RESOLUTION NO. 205 - 23

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS, COLORADO, APPROVING THE FIRST AMENDMENT TO THE AMENDED AND RESTATED SERVICE CONSOLIDATED SERVICE PLAN FOR THE BRADLEY HEIGHTS METROPOLITAN DISTRICTS, NOS. 1, 2, AND 3.

WHEREAS, Section 32-1-204.5, C.R.S., provides that no special district shall be organized within a municipality except upon adoption of a resolution approving or conditionally approving the service plan of a proposed special district; and

WHEREAS, the City passed Resolution No. 111-22 adopting a Special District Policy to be applied to applications to create or modify a district authorized under Titles 31 and 32 of the Colorado Revised Statutes and adopting 'Model Service Plans' to be used in establishing and modifying metropolitan districts (the "Policy and Model Service Plan"); and

WHEREAS, the City approved an amended and restated consolidated service plan for Bradley Heights Metropolitan District Nos. 1, 2, and 3 on May 11, 2010, by Resolution No. 67-10; and

WHEREAS, the City has considered the First Amendment to the Amended and Restated Consolidated Service Plan for the Bradley Heights Metropolitan District Nos. 1, 2, and 3 (the "Districts") with the recommended maximum mill levies and all other testimony and evidence presented at the Council meeting; and

WHEREAS, it appears to the City Council that the recommended maximum mill levies and other provisions of this First Amendment to the Amended and Restated Service Plan are consistent with the Policy and Model Service Plan, but that a second amended and restated service plan is not necessary given the limited nature of the request and maximum debt has already been authorized and issued.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS THAT:

Section 1. The above and foregoing recitals are incorporated herein by reference and are adopted as findings and determinations of the City Council.

Section 2. The City Council of the City of Colorado Springs, having reviewed the First Amendment to the Amended and Restated Consolidated Service Plan (the

"Amendment"), as submitted by the petitioner, has determined, based solely upon the Amendment and evidence presented to City Council in support of said Amendment, that it is consistent with the Policy.

Section 3. The First Amendment to the Amended and Restated Consolidated Service Plan for the Districts, attached as Exhibit 1, is hereby approved.

Section 4. The Districts shall clearly and affirmatively disclose the property tax mill levy increase associated with this Amendment to all existing and future contract purchasers of property within the Districts.

Section 5. The Districts shall comply with all statutory and other legal processes and procedures to effectuate any increase in property tax mill levies allowed by the Amendment.

Section 6. The City's approval of the First Amendment to the Amended and Restated Consolidated Service Plan is not a waiver of, nor a limitation upon, any power that the City is legally permitted to exercise with respect to the property subject to the Districts.

Section 7. This Resolution shall be in full force and effect immediately upon its adoption.

DATED at Colorado Springs, Colorado, this 12th day of December 2023.

Randy Helms, Council President

ATTEST:

Sarah B. Johnson, City Clerk

COLORADO SPRINGS INCORPORATED SEAL SEPTEMBER 3, 1872 COLORADO

AMENDED AND RESTATED SERVICE PLAN

FOR

BRADLEY HEIGHTS METROPOLITAN DISTRICT NOS. 1, 2 AND 3*

IN THE CITY OF COLORADO SPRINGS, COLORADO

Prepared

by

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April 1, 2010

* Formerly named Rancho Colorado Metropolitan Districts Nos. 1, 2 and 3

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I. INTRODUCTION

On September 13, 2005, the City Council for the City of Colorado Springs, Colorado, adopted Resolution No. 163-05 approving a Consolidated Service Plan for Rancho Colorado Metropolitan District Nos. 1, 2 and 3 (the "Original Service Plan"). The approval required a more complete service plan be submitted, and in the interim the City subsequently adopted a new model service plan. This Amended and Restated Consolidated Service Plan ("Service Plan") shall fully replace and supersede the Original Service Plan. The Districts are also to be renamed "Bradley Heights Metropolitan District Nos. 1, 2 and 3."

A. Purpose and Intent

The Districts are independent units of local government, separate and distinct from the City, and, except as may otherwise be provided for by State or local law or this Service Plan, their activities are subject to review by the City only insofar as they may deviate in a material matter from the requirements of the Service Plan. It is intended that the Districts will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements.

The Districts were not created to provide ongoing operations and maintenance services other than those specifically set forth in Exhibit D to this Service Plan.

B. Need for the Districts

The Districts were formed and there are no other governmental entities, including the City, located in the immediate vicinity of the Districts that considered it desirable, feasible or practical to undertake the planning, design, acquisition, construction installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project. Formation of the Districts was, therefore, necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. Objective of the City Regarding Districts Service Plan

The City's objective in approving the Service Plan is to satisfy the conditions of approval related to the Original Service Plan, and this Service Plan authorizes the Districts to provide for the planning, design, acquisition, construction, installation, relocation, and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the Districts. All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term for Residential Districts and at a tax mill levy no higher than the Maximum Debt Mill Levy for all Districts. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

This Service Plan is intended to establish a limited purpose for the Districts and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with development and regional needs. Operational activities are allowed, but only as specified in Exhibit D to this Service Plan.

It is the intent of the Districts to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt, and if any District has authorized operating functions under an intergovernmental agreement (IGA) with the City, to retain only the power necessary to impose and collect taxes or fees to pay for these costs.

The Districts shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from tax revenue collected from a mill levy which shall not exceed the Maximum Debt Mill Levy in any District and which shall not exceed the Maximum Debt Mill Levy Imposition Term in Residential Districts. It is the intent of this Service Plan to assure to the extent possible that no property in any District bears an economic burden that is greater than that associated with the Maximum Debt Mill Levy in amount, and that no property in a Residential District bears an economic burden that is greater than that associated with the Maximum Debt Mill Levy Imposition Term in duration even under bankruptcy or other unusual situations. Generally, the costs of Public Improvements that cannot be funded within these parameters are not costs to be paid by the Districts.

II. DEFINITIONS

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Approved Development Plan: a Master Plan and other more detailed land use approvals established by the City for identifying, among other things, Public Improvements necessary for facilitating the development of property within the Service Area as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time.

Board: the board of directors of one District or the boards of directors of all Districts, in the aggregate.

Bond, Bonds or Debt: bonds or other obligations for the payment of which any District has promised to impose an ad valorem property tax mill levy.

City: the City of Colorado Springs, Colorado.

City Code: the City Code of the City of Colorado Springs, Colorado.

City Council: the City Council of the City of Colorado Springs, Colorado.

Commercial District: District No. 3, inclusive, containing property classified for assessment as nonresidential.

Debt: any bond, note debenture, contract or other multiple-year financial obligation of a District which is payable in whole or in part from, or which constitutes a lien or encumbrance on the proceeds of ad valorem property tax imposed by a District.

Debt to Actual Market Value Ratio: the ratio derived by dividing the then-outstanding principal amount of all Debt of the District by the actual market valuation of the taxable property of the District, as such actual market valuation is certified from time to time by the appropriate county assessor.

District No. 1: the Bradley Heights Metropolitan District No. 1.

District No. 2: the Bradley Heights Metropolitan District No. 2.

District No. 3: the Bradley Heights Metropolitan District No. 3.

District or Districts: any one or all of the District Nos. 1 through 3 inclusive.

External Financial Advisor: a consultant that: (1) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (2) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (3) is not an officer of the District.

Financial Plan: the Financial Plan described in Section VII which describes (a) how the Public Improvements are to be financed; (b) how the Debt is expected to be incurred; and (c) the estimated operating revenue derived from property taxes for the first budget year.

Inclusion Area Boundaries: the boundaries of the area described in the Inclusion Area Boundary Map.

Inclusion Area Boundary Map: the map attached hereto as Exhibit C-2, describing the property proposed for inclusion within one, but not any more than one, of the boundaries of the Districts.

Initial District Boundaries: the boundaries of the area described in the Initial District Boundary Map.

Initial District Boundary Map: the map attached hereto as Exhibit C-1, describes the Districts' revised boundaries, which will occur after the initial 2005 boundaries are changed to be consistent with the approval of this Service Plan via internal boundary inclusions and exclusions such that all commercial property is within District No. 3 and all residential property is within District No. 2 as reflected on Exhibit C-1.

Maximum Debt Mill Levy: the maximum mill levy any of the Districts is permitted to impose for payment of Debt as set forth in Section VI.E below.

