BEING ON THE WEST LINE OF MIKELSON NO. 3 WELL FIELD AS DESCRIBED IN BOOK 838 AT PAGE 1155; THENCE S60°48'52"W A DISTANCE OF 2755.83 FEET TO THE POINT OF TERMINUS, SAID POINT BEING ON THE EAST LINE OF MIKELSON NO. 2 WELL FIELD AS DESCRIBED IN BOOK 838 AT PAGE 1153 FROM WHENCE THE SOUTHEAST CORNER OF SAID SECTION 8 BEARS S53°09'57"W A DISTANCE OF 811.41 FEET.

- c. A 20-FOOT-WIDE EASEMENT OVER AND ACROSS SECTION 17 TOWNSHIP 8 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO BEING 10.00 FEET ON BOTH SIDES OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 17; THENCE S23°58'20"W A DISTANCE OF 3528.95 FEET TO THE POINT OF BEGINNING; SAID POINT BEING ON THE WEST LINE OF MIKELSON NO. 4 WELL FIELD AS DESCRIBED IN BOOK 1157; THENCE S89°24'11"W A DISTANCE OF 123.37 FEET TO A POINT ON THE CENTERLINE OF A 225.00 FOOT WIDE PUBLIC SERVICE COMPANY EASEMENT AS DESCRIBED IN BOOK 156 AT PAGE 247; THENCE N24°30'33"W AND ALONG SAID CENTERLINE A DISTANCE OF 3105.81 FEET TO THE POINT OF TERMINUS, SAID POINT KNOWN AS POINT "A" AS ESTABLISHED IN EASEMENT NO. 2 FROM WHENCE THE NORTHEAST CORNER OF SAID SECTION 17 BEARS N82°00'06"E A DISTANCE OF 2873.91 FEET.

TOGETHER WITH all adjudicated and non-adjudicated, tributary, non-tributary and not non-tributary, water, water rights, rights to the use of water, reservoirs, reservoir rights-of-way, ditches, ditch rights-of-way, shares of stock pertaining to ditches, water or water rights, appurtenant to, underlying, associated with or customarily or historically used with or upon, the Property, the Well Sites and the land underlying the Easement, together with all pending and decreed applications for water rights, and the water described in the applications, pertaining to or underlying the Property, the Well Sites and the land underlying the Easement before the Water Court in and for Water Division No. 1, including but not limited to the water rights and other rights decreed in Case No. 80CW284 in the District Court, Water Division No. 1, State of Colorado, by Findings of Fact, Conclusions of Law, Judgment and Decree entered December 4, 1987, and recorded December 22, 1987, in Book 767 at Page 404 of the real estate records in the Office of the Clerk and Recorder of Douglas County, Colorado, and any supplemental proceedings in connection therewith.



Commitment for Title Insurance

Fidelity National Title Insurance Company
A Stock Company

COMMITMENT FOR TITLE INSURANCE

FIDELITY NATIONAL TITLE INSURANCE COMPANY, a Corporation, herein called the Company, for valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefore; all subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof.


This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement.

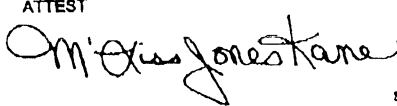
This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six (6) months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company. This Commitment shall not be valid or binding until countersigned by an authorized officer or agent.

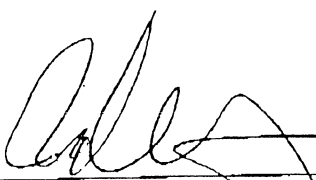
IN WITNESS WHEREOF, the Company has caused this Commitment to be signed and sealed, to become valid when countersigned by an authorized officer or agent of the Company, all in accordance with its By-Laws. This Commitment is effective as of the date shown in Schedule A as "Effective Date."

Fidelity National Title Insurance Company



BY 
President

ATTEST

Secretary

Countersigned 
Authorized Signature

FORM 27-83-66 (9/84)
ALTA COMMITMENT - 1966

Valid Only if Schedule A and B are Attached

The conditions of this commitment require that the premium and charges be paid prior to the issuance of the title policy(s). Therefore, no policy(s) will be issued until the charges have been remitted to the issuing agent.

