

December 11, 2015

Board of Directors
Morningview Metropolitan District
212 N. Wahsatch Avenue, Suite 301
Colorado Springs, CO 80903

Re: Recommended Reimbursement for Public Improvements Costs
Morningview Subdivision

Dear Board of Directors:

We have been provided documentation by Alan Vancil with The Landhuis Company, the Developer's representative for the Morningview Subdivision covering costs incurred in connection with construction of public improvements. The documentation was provided for our evaluation pursuant to obtaining reimbursement by the Morningview Metropolitan District as public improvements costs.

Included in the documents that were provided for our review were: construction plans of District infrastructure improvements; construction contract / agreements with breakdowns of quantities / unit prices of the construction elements; copies of invoices and checks and other evidence of payment for construction for services completed; and spreadsheet summaries of contractor's billings and other pertinent elements.

It is possible that our recommendations for reimbursement may upon subsequent review by District legal counsel, bonding counsel, and / or District accountants, be revised or amended. The recommendations herein, address costs for infrastructure construction / or services by various contractors and various other vendors and professional service providers, the names of which have been included on the spreadsheet, attached hereto.

As a basis for preparing this letter, we have reviewed the District's Service Plan, construction plans; made a site visit to confirm that the construction has been completed commensurately with the costs for which reimbursement is being requested, reviewed change orders, and corresponded via email with representatives of The Landhuis Company (Alan Vancil and Jeff Mark).

District Service Plan

Infrastructure facilities included in the District's Service Plan are provided for as reimbursable costs for those facilities generally identified as follows:

- Street and Safety Protection
- Water
- Sanitation
- Common Area Landscaping and Detention Pond Landscaping

The elements actually constructed in the completed project were confirmed to be in compliance with the above-listed District's Service Plan categories.

Review Methodology

The methodology that was used in reaching conclusions as to our recommendations for reimbursement generally followed the outline below:

- Review Service Plan for included infrastructure
- Review construction contracts for consistency with prevailing costs in the Colorado Springs area
- Review bidder selection process with Developer's Project Manager
- Prepare spreadsheet summary of invoices from all vendors; indicate amounts recommended for reimbursement and if appropriate, note any invoices that are not District reimbursable or are only partially reimbursable
- Make site visit
- Finalize spreadsheet summary, including therein amounts recommended for reimbursement (copy of spreadsheet is attached)

Relevant Project Information

Morningview Subdivision is a 24.4 acre, 49 lot residential subdivision located in the northern part of the City of Colorado Springs, Colorado. The district service plan indicated that approximately 200 people will live within this subdivision at build-out.

Construction plans for this project were originally developed for a previous owner and signed by JR Engineering, LTD.. The associated plans are dated January 21, 2007 and March 16, 2007. The Lorson South Land Corporation constructed the proposed improvements and then bought the entire development from Babcock Land Corporation after the improvements were constructed.

Bids were solicited by Lorson South Land Corp. based on the approved construction documents prepared by JR Engineering. After evaluating the bids, numerous contractors were selected for the construction work. Instead of selecting one overall general contractor it was decided bid pricing would be lower if the construction work was divided into several parts and having contractors bid on work they specialized in. The work was separated into bid packages including grading, utilities, curb/gutter, streets/safety, landscaping, materials testing engineering, construction staking, and erosion control.

Reduction for Lot Grading

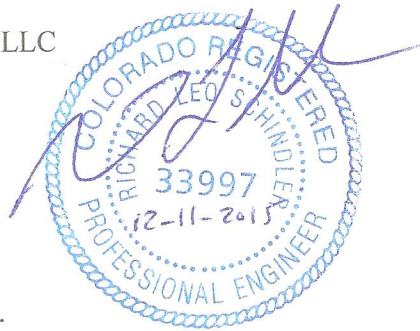
The District does not reimburse costs associated with the private development portions of the project to include dry utilities, grading outside street rights-of-way, etc. A breakdown of earthwork quantities was developed for the project and it is estimated that the percentage of grading costs is proportioned at 56 percent to streets (public portion) and 44 percent to lots (private portion). Therefore, the total cost of grading has been reduced to account for the grading work that was associated with the private portion of the project. Hence, our spreadsheet includes a calculation that shows a reduction for the private grading component.