Maximum Debt Mill Levy Imposition Term: the maximum term for imposition of a Debt Service mill levy in Residential Districts as set forth in Section VI.F below.

Maximum Operating Mill Levy: the maximum mill levy any of the Districts is permitted to impose for payment of operating and maintenance expenses as set forth in Section VI.J below.

Original Service Plan: the original consolidated service plan dated August 26, 2005, and approved by the City Council on September 13, 2005 via City Resolution No. 163-05.

Project: the development or property commonly referred to as Bradley Heights.

Public Improvements: a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Special District Act, except as specifically limited in Section V below to serve the future taxpayers and inhabitants of the Service Area as determined by the Board of one or more of the Districts.

Residential District: District No. 2, inclusive, containing property classified for assessment as residential.

Service Area: the property within the Initial District Boundary Map and the Inclusion Area Boundary Map.

Service Plan: this amended and restated service plan for the Districts approved by City Council.

Service Plan Amendment: an amendment to the Service Plan approved by City Council in accordance with the City's ordinance and the applicable State law.

Special District Act: Section 32-1-101, et seq., of the Colorado Revised Statutes, as amended from time to time.

State: the State of Colorado.

III. BOUNDARIES

The area of the Initial District Boundaries includes approximately 529 acres and the total area proposed to be included in the Inclusion Area Boundaries is approximately 1,256 acres. A legal description of the Initial District Boundaries is attached hereto as Exhibit A. A map of the Initial District Boundaries is attached hereto as Exhibit C-1, and a map of the Inclusion Area Boundaries is attached hereto as Exhibit C-2. A vicinity map is attached hereto as Exhibit B. It is anticipated that after the Initial Districts' Boundaries are established as contemplated in definition thereof, such boundaries may subsequently change from time to time as they undergo inclusions and exclusions pursuant to Section 32-1-401, et seq., CRS, and Section 32-1-501, et seq., CRS, subject to the limitations set forth in Article V below.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately 1,785 acres of residential and commercial land. The current assessed valuation of the Districts' Initial Boundaries is $13,500.00 for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The population of the Districts at build-out is estimated to be approximately 9,500 people.

Approval of this Service Plan by the City does not imply approval of the development of a specific area within the Districts nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto, unless the same is contained within an Approved Development Plan.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the Districts and Service Plan Amendment

The Districts shall have the power and authority to provide the Public Improvements and related operation and maintenance services within and without the boundaries of the Districts as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

1. Operations and Maintenance Limitation. The purpose of the Districts is to plan for, design, acquire, construct, install, relocate, redevelop, and finance the Public Improvements. The Districts shall dedicate the Public Improvements to the City or other appropriate jurisdiction or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. The Districts shall not be authorized to operate and maintain any part or all of the Public Improvements after such dedication, including park and recreation improvements, unless the provision of such ongoing operation and maintenance is specifically identified in Exhibit D attached hereto. In the City's sole discretion, an IGA between the City and the District may be required in order to better describe the conditions under which these permitted services will be provided by the District. If the Districts are authorized to operate and maintain certain park and recreation improvements set forth in Exhibit D, any fee imposed by the Districts for access to such park and recreation improvements shall not result in non-District residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the Districts. However, the Districts shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with non-District residents to ensure that such costs are not the responsibility of the Districts residents. All such fees shall be based upon the determination of the District imposing such fee that such fee does not exceed a reasonable annual market fee for users of such facilities. Notwithstanding the foregoing, all parks and trails shall be open to the general public including non-District residents free of charge.

2. City Charter Limitations. In accordance with Article 7-100 of the City Charter, the Districts shall not, after approval of this Service Plan, issue any Debt instrument for

any purpose other than construction of capital improvements with a public purpose necessary for development.

As further set forth in Article 7-100 of the City Charter, the total Debt of any District shall not exceed 10 percent of the total assessed valuation of the taxable property within the District unless approved by at least a two-thirds vote of the entire City Council. A waiver from this limitation was granted as part of the City Council's approval of the Original Service Plan, and said waiver shall also exist upon approval this Service Plan by two-thirds vote of the entire City Council.

3. Use of Bond Proceeds and Other Revenue of the Districts Limitation. Proceeds from the sale of Debt instruments and other revenue of Districts may not be used to pay landowners within the District for any real property required to be dedicated for public use by annexation agreements or land use codes. Examples of ineligible reimbursements include, but are not limited to: the acquisition of rights of way, easements, water rights, land for prudent line drainage, parkland, or open space, unless consent from the City Council is given. Proceeds from the sale of Debt instruments and other revenue of the Districts also may not be used to pay for the construction of any utility infrastructure except for those categories of utility infrastructure covered by utility tariffs, rules, and regulations. Additionally, if the landowner/developer constructs the public infrastructure and conveys it to a District in return for a reimbursement obligation from a District, prior to making such reimbursement for such amounts, the District must receive the report of an independent engineer or accountant confirming that the amount of the reimbursement is reasonable.

4. Recovery Agreement Limitation. Should the Districts construct infrastructure subject to a recovery agreement with the City or other entity, the Districts retain all benefits under the recovery agreement. Any subsequent reimbursement for public improvements installed or financed by the Districts will remain the property of the Districts to be applied toward repayment of their Debt, if any. Any reimbursement revenue not necessary to repay the Districts Debt may be utilized by the District to construct additional public improvements permitted under the approved Service Plan.

5. Construction Standards Limitation. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction. The Districts will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

6. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt for capital related costs, the District shall obtain the certification of an External Financial Advisor substantially as follows:

> We are [I am] an External Financial Advisor within the meaning of the Districts' Service Plan.
>
> We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), CRS) to be borne by [insert the

designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

7. Inclusion Limitation. The Districts shall not include within any of their boundaries any property outside the Service Area without the prior written consent of the City Council.

8. Overlap Limitation. The boundaries of the Districts shall not overlap unless the aggregate mill levy for payment of Debt of the overlapping Districts will not at any time exceed the Maximum Debt Mill Levy of the Districts. Additionally, the Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the Districts.

9. Initial Debt Limitation. On or before the date on which there is an Approved Development Plan, the District shall not (a) issue any Debt, (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds, or (c) impose and collect any fees used for the purpose of repayment of Debt.

10. Total Debt Issuance Limitation. The issuance of all Bonds or other Debt instruments of Districts shall be subject to the approval of the City Council. City Council's review of the Bonds or other Debt instruments of the Districts shall be conducted to ensure compliance with the Service Plan and all applicable laws. The Districts shall not issue Debt in an aggregate principal amount in excess of $35,000,000, provided that the foregoing shall not include the principal amount of Debt issued for the purpose of refunding or refinancing lawfully issued Debt.

11. Monies from Other Governmental Sources. The Districts shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or nonprofit entities that the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the Districts without any limitation.

12. Consolidation Limitation. The Districts shall not file a request with any court to consolidate with another Title 32 district without the prior written consent of the City.

13. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term have been established under the authority of the City to approve a Service Plan with conditions pursuant to Section 32-1-204.5, CRS. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the "political or governmental powers" reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the "regulatory or electoral approval necessary under applicable nonbankruptcy law" as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy or, for Residential Districts, the Maximum Debt Mill Levy Imposition Term, shall be deemed a material departure from this Service Plan pursuant to Section 32-1-207, CRS and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

14. Service Plan Amendment Requirement. This Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities under evolving circumstances without the need for numerous amendments. While the assumptions upon which this Service Plan are generally based are reflective of an Approved Development Plan for the property within the Districts, the cost estimates and Financing Plan are sufficiently flexible to enable the Districts to provide necessary *services and facilities* without the need to amend this Service Plan as development plans change. Modification of the general types of services and facilities, and changes in proposed configurations, locations, or dimensions of various facilities and improvements shall be permitted to accommodate development needs consistent with then-current Approved Development Plans for the property. Actions of the Districts which violate the limitations set forth in V.A.1-12 above or in VI.B-F. shall be deemed to be material departures from this Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

A Facilities Participation, Utilization, and Service Agreement ("Agreement") by and between Colorado Springs Utilities, an enterprise of the City of Colorado Springs and Bradley Heights Investments, LLC, or its assigns or other named Project related entity, (collectively the "developer") is expected which describes the terms and conditions for the provision of interim service and permanent water and wastewater service for the Project. The developer may assign its obligations in the Agreement to the Districts. Pursuant to the terms of the Agreement, if such Agreement is assigned to and accepted by the Districts, their nonperformance of the assigned obligations detailed in the Agreement shall constitute a material deviation from the Service Plan and a breach of the public obligations described thereunder.