PURPORTED ADDRESS:
VACANT

SCHEDULE A

File Number: 95-21470 C5

1. Effective Date: APRIL 29, 1996 AT 7:00 A.M.

2. Policy or policies to be issued:	Amount	Premium
(A) ALTA Owner's Policy-Proposed Insured:	\$2,000,000.00	\$3,025.00 (C&I RATE)

MONTEX PROPERTY MANAGEMENT, INC., A TEXAS CORPORATION

(B) ALTA Loan Policy-Proposed Insured: \$.00

Certificate of Taxes Due	105.00
Additional Charges (if any)	
PUD MAP 5 PAGES	
FORM 116.1	507.00
FORM 100.31 (B2 ITEMS 10 AND 11)	507.00
ANNEXATION MAPS	90.00

TOTAL \$ 4,234.00

3. The estate or interest in the land described or referred to in this commitment and covered herein is fee simple and title thereto is at the effective date hereof vested in:

DSSD, LIMITED LIABILITY COMPANY, A COLORADO LIMITED LIABILITY COMPANY

4. The land referred to in this commitment is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND BY THIS REFERENCE INCORPORATED HEREIN

Issued At DENVER, COLORADO by: NATIONAL TITLE, INC.
1700 Lincoln Street, Suite 1900
Denver, Colorado 80203
(303) 863-8300

FILE NO. 95-21470 C5

EXHIBIT "A"

A PARCEL OF LAND LOCATED IN A PART OF SECTIONS 8, 9 & 17 OF TOWNSHIP 8 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE BASIS OF BEARINGS FOR THIS DESCRIPTION IS THE EASTERLY LINE OF THE NE 1/4 OF THE NE 1/4 OF SAID SECTION 17, BEING SOUTH 00° 17' 16" EAST, THE NE SECTION CORNER AND THE N 1/16 CORNER ARE MONUMENTED BY A #6 REBAR WITH A 2.5" ALUMINUM CAP STAMPED PLS 28656;

BEGINNING AT THE NE CORNER OF SAID SECTION 17, THENCE;

ALONG THE EASTERLY LINE OF SAID SECTION 17, SOUTH 00° 17' 16" EAST A DISTANCE OF 1325.34 FEET TO THE N 1/16 CORNER OF SAID SECTION 17, THENCE;

CONTINUING ALONG SAID EASTERLY LINE, SOUTH 00° 20' 51" EAST A DISTANCE OF 1325.29 FEET TO THE E 1/4 CORNER, THENCE;

CONTINUING ALONG SAID EASTERLY LINE, SOUTH 00° 18' 55" EAST A DISTANCE OF 2650.67 FEET TO THE SE CORNER OF SAID SECTION 17, THENCE;

ALONG THE SOUTHERLY LINE OF SAID SECTION 17, SOUTH 89° 24' 56" WEST A DISTANCE OF 490.84 FEET TO A POINT ON THE EASTERLY LINE OF A PARCEL OF LAND DESCRIBED IN BOOK 697 AT PAGE 122 OF THE DOUGLAS COUNTY LAND RECORDS, SAID POINT IS ALSO ON THE EASTERLY LINE OF A 225.00 FEET WIDE PUBLIC SERVICE COMPANY EASEMENT RECORDED IN THE LAND RECORDS OF DOUGLAS COUNTY IN BOOK 156 AT PAGE 247, THENCE;

ALONG THE EASTERLY LINE OF SAID PARCEL AND ALONG THE EASTERLY LINE OF SAID EASEMENT, NORTH 24° 42' 16" WEST A DISTANCE OF 193.60 FEET, THENCE;

ALONG THE NORTHERLY LINE OF SAID PARCEL, SOUTH 89° 24' 56" WEST A DISTANCE OF 246.52 FEET TO A POINT ON THE WESTERLY LINE OF SAID EASEMENT, THENCE;