Recommendations

To the best of our knowledge, the services rendered for the costs as listed on the attached spreadsheet, are appropriate as District expenses and are consistent with those specified in the Service Plan. In our opinion, the costs are competitive with current pricing for similar services in the Colorado Springs area. Accordingly, we recommend that the Board of Directors of the Morningview Metropolitan District consistent with its rules and regulations, reimburse Lorson South Land Corporation the amount of \$ 1,236,078.82 for the construction / services as itemized on the attached spreadsheet.

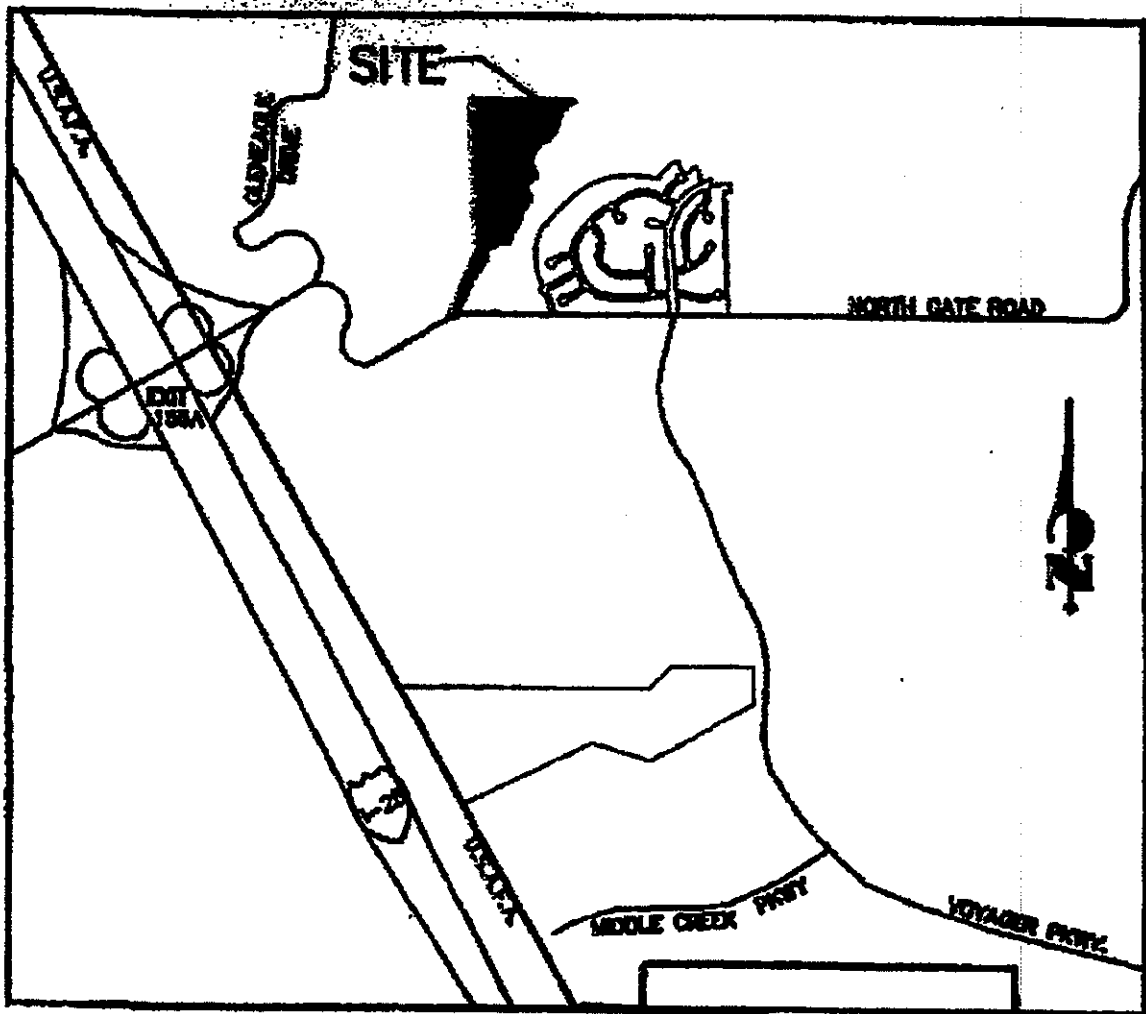
We are available to answer any questions that might arise in connection with these reimbursement recommendations.

