

RESOLUTION NO. 184-04

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS, COLORADO APPROVING THE CONSOLIDATED SERVICE PLAN FOR FLYING HORSE METROPOLITAN DISTRICT 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, pursuant to the provisions of Part 2 of Article 1 of Title 32, Colorado Revised Statutes, the City Council held a public hearing on August 24, 2004, regarding the approval of the Consolidated Service Plan ("Service Plan") for Flying Horse Metropolitan District Nos. 1, 2 and 3 (the "Districts"); and

WHEREAS, the City Council of the City of Colorado Springs, Colorado (the "City") passed Resolution No. 122-00 establishing a City Financial Policy Regarding the Use of Districts (the "Policy"), providing for certain financial and other limitations in the use of special districts as an available method in financing public infrastructure; and

WHEREAS, the City Council has considered the Consolidated Service Plan for the proposed Districts, requested waivers from the Policy and all other testimony and evidence presented at the hearing; and

WHEREAS, it appears to the City Council that the requested waivers from the Policy should be approved as provided in this Resolution.

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

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 hereby finds and determines as follows:

(a) There is a sufficient and existing and projected need for organized service in the area to be served by the Districts;

(b) The existing service in the area to be served by the Districts is not adequate for present and projected needs;

(c) The proposed Districts are capable of providing economic and sufficient service to the area within their boundaries; and

(d) The area included in the Districts has or will have the financial ability to discharge the proposed indebtedness on a reasonable basis.

Section 3. The Districts request, and is hereby granted, a limited number of waivers from the following selected provisions of the Policy. The waivers being granted from the Policy are as follows:

1(d). Any proposed District must commit to the City that its mill levy dedicated to repaying any bonded debt, will not ever exceed the greater of either 20 mills, or 20 percent of the total combined mill levy of all governmental entities of overlapping property within the District at the time of issuance of any District debt. This annual debt service mill levy cap can be increased only for adjustments to compensate the effects of Gallagher Amendment assessed valuation ratio changes. The Service Plan proposes a debt service mill levy limit of thirty (30) mills and aggregate mill levy cap of thirty-five (35) mills both subject to adjustments to offset any effects of the Gallagher Amendment. In order for the Districts to finance the public infrastructure necessary for development, a waiver from this provision is granted.

1(f). *Any proposed District general obligation bonds, if not rated as investment grade by one or more nationally recognized organizations which regularly rate such obligations must be limited-tax general obligation bonds having a maximum mill levy equal to the greater of 20 mills or 20 percent of the total combined mill levy of all government entities overlapping property within the District at the time of issuance of any District debt.* The Service Plan proposes a debt service mill levy limit of thirty (30) mills and aggregate mill levy cap of thirty-five (35) mills both subject to adjustments to offset any effects of the Gallagher Amendment. In order for the Districts to finance the public infrastructure necessary for development, a waiver from this provision is granted.

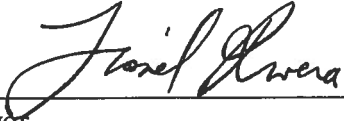
1(h). *The remarketing of any non-rated general obligation bonds or other debt instrument is prohibited until the assessed valuation of the District has grown to a level such that a mill levy equal to the limit defined in (d) [20 mills] is sufficient to pay the maximum annual debt service on the bonds.* The service plan proposes a debt service mill levy limit of thirty (30) mills. In order for the Districts to finance the public infrastructure necessary for development, a waiver from this provision is granted.

1(p) *The Service Plan of a proposed District will provide for the elimination of any authorized but unissued debt of the District remaining five years from the date of voter approval.* The Service Plan proposed that such unissued debt authorization be eliminated after ten years to accommodate the planned construction phasing and anticipated bond issuance schedule. Wavier from this provision is granted.

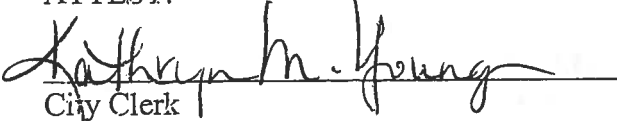
Section 4. The Service Plan is hereby approved.

Section 5. This resolution shall be effective upon its approval by City Council.

Dated at Colorado Springs, Colorado, this 24th day of August 2004.



Mayor

ATTEST:


City Clerk

**CONSOLIDATED
SERVICE PLAN
AS APPROVED AND ADOPTED BY THE CITY COUNCIL,
CITY OF COLORADO SPRINGS, EL PASO COUNTY
AUGUST 24, 2004**

**FLYING HORSE METROPOLITAN DISTRICT NO. 1
FLYING HORSE METROPOLITAN DISTRICT NO. 2
FLYING HORSE METROPOLITAN DISTRICT NO. 3**

**CONSOLIDATED
SERVICE PLAN**

FOR

**FLYING HORSE METROPOLITAN DISTRICT NO. 1
FLYING HORSE METROPOLITAN DISTRICT NO. 2
FLYING HORSE METROPOLITAN DISTRICT NO. 3**

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SUMMARY

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

Proposed Districts: Flying Horse Metropolitan District No. 1
Flying Horse Metropolitan District No. 2
Flying Horse Metropolitan District No. 3
("District No. 1", "District No. 2", "District No. 3 or collectively, the "Districts").

Property Owner: Pulpit Rock Investments, LLC

Development: Residential, industrial and commercial project on approximately 1,566 acres of real property east of Interstate 25 and the United States Air Force Academy, south of Northgate Road and west of Highway 83, El Paso County, Colorado which development is known as "Flying Horse". Development will be performed by Elite Properties of America, Inc.

Annexation: The real property has been annexed to the City of Colorado Springs (the "City").

Proposed Improvements: Water, wastewater, street improvements and safety protection, park and recreation, drainage, landscaping, mosquito control, and transportation.

Infrastructure

Capital Costs:	Phase 1:	\$21,028,750
	Phase 1A	\$ 7,186,500
	Phase 2:	\$ 7,611,000
	Phase 3:	\$11,582,500
	Total:	\$47,408,750

Proposed Mill Levy: 25 Mills targeted for debt service for the residential district
25 Mills targeted for debt service for the commercial district
10 Mills targeted for operations for both districts

Proposed M/L Cap	30 Mills For Debt Service 35 Mills Total For Debt and/or Operations
Developer Fees:	Infrastructure Development Fee of \$2,000.00 per single family unit, \$500 per multi-family unit, and \$.75 per square foot of commercial building improvements.
Functions of the Owner/Developer:	The Owner/Developer will initially provide the necessary credit enhancements for financing of all infrastructure capital costs and will meet the obligations of any operating and debt service deficits. The Owner/Developer will fund all organizational costs of the District subject to reimbursement as provided by law.
Functions of the Districts:	District No. 1 will see that all infrastructure is designed and constructed to appropriate City or City Utility Department standards. District No. 1 will provide all management for the three Districts and will maintain certain parks and open spaces. All roads and utility improvements shall be dedicated to the City of Colorado Springs and/or the Department of Utilities. The Developer will provide financial assistance for construction and maintenance. District No. 2 shall provide financing from the residential properties for public facilities, services, and programs benefiting the future residents and landowners of the community. District No. 3 shall provide financing from the commercial properties for public facilities, services, and programs.
Material Modifications:	Modification to this Consolidated Service Plan shall be required if there is a change in the basic services provided by the District, including the addition of any types of services provided and for any other matter described as a material modification by state law or City policy.
Current Population:	0
Current Valuation for Assessment:	\$29,620.00 for the entire service area

A. INTRODUCTION

Necessary public facilities, services, and programs will be provided to the 1,566 acre Flying Horse development by three metropolitan districts which will be created pursuant to Title 32 Colorado Revised Statutes. The three districts will be named Flying Horse Metropolitan District No. 1, Flying Horse Metropolitan District No. 2, and Flying Horse Metropolitan District No. 3. The Districts will coordinate their efforts to provide public services in the most efficient manner possible.

District No. 1 will be responsible for managing the design, construction, and operation of the public facilities and improvements and for providing funding to support the necessary costs and services and as such, will be deemed to be a "Service District".

District No. 2 will be responsible for providing funding to support costs related to services and improvements for the residential properties utilizing the tax base, fees, and charges and will be deemed to be a "Financing District" in order to generate the necessary revenues.

District No. 3 will be responsible for providing funding to support costs related to services and improvements for the commercial and industrial properties utilizing the tax base, fees, and charges and will be deemed to be a "Financing District" in order to generate the necessary revenues.