15. Eminent Domain Powers Limitation. Currently, the District does not expect to use the power of eminent domain. The District shall not exercise the power of eminent domain except upon the prior written consent of the City.

B. Preliminary Engineering Survey

The Districts shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public Improvements within and without the boundaries of the Districts, to be more specifically defined in an Approved Development Plan. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the Approved Development Plan on the property in the Service Area and is approximately $23,000,000.

The Districts shall be permitted to allocate costs between such categories of the Public Improvements as deemed necessary in their discretion.

All of the Public Improvements described herein will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the City and shall be in accordance with the requirements of the Approved Development Plan. All descriptions of the Public Improvements to be constructed, and their related costs, are estimates only and are subject to modification as engineering, development plans, economics, the City's requirements, and construction scheduling may require. Upon approval of this Service Plan, the Districts will continue to develop and refine cost estimates contained herein and prepare for issuance of Debt. All cost estimates will be inflated to then-current dollars at the time of the issuance of Debt and construction. All construction cost estimates assume construction to applicable local, State or Federal requirements.

C. Multiple District Structure.

It is anticipated that the Districts, collectively, will undertake the financing and construction of the Public Improvements. The nature of the functions and services to be provided by each District shall be clarified in an IGA between and among the Districts. The maximum term of such IGA shall be forty (40) years from its effective date. All such agreements will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of this Service Plan. Implementation of such IGA is essential to the orderly implementation of this Service Plan. Accordingly, except as may be otherwise provided in such IGA, any determination of any one of the Board of Directors to set aside at the Agreement without the consent of all of the Board of Directors of the other Districts shall be a material modification of the Service Plan. Said IGA may be amended by mutual agreement of the Districts without the need to amend this Service Plan.

VI. FINANCIAL PLAN

A. General

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenue and by and through the proceeds of Debt to be issued by the Districts. The Financial Plan for the Districts shall be to issue such Debt as the Districts can reasonably pay from revenue derived from the Maximum Debt Mill Levy and other legally available revenue, within the

Maximum Debt Mill Levy Term for Residential Districts. The total Debt that the Districts shall be permitted to issue shall not exceed the total Debt issuance limitation set forth in Section V.A.10 hereof, and shall be permitted to be issued on a schedule and in such year or years as the Districts determine shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs. All Bonds and other Debt issued by the Districts may be payable from any and all legally available revenue of the Districts, including general ad valorem taxes to be imposed upon all taxable property of the Districts. The Districts will also rely upon various other revenue sources authorized by law. These will include the power to assess fees, rates, tolls, penalties, or charges as provided in the Special District Act or other State statutes. No Districts will be allowed to impose a sales tax.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. The proposed maximum interest rate on any Debt is not expected to exceed 18%. The proposed maximum underwriting discount will be 5%. Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities.

C. No-Default Provisions

Debt issued by a District shall be structured so that failure to pay debt service when due shall not of itself constitute an event of default or result in the exercise of remedies. The foregoing shall not be construed to prohibit events of default and remedies for other occurrences including, without limitation, (1) failure to impose or collect the Maximum Debt Mill Levy or such portion thereof as may be pledged thereto, or to apply the same in accordance with the terms of the Debt, (2) failure to impose or collect other revenue sources lawfully pledged to the payment thereof or to apply the same in accordance with the terms of the Debt, (3) failure to abide by other covenants made in connection with such Debt, or (4) filing by a District as a debtor under any bankruptcy or other applicable insolvency laws. Notwithstanding the foregoing, Debt will not be structured with a remedy which requires the District to increase the Maximum Debt Mill Levy in any District or, in Residential Districts, the Maximum Debt Mill Levy Imposition Term.

D. Eligible Bondholders

All District bonds or other debt instrument, if not rated as investment grade, must be issued in minimum denominations of $100,000 and sold only to either accredited investors as defined in rule 501 (a) promulgated under the Securities Act of 1933 or to the developer(s) of property within the District.

E. Maximum Debt Mill Levy

The Maximum Debt Mill Levy shall be the maximum mill levy a District is permitted to impose upon the taxable property of the Districts for payment of Debt, and shall be determined as follows:

1. For Residential Districts the Maximum Debt Mill Levy shall be calculated as follows:

(a) The Maximum Debt Mill Levy shall be 30 mills; provided that if, on or after January 1, 2006, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board of the issuing District in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenue generated by the mill levy, as adjusted for changes occurring after January 1, 2006, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

(b) At such time as the Debt to Actual Market Value Ratio within a Residential District is equal to or less than three percent (3%), the Board of that Residential District may request City Council approval for the right to pledge such mill levy as is necessary to pay the Debt service on such Debt, without limitation of rate. At the time of such request, a majority of the members of the Board must consist of homeowners owning property within the District. Once Debt has been determined to meet the above criterion, so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, such District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent change in such District's Debt to Actual Market Value Ratio.

2. For Commercial Districts the Maximum Debt Mill Levy shall be calculated as follows:

(a) The Maximum Debt Mill Levy shall be 50 mills; provided that if, on or after January 1, 2006, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board of the issuing District in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenue generated by the mill levy, as adjusted for changes occurring after January 1, 2006, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

To the extent that the Districts are composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, CRS, the term "District" as used in this Section VI.E. shall be deemed to refer to the District and to each such sub district separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this Section VI.E.

F. Maximum Debt Mill Levy Imposition Term

Residential Districts shall not impose a Debt Service mill levy which exceeds 40 years after the year of the initial imposition of such Debt Service mill levy unless (1) a majority of the Board of Directors of the District imposing the mill levy are residents of such District, and

(2) such Board has voted in favor of issuing Debt with a term which requires or contemplates the imposition of a Debt service mill levy for a longer period of time than the limitation contained herein. There shall be no Maximum Debt Mill Levy Imposition Term in Commercial Districts.

G. Debt Repayment Sources

Each of the Districts may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service and for operations and maintenance. The Districts may also rely upon various other revenue sources authorized by law. At the Districts discretion, these may include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(l), CRS, as amended from time to time. However, no such fees related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from taxable property owned or occupied by an End User which are also then pledged for debt service having the effect, intentional or otherwise, of removing the intended End User protection provisions related to Maximum Debt Mill Levy. End User means any owner, or tenant of any owner, of any taxable improvement within the Districts who is intended to become burdened by the imposition of ad valorem property taxes subject to the Maximum Debt Mill Levy. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an End User. The business entity that develops within the Project or entity that constructs homes or commercial structures is not an End User. Notwithstanding any of the foregoing, the restrictions in this definition shall not apply to any fee imposed upon or collected from taxable property for the purpose of funding operation and maintenance costs of the Districts. In no event shall the debt service mill levy in any District exceed the Maximum Debt Mill Levy or, for Residential Districts, the Maximum Debt Mill Levy Imposition Term.

H. Debt Instrument Disclosure Requirement

In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

> By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons including, but not limited to, a developer of property within the boundaries of the Districts.

I. Security for Debt

No Debt or other financial obligation of any Districts will constitute a debt or obligation of the City in any manner. The faith and credit of the City will not be pledged for the repayment of any Debt or other financial obligation of any Districts. This will be clearly stated on all offering circulars, prospectuses, or disclosure statements associated with any securities

issued by any Districts. Districts shall not utilize the City of Colorado Springs' name in the name of the District.

J. Maximum Operating Mill Levy

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year's operating budget is estimated to be $50,000.00 which is anticipated to be derived from property taxes and other revenue.

The Maximum Operating Mill Levy for the payment of the Districts operating and maintenance expenses shall be 10 mills; provided that if, on or after January 1, 2006, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such operating and maintenance expenses may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenue generated by the mill levy, as adjusted for changes occurring after January 1, 2006, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

K. Developer Financial Assurances

The mere existence of the District will not be considered a substitute for financial assurances required under applicable City land use ordinances and regulations.

VII. ANNUAL REPORT

A. General

Each of the Districts shall be responsible for submitting an annual report to the Director of the City's Budget Department no later than August 1 of each year following the year in which the Order and Decree creating the District has been issued. The Districts may cooperate in the creation and submittal of the report, provided the presentation of information in the report clearly identifies the applicable information pertaining to each District.

B. Reporting of Significant Events

The annual report shall include information as to any of the following:

1. Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.