ALONG SAID WESTERLY EASEMENT LINE, SOUTH 24° 42' 16" EAST A DISTANCE OF 193.60 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID SECTION 17, THENCE;

(CONTINUED)

EXHIBIT "A"
(CONTINUED)

ALONG SAID SOUTHERLY LINE, SOUTH 89° 24' 56" WEST A DISTANCE OF 1266.44 FEET, THENCE;

NORTH 26° 59' 48" WEST A DISTANCE OF 1477.06 FEET, THENCE;

NORTH 03° 23' 59" WEST A DISTANCE OF 2.01 FEET TO THE CS 1/16 CORNER OF SAID SECTION 17, THENCE;

ALONG THE SOUTHERLY LINE OF THE NE 1/4 OF THE SW 1/4 OF SAID SECTION 17, SOUTH 89° 25' 40" WEST A DISTANCE OF 1330.80 FEET TO THE SW 1/16 CORNER OF SAID SECTION 17, THENCE;

ALONG THE WESTERLY LINE OF THE SAID NE 1/4 OF THE SW 1/4, NORTH 00° 15' 21" WEST A DISTANCE OF 1325.19 FEET TO THE CW 1/16 CORNER OF SAID SECTION 17, THENCE;

ALONG THE SOUTHERLY LINE OF THE SW 1/4 OF THE NW 1/4 OF SAID SECTION 17, SOUTH 89° 23' 13" WEST A DISTANCE OF 830.07 FEET, THENCE;

ALONG A LINE PARALLEL TO THE WESTERLY LINE OF THE NW 1/4 OF SAID SECTION 17, NORTH 00° 23' 36" WEST A DISTANCE OF 250.01 FEET, THENCE;

ALONG A LINE PARALLEL TO THE SOUTHERLY LINE OF THE SW 1/4 OF THE NW 1/4 OF SAID SECTION 17, SOUTH 89° 23' 13" WEST A DISTANCE OF 469.79 FEET TO A POINT ON THE EASTERLY RIGHT OF WAY LINE OF RIDGE ROAD, THENCE;

ALONG THE EASTERLY RIGHT OF WAY LINE OF RIDGE ROAD, SAID LINE BEING PARALLEL TO AND 30.00 FEET EASTERLY OF THE WESTERLY LINE OF THE NW 1/4 OF SAID SECTION 17, NORTH 00° 23' 36" WEST A DISTANCE OF 963.04 FEET TO A POINT OF A TANGENT CURVE TO THE RIGHT, THENCE;

ALONG THE ARC OF SAID CURVE TO THE RIGHT, 144.81 FEET, HAVING A RADIUS OF 269.99 FEET, A CENTRAL ANGLE OF 30° 43' 54" AND A CHORD BEARING AND DISTANCE OF NORTH 14° 58' 28" EAST 143.09 FEET TO A POINT OF A COMPOUND CURVE TO THE RIGHT, THENCE;

ALONG THE ARC OF SAID CURVE TO THE RIGHT, 33.37 FEET, HAVING A RADIUS OF 20.00 FEET, A CENTRAL ANGLE OF 95° 35' 20" AND A CHORD BEARING AND DISTANCE OF NORTH 78° 08' 01" EAST 29.63 FEET TO A POINT OF A REVERSE CURVE TO THE LEFT, SAID POINT BEING ON THE SOUTHERLY RIGHT OF WAY LINE OF MIKELSON BOULEVARD, THENCE;

(CONTINUED)

EXHIBIT "A"
(CONTINUED)

ALONG SAID SOUTHERLY RIGHT OF WAY LINE OF MIKELSON BOULEVARD AND ALONG THE ARC OF SAID CURVE TO THE LEFT, 920.12 FEET, HAVING A RADIUS OF 892.47 FEET, A CENTRAL ANGLE OF 59° 04' 15" AND A CHORD BEARING AND DISTANCE OF SOUTH 83° 36' 24" EAST 879.90 FEET TO A POINT OF A TANGENT LINE, THENCE;