The initial boundaries of the Districts consist of the properties in the northerly part of Flying Horse which are in the first phases of development. The proposed service area encompasses the balance of Flying Horse which will be developed in later phases (the last of the maps shows the entire service area). As the property in the service area develops, the residential properties will be annexed into District No. 2 and the commercial properties will be annexed into District No. 3. The exhibit maps depict the entire service area.

An intergovernmental agreement (Exhibit 7) will clarify the nature of the functions and services that each District will provide and will set forth the arrangements for the financing, construction and operations of the improvements.

This multi district structure is proposed to provide the following benefits: (1) services and improvements can be financed in the most favorable and efficient manner; (2) services will be available when needed through a managed and phased development; and, (3) there will be a capped mill levy and reasonable tax burden as a result of managed financing and coordinated completion of

infrastructure. Financing will be phased to avoid long term carrying costs that could occur if improvements are constructed too early.

It is proposed that the Districts provide the following municipal services, both within and without the boundaries of the District as may be necessary:

WATER – Design and construction of a potable water supply system connecting to the current City infrastructure consisting of transmission lines, distribution mains, water pumps, pressure reducing valves, easements and appurtenant facilities. In addition, design, construction, operation, and maintenance of a non-potable irrigation system consisting of, but not limited to, wells, pumps, storage facilities, transmission lines, distribution mains, pumping facilities, easements and appurtenant facilities. In the future a non-potable irrigation system may be utilized and if this is contemplated, this Consolidated Service Plan must be amended accordingly.

WASTEWATER/STORM WATER – Design and construction of a complete sanitary sewage and storm drainage collection and transmission system, consisting of, but not limited to, collection mains, laterals, lift stations, force mains, and transmission lines necessary to connect to the City infrastructure.

STREET IMPROVEMENTS AND SAFETY PROTECTION - Design and construction of arterial and collector street improvements and related safety protection devices including, but not limited to, bridges, fencing, trails, lighting, landscaping, traffic and safety controls and devices. Streets are to be dedicated to the City for permanent maintenance. Any street related medians and landscaping will be maintained by the Districts. The collector streets to be constructed by the Districts are not designed to serve local neighborhoods, but rather are designed as an integral part of the overall street system serving the entire service area and are essential for the overall utility locations. There will be no driveways or front lots adjoining the collector streets and because of the added traffic, they will be designed to handle heavier vehicle loading

PARK AND RECREATION - Design, construction, operation and maintenance of park and recreational facilities, including open space, trails, fencing, and landscaping.

MOSQUITO CONTROL - 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.

TRANSPORTATION - Design, acquire, construct, and install transportation system improvements, including park and ride facilities, together with all necessary incidental and appurtenant facilities, land and easements. All such improvements shall be dedicated to the City and build to City standards.

DRAINAGE - Design and construct all necessary drainage facilities including detention ponds, culverts, pipes, channels, swales, and weirs in accordance with an approved City drainage plans and in conjunction with adjoining drainage features.

OTHER POWERS - In addition to the above-enumerated powers, the District shall have the authority (1) to amend this Consolidated Service Plan as needed, with the approval of the City, subject to appropriate statutory procedures; (2) and, without amending this Consolidated Service Plan, to defer, forego, reschedule or restructure the financing and construction of certain improvements and facilities, to better accommodate the pace of growth, and resources availability.

DISTRICT NO. 1 WILL OVERSEE ALL DESIGN AND CONSTRUCTION TO INSURE THAT THE SAME IS DONE PURSUANT TO CITY STANDARDS.

1. A map of the proposed Districts and a legal description of its boundaries are found at Exhibits 1 and 2. The map also shows the boundaries of the overall service area which covers all of Flying Horse. The initial boundaries of District No. 2 and District No. 3 consist of the first two phases of the overall development. It is contemplated that the remaining parcels will be annexed into either District No. 2 or District No. 3 as development occurs.

2. The creation of the Districts will be in the best interests of the property proposed to be served. The Districts will have the flexibility and statutory powers to provide long-term services to the residents within its boundaries as well as having the ability, through the issuance of tax exempt debt, to finance the necessary infrastructure. New districts have numerous advantages over other vehicles which could be utilized to supply services to this area.

While a Homeowners Association might be set up to provide these services by way of covenants imposed on the real property, an Association may lack both the financing ability, the flexibility and the longevity that would be provided by the Districts. Additionally, an Association would not possess certain of the statutory powers that are allowed to the Districts.

3. Adequate public improvements and services for the development are not expected to be made available through any other county, municipality or quasi-municipal corporation.

4. Insofar as the development consists of proposed municipal-type residential and commercial densities within its boundaries, there should be an entity separate from the developer to provide services on a long-term basis. A publicly controlled district with an elected board of directors, versus a Homeowners Association would be the most capable of providing these municipal services.

5. Although there is municipal debt to be authorized, the Owner will supply the credit

enhancements needed for the initial debt. Limited tax general obligation debt will be issued as is justified by the assessed valuation. In addition there will be a mill levy cap not to exceed 30 mills for debt service and 35 mills total for debt service and operations.

B. DEVELOPMENT ANALYSIS

1. Attached as Exhibit 4 is an analysis of the Infrastructure Capital Costs for the sewer system, the water system, drainage improvements, roads, landscaping and miscellaneous for the first 4 phases of the development:

Infrastructure Capital Costs:	Phase 1:	\$21,028,750
	Phase 1A	\$ 7,186,500
	Phase 2:	\$ 7,611,000
	Phase 3:	\$11,582,500
	Total:	\$47,408,750

These capital costs do not include interest or the cost of bond issuance.

The Districts will only do those public improvements that will benefit the residents of the entire District; i.e. arterial and collector streets, main distribution lines for water and wastewater, parks, drainage, engineering, etc. Exhibit 4 is a summary of the anticipated costs and a complete breakdown of the unit and annual costs on a phasing basis. It is estimated that the total infrastructure for the four phases will take eight years to construct. Note that the Exhibit 4 contains a map showing the various phases of development that coincides with the Summary of Projected Costs.

2. At complete build-out of the service area, the Districts are planned to consist of the following land uses and acreages:

<u>ACREAGE</u>	<u>ZONING</u>	<u>UNITS</u>
82 Acres	R-2	2 DU/AC-160
523 Acres	R2-3.5	2-3.5 DU/AC-1570
67 Acres	R35-8	3.5-8 DU/AC-410
146 Acres	VI	10 DU/AC-1460
21 Acres	R12-20	12-20 DU/AC-375
81 Acres	C	Commercial
20 Acres	C/R	Private Club/Fitness Center
64 Acres	O	Office

82 Acres	OI	Office/Industrial
80 Acres	S	School
50 Acres	P	Park
77 Acres	OS	Open Space
197 Acres	GC	Golf Course
76 Acres	ROW	Powers Boulevard

Total residential dwelling units will be a maximum of 3,582 at build-out.

3. The market analysis (Exhibit 3) relates to the residential development and projects that Flying Horse will capture between 11% and 14% of the markets for new homes in the North 1-25 corridor or 200 to 250 housing units between the year 2004 and 2018. In addition it is estimated that there will be 1,862,190 square feet of office, commercial, and industrial space at total buildout.

The report also analyzes the impact of a health club and golf course and also does a cash flow analysis of the entire project.

4. Future bonded indebtedness will only be done as the assessed valuation warrants the same and with the use of limited tax general obligation bonds.

C. FINANCIAL PLAN ANALYSIS

The Owner will supply the credit enhancements needed for the initial debt to be issued by the Districts. These credit enhancements could consist of a combination of one or more of the following:

- posting of a letter of credit
- guaranteed developer fees
- developer purchase of all or a portion of the bonds

The credit enhancement may consist of the Owner guaranteeing the payment of certain Facility Fees so that a default is avoided and the mill levy cap is not reached. To the extent that third party bonds are not issued, the developer will advance funds and receive bonds.

Limited tax general obligation debt will be issued by the Districts as is justified by the assessed valuation. In addition there will be a mill levy cap of 30 mills for debt service and an aggregate total mill levy cap of 35 mills for debt service and operations. The Financial Plan (Exhibit 5) contemplated 25 mills for debt service and 10 mills for operations; however, there could be different combinations of these two mill levies provided that the cap of 30 mills is not exceeded for debt and 35 mills total is not exceeded for debt and operations. The mill levy cap will insure future residents and property owners that property taxes will not become excessive even if development plans are not met. The mill cap will be set forth in this Consolidated Service Plan and any increase in the cap will be considered a material modification of the Consolidated Service Plan requiring the

approval of the City Council. So that future residents have the opportunity to refund debt at a lower interest rate, the proposed ballot questions for the Districts' organizational election will provide for unlimited general obligation debt.