2. Intergovernmental agreements with other governmental entities, either entered into or proposed as of December 31 of the prior year.

3. Copies of the Districts' rules and regulations, if any, as of December 31 of the prior year.

4. A summary of any litigation which involves the any District's Public Improvements as of December 31 of the prior year.

5. Status of the Districts' construction of the Public Improvements as of December 31 of the prior year.

6. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the City as of December 31 of the prior year.

7. The assessed valuation of the Districts for the current year.

8. Current year budget including a description of the Public Improvements to be constructed in such year.

9. Audit of the Districts financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

10. Notice of any uncured events of noncompliance by the Districts under any Debt instrument which continue beyond a 90-day period.

11. Any inability of the Districts to pay their obligations as they come due, in accordance with the terms of such obligations, which continue beyond a 90-day period.

12. Copies of any Certifications of an External Financial Advisor provided as required by the Privately Placed Debt Limitation provision.

VIII. DISSOLUTION

Upon an independent determination of the City Council that the purposes for which the Districts were created have been accomplished, the Districts agree to file petitions in the appropriate District Court for dissolution pursuant to the applicable State statutes. In no event shall a dissolution occur until the Districts have provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

IX. DISCLOSURE TO PURCHASERS

The Districts will use reasonable efforts to assure that all developers of the property located within the Districts provide written notice to all purchasers of property in the Districts regarding the Maximum Debt Mill Levy, as well as a general description of the Districts' authority to impose and collect rates, fees, tolls and charges. The form of notice shall be substantially in the form of Exhibit E hereto; provided that such form may be modified by the District so long as a new form is submitted to the City prior to modification. Within 90 days of District formation, the District will record the approved Disclosure form with the El Paso County Clerk and Recorder against all property included in the District and a copy to the City Clerk's Office.

X. CONCLUSION

It is submitted that this Service Plan for the Districts, as required by Section 32-1-203(2), CRS, and Section 122-35 of the City Code, establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;

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

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

4. The area included in the Districts 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 City or 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 Districts are compatible with the facility and service standards of the City within which the special district is to be located and each municipality which is an interested party under Section 32-1-204(1), CRS.

7. The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the City Code.

8. The proposal is in compliance with any duly adopted City, regional or State long-range water quality management plan for the area.

9. The creation of the Districts has been and is in the best interests of the area proposed to be served.

EXHIBIT A

Legal Descriptions

Matrix Design Group, Inc.
Integrated Design Solutions

2925 Professional Place, Suite 202
Colorado Springs, Colorado 80904
(719) 575-0100 Tel
(719) 575-0208 Fax
www.matrixdesigngroup.com

January 29, 2008
J.N.: 05.052.15

LEGAL DESCRIPTION
BRADLEY HEIGHTS METRO DISTRICT NO 1

A PARCEL OF LAND LOCATED IN THE SOUTHWEST ONE-QUARTER OF SECTION 10, TOWNSHIP 15 SOUTH, RANGE 65 WEST OF THE 6TH P.M., EL PASO COUNTY, COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

(BASIS OF BEARINGS: THE NORTH-SOUTH CENTERLINE OF SECTION 9, TOWNSHIP 15 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, BEING CONSIDERED TO BEAR NORTH 00°15'30" EAST.)

COMMENCE AT THE SOUTH ONE-QUARTER CORNER OF SECTION 9;

THENCE NORTH 89°32'49" EAST (RECORDED AS NORTH 89°33'11" EAST), ALONG THE SOUTH LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 9, A DISTANCE OF 2642.71 FEET (RECORDED AS 2642.48 FEET) TO THE SOUTHWEST CORNER OF THE SOUTHWEST ONE-QUARTER OF SECTION 10;

THENCE NORTH 00°06'18" EAST A DISTANCE OF 94.55 FEET TO THE **POINT OF BEGINNING** OF THE PARCEL HEREINAFTER DESCRIBED;

THENCE CONTINUE NORTH 00°06'18" EAST A DISTANCE OF 13.81 FEET;

THENCE SOUTH 46°32'39" EAST A DISTANCE OF 19.91 FEET;

THENCE SOUTH 89°32'49" WEST A DISTANCE OF 14.48 FEET TO THE **POINT OF BEGINNING**.

THE ABOVE DESCRIBED PARCEL ENCOMPASSES 100.00 SQUARE FEET (0.00230 ACRES) OF LAND MORE OR LESS AND IS SUBJECT TO ANY EXISTING ENCUMBRANCES OF RECORD.

ROBERT L. MEADOWS JR., PLS

PREPARED FOR AND ON BEHALF
OF MATRIX DESIGN GROUP

CLASSIC SM
CONSULTING
ENGINEERS & SURVEYORS
6385 Corporate Drive, Suite 101 (719)785-0790
Colorado Springs, Colorado 80919 (719)785-0799)Fax)

LEGAL DESCRIPTION: DISTRICT 2 (2009)

(2) TWO PARCELS OF LAND BEING A PORTION OF SECTIONS 9, 10 AND 15, TOWNSHIP 15 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE NORTH-SOUTH CENTERLINE OF SECTION 9, TOWNSHIP 15 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO, BEING MONUMENTED AT BOTH ENDS BY A 3¼" ALUMINUM CAP STAMPED "PLS 10377", IS ASSUMED TO BEAR S00°19'23"E, A DISTANCE OF 5252.20 FEET.

COMMENCING AT THE SOUTH QUARTER CORNER OF SECTION 9, TOWNSHIP 15 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO, SAID POINT BEING THE POINT OF BEGINNING;

THENCE N00°19'23"W, ON THE NORTH-SOUTH CENTERLINE OF SAID SECTION 9, A DISTANCE OF 1507.77 FEET;
THENCE N89°40'37"E, A DISTANCE OF 1124.49 FEET;
THENCE N19°56'11"W, A DISTANCE OF 811.58 FEET TO A POINT OF CURVE;
THENCE ON THE ARC OF A CURVE TO THE RIGHT HAVING A DELTA OF 34°46'10", A RADIUS OF 765.00 FEET AND A DISTANCE OF 464.23 FEET TO A POINT ON CURVE;
THENCE S75°10'02"E, A DISTANCE OF 33.68 FEET TO A POINT OF CURVE;
THENCE ON THE ARC OF A CURVE TO THE LEFT HAVING A DELTA OF 15°19'40", A RADIUS OF 450.00 FEET AND A DISTANCE OF 120.38 FEET TO A POINT OF TANGENT;
THENCE N89°30'18"E, A DISTANCE OF 1210.01 FEET;
THENCE S00°29'42"E, A DISTANCE OF 81.74 FEET;
THENCE N89°30'18"E, A DISTANCE OF 1626.25 FEET;
THENCE S30°00'41"E, A DISTANCE OF 127.01 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF MARKSHEFFEL BOULEVARD AS DESCRIBED IN A DOCUMENT RECORDED IN BOOK 5120 AT PAGE 92;

THENCE ON SAID WESTERLY RIGHT OF WAY LINE, THE FOLLOWING THREE (3) COURSES:

1. S00°30'37"E, A DISTANCE OF 150.61 FEET TO A POINT ON CURVE;

2. ON THE ARC OF A CURVE TO THE LEFT WHOSE CENTER BEARS N89°31'09"E, HAVING A DELTA OF 42°07'35", A RADIUS OF 1705.00 FEET AND A DISTANCE OF 1253.59 FEET TO A POINT ON CURVE;
3. S42°37'52"E, A DISTANCE OF 1453.45 FEET TO A POINT ON THE NORTHERLY BOUNDARY OF DETENTION POND PHASE I, AS DESCRIBED IN A DOCUMENT RECORDED IN BOOK 5661 AT PAGE 1398;

THENCE ON THE BOUNDARY OF SAID DETENTION POND PHASE I, THE FOLLOWING FIFTEEN (15) COURSES:

1. N79°27'09"W, A DISTANCE OF 921.08 FEET;
2. S87°25'21"W, A DISTANCE OF 172.11 FEET;
3. N33°41'28"W, A DISTANCE OF 54.92 FEET;
4. S89°25'13"W, A DISTANCE OF 100.00 FEET;
5. S57°32'12"W, A DISTANCE OF 149.56 FEET;
6. S13°55'21"E, A DISTANCE OF 144.18 FEET;
7. S31°10'08"E, A DISTANCE OF 76.66 FEET;
8. S65°07'35"E, A DISTANCE OF 116.30 FEET;
9. S53°48'20"E, A DISTANCE OF 133.60 FEET;
10. S48°45'35"E, A DISTANCE OF 677.74 FEET;
11. S63°51'00"E, A DISTANCE OF 586.75 FEET;
12. N74°16'51"E, A DISTANCE OF 279.69 FEET;
13. S54°47'11"E, A DISTANCE OF 150.44 FEET;
14. S42°37'52"E, A DISTANCE OF 1127.04 FEET;
15. S86°36'51"E, A DISTANCE OF 483.94 FEET TO A POINT ON CURVE, SAID POINT BEING ON SAID WESTERLY RIGHT OF WAY LINE OF SAID MARKSHEFFEL BOULEVARD;

THENCE ON SAID WESTERLY RIGHT OF WAY LINE, ON THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS S53°38'33"W, HAVING A DELTA OF 38°23'31", A RADIUS OF 1495.00 FEET AND A DISTANCE OF 1001.75 FEET TO A POINT ON CURVE, SAID POINT BEING ON THE SOUTH LINE OF THE NORTHEAST QUARTER OF SECTION 15, TOWNSHIP 15 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN;
THENCE S89°21'45"W, ON SAID SOUTH LINE, A DISTANCE OF 1927.46 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 15;
THENCE S89°21'23"W, ON THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 2633.85 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 15;
THENCE N00°28'36"W, ON THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 15, A DISTANCE OF 2637.35 FEET TO THE NORTHWEST CORNER OF SAID SECTION 15;
THENCE S88°57'55"W, ON THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 9, A DISTANCE OF 2037.41 FEET TO THE SOUTHEASTERLY CORNER OF A PARCEL OF LAND DESCRIBED IN A DOCUMENT RECORDED UNDER RECEPTION NO. 97149924;

THENCE ON THE BOUNDARY OF SAID PARCEL OF LAND, THE FOLLOWING FOUR (4) COURSES:

1. N21°53'06"E, A DISTANCE OF 786.43 FEET;
2. S89°40'36"W, A DISTANCE OF 795.00 FEET;
3. S00°19'24"E, A DISTANCE OF 638.00 FEET TO A POINT ON CURVE;
4. ON THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS S05°43'53"W HAVING A DELTA OF 17°15'57", A RADIUS OF 1207.50 FEET AND A DISTANCE OF 363.88 FEET TO A POINT ON SAID SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 9;

THENCE S88°57'55"W, ON SAID SOUTH LINE, A DISTANCE OF 458.19 FEET TO THE POINT OF BEGINNING.

CONTAINING A CALCULATED AREA OF 428.307 ACRES.

EXCEPTING THEREFROM: (DISTRICT 1)

COMMENCING AT THE NORTHWEST CORNER OF SECTION 15, TOWNSHIP 15 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO; THENCE N00°28'36"W, A DISTANCE OF 94.55 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING N00°28'36"W, A DISTANCE OF 13.81 FEET;
THENCE S47°07'33"E, A DISTANCE OF 19.91 FEET;
THENCE S88°57'55"W, A DISTANCE OF 14.48 FEET TO THE POINT OF BEGINNING.

CONTAINING A CALCULATED AREA OF 0.002 ACRES (100 SQUARE FEET).

CONTAINING AN OVERALL CALCULATED AREA OF 428.305 ACRES.

LEGAL DESCRIPTION STATEMENT:

I, DOUGLAS P. REINELT, A LICENSED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THE ABOVE LEGAL DESCRIPTION AND ATTACHED EXHIBIT WERE PREPARED UNDER MY RESPONSIBLE CHARGE AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF, ARE CORRECT.

COLORADO REGISTERED DOUGLAS P. REINELT 9-11-09 30118 PLS

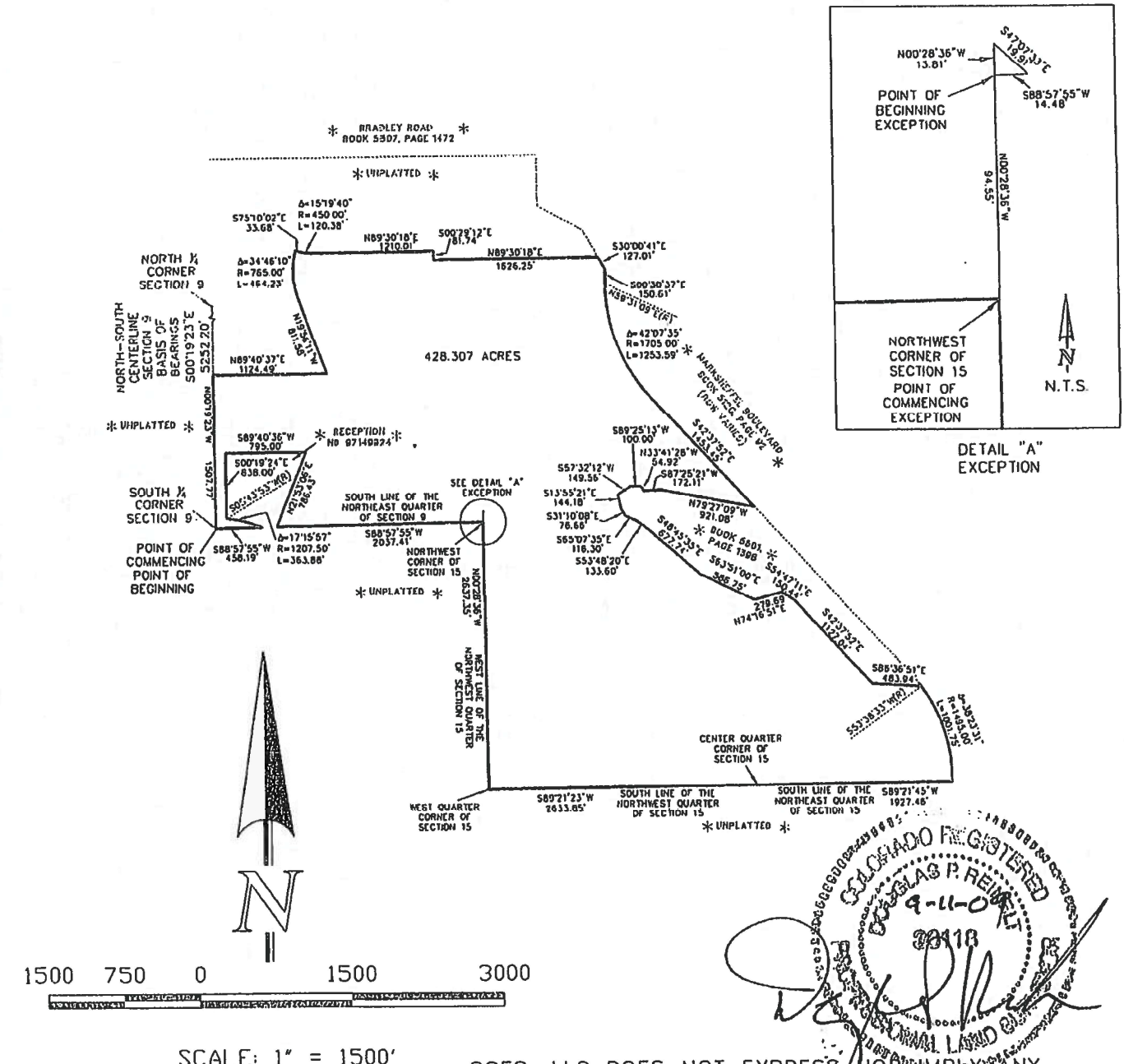
DOUGLAS P. REINELT, PROFESSIONAL LAND SURVEYOR
COLORADO P.L.S. NO. 30118
FOR AND ON BEHALF OF CLASSIC CONSULTING
ENGINEERS AND SURVEYORS

Sept 11, 2009
DATE

CLASSIC SM
CONSULTING
ENGINEERS & SURVEYORS

6385 Corporate Drive, Suite 101 (719)785-0790
Colorado Springs, Colorado 80919 (719)785-0799 (Fax)

2009 DISTRICT 2
BRADLEY HEIGHTS
JOB NO. 2266.00-13
SHEET 4 OF 4
AUGUST 25, 2009



DETAIL "A"
EXCEPTION

SCALE: 1" = 1500'

COLORADO REGISTERED
DOUGLAS P. REINERT
9-11-09
29118
PROFESSIONAL LAND SURVEYOR

CCES, LLC DOES NOT EXPRESS NOR IMPLY ANY WARRANTY WITH THE ABOVE WRITTEN LEGAL DESCRIPTION AND EXHIBIT. THE LEGAL DESCRIPTION WAS WRITTEN FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT DEPICT A MONUMENTED LAND SURVEY.