CONTINUING ALONG SAID RIGHT OF WAY AND ALONG SAID TANGENT LINE, NORTH 66° 51' 29" EAST A DISTANCE OF 256.01 FEET TO A POINT OF A TANGENT CURVE TO THE LEFT, THENCE;

CONTINUING ALONG SAID RIGHT OF WAY AND ALONG THE ARC OF SAID CURVE TO THE LEFT, 922.29 FEET, HAVING A RADIUS OF 3142.38 FEET, A CENTRAL ANGLE OF 16° 48' 59" AND A CHORD BEARING AND DISTANCE OF NORTH 58° 26' 59" EAST 918.99 FEET TO A POINT OF A TANGENT LINE, THENCE;

CONTINUING ALONG SAID RIGHT OF WAY AND ALONG SAID TANGENT LINE, NORTH 50° 02' 30" EAST A DISTANCE OF 548.26 FEET TO A POINT ON THE WESTERLY LINE OF THE SAID 225.00 FEET WIDE PUBLIC SERVICE COMPANY EASEMENT, THENCE;

ALONG SAID WESTERLY EASEMENT LINE, NORTH 24° 42' 16" WEST A DISTANCE OF 556.17 FEET, THENCE;

NORTH 44° 15' 11" EAST A DISTANCE OF 498.72 FEET, THENCE;

NORTH 36° 21' 55" EAST A DISTANCE OF 612.21 FEET, THENCE;

NORTH 28° 05' 51" EAST A DISTANCE OF 461.24 FEET, THENCE;

NORTH 27° 28' 05" EAST A DISTANCE OF 68.16 FEET TO A POINT ON THE NORTHERLY LINE OF THE S 1/2 OF THE SE 1/4 OF SAID SECTION 8, THENCE;

ALONG SAID NORTHERLY LINE, NORTH 89° 11' 47" EAST A DISTANCE OF 2171.40 FEET TO THE S 1/16 ON THE WEST LINE OF SAID SECTION 9, THENCE;

ALONG THE WESTERLY LINE OF SAID SECTION 9, NORTH 00° 43' 50" WEST A DISTANCE OF 1340.86 FEET TO THE W 1/4 CORNER OF SAID SECTION 9, THENCE;

(CONTINUED)

EXHIBIT "A"
(CONTINUED)

CONTINUING ALONG SAID WESTERLY LINE, NORTH 00° 42' 02" WEST A DISTANCE OF 1341.01 FEET TO THE N 1/16 CORNER OF SAID SECTION 9, THENCE;

ALONG THE NORTHERLY LINE OF THE S 1/2 OF THE NW 1/4 OF SAID SECTION 9, NORTH 89° 45' 32" EAST A DISTANCE OF 2652.25 FEET TO THE CN 1/16 CORNER OF SAID SECTION 9, THENCE;

ALONG THE EASTERLY LINE OF THE NW 1/4 OF SAID SECTION 9, SOUTH 00° 25' 22" EAST A DISTANCE OF 1331.85 FEET TO THE C 1/4 CORNER OF SAID SECTION 9, THENCE;

ALONG THE NORTHERLY LINE OF THE SE 1/4 OF SAID SECTION 9, NORTH 89° 33' 49" EAST A DISTANCE OF 1318.03 FEET TO THE CE 1/16 CORNER OF SAID SECTION 9, THENCE;

ALONG THE EASTERLY LINE OF THE W 1/2 OF THE SE 1/4 OF SAID SECTION 9, SOUTH 00° 28' 52" EAST A DISTANCE OF 2638.47 FEET TO THE E 1/16 CORNER ON THE SOUTHERLY LINE OF SAID SECTION 9, THENCE;

ALONG SAID SOUTHERLY LINE, SOUTH 88° 55' 15" WEST A DISTANCE OF 1318.05 FEET TO THE S 1/4 CORNER OF SAID SECTION 9, THENCE;