1. Attached as Exhibit 5 is a Financial Plan projecting finances from the year 2005 to 2045. This Plan shows the number of units or square footage projected to come on line each year, the assessed valuation annual increase, and then depicts the revenues to be derived from development fees and the mill levy. The Plan also estimates the annual operating costs of the Districts. The first page of the Financial Plan is an overall summary of projected revenues and use of funds. The District should be allowed to increase the development/facility fees as may be necessary due to inflationary increases in costs; provided that the same do not increase more than 12% in any one year. The facility fees are initially projected to be \$2000 for single family units, \$500 for multi-family units, and \$.75 per square foot of commercial space. The fees are structured in order to produce additional revenues needed for the Financial Plan and at the same time, the fees are not onerous so as to discourage development.

It is proposed that bonds be issued in the following tranches:

Series 2005	\$15,100,000
Series 2008	\$14,100,000
Series 2011	\$13,100,000
Series 2015	\$29,100,000

2. The maximum debt service mill levy for the Districts shall be thirty (30) mills, and the aggregate mill levy for both debt service and operations shall be thirty-five (35) mills provided that if, on or after January 1, 2005, there are changes in the method of calculating assessed valuation of constitutionally mandated tax credit, cut or abatement, the mill levy limitations described herein may be increased or decreased to reflect such changes as indicated in the following examples which are meant only to illustrate how to calculate the Gallagher adjustment for the purposes of this Consolidated Service Plan. For example purposes only, and for District No. 2 (the residential development), if the Gallagher adjustment, or constitutional amendment reduces the residential assessment ratio from 7.9% to 6.9%, which results in 12.66% reductions, the debt service mill levy cap of thirty (30) mills would increase by 12.66% to 33.880 mills, and the 35 aggregate mill levy cap would be increased to 39.43 mills. For example purposes only, and for District No. 3 (the commercial and non-residential development), if the Gallagher adjustment or constitutional amendment reduces the assessment ratio from 29% to 25%, which results in a 13.79% reduction, the debt service mill levy cap of thirty (30) mills would be increased 13.79% to 34.14 mills, and the aggregate 35 mill levy cap would be increased to 39.83 mills.

The Financial Plan projects the mill levy for debt service to commence at 25 mills for residential properties and 25 mills for commercial properties and then increase over time to 29.1 mills. The mill levy for operations and maintenance will commence at 10 mills for the Districts and then decrease over time to 5.9 mills. All debt must be approved by the City Council prior to issuance..

The issuance of all bonds, including subordinate and/or developer held bonds or other debt instruments shall be subject to the approval of City Council. All limited tax general obligation bonds, if not rated as investment grade, must be issued in minimum denominations of \$100,000.00 and sold to either accredited investors as defined in Rule 501(a) promulgated under the Securities Act of 1933 or to the Developer/Owner.

Prior City Council approval is not required for the issuance of promissory notes and related agreements concerning the repayment of advances and cost incurred relative to Districts' operation, maintenance, and administrative costs, and the maximum allowed interest rate payable shall be eight percent (8%) and shall not compound.

The Districts may, without City Council approval, enter into intent to reimburse agreements in which the Districts promise to repay such advances with bond proceeds. The maximum allowed interest rate shall be eight percent (8%), and shall not compound. Additionally, the Districts may, subject to City Council approval, issue subordinate bonds or other indebtedness for the repayment of capital costs advanced and incurred on the Districts' behalf.

3. At the time of the election forming the Districts, it is proposed that there also be a ballot question authorizing up to \$75,000,000 million dollars in debt (limited tax) plus interest for purposes of meeting the obligations of the cost of capital infrastructure. In addition, the election will authorize the District to pay operation and maintenance expenses and to have a mill levy for the same.

4. Initially bonds will be issued in tranches as set forth in the Financial Plan. Thereafter, as the overall assessed valuation of District No. 2 and District No. 3 increases, District No. 2 and District No. 3, pursuant to the Intergovernmental Agreement (Exhibit 7), will issue limited tax general obligation debt in order to pay for necessary infrastructure and/or to finance the bonds. Any debt that is issued will be in compliance with CRS 32-1-1101(6)(a) in that the debt will not exceed the greater of two million dollars or 50% of the assessed valuation of the District, unless the debt falls within the category of one of the statutory exceptions; i.e. rated, secured, insured, etc. As the overall assessed valuation of Flying Horse increases, District No. 2 and District No. 3, pursuant to the financial obligation created by the IGA with District No. 1, will levy its limited capped mill levy (or fewer mills if possible) and pay the resulting revenues to District No. 1 to assist District No. 1 in paying debt service on bonds or will issue debt directly.

5. The Infrastructure Capital Costs (Exhibit 4) consist of a breakdown of all development costs

contemplated which are identified by type of service.

6. All major infrastructure capital improvements together with the necessary easements will be assigned and deeded to the City.
7. The owner and developer are financially stable and successful entities that have done business in El Paso County and the City of Colorado Springs for many years. As such, they have the ability to meet the obligations of credit enhancement necessary for the initial bonds.
8. As reflected in the Marketing Analysis (Exhibit 3), these Districts should be capable of providing economical service within the boundaries.
9. If development does not occur as projected then there will be a delay in the addition of infrastructure and the incurring of additional debt.
10. It is anticipated that in the formative years the Service District will have shortfalls in being able to meet its monthly operations and maintenance expenses. The Owner is prepared to assume these obligations for the development of the initially included property within the Districts subject to the Owner being repaid from revenues.
11. All real property taxes have been paid and are current.
12. It is not anticipated that there would be any financial difficulties that could affect the performance of the proposed District under this Consolidated Service Plan due to the fact that there is a cap on the mill levy and the debt is issued in phases consistent with the assessed valuation of the Districts.
13. It is anticipated that all improvements will be constructed to the standards imposed by the City of Colorado Springs and the Colorado Springs Department of Utilities.
14. In addition to property taxes, the District may also rely upon developer facility fees as set forth in the Financial Plan. Should the developer desire to assess any other fees, rates, tolls or charges, this will be considered a material modification of the Consolidated Service Plan requiring consent of the City Council.

D. INFRASTRUCTURE ANALYSIS

A general description of the facilities to be constructed and the standards of such construction showing that they are compatible with the facilities and standards of the City as follows:

ARTERIAL AND COLLECTOR STREET IMPROVEMENTS & SAFETY PROTECTION

By the IGA with District No. 2 and District No. 3, District No. 1 intends to provide for the acquisition, construction, completion, and installation of street improvements including curbs, gutters, sidewalks, bridges, overpasses, bike paths and pedestrian ways, irrigation, landscape, streetscape and entryways, and a system of traffic and safety controls and devices on streets and highways, including signalization, together with all necessary, incidental, and appurtenant facilities, right-of-ways, land and easements. The District will only provide for the arterial and collector roads and streets that serve the entire development.

All streets and safety protection facilities will be constructed in accordance with engineering and design requirements appropriate for the surrounding terrain, and shall be compatible with the standards of the City and the Colorado Department of Highways.

Exhibit 6 is a Traffic Impact Study.

DRAINAGE

All storm sewers and facilities will be constructed in accordance with the standards and specifications of the City. Again, the drainage improvements would be phased along with other capital construction improvements; however, if drainage improvements are required to be up-fronted or constructed in advance of a normal schedule, the District may be entitled to reimbursement as provided by the City Code. The drainage improvements would consist of detention/retention ponds, roadway swales and piping. Drainage improvements that are an integral part of the street and roadway system will be maintained by the City along with routine street maintenance. Detention ponds will be maintained by the City only after acceptance by the City..

WATER DISTRIBUTION

The water distribution and storage system will consist of, but not be limited to, pipes, fire hydrants, controls, deep well construction, wells, turbine pumps and related equipment. The water system will be coordinated with the City in order to meet their requirements with regard to fire flows and will be sized based upon projected fire flows and potable water demands as specified by Colorado Springs Utilities and the Water Resource Department's Standards and Specifications as approved by Colorado Springs Utilities. Water quality will meet all standards as set by the State Department of Health or other applicable laws and regulations. The water system shall comply with all federal, state, and county requirements, including any requirements shown on approved plats.

With the consent of the City Council, non-potable water may be available for irrigation use within the proposed District from ground water wells which will be owned by the developer. Title to the well permits and concomitant water rights are currently held by the City and pursuant to the

Annexation Agreement all water and water rights have been assigned to the City.

The total water distribution and storage system will again be phased along with other capital improvements and , except for the irrigation distribution system, will be owned by the City of Colorado Springs.