CLASSIC SM
CONSULTING
ENGINEERS & SURVEYORS
6385 Corporate Drive, Suite 101 (719)785-0790
Colorado Springs, Colorado 80919 (719)785-0799)Fax)

LEGAL DESCRIPTION: DISTRICT 3 (2009)

A PARCEL OF LAND BEING A PORTION OF SECTIONS 9 AND 10, TOWNSHIP 15 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE NORTH-SOUTH CENTERLINE OF SECTION 9, TOWNSHIP 15 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO, BEING MONUMENTED AT BOTH ENDS BY A 3¼" ALUMINUM CAP STAMPED "PLS 10377", IS ASSUMED TO BEAR S00°19'23"E, A DISTANCE OF 5252.20 FEET.

COMMENCING AT THE SOUTH QUARTER CORNER OF SECTION 9, TOWNSHIP 15 SOUTH, RANGE 65 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO;

THENCE N00°19'23"W, ON THE NORTH-SOUTH CENTERLINE OF SAID SECTION 9, A DISTANCE OF 1507.77 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING N00°19'23"W, ON SAID NORTH-SOUTH CENTERLINE, A DISTANCE OF 2130.46 FEET TO A POINT ON THE SOUTHERLY RIGHT OF WAY LINE OF BRADLEY ROAD FORMERLY KNOWN AS NEW DRENNAN ROAD, AS DESCRIBED IN A DOCUMENT RECORDED IN BOOK 5307 AT PAGE 1472;

THENCE ON SAID SOUTHERLY RIGHT OF WAY LINE, THE FOLLOWING FIVE (5) COURSES:

1. N89°30'18"E, A DISTANCE OF 1015.30 FEET TO A POINT OF CURVE:
2. ON THE ARC OF A CURVE TO THE RIGHT HAVING A DELTA OF 21°02'22", A RADIUS OF 150.00 FEET AND A DISTANCE OF 55.08 FEET TO A POINT ON CURVE;
3. N89°30'18"E, A DISTANCE OF 312.30 FEET TO A POINT ON CURVE;
4. ON THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS S21°32'04"E, HAVING A DELTA OF 21°02'22", A RADIUS OF 150.00 FEET AND A DISTANCE OF 55.08 FEET TO A POINT OF TANGENT;
5. N89°30'18"E, A DISTANCE OF 1791.76 FEET;

THENCE S00°28'56"E, A DISTANCE OF 500.21 FEET;
THENCE S61°09'32"E, A DISTANCE OF 502.99 FEET;
THENCE S30°00'41"E, A DISTANCE OF 312.20 FEET;
THENCE S89°30'18"W, A DISTANCE OF 1626.25 FEET;
THENCE N00°29'12"W, A DISTANCE OF 81.74 FEET;
THENCE S89°30'18"W, A DISTANCE OF 1210.01 FEET TO A POINT OF CURVE;
THENCE ON THE ARC OF A CURVE TO THE RIGHT HAVING A DELTA OF 15°19'40", A RADIUS OF 450.00 FEET AND A DISTANCE OF 120.38 FEET TO A POINT OF TANGENT;
THENCE N75°10'02"W, A DISTANCE OF 33.68 FEET TO A POINT ON CURVE;
THENCE ON THE ARC OF A CURVE TO THE LEFT WHOSE CENTER BEARS S75°10'02"E, HAVING A DELTA OF 34°46'10", A RADIUS OF 765.00 FEET AND A DISTANCE OF 464.23 FEET TO A POINT OF TANGENT;
THENCE S19°56'11"E, A DISTANCE OF 811.58 FEET;
THENCE S89°40'37"W, A DISTANCE OF 1124.49 FEET TO THE POINT OF BEGINNING.

CONTAINING A CALCULATED AREA OF 101.139 ACRES.

LEGAL DESCRIPTION STATEMENT:

I, DOUGLAS P. REINELT, A LICENSED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THE ABOVE LEGAL DESCRIPTION AND ATTACHED EXHIBIT WERE PREPARED UNDER MY RESPONSIBLE CHARGE AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF, ARE CORRECT.

COLORADO REGISTERED
DOUGLAS P. REINELT
9-11-09
30118

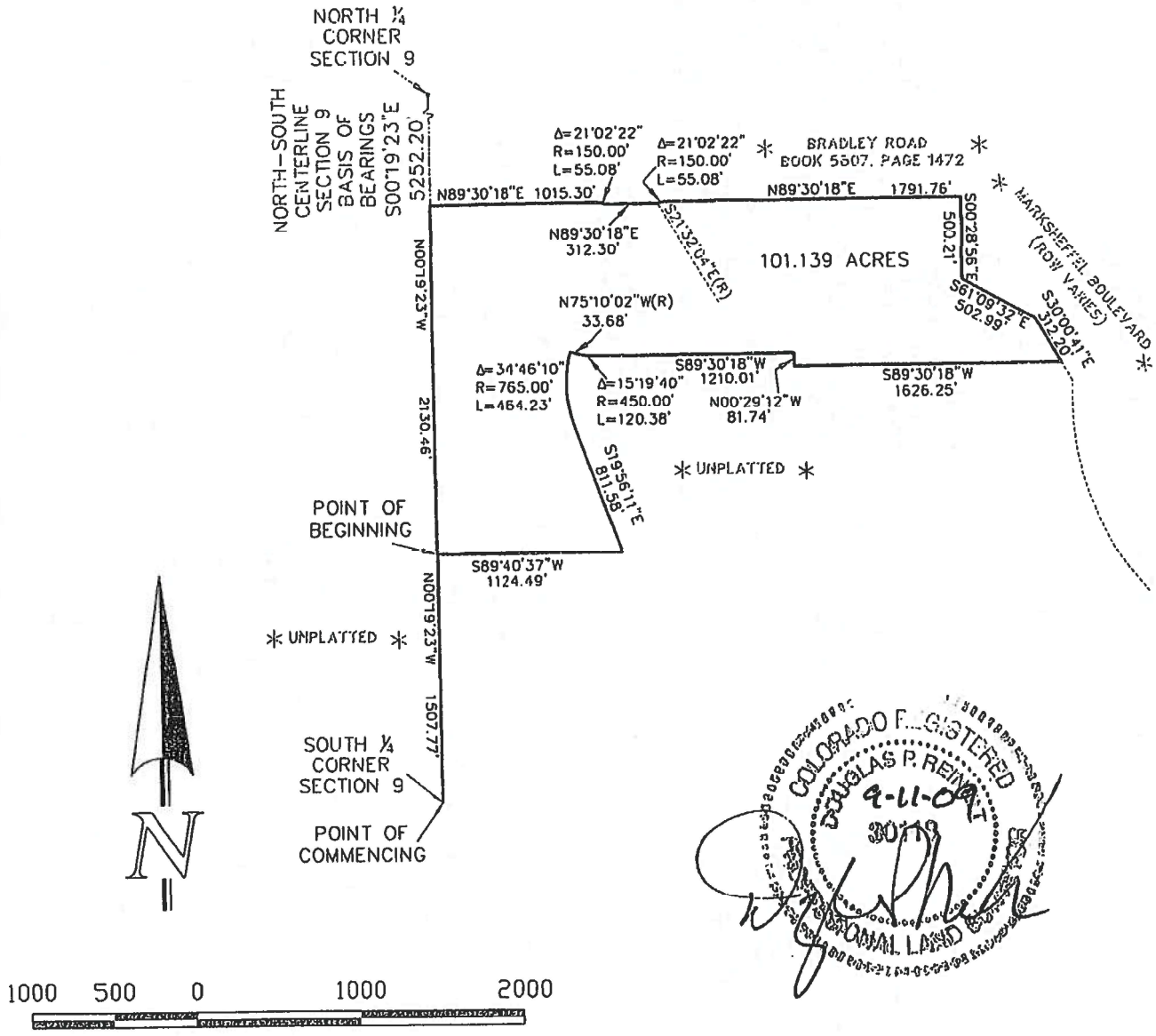
DOUGLAS P. REINELT, PROFESSIONAL LAND SURVEYOR
COLORADO P.L.S. NO. 30118
FOR AND ON BEHALF OF CLASSIC CONSULTING
ENGINEERS AND SURVEYORS