Sincerely,
Core Engineering Group, LLC



Richard L. Schindler, P.E.

Cc: Alan Vancil
Jeff Mark



VICINITY MAP
N.T.S.

Morningview Subdivision Summary of Recommended Reimbursement For Public Improvement Costs

December 11, 2015

Vendor	Date	Amount	Date of Payment	Activity Description	Recommended Reimbursement	Comments	Streets	Water	Sanitation	Storm Drainage	Landscaping
Fraze Construction Co	6/25/2013	\$ 32,590.00	7/25/13	Sanitary Sewer Construction	\$ 32,590.00				\$ 32,590.00		
Fraze Construction Co	7/25/2013	\$ 292,245.40	8/26/13	Sanitary/Watermain Construction	\$ 292,245.40			\$ 171,091.60	\$ 121,153.80		
Fraze Construction Co	8/25/2013	\$ 87,834.30	9/25/13	Water/Storm Sewer Construction	\$ 87,834.30			\$ 27,355.00		\$ 60,479.30	
Fraze Construction Co	10/25/2013	\$ 10,856.89	3/27/14	Storm Sewer Construction	\$ 10,856.89					\$ 10,856.89	
Fraze Construction Co	7/12/2014	\$ 2,618.31	8/25/14	Storm Sewer Construction	\$ 2,618.31					\$ 2,618.31	
Rice & Rice, Inc.	5/25/2013	\$ 17,436.78	7/12/13	Lot Grading	\$ -	Lot Grading not reimbursable					
Rice & Rice, Inc.	6/25/2013	\$ 110,634.41	7/25/13	Lot Grading/Street Grading	\$ 62,884.53	Lot Grading not reimbursable	\$ 62,884.53				
Rice & Rice, Inc.	8/25/2013	\$ 5,265.16	10/25/13	Grading of Streets	\$ 5,265.16		\$ 5,265.16				
Rice & Rice, Inc.	12/25/2013	\$ 14,815.15	1/31/14	Grading of Streets	\$ 14,815.15		\$ 14,815.15				
Rice & Rice, Inc.	10/31/2013	\$ 1,620.00	12/10/13	Grading of Streets	\$ 1,620.00		\$ 1,620.00				
Martin Marietta Materials	11/12/2013	\$ 321,861.91	12/24/13	Asphalt, Striping, Signage	\$ 321,861.91		\$ 321,861.91				
Martin Marietta Materials	11/15/2013	\$ 35,762.43	2/7/14	Asphalt, Striping, Signage	\$ 35,762.43		\$ 35,762.43				
Concrete Concepts Design Inc.	10/26/2013	\$ 103,113.55	11/25/13	Curb/Gutter	\$ 103,113.55		\$ 103,113.55				
Concrete Concepts Design Inc.	6/24/2014	\$ 34,312.50	7/25/14	Storm Drainage	\$ 34,312.50					\$ 34,312.50	
Kameleon Concrete	8/22/2014	\$ 1,860.00	9/5/14	Landscape Sidewalks	\$ 1,860.00		\$ 1,860.00				
Kameleon Concrete	9/29/2014	\$ 1,800.00	10/10/14	Landscape Sidewalks	\$ 1,800.00		\$ 1,800.00				
RMG Engineers	5/31/2013	\$ 954.00	7/30/13	Materials Testing	\$ 954.00				\$ 954.00		
RMG Engineers	6/30/2013	\$ 3,700.00	7/30/13	Materials Testing	\$ 700.00	Lot Grading not reimbursable	\$ 300.00		\$ 400.00		
RMG Engineers	7/31/2013	\$ 4,222.00	8/26/13	Materials Testing	\$ 2,923.00	Lot Grading not reimbursable			\$ 2,923.00		
RMG Engineers	8/31/2013	\$ 2,038.00	10/2/13	Materials Testing	\$ 2,038.00				\$ 2,038.00		