SANITARY SEWER SYSTEM

The wastewater collection facilities will be designed and constructed in accordance with the standards of the City and any other state or federal rules and regulations. Upon construction, inspection, and acceptance by the City in accordance with the Water Resources Department's Standards and Specifications, all wastewater facilities will be owned, operated and maintained by the City. Colorado Springs Utilities will charge system users for its services based on current ordinances. Wastewater will be collected and transported to the Colorado Springs wastewater treatment facilities.

PARK AND RECREATION

Park and recreation facilities of the District would consist of undisturbed open space, improved park areas, and trails. District No. 1 will own and maintain neighborhood parks and the City will own and maintain the Community Park. Mosquito control as required will also be provided.

OPERATION, MAINTENANCE AND ADMINISTRATION

The proposed Districts would operate and maintain the parks, entrance features, and street landscaping.

OWNER RESPONSIBILITIES

The Owner, and through its development company, has assumed the responsibility of providing the necessary credit enhancements to support the issuance of bonds. In addition, the owner shall provide a mechanism to meet any financial shortfalls in District operations.

E. INTERGOVERNMENTAL AGREEMENTS

Exhibit 7 sets forth a draft of a proposed intergovernmental agreement ("IGA") to be entered into between the three Districts. The final IGA will set forth the terms for facilities funding, construction, and operation. The IGA recognizes the voter approved debt and requires District No. 2 and District No. 3 to issue this debt when and as it is needed. The IGA further provides the guidelines for construction management and operations by District No. 1. Such IGA shall be approved by the City Council both as to form and content and shall be approved by and executed by

the Districts prior to undertaking any financial activities contemplated herein. The IGA and any other agreements will be subject to and in compliance with the Consolidated Service Plan.

F. MISCELLANEOUS

1. The contemplated municipal services are under the jurisdiction of the Special District Control Act and not the Public Utilities Commission.
2. The Owner intends to meet all requirements of the City Land Development Code as may be required.
3. At this time there are no plans to exercise the power of eminent domain within or without the District's boundaries; however, the power shall be available for use by the District if approved by City Council.

G. COMPLIANCE

The Owner will supply all such additional information as may be required by the City and agrees that:

1. Annual Report. An annual report will be required and submitted as described in C.R.S. 32-1-207(3)(d) and shall include the following:
 - a. Boundary changes made or proposed.
 - b. Intergovernmental agreements made with other governmental entities entered into or proposed.
 - c. Changes or proposed changes in the Districts' policies.
 - d. Changes or proposed changes in the Districts' operations.
 - e. Any changes in the financial status of the Districts including revenue projections, or operating costs.
 - f. A summary of any litigation which involves the Districts.
 - g. Proposed plans for the year immediately following the year summarized in the annual report.
 - h. Status of the Districts' construction schedule.
 - i. A list of all facilities and improvements that have been dedicated to and accepted by the City.
 - j. Summary of the current assessed valuations of the Districts as compared to the projected assessed valuation.
 - k. Budget of the Districts for the reporting years.
 - l. Most recent audited financial statements of the Districts.

In addition the report shall contain a one page summary with the following information:

- Assessed valuation
- Acreage
- Indebtedness stated by class or issue
- Debt service stated by class or issue
- Tax revenue
- Other revenue
- Infrastructure expenditures
- Other expenditures

2. Dissolution. The Districts shall be subject to dissolution in the event that limited tax general obligation debt has not been issued within three years of District organization, or if the District has no debt outstanding and is deemed to be inactive as defined in Section 32-1-710, C.R.S. In such event the authorized purposes and powers of the Districts shall be automatically curtailed and expressly limited to taking actions reasonably necessary to dissolve, the board of the Districts will be deemed to have agreed with the City to dissolve without an election pursuant to Section 32-1-704(3)(b), C.R.S., and the Districts shall thereupon dissolve.

3. Modifications. Should material modifications occur as described in C.R.S. 32-1-207(2), the District shall apply for approval of such modifications to the City Council. Material modifications shall include modifications of a basic or essential nature including any additions to the types of facilities or services provided by the Districts, boundary adjustments, change in debt or mill levy limit, change in revenue type, or change in maximum mill levy. All material modifications shall be subject to City Council approval in accordance with Section 32-1-207(2), C.R.S. The examples above are only examples and not an inclusive list of all actions which may be identified as a material modification. The City or Colorado Springs Utilities approval shall not be required for non-material modifications to this Consolidated Service Plan necessary for the execution of the Financing Plan for public improvements previously outlined herein. In the eventuality that the City changes or modifies its policies to allow for a higher mill levy cap, it is the intention that that this Consolidated Service Plan be modified accordingly upon approval of City Council.

4. Failure to Comply with Service Plan. In the event the Districts take any action which constitutes a material modification from the Consolidated Service Plan without approval from the City, or fails to comply with the Consolidated Service Plan, in addition to other remedies available to the City or Colorado Springs Utilities, the City or Colorado Springs Utilities may utilize the remedies set forth in the statutes to seek to enjoin the actions of the Districts.

5. Conservation Trust Funds. The Districts shall claim no entitlement to funds from the Conservation Trust Fund which is derived from lottery proceeds unless approved by the City Council. All funds received shall be remitted to the City within 60 days.

6. Consolidation. The Districts shall not file a request with the District Court to consolidate with another district without the prior written approval of the City.

7. Resolution. The Districts agree to incorporate the City Council's Resolution of Approval, including any conditions therein, into the Consolidated Service Plan presented to the District Court.

8. Disclosure. The petitioners and the Districts will use best efforts to assure that all developers of the property located within the boundaries of the Districts provide written notice in a form acceptable to the City to all purchasers of property in the Districts regarding the existence of, and the additional taxes, charges, or assessments that may be imposed by the Districts. The form shall also disclose the nature of the dual district concept and that the property owners may not have the traditional powers of some districts. The form of disclosure shall be submitted to the City within ninety (90) days following the organization of the District and prior to the issuance of any debt by the District. Such disclosure shall include, but not necessarily be limited to the following matter:

- a. The authorized debt of the Districts, anticipated issuance schedule, and terms thereof.
- b. The facilities to be operated and maintained by the Districts.
- c. The maximum mill levy of the Districts and the procedure for any adjustments thereto.
- d. An estimate of the annual ad valorem property tax to be paid by a representative property within the Districts.
- e. Any applicable District fees and a statement that such fees are separate from any applicable homeowners' association fees.
- f. Description of the multi-district structure and the intergovernmental agreement.

Subsequent to the Districts' organization, the disclosure shall be provided to all potential purchasers at the point of contracting for purchase of the property and shall additionally be recorded in the real property records of the County of El Paso, State of Colorado.

9. Election. Following approval of this Consolidated Service Plan by the City, and after acceptance of the organizational petition and issuance of orders from the District Court, elections on the questions of organizing the Districts and approving bonded indebtedness and various agreements described herein will be scheduled. All elections shall be conducted as provided in Court Orders and the Colorado Uniform Election Code. It is anticipated that the election questions will be whether to form the districts, election of initial directors and their terms, approval of spending limitations by category (i.e. streets, water, sewer, etc.) with the mill levy cap, waiver of the limitations of Tabor, waiver of term limits, and approval of the IGA. The form of ballot will be submitted to the City for review prior to the certification of the same as the official ballot.

H. CONCLUSION

To meet the long term public improvement and service needs of the future residents of Flying Horse it is proposed that the Districts perform the municipal functions that are described in this Consolidated Service Plan.