CONTINUING ALONG SAID SOUTHERLY LINE, SOUTH 88° 56' 46" WEST A DISTANCE OF 2635.32 FEET TO THE POINT OF BEGINNING;

EXCEPT THE FOLLOWING THREE PARCELS:

MIKELSON NO.4 WELL FIELD

COMMENCING AT THE E 1/4 CORNER OF SAID SECTION 17, THENCE;

SOUTH 66° 39' 44" WEST A DISTANCE OF 1251.91 FEET TO THE POINT OF BEGINNING, THENCE;

SOUTH 00° 35' 04" EAST A DISTANCE OF 150.00 FEET, THENCE;

SOUTH 89° 24' 56" WEST A DISTANCE OF 300.00 FEET, THENCE;

NORTH 00° 35' 04" WEST A DISTANCE OF 150.00 FEET, THENCE;

NORTH 89° 24' 56" EAST A DISTANCE OF 300.00 FEET TO THE POINT OF BEGINNING;

(CONTINUED)

EXHIBIT "A"
(CONTINUED)

MIKELSON NO.2 WELL FIELD

COMMENCING AT THE SE CORNER OF SAID SECTION 8, THENCE;
NORTH 57° 36' 29" WEST A DISTANCE OF 768.15 FEET TO THE POINT OF
BEGINNING, THENCE;
SOUTH 89° 24' 44" WEST A DISTANCE OF 300.00 FEET, THENCE;
NORTH 00° 35' 16" WEST A DISTANCE OF 150.00 FEET, THENCE;
NORTH 89° 24' 44" EAST A DISTANCE OF 300.00 FEET, THENCE;
SOUTH 00° 35' 16" EAST A DISTANCE OF 150.00 FEET TO THE POINT OF
BEGINNING;

MIKELSON NO.3 WELL FIELD

COMMENCING AT THE SW CORNER OF SAID SECTION 9, THENCE;
NORTH 45° 03' 02" EAST A DISTANCE OF 2484.23 FEET TO THE POINT OF
BEGINNING, THENCE;
NORTH 01° 03' 14" WEST A DISTANCE OF 150.00 FEET, THENCE;
NORTH 88° 56' 46" EAST A DISTANCE OF 300.00 FEET, THENCE;
SOUTH 01° 03' 14" EAST A DISTANCE OF 150.00 FEET, THENCE;
SOUTH 88° 56' 46" WEST A DISTANCE OF 300.00 FEET TO THE POINT OF
BEGINNING;

COUNTY OF DOUGLAS,
STATE OF COLORADO

SCHEDULE B - SECTION 1
REQUIREMENTS

The following are the requirements to be complied with:

Item (a) Payment to or for the account of the grantors or mortgagors of full consideration for the estate or interest to be insured.

Item (b) Proper instrument(s) creating the estate or interest to be insured must be executed and/or duly filed for record to wit:

1. WARRANTY DEED FROM DSSD, LIMITED LIABILITY COMPANY, A COLORADO LIMITED LIABILITY COMPANY TO MONTEX PROPERTY MANAGEMENT, INC., A TEXAS CORPORATION SUFFICIENT TO CONVEY THE FEE SIMPLE ESTATE OR INTEREST IN THE LAND DESCRIBED OR REFERRED TO HEREIN.

NOTE: SECTION 38-35-109(2) OF THE COLORADO REVISED STATUTES, 1973 REQUIRES THAT A NOTATION OF THE PURCHASER'S LEGAL ADDRESS BE INCLUDED ON THE FACE OF THE DEED TO BE RECORDED. SECTION 39-14-102(1)(a) OF THE COLORADO REVISED STATUTES, 1973 REQUIRES ALL CONVEYANCE DOCUMENTS SUBJECT TO THE DOCUMENTARY FEE SUBMITTED TO THE CLERK AND RECORDER FOR RECORDING BE ACCOMPANIED BY A REAL PROPERTY TRANSFER DECLARATION SIGNED BY THE GRANTOR OR GRANTEE.