SEPT 11, 2009
DATE

CLASSIC SM
CONSULTING
ENGINEERS & SURVEYORS

6385 Corporate Drive, Suite 101 (719)785-0790
Colorado Springs, Colorado 80919 (719)785-0799 (Fax)

2009 DISTRICT 3
BRADLEY HEIGHTS
JOB NO. 2266.00-14
SHEET 3 OF 3
AUGUST 25, 2009

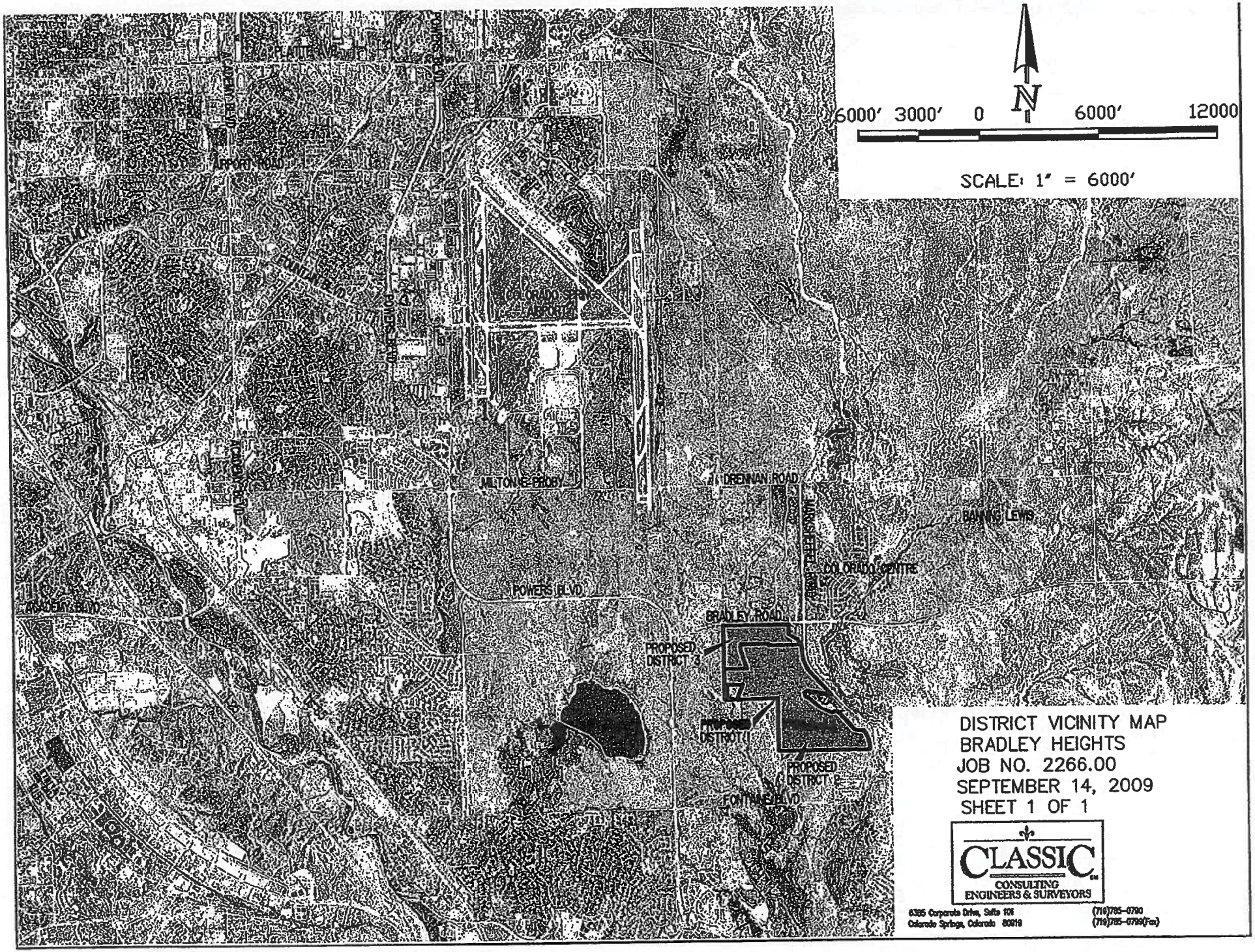


SCALE: 1" = 1000'

CCES, LLC DOES NOT EXPRESS NOR IMPLY ANY WARRANTY WITH THE ABOVE WRITTEN LEGAL DESCRIPTION AND EXHIBIT. THE LEGAL DESCRIPTION WAS WRITTEN FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT DEPICT A MONUMENTED LAND SURVEY.

EXHIBIT B

Colorado Springs Vicinity Map



DISTRICT VICINITY MAP
BRADLEY HEIGHTS
JOB NO. 2266.00
SEPTEMBER 14, 2009
SHEET 1 OF 1

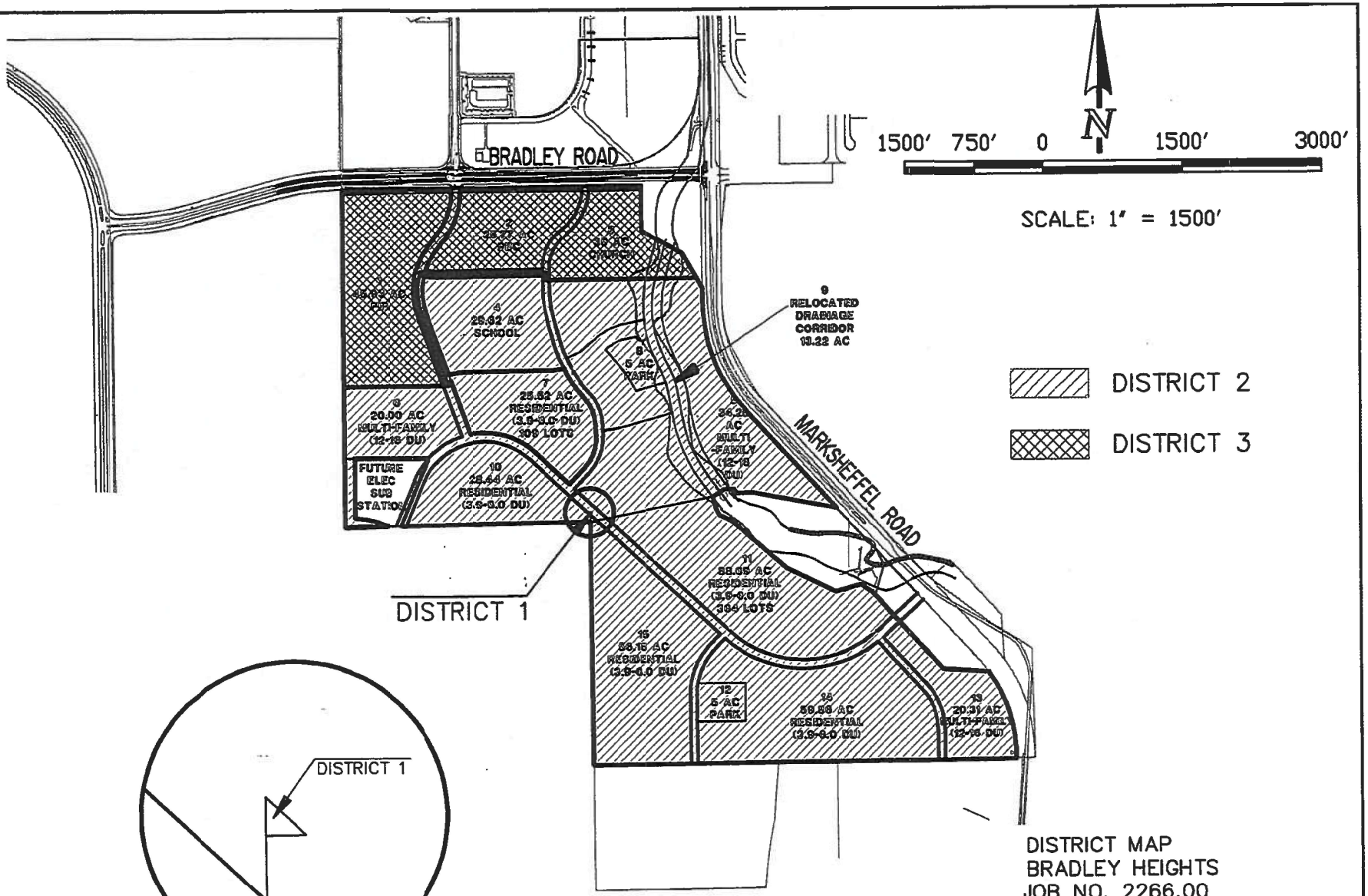
CLASSIC
CONSULTING
ENGINEERS & SURVEYORS

6385 Corporate Drive, Suite 101
Colorado Springs, Colorado 80919

(719)785-0790
(719)785-0799(Fax)