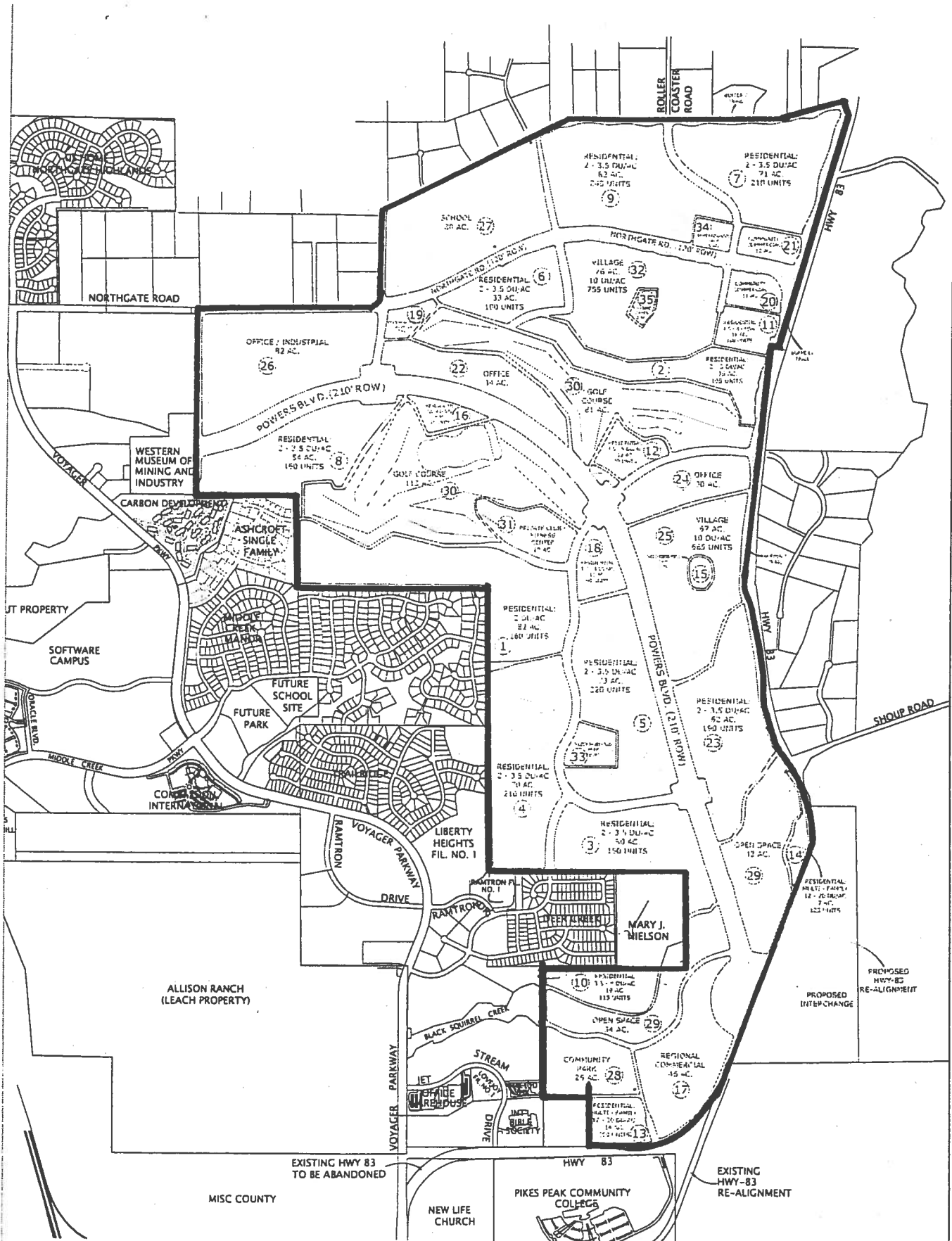
It is submitted that this Consolidated Service Plan for the proposed Districts establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed Districts;
2. The existing service in the area to be served by the proposed District is inadequate for present and projected needs;
3. The proposed Districts are capable of providing economical and sufficient service to the Development;
4. The areas to be included in the proposed Districts do 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 proposed Districts are compatible with the facility and service standards of the City within which the proposed special district is to be located and the City is an interested party under Section 32-1-204(I), 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 creation of the proposed Districts is in the best interests of the area proposed to be served.

Therefore, it is requested that the City Council, which has jurisdiction to approve this Consolidated Service Plan by virtue of Section 32-1-201, C.R.S., et. se., as amended, adopt a resolution which approves this Consolidated Service Plan for the Districts as submitted.

SUSEMIHL, MCDERMOTT & COWAN, P.C.

Exhibit 1



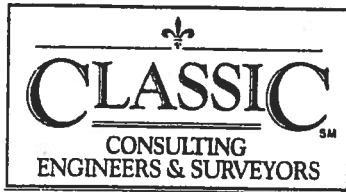
FLYING HORSE

LEGEND / LANDUSE TABLE:

R-2	2 - 3.5 DU/AC 700 UNITS	C	GENERAL COMMERCIAL	P	PAVING
R2-3.5	2 - 3.5 DU/AC 1400 UNITS	C/R	COMMERCIAL/RESIDENTIAL	OS	OPEN SPACE
R3.5-8	3.5 - 8 DU/AC 1500 UNITS	O	OFFICE	GC	GOLF COURSE
VI	VILLAGE 12 - 20 DU/AC	OI	OFFICE/INDUSTRIAL	ROW	RIGHT OF WAY
R12-20	12 - 20 DU/AC 1500 UNITS	S	SINGLE-FAMILY		

JUN 17 2009

Exhibit 2



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

JOB NO. 1071.00 - D1
MAY 7, 2004
PAGE 1 of 1

LEGAL DESCRIPTION: DISTRICT 1

A PARCEL OF LAND LOCATED IN A PORTION OF SECTION 4, TOWNSHIP 12 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

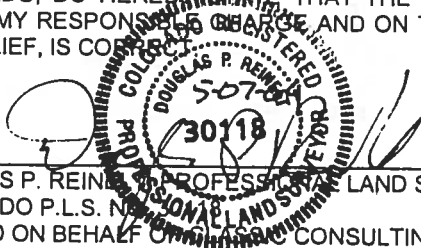
BASIS OF BEARINGS: A PORTION OF THE SOUTHERLY RIGHT-OF-WAY LINE OF NORTH GATE ROAD, BEING MONUMENTED AT THE WEST END BY A NO. 5 REBAR WITH CAP STAMPED "PLS 10376" AND AT THE EAST END BY A NO. 5 REBAR WITH CAP STAMPED "PLS 10376" ASSUMED TO BEAR N63°26'14"E, A DISTANCE OF 2710.02 FEET.

COMMENCING AT A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF NORTH GATE ROAD, FROM WHENCE THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 8, TOWNSHIP 12 SOUTH, RANGE 66 WEST, OF THE SIXTH PRINCIPAL MERIDIAN BEARS S54°32'14"W, A DISTANCE OF 4536.39 FEET;
THENCE S1°45'44"E, A DISTANCE OF 1385.42 FEET TO THE POINT OF BEGINNING;
THENCE N82°54'21"E, A DISTANCE OF 25.00 FEET;
THENCE S37°19'06"E, A DISTANCE OF 48.94 FEET;
THENCE N51°17'12"E, A DISTANCE OF 117.94 FEET TO A POINT ON CURVE;
THENCE ON THE ARC OF A CURVE TO THE LEFT, WHOSE CENTER BEARS N51°17'12"E, HAVING A DELTA OF 17°27'27", A RADIUS OF 50.00 FEET, A DISTANCE OF 15.23 FEET TO A POINT ON CURVE;
THENCE S33°49'45"W, A DISTANCE OF 127.41 FEET;
THENCE S37°19'06"E, A DISTANCE OF 33.72 FEET;
THENCE S04°14'19"E, A DISTANCE OF 27.21 FEET TO A POINT ON CURVE;
THENCE ON THE ARC OF A CURVE TO THE LEFT, WHOSE CENTER BEARS S04°14'19"E, HAVING A DELTA OF 02°06'09", A RADIUS OF 2510.00 FEET, A DISTANCE OF 92.10 FEET TO A POINT ON CURVE;
THENCE N07°05'39"W, A DISTANCE OF 141.70 FEET, TO THE POINT OF BEGINNING;

CONTAINING A CALCULATED AREA OF 0.308 ACRES MORE OR LESS.

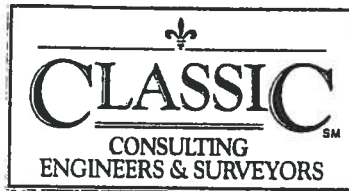
LEGAL DESCRIPTION STATEMENT:

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



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

MAY 07, 2004
DATE



Colorado Springs, Colorado 80919
(719) 785-0790 (719) 785-0799 fax

JOB NO. 1071.00 – D2.A
JULY 26, 2004
PAGE 1 OF 4

LEGAL DESCRIPTION: DISTRICT 2

TWO PARCELS OF LAND LOCATED IN PORTIONS OF SECTIONS 4, 5, 8, & 9, TOWNSHIP 12 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: A PORTION OF THE SOUTHERLY RIGHT-OF-WAY LINE OF NORTH GATE ROAD, BEING MONUMENTED AT THE WEST END BY A NO. 5 REBAR WITH CAP STAMPED "PLS 10376" AND AT THE EAST END BY A NO. 5 REBAR WITH CAP STAMPED "PLS 10376" ASSUMED TO BEAR N63°26'14"E, A DISTANCE OF 2710.02 FEET.