2. RELEASE OF DEED OF TRUST FROM THE PUBLIC TRUSTEE OF DOUGLAS COUNTY OF THE DEED OF TRUST FROM PARK FUNDING CORP., A COLORADO CORPORATION FOR THE USE OF CORA DARLEE WHITING, A. DALE MIKELSON, STANLEY D. MIKELSON AND SHIRLEY A. ILGEN TO SECURE \$2,256,000.00 DATED MAY 1, 1981 AND RECORDED MAY 7, 1981 IN BOOK 411 AT PAGE 475 AND RE-RECORDED JULY 2, 1981 IN BOOK 415 AT PAGE 613 AND RE-RECORDED JULY 22, 1981 IN BOOK 417 AT PAGE 142, AND ANY AND ALL ASSIGNMENTS THEREOF.
3. PAYMENT OF ALL TAXES AND ASSESSMENTS NOW DUE AND PAYABLE.

NOTE: TREASURER'S CERTIFICATE OF TAXES DUE HAS BEEN ORDERED, BUT NOT YET RECEIVED BY THE COMPANY.

RECEIPT BY THE COMPANY OF THE AGREEMENT INDEMNIFYING IT AGAINST UNFILED MECHANICS' AND MATERIALMEN'S LIENS.

(CONTINUED)

SCHEDULE B - SECTION 1

REQUIREMENTS
(CONTINUED)

4. A SATISFACTORY ALTA SURVEY, CERTIFIED TO FIDELITY NATIONAL TITLE INSURANCE COMPANY MUST BE FURNISHED TO THE COMPANY. EXCEPTION WILL BE TAKEN TO ANY ADVERSE MATTERS DISCLOSED THEREBY.

NOTE: ALTA SURVEY HAS BEEN RECEIVED AND APPROVED.

5. NOTE: UPON RECEIPT OF THE LIEN GUARANTY, INDEMNITY AGREEMENT AND ALTA SURVEY, EXCEPTIONS 1-5 WILL NOT APPEAR ON THE OWNERS POLICY TO BE ISSUED HEREUNDER.
6. PROPERLY EXECUTED AND LEGALLY SUFFICIENT AFFIDAVIT FROM DSSD, LIMITED LIABILITY COMPANY STATING THAT THERE ARE NO LEASES OR TENANCIES OF ANY KIND AFFECTING ANY PORTION OF SUBJECT PROPERTY.

(CONTINUED)

SCHEDULE B - SECTION 1
REQUIREMENTS
(CONTINUED)

DISCLOSURE PURSUANT TO COLORADO REVISED STATUTES
SECTION 10-11-122

THE SUBJECT REAL PROPERTY MAY BE LOCATED IN A SPECIAL TAXING DISTRICT;

A CERTIFICATE OF TAXES DUE LISTING EACH TAXING JURISDICTION SHALL BE OBTAINED FROM THE COUNTY TREASURER OR THE COUNTY TREASURER'S AUTHORIZED AGENT;

INFORMATION REGARDING SPECIAL DISTRICTS AND THE BOUNDARIES OF SUCH DISTRICTS MAY BE OBTAINED FROM THE BOARD OF COUNTY COMMISSIONERS, THE COUNTY CLERK AND RECORDER OR THE COUNTY ASSESSOR.

NOTICE TO PROSPECTIVE OWNERS REQUIRED BY
COLORADO INSURANCE REGULATION 3-5-1

WHEN THE COMPANY CONDUCTS THE CLOSING AND IS RESPONSIBLE FOR RECORDING OR FILING THE LEGAL DOCUMENTS RESULTING FROM THE TRANSACTION, THE COMPANY SHALL BE RESPONSIBLE FOR ALL MATTERS WHICH APPEAR ON THE RECORD PRIOR TO SUCH TIME OF RECORDING OR FILING.

NOTE: IF THE SALES PRICE OF THE SUBJECT PROPERTY EXCEEDS \$100,000.00, THE SELLER SHALL BE REQUIRED TO COMPLY WITH THE DISCLOSURE OR WITHHOLDING PROVISIONS OF C.R.S. 39-22-604.5 (NON-RESIDENT WITHHOLDING).