EXHIBIT C-1

Initial District Boundary Map

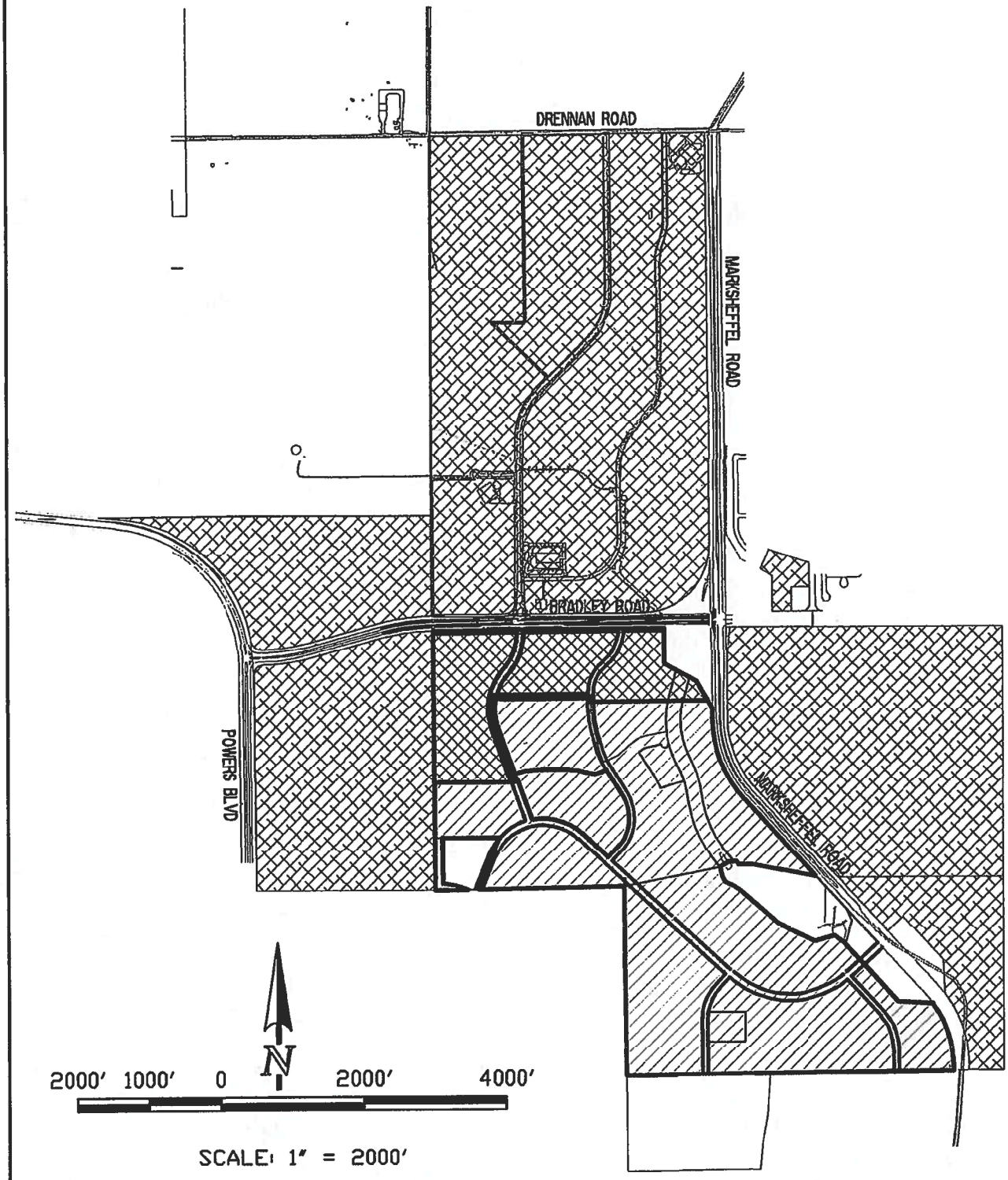


DISTRICT MAP
BRADLEY HEIGHTS
JOB NO. 2266.00
SEPTEMBER 14, 2009
SHEET 1 OF 1

CLASSIC
CONSULTING
ENGINEERS & SURVEYORS
6385 Corporate Drive, Suite 101
Colorado Springs, Colorado 80919
(719)785-0790
(719)785-0799(Fax)

EXHIBIT C-2

Inclusion Area Boundary Map



SCALE: 1" = 2000'

DISTRICT 2

DISTRICT 3

FUTURE INCLUSION AREA
APPROX. AREA = 1,256 ACRES

BRADLEY HEIGHTS
DISTRICT INCLUSION MAP
JOB NO. 2266.00
NOVEMBER 2, 2009
SHEET 1 OF 1

CLASSIC
CONSULTING
ENGINEERS & SURVEYORS

6385 Corporate Drive, Suite 101
Colorado Springs, Colorado 80919

(719)785-0790
(719)785-0799 (Fax)

EXHIBIT D

Description of Permitted Services to be Provided by the Districts

Description of Services	IGA Required (Yes or No)
Maintenance of entry features, right-of-way landscaping, streetscapes, drainage/detention facilities, and two five-acre parks	NO

Exhibit E

NOTICE OF SPECIAL DISTRICT DISCLOSURE

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

Name of District(s):	Bradley Heights Metropolitan Districts Nos. 1, 2 and 3
Contact Information for District:	Sean Allen, Esq., General Counsel 1805 Shea Center Drive, # 100 Highlands Ranch, CO 80129 303- 858-1800
Type of District(s):	Title 32 metropolitan districts to provide infra-structure for the Bradley Heights community. District No. 1 is the coordinating district and District Nos. 2 and 3 are the taxing districts (residential and commercial respectively). Representation on the board of directors for any district is limited to property owners and residents within each individual district.
Identify District(s) Improvements Financed by Proposed Bonds:	Water, sewer, storm sewer, detention, flood and surface drainage and channels, bridges, streets, sidewalks, curbs, gutters, traffic and safety controls, park and recreation, entry features, landscaping etc.
Identify Services/Facilities Operated/Maintained by District(s):	Limited as to entry features, right-of-way landscaping, streetscapes, drainage/detention facilities and two five-acre parks
Mill Levy Cap: (Describe Procedure for any Adjustments to Mill Levy Cap) ***(Note: This District may or may not be certifying a mill levy at the time of your purchase. Please verify by contacting the District.)***	District No. 2 (Residential) 30 mills Debt Service Cap 10 mills Operations and Maintenance Cap 40 mills Total Residential Cap Cap adjustments pursuant to Service Plan District No. 3 (Commercial) 50 mills Debt Service Cap 10 mills Operations and Maintenance Cap 60 mills Total Commercial Cap Cap adjustments pursuant to Service Plan
Authorized Debt of the District(s) per Operating or Service Plan:	Collectively $35,000,000 debt limit
Voter Authorized Debt per Election:	$45,000,000
District Boundaries:	Generally north of Fontaine Blvd., east of Powers Blvd., west of Marksheffel Road and south of Bradley Road

Sample Calculation of Mill Levy Cap for a Residential Property

Assumptions:
Market value is $250,000
Mill levy cap is 40 mills

Calculation:
$250,000 x .0796 = $19,900 (Assessed Valuation)
$19,900 x .040 mills = **$796 per year in taxes owed solely to the Special District**

Sample Calculation of Mill Levy Cap for a Commercial, Office or Industrial Property

Assumptions:
Market value is $750,000
Mill levy cap is 60 mills

Calculation:
$750,000 x .29 = $217,500 (Assessed Valuation)
$217,500 x .060 mills = **$13,050 per year in taxes owed solely to the Special District**