PARCEL A

COMMENCING AT A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF NORTH GATE ROAD, FROM WHENCE THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 8, TOWNSHIP 12 SOUTH, RANGE 66 WEST, OF THE SIXTH PRINCIPAL MERIDIAN BEARS S54°32'14"W, A DISTANCE OF 4536.39 FEET. SAID POINT ALSO BEING THE POINT OF BEGINNING;

THENCE ON THE ARC OF A CURVE TO THE RIGHT, ON THE SOUTHERLY RIGHT OF WAY LINE OF NORTH GATE ROAD, WHOSE CENTER BEARS S26°33'46"E, HAVING A DELTA OF 02°21'22", A RADIUS OF 370.00 FEET, A DISTANCE OF 15.21 FEET TO A POINT ON CURVE, ON THE SOUTH LINE OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 12 SOUTH, RANGE 66 WEST;

THENCE N88°53'28"E, ON SAID SOUTH LINE, A DISTANCE OF 1547.45 FEET;

THENCE N01°37'19"W, A DISTANCE OF 30.38 FEET TO THE SOUTHERLY RIGHT OF WAY OF NORTH GATE ROAD;

THENCE N89°47'43"E, ON SAID SOUTH LINE, A DISTANCE OF 1610.06 FEET;

THENCE N73°28'01"E, ON SAID SOUTH LINE, A DISTANCE OF 882.00 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF COLORADO STATE HIGHWAY NO. 83;

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

1. S21°08'18"E, A DISTANCE OF 153.53 FEET;
2. S14°39'11"W, A DISTANCE OF 245.60 FEET;
3. S16°18'11"W, A DISTANCE OF 1356.03 FEET;

THENCE N72°30'00"W, A DISTANCE OF 102.37 FEET;

THENCE S67°00'00"W, A DISTANCE OF 139.52 FEET;

THENCE N74°00'00"W, A DISTANCE OF 742.32 FEET;

THENCE S72°52'48"W, A DISTANCE OF 244.28 FEET TO A POINT ON CURVE;

THENCE ON THE ARC OF A CURVE TO THE RIGHT, WHOSE CENTER BEARS S72°52'48"W HAVING A DELTA OF 26°39'31", A RADIUS OF 533.00 FEET, A DISTANCE OF 248.00 FEET TO A POINT OF TANGENT;

THENCE S09°32'19"W, A DISTANCE OF 1058.88 FEET;

THENCE S80°00'00"E, A DISTANCE OF 953.10 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF COLORADO STATE HIGHWAY NO. 83;

THENCE ON SAID WESTERLY RIGHT-OF-WAY LINE, THE FOLLOWING NINE (9) COURSES:

1. S16°18'11"W, A DISTANCE OF 201.18 FEET;
2. S22°00'41"W, A DISTANCE OF 100.50 FEET;
3. S16°18'11"W, A DISTANCE OF 150.00 FEET;
4. N83°54'49"W, A DISTANCE OF 105.40 FEET;
5. S06°42'11"W, A DISTANCE OF 295.20 FEET;
6. S23°52'11"W, A DISTANCE OF 55.70 FEET;
7. S06°05'11"W, A DISTANCE OF 329.00 FEET;
8. S05°20'11"W, A DISTANCE OF 405.20 FEET;
9. S05°42'11"W, A DISTANCE OF 429.25 FEET;

THENCE N84°17'49"W, A DISTANCE OF 181.62 FEET TO A POINT OF CURVE;

THENCE ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 63°04'20", A RADIUS OF 483.00 FEET, A DISTANCE OF 531.70 FEET TO A POINT OF TANGENT;
THENCE S32°37'51"W, A DISTANCE OF 296.06 FEET TO A POINT OF CURVE;
THENCE ON THE ARC OF A CURVE TO THE RIGHT, HAVING A DELTA OF 21°02'09", A RADIUS OF 1200.00 FEET, A DISTANCE OF 440.57 FEET TO A POINT OF TANGENT;
THENCE S53°40'00"W, A DISTANCE OF 822.29 FEET TO A POINT ON CURVE;
THENCE ON THE ARC OF A CURVE TO THE LEFT, WHOSE CENTER BEARS S67°36'45"W, HAVING A DELTA OF 12°06'45", A RADIUS OF 3655.00 FEET, A DISTANCE OF 772.69 FEET TO A POINT ON CURVE;

THENCE N55°30'00"E, A DISTANCE OF 140.00 FEET TO A POINT ON CURVE;
THENCE ON THE ARC OF A CURVE TO THE LEFT WHOSE CENTER BEARS S55°30'00"W, HAVING A DELTA OF 05°33'40", A RADIUS OF 3795.00 FEET, A DISTANCE OF 390.41 FEET TO A POINT ON CURVE;

THENCE N21°20'00"E, A DISTANCE OF 675.04 FEET;
THENCE N88°00'00"E, A DISTANCE OF 125.00 FEET;
THENCE S77°00'00"E, A DISTANCE OF 310.00 FEET;
THENCE S83°20'00"E, A DISTANCE OF 840.00 FEET;
THENCE S80°00'00"E, A DISTANCE OF 330.00 FEET;
THENCE N55°30'00"E, A DISTANCE OF 320.00 FEET;
THENCE N09°00'00"E, A DISTANCE OF 160.00 FEET;
THENCE N46°00'00"W, A DISTANCE OF 400.00 FEET;
THENCE N74°30'00"W, A DISTANCE OF 660.00 FEET;
THENCE S89°00'00"W, A DISTANCE OF 350.00 FEET;
THENCE S84°00'00"W, A DISTANCE OF 320.00 FEET;
THENCE S72°30'00"W, A DISTANCE OF 240.00 FEET;
THENCE S39°54'13"W, A DISTANCE OF 206.93 FEET;
THENCE S82°00'00"W, A DISTANCE OF 150.00 FEET;
THENCE N37°00'00"W, A DISTANCE OF 1025.00 FEET;
THENCE N73°20'00"W, A DISTANCE OF 620.00 FEET;
THENCE N68°00'00"W, A DISTANCE OF 180.00 FEET;
THENCE N73°20'00"W, A DISTANCE OF 890.00 FEET;
THENCE N28°23'28"W, A DISTANCE OF 200.27 FEET;
THENCE S61°36'32"W, A DISTANCE OF 224.02 FEET TO A POINT OF CURVE;
THENCE ON THE ARC OF A CURVE TO THE RIGHT, HAVING A DELTA OF 27°30'07", A RADIUS OF 1050.00 FEET, A DISTANCE OF 504.00 FEET TO A POINT OF TANGENT;
THENCE S89°06'39"W, A DISTANCE OF 71.50 FEET;
THENCE N00°31'49"W, A DISTANCE OF 189.19 FEET TO THE RIGHT-OF-WAY LINE OF NORTH GATE ROAD;
THENCE ON SAID RIGHT-OF-WAY LINE OF SAID NORTH GATE ROAD, THE FOLLOWING THREE (3) COURSES:

1. N00°31'49"W, A DISTANCE OF 1125.77 FEET TO A POINT OF CURVE;
2. ON THE ARC OF A CURVE TO THE RIGHT, HAVING A DELTA OF 63°58'03", A RADIUS OF 130.14 FEET, A DISTANCE OF 145.29 FEET TO A POINT OF TANGENT;
3. N63°26'14"E, A DISTANCE OF 2710.02 FEET TO THE POINT BEING THE POINT OF BEGINNING;

CONTAINING A GROSS CALCULATED AREA OF 437.601 ACRES

EXCEPTING THAT PORTION OF LAND DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF NORTH GATE ROAD, FROM WHENCE THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 8, TOWNSHIP 12 SOUTH, RANGE 66 WEST, OF THE SIXTH PRINCIPAL MERIDIAN BEARS S54°32'14"W, A DISTANCE OF 4536.39 FEET;
THENCE S01°45'44"E, A DISTANCE OF 1385.42 FEET TO THE POINT OF BEGINNING;
THENCE N82°54'21"E, A DISTANCE OF 25.00 FEET;
THENCE S37°19'06"E, A DISTANCE OF 48.94 FEET;
THENCE N51°17'12"E, A DISTANCE OF 117.94 FEET TO A POINT ON CURVE;
THENCE ON THE ARC OF A CURVE TO THE LEFT, WHOSE CENTER BEARS N51°17'12"E, HAVING A DELTA OF 17°27'27", A RADIUS OF 50.00 FEET, A DISTANCE OF 15.23 FEET TO A POINT ON CURVE;
THENCE S33°49'45"W, A DISTANCE OF 127.41 FEET;
THENCE S37°19'06"E, A DISTANCE OF 33.72 FEET;
THENCE S04°14'19"E, A DISTANCE OF 27.21 FEET TO A POINT ON CURVE;

THENCE ON THE ARC OF A CURVE TO THE LEFT, WHOSE CENTER BEARS S04°14'19"E, HAVING A DELTA OF 02°06'09", A RADIUS OF 2510.00 FEET, A DISTANCE OF 92.10 FEET TO A POINT ON CURVE;

THENCE N07°05'39"W, A DISTANCE OF 141.70 FEET, TO THE POINT OF BEGINNING;

CONTAINING A CALCULATED AREA OF 0.308 ACRES MORE OR LESS.