SCHEDULE B - SECTION 2

EXCEPTIONS

The policy or policies to be issued will contain exceptions to the following unless the same are disposed of to the satisfaction of the Company:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Any lien, or right to a lien, for services, labor or material hereto or hereafter furnished, imposed by law and not shown by the public records.
5. Unpatented mining claims; reservations or exceptions in patents or in acts authorizing the issuance thereof.
6. Water rights, claims or title to water, whether or not shown by the public records.
7. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
8. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires of record for value the estate or interest or mortgage thereon covered by this Commitment.
9. ANY AND ALL UNPAID TAXES, ASSESSMENTS AND UNREDEEMED TAX SALES.

(CONTINUED)

SCHEDULE B - SECTION 2
EXCEPTIONS
(CONTINUED)

10. RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES AS RESERVED IN UNITED STATES PATENTS OF RECORD.
11. RIGHT OF PROPRIETOR OF A VEIN OR LODE TO EXTRACT AND REMOVE HIS ORE THEREFROM SHOULD THE SAME BE FOUND TO PENETRATE OR INTERSECT THE PREMISES AS RESERVED IN UNITED STATES PATENTS OF RECORD.
12. INCLUSION INTO THE CASTLE ROCK FIRE PROTECTION DISTRICT BY ORDER RECORDED SEPTEMBER 12, 1980 IN BOOK 393 AT PAGE 836 AND RE-RECORDED SEPTEMBER 16, 1980 IN BOOK 394 AT PAGE 93.
13. DELETED
14. TERMS, CONDITIONS AND PROVISIONS CONTAINED IN OF ANNEXATION CONTRACT RECORDED AUGUST 11, 1981 IN BOOK 419 AT PAGE 88, AS AMENDED BY INSTRUMENTS RECORDED AUGUST 12, 1985 IN BOOK 589 PAGE 589, JANUARY 29, 1987 IN BOOK 697 PAGE 629, MAY 27, 1987 IN BOOK 723 PAGE 464 AND JANUARY 21, 1988 IN BOOK 772 PAGE 90, AND MAPS RECORDED AUGUST 11, 1981 AT RECEPTION NOS. 272684, 272690, 272692, 272696 AND 272700.
15. THE EFFECT OF THE VILLAGES AT CASTLE ROCK P.U.D. PRELIMINARY DEVELOPMENT SITE PLAN RECORDED AUGUST 11, 1981 AT RECEPTION NO. 272708 AND FOUNDERS VILLAGE, THE VILLAGES AT CASTLE ROCK P.U.D. PRELIMINARY SITE PLAN RECORDED DECEMBER 18, 1986 AT RECEPTION NO. 8629511.
16. INCLUSION INTO THE VILLAGES AT CASTLE ROCK METROPOLITAN DISTRICT NOS 1 AND/OR 2, AS SET FORTH IN INSTRUMENTS RECORDED AUGUST 15, 1984 IN BOOK 535 AT PAGES 77, 81, 108 AND 112.
17. NOTICE OF THE ORGANIZATION OF CHERRY CREEK BASIN AUTHORITY RECORDED MAY 6, 1988 IN BOOK 790 AT PAGE 718.
18. DELETED
19. TERMS, CONDITIONS AND PROVISIONS CONTAINED IN AGREEMENT WITH THE TOWN OF CASTLE ROCK RECORDED OCTOBER 1, 1985 IN BOOK 598 AT PAGE 609.
20. TERMS, CONDITIONS AND PROVISIONS CONTAINED IN WATER FACILITIES ACQUISITION AGREEMENT RECORDED SEPTEMBER 30, 1985 IN BOOK 598 AT PAGE 346, AS AMENDED SEPTEMBER 30, 1985 IN BOOK 598 AT PAGE 368.