RMG Engineers	9/30/2013	\$ 2,202.00	10/30/13	Materials Testing	\$ 2,202.00			\$ 1,353.00	\$ 849.00		
RMG Engineers	10/31/2013	\$ 7,190.00	12/10/13	Materials Testing	\$ 7,190.00			\$ 2,229.00		\$ 4,961.00	
RMG Engineers	12/31/2013	\$ 3,339.00	2/25/14	Materials Testing/Pvmt Design	\$ 3,339.00		\$ 2,330.00			\$ 1,009.00	
RMG Engineers	2/28/2014	\$ 736.00	4/8/14	Materials Testing	\$ 736.00		\$ 736.00				
RMG Engineers	8/31/2014	\$ 216.00	9/25/14	Materials Testing	\$ 216.00		216				
RMG Engineers	8/30/2013	\$ 3,200.00	10/2/13	Pavement Design	\$ 3,200.00		\$ 3,200.00				
M&S Civil Consultants, Inc.	6/24/2013	\$ 925.00	7/25/13	Lot Grade Staking	\$ -	Lot Grading not reimbursable					
M&S Civil Consultants, Inc.	7/24/2013	\$ 5,182.00	8/26/13	Lot Grade Staking/San/Wtm	\$ 4,289.50	Lot Grading not reimbursable		\$ 1,789.50	\$ 2,500.00		
M&S Civil Consultants, Inc.	8/22/2013	\$ 2,562.50	9/25/13	Wtm Staking/Storm Sewer Staking	\$ 2,562.50			\$ 1,400.00		\$ 1,162.50	
M&S Civil Consultants, Inc.	9/26/2013	\$ 5,995.00	10/25/13	Storm Sewer/Street Staking	\$ 5,995.00		\$ 3,657.50			\$ 2,337.50	
M&S Civil Consultants, Inc.	10/29/13	\$ 1,760.00	12/2/13	Street Staking	\$ 1,760.00		\$ 1,760.00				
M&S Civil Consultants, Inc.	2/25/14	\$ 500.00	3/25/14	Street Staking	\$ 500.00		\$ 500.00				
M&S Civil Consultants, Inc.	4/25/14	\$ 500.00	5/31/14	Street Staking	\$ 500.00		\$ 500.00				
TNT Landscaping	7/25/14	\$ 48,512.69	8/15/14	Landscaping Common Areas	\$ 48,512.69						\$ 48,512.69
TNT Landscaping	9/5/14	\$ 90,095.00	9/25/14	Landscaping Common Areas	\$ 90,095.00						\$ 90,095.00
Custom Fence & Supply, Inc.	1/6/14	\$ 36,120.00	2/7/14	Fence	\$ 36,120.00						\$ 36,120.00
Higher Ground Designs	8/4/14	\$ 242.00	8/31/14	Landscaping Design	\$ 242.00						\$ 242.00
Higher Ground Designs	9/23/14	\$ 484.00	10/23/14	Landscaping Design	\$ 484.00						\$ 484.00
Adherence Construction Mgmt	5/7/14	\$ 9,680.00	6/12/14	Erosion Control	\$ 9,680.00		\$ 2,420.00	\$ 2,420.00	\$ 2,420.00	\$ 2,420.00	

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December 11, 2015

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Adherence Construction Mgmt	9/23/14	\$ 2,400.00	10/25/14	Erosion Control	\$ 2,400.00		\$ 1,200.00			\$ 1,200.00	
Totals		\$ 1,307,381.98		Subtotal	\$ 1,236,078.82		\$ 565,802.23	\$ 207,638.10	\$ 165,827.80	\$ 121,357.00	\$ 175,453.69
Reduction For Lot Grading		\$ (65,186.66)		Rice & Rice Lot Grading							
Reduction For Lot Grading		\$ (4,299.00)		RMG - Lot Testing							
Reduction For Lot Grading		\$ (1,817.50)		MS Civil - Lot Staking							
				Total Recommended Reimbursement	\$ 1,236,078.82						