CONTAINING A NET CALCULATED AREA OF 437.293 ACRES

PARCEL B

COMMENCING AT THE CENTER QUARTER OF SECTION 8, TOWNSHIP 12 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, SAID POINT BEING THE POINT OF BEGINNING;

THENCE N89°48'56"W, ON THE SOUTH LINE OF THE EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 8, A DISTANCE OF 1327.31 FEET TO THE SOUTHWEST CORNER OF SAID EAST HALF;

THENCE N01°14'32"W, ON THE WEST LINE OF THE EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 8, A DISTANCE OF 798.47 FEET TO A POINT ON CURVE;

THENCE ON THE ARC OF A CURVE TO THE LEFT WHOSE CENTER BEARS N06°44'24"W, HAVING A DELTA OF 21°27'38", A RADIUS OF 1945.00 FEET, A DISTANCE OF 728.51 FEET TO A POINT OF TANGENT;

THENCE N61°47'58"E, A DISTANCE OF 593.19 FEET TO A POINT OF CURVE;

THENCE ON THE ARC OF A CURVE TO THE RIGHT, HAVING A DELTA OF 24°18'20", A RADIUS OF 2960.00 FEET, A DISTANCE OF 1255.67 FEET TO A POINT OF COMPOUND CURVE;

THENCE ON THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS S03°53'41"E, HAVING A DELTA OF 24°48'19", A RADIUS OF 3655.00 FEET, A DISTANCE OF 1582.37 FEET TO A POINT ON CURVE;

THENCE S20°08'20"W, A DISTANCE OF 380.04 FEET;

THENCE S75°00'00"W, A DISTANCE OF 715.00 FEET;

THENCE N20°00'00"W, A DISTANCE OF 260.00 FEET;

THENCE N60°00'00"W, A DISTANCE OF 100.00 FEET;

THENCE N10°00'00"W, A DISTANCE OF 172.74 FEET TO A POINT ON CURVE;

THENCE ON THE ARC OF A CURVE TO THE LEFT WHOSE CENTER BEARS S04°44'43"W, HAVING A DELTA OF 01°56'27", A RADIUS OF 3340.00 FEET, A DISTANCE OF 113.14 FEET TO A POINT ON CURVE;

THENCE S40°00'00"W, A DISTANCE OF 800.00 FEET;

THENCE S29°00'00"W, A DISTANCE OF 710.00 FEET;

THENCE S70°00'00"W, A DISTANCE OF 60.00 FEET;

THENCE N45°00'00"W, A DISTANCE OF 150.00 FEET;

THENCE N75°00'00"W, A DISTANCE OF 120.00 FEET;

THENCE S70°00'00"W, A DISTANCE OF 145.00 FEET;

THENCE S20°00'00"W, A DISTANCE OF 144.69 FEET;

THENCE S75°05'28"W, A DISTANCE OF 66.71 FEET TO A POINT ON CURVE;

THENCE ON THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS S75°05'15"W, HAVING A DELTA OF 17°34'45", A RADIUS OF 430.00 FEET, A DISTANCE OF 131.93 FEET TO A POINT OF TANGENT;

THENCE S02°40'00"W, A DISTANCE OF 182.17 FEET TO A POINT OF CURVE;

THENCE ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 02°16'15", A RADIUS OF 470.00 FEET, A DISTANCE OF 18.63 FEET TO A POINT ON CURVE;

THENCE ON THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS S34°51'52"W, HAVING A DELTA OF 55°08'08", A RADIUS OF 50.00 FEET, A DISTANCE OF 48.11 FEET TO A POINT ON CURVE;

THENCE S90°00'00"E, A DISTANCE OF 63.03 FEET;

THENCE S50°00'00"E, A DISTANCE OF 341.33 FEET;

THENCE S75°00'00"E, A DISTANCE OF 590.00 FEET;

THENCE N57°00'00"E, A DISTANCE OF 450.00 FEET;

THENCE S40°00'00"E, A DISTANCE OF 130.00 FEET;

THENCE S81°00'00"E, A DISTANCE OF 865.00 FEET;

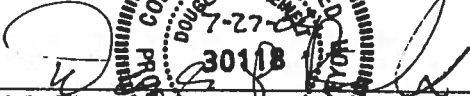
THENCE S78°30'00"E, A DISTANCE OF 1420.00 FEET;
THENCE S13°51'01"E, A DISTANCE OF 170.18 FEET;
THENCE S83°30'00"W, A DISTANCE OF 1101.00 FEET;
THENCE N89°50'42"W, A DISTANCE OF 2636.07 FEET TO A POINT ON THE WEST LINE OF THE
SOUTHEAST QUARTER OF SECTION 8;

THENCE N01°23'27"W, ON THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION
8, A DISTANCE OF 1277.79 FEET TO THE POINT OF BEGINNING;

CONTAINING A CALCULATED AREA OF 130.854 ACRES.

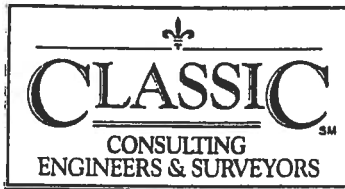
LEGAL DESCRIPTION STATEMENT:

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



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

July 27, 2004
DATE



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

JOB NO. 1071.00 – D3
MAY 7, 2004
PAGE 1 OF 3

LEGAL DESCRIPTION: DISTRICT 3

TWO PARCELS OF LAND LOCATED IN PORTIONS OF SECTIONS 4, 5, 8 & 9, TOWNSHIP 12 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: A PORTION OF THE SOUTHERLY RIGHT-OF-WAY LINE OF NORTHGATE ROAD, BEING MONUMENTED AT THE WEST END BY A NO. 5 REBAR WITH CAP STAMPED "PLS 10376" AND AT THE EAST END BY A NO. 5 REBAR WITH CAP STAMPED "PLS 10376" ASSUMED TO BEAR N63°26'14"E, A DISTANCE OF 2710.02 FEET.

PARCEL A

COMMENCING AT A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF NORTHGATE ROAD, FROM WHENCE THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 8, TOWNSHIP 12 SOUTH, RANGE 66 WEST, OF THE SIXTH PRINCIPAL MERIDIAN BEARS S54°32'14"W, A DISTANCE OF 4536.39 FEET;

THENCE S45°21'10"W, A DISTANCE OF 3493.58 FEET TO THE POINT OF BEGINNING;

THENCE S00°31'49"E, A DISTANCE OF 189.19 FEET;

THENCE N89°06'39"E, A DISTANCE OF 71.50 FEET TO A POINT OF CURVE;

THENCE ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 27°30'07", A RADIUS OF 1050.00 FEET; A DISTANCE OF 504.00 FEET TO A POINT OF TANGENT;

THENCE N61°36'32"E, A DISTANCE OF 224.02 FEET;

THENCE S28°23'28"E, A DISTANCE OF 200.27 FEET;

THENCE S73°20'00"E, A DISTANCE OF 890.00 FEET;

THENCE S68°00'00"E, A DISTANCE OF 180.00 FEET;

THENCE S73°20'00"E, A DISTANCE OF 620.00 FEET;

THENCE S37°00'00"E, A DISTANCE OF 1025.00 FEET;

THENCE N82°00'00"E, A DISTANCE OF 150.00 FEET;

THENCE N39°54'13"E, A DISTANCE OF 206.93 FEET;

THENCE N72°30'00"E, A DISTANCE OF 240.00 FEET;

THENCE N84°00'00"E, A DISTANCE OF 320.00 FEET;

THENCE N89°00'00"E, A DISTANCE OF 350.00 FEET;

THENCE S74°30'00"E, A DISTANCE OF 660.00 FEET;

THENCE S46°00'00"E, A DISTANCE OF 400.00 FEET;

THENCE S09°00'00"W, A DISTANCE OF 160.00 FEET;

THENCE S55°30'00"W, A DISTANCE OF 320.00 FEET;

THENCE N80°00'00"W, A DISTANCE OF 330.00 FEET;

THENCE N83°20'00"W, A DISTANCE OF 840.00 FEET;

THENCE N77°00'00"W, A DISTANCE OF 310.00 FEET;

THENCE S88°00'00"W, A DISTANCE OF 125.00 FEET;

THENCE S21°20'00"W, A DISTANCE OF 675.04 FEET TO A POINT ON CURVE;

THENCE ON THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS S49°36'20"W, HAVING A DELTA OF 05°53'40", A RADIUS OF 3795.00, A DISTANCE OF 390.41 FEET TO A POINT ON CURVE;