(CONTINUED)

SCHEDULE B - SECTION 2

EXCEPTIONS
(CONTINUED)

21. EASEMENT FOR ROADWAY AS GRANTED TO TERRA CO., ET AL OVER PORTIONS OF SECTION 17 AS DESCRIBED IN INSTRUMENT RECORDED MAY 17, 1965 IN BOOK 163 AT PAGE 363.
22. DELETED
23. DELETED
24. DELETED
25. EASEMENT AS GRANTED IN INSTRUMENT RECORDED APRIL 13, 1964 IN BOOK 156 AT PAGE 247.
26. ORDINANCE NO. 2.59 RECORDED AUGUST 11, 1981 IN BOOK 419 AT PAGE 146.
ORDINANCE NO. 2.61 RECORDED AUGUST 11, 1981 IN BOOK 419 AT PAGE 156.
ORDINANCE NO. 2.63 RECORDED AUGUST 11, 1981 IN BOOK 419 AT PAGE 167.
ORDINANCE NO. 3.71 RECORDED AUGUST 11, 1981 IN BOOK 419 AT PAGE 189.
ORDINANCE NO. 85-19 RECORDED SEPTEMBER 11, 1985 IN BOOK 594 AT PAGE 316.
ORDINANCE NO. 86-30 RECORDED SEPTEMBER 18, 1986 IN BOOK 688 AT PAGE 579.
27. WATER RIGHTS CONVEYED TO THE TOWN OF CASTLE ROCK IN DEEDS RECORDED SEPTEMBER 13, 1985 IN BOOK 594 AT PAGE 795, 802 AND CONVEYED TO DAVID H. FEINBERG IN DEED RECORDED DECEMBER 23, 1986 IN BOOK 689 AT PAGE 742.
28. RIGHT OF WAY EASEMENT AS GRANTED TO THE TOWN OF CASTLE ROCK IN INSTRUMENT RECORDED APRIL 22, 1987 IN BOOK 715 AT PAGE 699 AND RE-RECORDED MAY 22, 1987 IN BOOK 722 AT PAGE 754.
29. DELETED
30. DECREE CONCERNING THE APPLICATION FOR WATER RIGHTS OF PARK FUNDING CORP. (MIKELSON) RECORDED DECEMBER 22, 1987 IN BOOK 767 AT PAGE 404 AND DEED RECORDED JANUARY 27, 1989 IN BOOK 838 AT PAGES 1150 AND 1164.

(CONTINUED)

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SCHEDULE B - SECTION 2

EXCEPTIONS
(CONTINUED)

31. EASEMENT AGREEMENT BETWEEN DSSD AND SEQUOIA INVESTMENTS, INC., DATED AS OF SEPTEMBER 15, 1992 AND RECORDED OCTOBER 13, 1992 IN BOOK 1091 AT PAGE 1266.
32. DISCONTINUANCE OF ANNEXATION CONTRACT AND RIGHT OF FIRST REFUSAL BY AND BETWEEN THE MIKELSONS AND THE TOWN, DATED OCTOBER 19, 1992 AND RECORDED OCTOBER 21, 1992 IN BOOK 1092 AT PAGE 1708.
33. DELETED
34. DELETED
35. DELETED
36. EXISTING LEASES AND TENANCIES.

NOTE: UPON RECEIPT AND APPROVAL BY THE COMPANY OF A PROPERLY EXECUTED AND LEGALLY SUFFICIENT AFFIDAVIT FROM SELLER, THIS ITEM WILL NOT APPEAR ON THE OWNER'S POLICY TO BE ISSUED.

37. THE FOLLOWING ITEMS DISCLOSED BY ALTA/ACSM LAND TITLE SURVEY PREPARED BY GREENHORNE & O'MARA, INC. IN OCTOBER, 1995 AS PROJECT NO. 4176-D.2-625;
 - A. FENCES IN VARIOUS LOCATIONS
 - B. TWO-TRACK DIRT ROADS IN VARIOUS LOCATIONS.
 - C. UTILITY POLES IN VARIOUS LOCATIONS.