THENCE S55°30'00"W, A DISTANCE OF 140.00 FEET TO A POINT ON CURVE;

THENCE ON THE ARC OF A CURVE TO THE RIGHT, WHOSE CENTER BEARS S55°30'00"W HAVING A DELTA OF 12°06'45", A RADIUS OF 3655.00 FEET AND A DISTANCE OF 772.69 FEET TO A POINT ON CURVE;

THENCE N53°40'00"E, A DISTANCE OF 822.29 FEET;

THENCE S36°20'00"E, A DISTANCE OF 657.08 FEET;

THENCE S49°00'00"W, A DISTANCE OF 1069.06 FEET;
THENCE N16°30'00"W, A DISTANCE OF 140.00 FEET;
THENCE S73°30'00"W, A DISTANCE OF 1075.00 FEET;
THENCE N16°30'00"W, A DISTANCE OF 380.00 FEET;
THENCE N13°51'01"W, A DISTANCE OF 170.18 FEET;
THENCE N78°30'00"W, A DISTANCE OF 1420.00 FEET;
THENCE N81°00'00"W, A DISTANCE OF 865.00 FEET;
THENCE N40°00'00"W, A DISTANCE OF 130.00 FEET;
THENCE S57°00'00"W, A DISTANCE OF 450.00 FEET;
THENCE N75°00'00"W, A DISTANCE OF 590.00 FEET;
THENCE N50°00'00"W, A DISTANCE OF 341.33 FEET;
THENCE N90°00'00"W, A DISTANCE OF 63.03 FEET TO A POINT ON CURVE;

THENCE ON THE ARC OF A CURVE TO THE LEFT, WHOSE CENTER BEARS N90°00'00"W,
HAVING A DELTA OF 55°08'08", A RADIUS OF 50.00 FEET, A DISTANCE OF 48.11 FEET TO A
POINT ON CURVE;

THENCE ON THE ARC OF A CURVE TO THE RIGHT WHOSE CENTER BEARS S89°36'15"E,
HAVING A DELTA OF 02°16'15", A RADIUS OF 470.00 FEET, A DISTANCE OF 18.63 FEET TO A
POINT OF TANGENT;

THENCE N02°40'00"E, A DISTANCE OF 182.17 FEET TO A POINT OF CURVE;

THENCE ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 17°34'44", A RADIUS OF
430.00 FEET, A DISTANCE OF 131.93 FEET;

THENCE N75°05'28"E, A DISTANCE OF 66.71 FEET;
THENCE N20°00'00"E, A DISTANCE OF 144.69 FEET;
THENCE N70°00'00"E, A DISTANCE OF 145.00 FEET;
THENCE S75°00'00"E, A DISTANCE OF 120.00 FEET;
THENCE S45°00'00"E, A DISTANCE OF 150.00 FEET;
THENCE N70°00'00"E, A DISTANCE OF 60.00 FEET;
THENCE N29°00'00"E, A DISTANCE OF 710.00 FEET;

THENCE N40°00'00"E, A DISTANCE OF 800.00 FEET TO A POINT ON CURVE ON THE
SOUTHERLY RIGHT-OF-WAY LINE OF THE PROPOSED POWERS BOULEVARD;

THENCE ON SAID PROPOSED RIGHT-OF-WAY LINE AND ON THE ARC OF A CURVE TO THE
RIGHT WHOSE CENTER BEARS S02°48'16"W, HAVING A DELTA OF 01°56'27", A RADIUS OF
3340.00 FEET, A DISTANCE OF 113.14 FEET;

THENCE S10°00'00"E, A DISTANCE OF 172.74 FEET;
THENCE S60°00'00"E, A DISTANCE OF 100.00 FEET;
THENCE S20°00'00"E, A DISTANCE OF 260.00 FEET;
THENCE N75°00'00"E, A DISTANCE OF 715.00 FEET;
THENCE N20°08'20"E, A DISTANCE OF 380.04 FEET TO A POINT ON CURVE ON THE
NORTHERLY RIGHT-OF-WAY LINE OF PROPOSED POWERS BOULEVARD;

THENCE ON SAID PROPOSED RIGHT-OF-WAY LINE ON THE ARC OF A CURVE TO THE LEFT
WHOSE CENTER BEARS S20°54'38"W, HAVING A DELTA OF 24°48'19", A RADIUS OF 3655.00
FEET, A DISTANCE OF 1582.37 FEET TO A POINT OF COMPOUND CURVE;

THENCE ON THE ARC OF A CURVE TO THE LEFT, WHOSE CENTER BEARS S03°53'41"E,
HAVING A DELTA OF 24°18'20", A RADIUS OF 2960.00 FEET, A DISTANCE OF 1255.67 FEET TO A
POINT OF TANGENT;

THENCE S61°47'58"W, A DISTANCE OF 593.19 FEET TO A POINT OF CURVE;

THENCE ON THE ARC OF A CURVE TO THE RIGHT, HAVING A DELTA OF 21°27'38", A RADIUS
OF 1945.00 FEET, A DISTANCE OF 728.51 FEET TO A POINT ON CURVE, SAID POINT BEING ON
THE WEST LINE OF THE EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 8;
THENCE N01°14'32"W, ON SAID WEST LINE A DISTANCE OF 347.37 FEET;
THENCE S88°54'07"W, A DISTANCE OF 52.84 FEET;

THENCE N00°08'53"W, A DISTANCE OF 1498.71 FEET TO A POINT ON THE NORTH LINE OF THE
WEST ½ OF THE NORTHWEST QUARTER OF SAID SECTION 8;

THENCE S89°46'12"E, ON SAID NORTH LINE A DISTANCE OF 24.23 FEET TO THE NORTHEAST CORNER OF THE WEST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 8;

THENCE S89°46'25"E, A DISTANCE OF 1320.22 FEET;

THENCE N01°23'27"W, A DISTANCE OF 11.00 FEET TO A POINT ON THE RIGHT OF WAY OF NORTH GATE ROAD;

THENCE N89°00'11"E, ON SAID RIGHT OF WAY, A DISTANCE OF 1066.39 FEET TO A POINT OF CURVE;

THENCE ON THE ARC OF A CURVE TO THE LEFT, ON SAID RIGHT OF WAY, HAVING A DELTA OF 89°32'00", A RADIUS OF 145.94 FEET, A DISTANCE OF 228.05 FEET TO THE POINT OF BEGINNING;

CONTAINING A CALCULATED AREA OF 373.799 ACRES MORE OR LESS.

PARCEL B

COMMENCING AT A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF NORTHGATE ROAD, FROM WHENCE THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 8, TOWNSHIP 12 SOUTH, RANGE 66 WEST, OF THE SIXTH PRINCIPAL MERIDIAN BEARS S54°32'14"W, A DISTANCE OF 4536.39 FEET;

THENCE S63°01'19"E, A DISTANCE OF 2754.92 FEET TO THE POINT OF BEGINNING;
THENCE N72°52'48"E, A DISTANCE OF 244.28 FEET;
THENCE S74°00'00"E, A DISTANCE OF 742.32 FEET;
THENCE N67°00'00"E, A DISTANCE OF 139.52 FEET;

THENCE S72°30'00"E, A DISTANCE OF 102.37 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY OF COLORADO STATE HIGHWAY NO. 83;

THENCE ON SAID WESTERLY RIGHT OF WAY THE FOLLOWING FIVE (5) COURSES;

1. S16°18'11"W, A DISTANCE OF 603.57 FEET;
2. S22°00'41"W, A DISTANCE OF 100.50 FEET;
3. S16°18'11"W, A DISTANCE OF 100.00 FEET;
4. S10°35'41"W, A DISTANCE OF 100.50 FEET;
5. S16°18'11"W, A DISTANCE OF 498.82 FEET;


THENCE N80°00'00"W, A DISTANCE OF 953.10 FEET;
THENCE N09°32'19"E, A DISTANCE OF 1058.88 FEET TO A POINT OF CURVE;

THENCE ON THE ARC OF A CURVE TO THE LEFT, HAVING A DELTA OF 26°39'31", A RADIUS OF 533.00 FEET AND A DISTANCE OF 248.00 FEET TO THE POINT OF BEGINNING;

CONTAINING A CALCULATED AREA OF 32.664 ACRES MORE OR LESS.

LEGAL DESCRIPTION STATEMENT:

I, DOUGLAS P. REINELT, REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THE ABOVE LEGAL DESCRIPTION WAS PREPARED UNDER MY RESPONSIBLE CHARGE AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF. IS CORRECT.



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

JULY 27, 2004
DATE